



ESTHETICS INTERNATIONAL GROUP BERHAD
(Company No : 408061-P)

Unaudited Condensed Statements of Comprehensive Income
For The Financial Year Ended 31 March 2014

| | Individual Quarter | | Cumulative Quarters | |
|---|---|---|--|--|
| | Current Year Quarter Ended 31/3/2014 (RM'000) | Preceding Year Quarter Ended 31/3/2013 (RM'000) | Current Year To Date 31/3/2014 (RM'000) | Preceding Year-To-Date 31/3/2013 (RM'000) |
| Revenue | 33,664 | 33,872 | 142,984 | 134,414 |
| Cost of sales / services | (13,265) | (15,006) | (57,539) | (56,292) |
| Gross profit | 20,399 | 18,866 | 85,445 | 78,122 |
| Other income | 336 | 338 | 1,840 | 890 |
| Other expenses | (16,877) | (16,495) | (68,204) | (69,556) |
| Results from operating activities | 3,858 | 2,709 | 19,081 | 9,456 |
| Finance costs | (32) | - | (75) | - |
| Interest income | 484 | 528 | 1,532 | 1,382 |
| Share of results after tax of equity accounted associates | 38 | 296 | (155) | 183 |
| Profit before tax | 4,348 | 3,533 | 20,383 | 11,021 |
| Tax expense | (2,166) | (953) | (4,898) | (3,770) |
| Profit for the financial period/year | 2,182 | 2,580 | 15,485 | 7,251 |
| Other comprehensive expenses, net of tax <i>Item that may be subsequently reclassified to profit or loss:</i> | | | | |
| Foreign currency translation | (83) | (320) | (901) | (114) |
| Total comprehensive income for the period/year | 2,099 | 2,260 | 14,584 | 7,137 |

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

Esthetics International Group Berhad (408061-P)

Lot 11, Jalan Astaka UB/88, Bukit Jelutong, Seksyen UB,
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

Website: www.estheticsgroup.com

Tel : +603 7809 6688
Fax : +603 7809 6699

ESTHETICS INTERNATIONAL GROUP BERHAD
(Company No : 408061-P)

**Unaudited Condensed Consolidated Statements of Comprehensive Income
For The Financial Year Ended 31 March 2014**

| | Individual Quarter | | Cumulative Quarters | |
|--|---|---|--|--|
| | Current Year Quarter Ended 31/3/2014 (RM'000) | Preceding Year Quarter Ended 31/3/2013 (RM'000) | Current Year To Date 31/3/2014 (RM'000) | Preceding Year-To-Date 31/3/2013 (RM'000) |
| Profit for the period attributable to: | | | | |
| Owners of the Company | 2,182 | 2,581 | 15,485 | 7,253 |
| Non-controlling interests | - | (1) | - | (2) |
| Profit for the financial period/year | 2,182 | 2,580 | 15,485 | 7,251 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 2,099 | 2,261 | 14,584 | 7,139 |
| Non-controlling interests | - | (1) | - | (2) |
| | 2,099 | 2,260 | 14,584 | 7,137 |
| Earnings per share attributable to owners of the Company: | | | | |
| Basic (sen) | 1.18 | 1.40 | 8.38 | 3.92 |
| Diluted (sen) | 1.01 | 1.40 | 7.45 | 3.92 |

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

Esthetics International Group Berhad
(Company No : 408061-P)

Unaudited Condensed Consolidated Statements of Financial Position
As At 31 March 2014

| | As at 31/3/2014 (Unaudited) (RM '000) | As at 31/3/2013 (Audited) (RM '000) |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 66,375 | 35,329 |
| Intangible assets | 3,552 | 3,876 |
| Investment properties | 1,055 | 1,055 |
| Investments in associates | 3,186 | 3,437 |
| Deferred tax assets | 470 | 648 |
| | <u>74,638</u> | <u>44,345</u> |
| Current assets | | |
| Inventories | 22,422 | 17,385 |
| Receivables, deposits and prepayments | 21,579 | 28,724 |
| Tax recoverable | 70 | 369 |
| Cash and cash equivalents | 59,917 | 62,748 |
| | <u>103,988</u> | <u>109,226</u> |
| TOTAL ASSETS | <u><u>178,626</u></u> | <u><u>153,571</u></u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 92,459 | 92,400 |
| Reserves | 8,950 | 9,851 |
| Retained earnings | 25,261 | 15,279 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | <u>126,670</u> | <u>117,530</u> |
| NON-CONTROLLING INTERESTS | <u>-</u> | <u>41</u> |
| TOTAL EQUITY | <u><u>126,670</u></u> | <u><u>117,571</u></u> |
| Current liabilities | | |
| Deferred revenue | 23,123 | 20,478 |
| Payables and accruals | 21,056 | 15,013 |
| Borrowings | 6,085 | - |
| Derivative financial liabilities | 8 | - |
| Taxation | 1,684 | 509 |
| | <u>51,956</u> | <u>36,000</u> |
| TOTAL LIABILITIES | <u><u>51,956</u></u> | <u><u>36,000</u></u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>178,626</u></u> | <u><u>153,571</u></u> |
| Net assets per share attributable to owners of the Company (RM) | 0.69 | 0.64 |

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

Esthetics International Group Berhad
(Company No : 408061-P)

Unaudited Condensed Consolidated Statements of Cash Flows
For The Financial Year Ended 31 March 2014

| | Current Year To Date (RM '000) | Preceding Year-To-Date (RM '000) |
|---|--------------------------------------|--|
| Cash flows from operating activities | | |
| Profit before tax | 20,383 | 11,021 |
| Adjustments for : - | | |
| Depreciation of property, plant and equipment | 5,745 | 6,276 |
| Amortisation of development cost | 49 | 25 |
| Decrease in fair value of investment property | - | 102 |
| Fair value loss derivative financial instrument | 8 | - |
| Impairment loss on investments in associates | 12 | - |
| Gain on disposal of property, plant and equipment | (214) | (175) |
| Loss on disposal of investment property | - | 8 |
| Interest expense | 75 | - |
| Interest income | (1,532) | (1,382) |
| Property, plant and equipment written off | 82 | 358 |
| Intangible assets written off | 275 | - |
| Inventories written off | 2,310 | 2,348 |
| Goodwill written off | - | 91 |
| Bad debts (recovered) / written off | (54) | 153 |
| Other receivables written off | - | 239 |
| Share of results of equity accounted associates | 155 | (183) |
| Unrealised gain on foreign exchange | (138) | (591) |
| Operating profit before working capital changes | 27,156 | 18,290 |
| Changes in working capital | | |
| Inventories | (7,347) | 684 |
| Receivables, deposits and prepayments | 7,421 | (5,198) |
| Payables and accruals | 6,043 | 317 |
| Deferred revenue | 2,645 | 2,625 |
| Cash generated from operating activities | 35,918 | 16,718 |
| Interest received | 1,532 | 1,382 |
| Tax paid | (3,246) | (2,282) |
| Net cash from operating activities | 34,204 | 15,818 |
| Cash flows used in investing activities | | |
| Acquisition of property, plant and equipment | (36,929) | (3,097) |
| Proceeds from disposal of property, plant and equipment | 215 | 540 |
| Proceeds from disposal of investment property | - | 198 |
| Net cash used in investing activities | (36,714) | (2,359) |
| Cash flows from financing activities | | |
| Proceed from issuance of ordinary shares pursuant to warrants | 59 | - |
| Interest paid | (75) | - |
| Dividends paid to owners of the Company | (5,544) | - |
| Drawdown of term loan | 6,264 | - |
| Repayment of term loan | (179) | - |
| Net cash from financing activities | 525 | - |
| Net (decrease) / increase in cash and cash equivalents | (1,985) | 13,459 |
| Effect of exchange rate fluctuations on cash held | (846) | 149 |
| Cash and cash equivalents at beginning of financial year | 62,748 | 49,140 |
| Cash and cash equivalents at end of financial year | 59,917 | 62,748 |
| Note : | | |
| Cash and cash equivalents at end of financial year comprise:- | | |
| Short-term money market deposits with investment management companies | 39,696 | 40,002 |
| Cash and cash balances | 20,221 | 22,746 |
| | 59,917 | 62,748 |

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013 and the accompanying explanatory attached to the Interim Financial Statements)

Esthetics International Group Berhad
(Company No : 408061-P)

Unaudited Condensed Consolidated Statements of Changes in Equity
For The Financial Year Ended 31 March 2014

| | <-----Non-distributable-----> | | | | <i>Distributable</i> | <i>Attributable to</i> | <i>Non-controlling</i> | <i>Total</i> |
|--|-------------------------------|-------------------------------|---------------------------------|-------------------------------------|-----------------------------------|---------------------------------------|------------------------|---------------------|
| | Share Capital (RM '000) | Share Premium (RM '000) | Warrant Reserve (RM '000) | Translation Reserve (RM '000) | Retained Earnings (RM '000) | Owners Of The Company (RM '000) | Interests (RM '000) | Equity (RM '000) |
| At 1 April 2013 | 92,400 | 5,571 | 4,636 | (356) | 15,279 | 117,530 | 41 | 117,571 |
| Profit for the financial year | - | - | - | - | 15,485 | 15,485 | - | 15,485 |
| Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities | - | - | - | (901) | - | (901) | - | (901) |
| Total comprehensive Income for the period | - | - | - | (901) | 15,485 | 14,584 | - | 14,584 |
| Transactions with owners | | | | | | | | |
| Issuance of ordinary shares pursuant to warrant | 59 | 10 | (10) | - | - | 59 | - | 59 |
| Dividends paid | - | - | - | - | (5,544) | (5,544) | - | (5,544) |
| Total transactions with owners | 59 | 10 | (10) | - | (5,544) | (5,485) | - | (5,485) |
| Changes of equity interest in a subsidiary | - | - | - | - | 41 | 41 | (41) | - |
| At 31 March 2014 | 92,459 | 5,581 | 4,626 | (1,257) | 25,261 | 126,670 | - | 126,670 |
| At 1 April 2012 | 92,400 | 5,571 | 4,636 | (242) | 8,026 | 110,391 | 43 | 110,434 |
| Profit for the financial year | - | - | - | - | 7,253 | 7,253 | (2) | 7,251 |
| Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities | - | - | - | (114) | - | (114) | - | (114) |
| Total comprehensive Income for the period | - | - | - | (114) | 7,253 | 7,139 | (2) | 7,137 |
| At 31 March 2013 | 92,400 | 5,571 | 4,636 | (356) | 15,279 | 117,530 | 41 | 117,571 |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

Part A: Explanatory Notes Pursuant to MFRS 134

A1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2013. The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements of the Group for the financial year ended 31 March 2013 except for the adoption of the following beginning 1 April 2013:

MFRSs, Revised MFRSs, Amendments to MFRSs and IC Interpretation

| | | Effective Date |
|---|--|-----------------------------------|
| <u>New MFRSs</u> | | |
| MFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| MFRS 11 | Joint Arrangements | 1 January 2013 |
| MFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| MFRS 13 | Fair Value Measurement | 1 January 2013 |
| <u>Revised MFRS</u> | | |
| Revised MFRS 119 | Employee Benefits | 1 January 2013 |
| Revised MFRS 127 | Separate Financial Statements | 1 January 2013 |
| Revised MFRS 128 | Investments in Associates and Joint Ventures | 1 January 2013 |
| <u>Amendments/Improvements to MFRSs</u> | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | 1 January 2013 |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2013 |
| MFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| MFRS 11 | Joint Arrangements | 1 January 2013 |
| MFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| MFRS 101 | Presentation of Financial Statements | 1 July 2012 and 1 January 2013 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2013 |
| MFRS 132 | Financial Instruments: Presentation | 1 January 2013 |
| MFRS 134 | Interim Financial Reporting | 1 January 2013 |

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

A1. Basis of preparation and accounting policies (cont'd)

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new and amendments to IC Interpretation are not expected to have any material financial impact to the current financial year upon their initial adoption.

New, amendments/improvement to MFRSs and new IC Interpretation that are issued, but not yet effective

| | | Effective for financial periods beginning on or after |
|---|--|--|
| <u>New MFRS</u> | | |
| MFRS 9 | Financial Instruments | To be announced by the MASB |
| <u>Amendments/Improvements to MFRSs</u> | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | 1 July 2014 |
| MFRS 2 | Share-based Payment | 1 July 2014 |
| MFRS 3 | Business Combinations | 1 July 2014 |
| MFRS 7 | Financial Instruments: Disclosures | Applies when MFRS 9 is applied |
| MFRS 8 | Operating Segments | 1 July 2014 |
| MFRS 9 | Financial Instruments | To be announced by the MASB |
| MFRS 10 | Consolidated Financial Statements | 1 January 2014 |
| MFRS 12 | Disclosure of Interests in Other Entities | 1 January 2014 |
| MFRS 13 | Fair Value Measurement | 1 July 2014 |
| MFRS 116 | Property, Plant and Equipment | 1 July 2014 |
| MFRS 119 | Employee Benefits | 1 July 2014 |
| MFRS 124 | Related Party Disclosures | 1 July 2014 |
| MFRS 127 | Separate Financial Statements | 1 January 2014 |
| MFRS 132 | Financial Instruments: Presentation | 1 January 2014 |
| MFRS 136 | Impairment of Assets | 1 January 2014 |
| MFRS 138 | Intangible Assets | 1 July 2014 |
| MFRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2014 |
| MFRS 139 | Financial Instruments: Recognition and Measurement | Applies when MFRS 9 is applied |
| MFRS 140 | Investment Property | 1 July 2014 |
| <u>New IC Int</u> | | |
| IC Int 21 | Levies | 1 January 2014 |

The Group is in the process of assessing the impact which may arise from adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

A2. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 31 March 2013 was not subject to any qualification.

A3. Seasonal or cyclical factors

The business operations of the Group are customarily affected by seasonal and festivity sales.

A4. Items of unusual and amount

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence for the current quarter and financial year ended 31 March 2014.

A5. Changes in estimates

There were no changes in the estimates of amounts reported in the prior interim period of the current financial year or changes in the estimates of amounts reported in the prior financial years that have a material effect on the current quarter or financial year ended 31 March 2014.

A6. Issuance and / or repayment of debt and equity instruments

During the current quarter under review, 103,900 warrants were exercised which resulted in the issuance of 103,900 new ordinary shares of RM0.50 each and thereafter listed on the Main Market of Bursa Malaysia Securities Berhad.

Subsequent to the financial year ended 31 March 2014 and up to 29 May 2014, a total of 52,660,400 warrants remained unexercised.

Save for the above, there were no other issuance, repurchase and/or repayment of debt and equity instruments for the current financial year ended 31 March 2014.

A7. Dividends paid

During the current financial year ended 2014:-

- (a) The shareholders of the Company approved a final franked dividend of 5.0% (2.5 sen per ordinary share) less 25% tax, amounting to RM3.465 million in respect of the previous financial year ended 31 March 2013 at the 2013 Annual General Meeting, which was paid on 10 October 2013.
- (b) An interim franked dividend of 3.0% (1.5 sen per ordinary share) less 25% tax, amounting to RM2.079 million in respect of the current financial year ended 31 March 2014, was paid on 31 December 2013.

No dividend was paid in the previous financial year ended 31 March 2013.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

A8. Segmental information

Quarter ended 31 March

| | Professional services and sales RM'000 | | Product distribution RM'000 | | Others* RM'000 | | Total RM'000 | |
|--|---|----------------|--------------------------------|----------------|-------------------|----------------|-----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | | | | | | | | |
| Total revenue | 20,195 | 18,625 | 18,292 | 17,821 | 1,537 | 7,355 | 40,024 | 43,801 |
| Inter-segment revenue | - | - | (4,873) | (2,615) | (1,487) | (7,314) | (6,360) | (9,929) |
| External revenue | 20,195 | 18,625 | 13,419 | 15,206 | 50 | 41 | 33,664 | 33,872 |
| Segment results | 2,921 | 1,093 | 1,512 | 2,023 | (575) | (407) | 3,858 | 2,709 |
| Finance costs | | | | | | | (32) | - |
| Interest income | | | | | | | 484 | 528 |
| Share of results of equity accounted associates | | | | | | | 38 | 296 |
| Profit before tax | | | | | | | 4,348 | 3,533 |
| Taxation | | | | | | | (2,166) | (953) |
| Profit after tax | | | | | | | 2,182 | 2,580 |

Year ended 31 March

| | Professional services and sales RM'000 | | Product distribution RM'000 | | Others* RM'000 | | Total RM'000 | |
|--|---|----------------|--------------------------------|----------------|-------------------|----------------|-----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | | | | | | | | |
| Total revenue | 82,506 | 74,804 | 81,471 | 76,129 | 24,692 | 11,450 | 188,669 | 162,383 |
| Inter-segment revenue | - | - | (21,192) | (16,680) | (24,493) | (11,289) | (45,685) | (27,969) |
| External revenue | 82,506 | 74,804 | 60,279 | 59,449 | 199 | 161 | 142,984 | 134,414 |
| Segment results | 8,838 | 3,034 | 11,256 | 7,459 | (1,013) | (1,037) | 19,081 | 9,456 |
| Finance costs | | | | | | | (75) | - |
| Interest income | | | | | | | 1,532 | 1,382 |
| Share of results of equity accounted associates | | | | | | | (155) | 183 |
| Profit before tax | | | | | | | 20,383 | 11,021 |
| Taxation | | | | | | | (4,898) | (3,770) |
| Profit after tax | | | | | | | 15,485 | 7,251 |

* Others mainly consist of investment holding, education and training.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

A9. Valuation of property, plant and equipment

The property, plant and equipment of the Group are carried at cost less accumulated depreciation. Accordingly, no valuations have been brought forward from the previous annual financial statements.

A10. Subsequent event

There were no significant events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the financial statements for the current quarter under review and financial year end.

A11. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter under review and financial year ended 31 March 2014.

A12. Changes in contingent liabilities and contingent assets

| | As at 31/3/2014 Limit RM'000 | As at 31/3/2014 Utilised RM'000 |
|--|---------------------------------------|--|
| Guarantees given to financial institutions for facilities granted to subsidiaries | 21,500 | 10,300 |
| Guarantees given to landlord to secure tenancy payments by subsidiaries of EIG for Salons (annual rental) | <u>500</u> | <u>-</u> |
| | <u>22,000</u> | <u>10,300</u> |

Save for the above, there were no other contingent liabilities or contingent assets that had arisen since the last annual statement of financial position date.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

A13. Commitments

(a) Capital commitments

| | As at 31/3/2014 RM'000 | As at 31/3/2013 RM'000 |
|--------------------------------------|------------------------------|------------------------------|
| Property, plant and equipment | | |
| Approved and contracted for | 16,628 | 19,282 |
| Approved but not contracted for | <u>6,821</u> | <u>350</u> |
| | <u>23,449</u> | <u>19,632</u> |

(b) Non-cancellable operating lease commitments in respect of certain rented premises by subsidiaries as follows:

| | As at 31/3/2014 RM'000 | As at 31/3/2013 RM'000 |
|----------------------------|------------------------------|------------------------------|
| Less than one year | 16,558 | 13,002 |
| Between one and five years | <u>16,104</u> | <u>5,577</u> |
| | <u>32,662</u> | <u>18,579</u> |

A14. Related party transactions

There were no material related party transactions during the current financial year ended 31 March 2014.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

Part B - Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

Quarter ended 31 March 2014 compared with quarter ended 31 March 2013

The Group recorded revenue of RM33.7 million for the current quarter, which is marginally lower by RM0.2 million or 0.6% compared to RM33.9 million for the prior year corresponding quarter. However, excluding the sale of certain discontinued equipment in the prior year corresponding period of RM2.6 million, revenue for the Group improved by RM2.4 million or 7.6%.

Profit before tax was RM4.3 million, which was 23.1% higher compared to RM3.5 million for the prior year corresponding quarter.

The Professional Services and Sales segment recorded revenue of RM20.2 million, representing an increase of 8.4% mainly due to higher contributions from new and existing corporate outlets in Malaysia and Singapore. The segment also recorded an increase of RM1.8 million in operating profit to RM2.9 million due to the higher revenue and prudent cost management.

The Product Distribution segment recorded revenue of RM13.4 million and operating profit of RM1.5 million as compared to RM15.2 million and RM2.0 million respectively in the prior year corresponding quarter. However, excluding the sale of certain discontinued equipment in the prior year corresponding period of RM2.6 million, revenue for the Product Distribution segment improved by RM0.8 million or 6.4% in the current year.

On a geographic basis, the proportion of revenue from the regional and export business against the domestic business of the Group for the current quarter was 39% and 61% respectively.

Current financial year ended 31 March 2014 compared with previous year ended 31 March 2013

For the current financial year ended 31 March 2014, the Group achieved revenue of RM143.0 million, an increase of 6.4% from the prior year ended 31 March 2013. However, excluding the sale of certain discontinued equipment in the prior financial year of RM3.0 million, revenue for the Group improved by RM11.6 million or 8.8%.

The Group's profit before tax increased by 84.9% to RM20.4 million from RM11.0 million recorded in the previous year, reflecting the increase in revenue and prudent cost management.

The Professional Services and Sales segment recorded revenue growth of 10.3% or RM7.7 million to RM82.5 million for the current financial year, led by higher contributions from new and existing outlets in Malaysia and Singapore. The segment also recorded an increase in operating profit by RM5.8 million or 191.3% to RM8.8 million for the current financial year, resulting from the higher revenue and continued management of operating and overhead expenses.

The Product Distribution segment recorded revenue of RM60.3 million, an increase of 1.4%, primarily from higher professional distribution sales in Malaysia and Hong Kong. However, excluding the sale of certain discontinued equipment in the prior financial year of RM3.0 million, revenue for the Product Distribution segment improved by RM3.9 million or 6.8% in the current year. Operating profit for the segment increased to RM11.3 million for the current financial year from RM7.5 million as a result of the increase in revenue as well as lower operating overhead expenses and a net foreign exchange gain of RM1.3 million.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

The proportion of revenue contributed from the regional and export business against the domestic business of the Group for the current period under review was also at 42% and 58% respectively.

B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter

The Group recorded profit before tax of RM4.3 million from revenue of RM33.7 million in the current quarter, as compared to profit before tax of RM5.2 million from revenue of RM37.8 million in the immediate preceding quarter ended 31 December 2013. The lower revenue and profit before tax for the current quarter compared to the preceding quarter ended 31 December 2013 reflects the seasonality of the Group's business .

B3. Commentary on prospects

The beauty and wellness industry in the Group's markets is expected to continue to experience moderate growth in spite of more challenging local and regional macro-economic environments.

Barring any adverse developments in local and regional market conditions, the Board continues to adopt focused and prudent strategies to execute the Group's strategic long-term priorities and continue to grow the core businesses of the Group.

B4. Profit forecast

The disclosure requirements for explanatory notes for the variance of actual profit after taxation and non-controlling interests and forecast profit after taxation and non-controlling interests are not applicable.

ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)

B5. Profit before Tax

| | Individual Quarter | | Cumulative Quarter | |
|--|--|--|--|--|
| | Current Quarter Ended 31/3/2014 RM'000 | Preceding Quarter Ended 31/3/2013 RM'000 | Current Year-To- Date 31/3/2014 RM'000 | Preceding Year-To- Date 31/3/2013 RM'000 |
| Profit before tax is arrived at after charging/(crediting): | | | | |
| Depreciation of property, plant and equipment | 1,707 | 1,513 | 5,745 | 6,276 |
| Amortisation of development cost | 6 | 7 | 49 | 25 |
| Fair value changes of investment properties | - | 102 | - | 102 |
| Fair value loss on financial derivative financial instrument | 8 | - | 8 | - |
| Impairment loss on investment in associates | 12 | - | 12 | - |
| Gain on disposal of property, plant and equipment | (196) | (21) | (214) | (175) |
| Loss on disposal of investment properties | - | - | - | 8 |
| Property, plant and equipment written off | - | - | 82 | 358 |
| Intangible asset written off | - | - | 275 | - |
| Inventories written off | 1,515 | 1,476 | 2,310 | 2,348 |
| Goodwill written off | - | 91 | - | 91 |
| Bad debts (recovered)/written off | 21 | 13 | (54) | 153 |
| Other receivables written off | - | 239 | - | 239 |
| (Gain)/Loss on foreign exchange: | | | | |
| - realised | 154 | 144 | (1,154) | 346 |
| - unrealised | (84) | 790 | (138) | (591) |
| Interest expense | 32 | - | 75 | - |
| Interest income | (484) | (528) | (1,532) | (1,382) |
| Rental expense | 4,864 | 4,453 | 18,995 | 18,658 |
| Rental income from investment properties | (18) | (23) | (72) | (93) |

Saved as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

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B6. Tax expense

| | Individual Quarter | | Cumulative Quarter | |
|---|-----------------------|-------------------------|----------------------|------------------------|
| | Current Quarter Ended | Preceding Quarter Ended | Current Year-To-Date | Preceding Year-To-Date |
| | 31/3/2014 | 31/3/2013 | 31/3/2014 | 31/3/2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | | | | |
| - For the financial period/year | 1,896 | 727 | 4,711 | 4,077 |
| - Over provision in prior financial period/year | - | (8) | - | (8) |
| | 1,896 | 719 | 4,711 | 4,069 |
| Deferred tax | 270 | 234 | 187 | (299) |
| Tax expense | 2,166 | 953 | 4,898 | 3,770 |

The Group's effective tax rate for the current financial year ended 31 March 2014 is lower than the Malaysian statutory income tax rate due to the utilization of deferred tax assets not recognized in prior years and income from foreign subsidiaries subjected to lower tax rates.

B7. Status of corporate proposal announced

There were no other corporate proposals announced but not completed as at 29 May 2014.

B8. Borrowings and debt securities

| | As at 31/3/2014 | As at 31/3/2013 |
|-----------------------|-----------------|-----------------|
| | RM'000 | RM'000 |
| Short Term Borrowings | | |
| Secured : | | |
| Hong Kong Dollar | 6,085 | - |

The borrowings as at 31 March 2014 were solely for the part financing of the Group's corporate office in Hong Kong.

There was no unsecured debt as at end of the reporting period. Borrowings denominated in foreign currencies are stated at Ringgit Malaysia equivalent as at the reporting date.

B9. Financial Derivative Instruments

As at 31 March 2014, the outstanding foreign currency forward contracts are as follows:

| Types of Derivatives | Contract/Notional Value (RM'000) | Fair Value (RM'000) |
|----------------------------|----------------------------------|---------------------|
| Foreign Exchange Contracts | | |
| Less than 1 year | | |
| -USD denominated | 3,003 | 2,995 |

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B9. Financial Derivative Instruments (cont'd)

The Group enters into foreign currency forward contracts to partially hedge its estimated net exposure to movements in exchange rates arising mainly from sales and purchases of inventories.

There is minimal credit risk as the foreign currencies contracts are hedged with creditworthy financial institutions.

The fair value derivative liabilities amounting to RM8,000 has been recognized in the financial statements.

B10. Changes in material litigation

There was no material litigation against the Group as at the reporting date.

B11. Realised and unrealised Profits/Losses Disclosure

| | As at 31/3/2014 RM | As at 31/03/2013 RM |
|--|--------------------------|---------------------------|
| Total retained profit of the Company and its subsidiaries: | | |
| - Realised | 27,753 | 16,889 |
| - Unrealised | 608 | 1,239 |
| | <u>28,361</u> | <u>18,128</u> |
| Share of accumulated losses from associated companies: | | |
| - Realised | (3,100) | (2,849) |
| - Unrealised | - | - |
| | <u>(3,100)</u> | <u>(2,849)</u> |
| Total group retained profits as per consolidated accounts | <u>25,261</u> | <u>15,279</u> |

B12. Dividend proposed or declared

- (a)
- (i) A final single-tier dividend of 3.0% or 1.5 sen for the current financial year ended 31 March 2014 has been recommended by the Directors for approval by shareholders at the upcoming Annual General Meeting.
 - (ii) The final franked dividend declared and paid for the previous year's corresponding period was 2.5 sen (5%) per ordinary share of 50 sen each, less 25% tax.
 - (iii) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date after the Annual General Meeting.
- (b) The total dividend paid and payable for the current financial year ended 31 March 2014, including the above recommended final dividend, if approved, would amount to 6.0% or 3.0 sen per ordinary share of 50 sen each.

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B12. Basic and diluted earnings per share

| | Individual Quarter | | Cumulative Quarter | |
|--|----------------------------|------------------------------|----------------------|------------------------|
| | Current Year Quarter Ended | Preceding Year Quarter Ended | Current Year-To-Date | Preceding Year-To-Date |
| | 31/3/2014 | 31/3/2013 | 31/3/2014 | 31/3/2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Basic earnings per share | | | | |
| Profit attributable to owners of the Company (RM'000) | 2,182 | 2,581 | 15,485 | 7,253 |
| Number of shares in issue at beginning of the financial year ('000) | 184,800 | 184,800 | 184,800 | 184,800 |
| Effect of exercise of warrants ('000) | 67 | - | 21 | - |
| Weighted average number of ordinary shares in issue ('000) | 184,867 | 184,800 | 184,821 | 184,800 |
| Basic earnings per ordinary shares of RM0.50 each (sen) | 1.18 | 1.40 | 8.38 | 3.92 |
| Diluted earnings per share | | | | |
| Profit attributable to owners of the Company (RM'000) | 2,182 | 2,581 | 15,485 | 7,253 |
| Weighted average number of ordinary shares in issue ('000) | 184,867 | 184,800 | 184,821 | 184,800 |
| Effect of dilutive potential ordinary shares – Warrants ('000) | 30,731 | - | 23,071 | - |
| Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000) | 215,598 | 184,800 | 207,892 | 184,800 |
| Diluted earnings per ordinary shares of RM0.50 each (sen) | 1.01 | 1.40 | 7.45 | 3.92 |

B13. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2014.