

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

Unaudited Condensed Statements of Comprehensive Income
For The Three Months Period Ended 30 June 2015

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2015 (RM'000)	Prior Year Quarter Ended 30/06/2014 (RM'000)	Current Year To Date 30/06/2015 (RM'000)	Prior Year-To-Date 30/06/2014 (RM'000)
Revenue	35,069	35,119	35,069	35,119
Cost of sales / services	(14,252)	(13,569)	(14,252)	(13,569)
Gross profit	20,817	21,550	20,817	21,550
Other income	1,535	217	1,535	217
Other expenses	(19,153)	(17,081)	(19,153)	(17,081)
Results from operating activities	3,199	4,686	3,199	4,686
Finance costs	(85)	(31)	(85)	(31)
Interest income	457	333	457	333
Share of results after tax of equity accounted associates	584	(73)	584	(73)
Profit before tax	4,155	4,915	4,155	4,915
Tax expense	(849)	(1,143)	(849)	(1,143)
Profit for the financial period/year attributable to the owners of the Company	3,306	3,772	3,306	3,772
Other comprehensive expenses, net of tax Item that may be subsequently reclassified to profit or loss:				
Foreign currency translation	250	(415)	250	(415)
Total comprehensive income for the period/year attributable to the owners of the Company	3,556	3,357	3,556	3,357
Earnings per share attributable to owners of the Company:				
Basic (sen)	1.78	2.04	1.78	2.04
Diluted (sen)	1.57	1.74	1.57	1.74

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

Esthetics International Group Berhad (408061-P)

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

Unaudited Condensed Consolidated Statements of Financial Position
As At 30 June 2015

	As at 30/06/2015 (Unaudited) (RM '000)	As at 31/03/2015 (Audited) (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	88,071	85,761
Intangible assets	3,598	3,612
Investment properties	1,055	1,055
Investments in associates	3,569	2,995
Receivables	11,104	10,680
Deferred tax assets	758	1,020
	108,155	105,123
Current assets		
Inventories	24,524	23,021
Receivables, deposits and prepayments	21,057	20,668
Tax recoverable	33	80
Cash and cash equivalents	63,056	63,905
	108,670	107,674
TOTAL ASSETS	216,825	212,797
EQUITY AND LIABILITIES		
Share capital	92,750	92,750
Reserves	11,019	10,769
Retained earnings	39,172	35,866
TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	142,941	139,385
Non-current liabilities		
Borrowings	10,825	10,491
Deferred tax liabilities	185	179
	11,010	10,670
Current liabilities		
Deferred revenue	26,268	27,423
Payables and accruals	26,955	25,658
Borrowings	6,941	6,895
Taxation	2,710	2,766
	62,874	62,742
TOTAL LIABILITIES	73,884	73,412
TOTAL EQUITY AND LIABILITIES	216,825	212,797
Net assets per share attributable to owners of the Company (RM)	0.77	0.75

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 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 Three Months Period Ended 30 June 2015

	Current Year To Date (RM '000)	Prior Year-To-Date (RM '000)
Cash flows from operating activities		
Profit before tax	4,155	4,915
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	2,043	1,702
Amortisation of development cost	14	3
Fair value loss derivative financial instrument	-	65
Gain on disposal of property, plant and equipment	-	(64)
Interest expense	85	31
Interest income	(457)	(333)
Property, plant and equipment written off	4	-
Inventories written off	55	84
Share of results of equity accounted associates	(584)	73
Unrealised (gain)/loss on foreign exchange	(1,276)	102
Operating profit before working capital changes	4,039	6,578
Changes in working capital		
Inventories	(1,558)	(2,160)
Receivables, deposits and prepayments	250	(92)
Payables and accruals	739	2,021
Deferred revenue	(1,155)	(29)
Cash generated from operating activities	2,315	6,318
Interest received	457	333
Tax paid	(641)	(748)
Tax refunded	51	-
Net cash from operating activities	2,182	5,903
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(2,771)	(3,474)
Proceeds from disposal of property, plant and equipment	-	64
Net cash used in investing activities	(2,771)	(3,410)
Cash flows from financing activities		
Proceed from issuance of ordinary shares pursuant to warrants	-	33
Interest paid	(85)	(31)
Drawdown of term loan	-	17
Repayment of term loan	(253)	(233)
Net cash used in financing activities	(338)	(214)
Net (decrease)/increase in cash and cash equivalents	(927)	2,279
Effect of exchange rate fluctuations on cash held	78	(373)
Cash and cash equivalents at beginning of financial year	63,905	59,917
Cash and cash equivalents at end of financial year	63,056	61,823

Note :

Cash and cash equivalents at end of financial year comprise:-

Short-term money market deposits with investment management comj	39,476	41,957
Cash and cash balances	23,580	19,866
	63,056	61,823

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 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 Three Months Period Ended 30 June 2015

	<-----Non-distributable----->				<i>Distributable</i>	Attributable to
	Share Capital	Share Premium	Warrant Reserve	Translation Reserve	Retained Earnings	Owners Of The Company/Total Equity
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
At 1 April 2015	92,750	5,632	4,575	562	35,866	139,385
Profit for the financial year	-	-	-	-	3,306	3,306
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	-	-	250	-	250
Total comprehensive income for the period	-	-	-	250	3,306	3,556
At 30 June 2015	92,750	5,632	4,575	812	39,172	142,941
At 1 April 2014	92,459	5,581	4,626	(1,257)	25,261	126,670
Profit for the financial year	-	-	-	-	3,772	3,772
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	-	-	(415)	-	(415)
Total comprehensive income for the period	-	-	-	(415)	3,772	3,357
Transactions with owners						
Issuance of ordinary shares pursuant to warrant	33	6	(6)	-	-	33
At 30 June 2014	92,492	5,587	4,620	(1,672)	29,033	130,060

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 2015. 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 2015 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2015:

Amendments/Improvements to MFRSs

<u>Amendments/Improvements to MFRSs</u>	Effective Date
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 8 Operating Segments	1 July 2014
MFRS 13 Fair Value Measurement	1 July 2014
MFRS 116 Property, Plant and Equipment	1 July 2014
MFRS 119 Employees Benefits	1 July 2014
MFRS 124 Related Party Disclosures	1 July 2014
MFRS 138 Intangible Assets	1 July 2014
MFRS 140 Investment Property	1 July 2014

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

<u>New MFRSs</u>	Effective for financial periods beginning on or after
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017

Amendments/Improvements to MFRSs

MFRS 5 Non-Current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7 Financial Instruments: Disclosures	1 January 2016
MFRS 10 Consolidated Financial Statements	1 January 2016
MFRS 11 Joint Arrangement	1 January 2016
MFRS 12 Disclosure of Interests in Other Entities	1 January 2016
MFRS 101 Presentation of Financial Statements	1 January 2016
MFRS 116 Property, Plant and Equipment	1 January 2016
MFRS 119 Employee Benefits	1 January 2016

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

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

MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016

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

A2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 31 March 2015 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. Exceptional Items

There were no exceptional items during the quarter under review.

A5. Material changes in accounting estimates

There were no changes in estimates of amounts reported in the annual financial statements of the Group for the financial year ended 31 March 2015 that may have a material effect on the current quarter ended 30 June 2015.

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

There was no issuance, repurchase and/or repayment of debt and equity instruments for the current quarter ended 30 June 2015.

A7. Dividends paid

No dividend was paid in the current quarter under review.

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

A8. Segmental information
Quarter ended 30 June

	Professional services and sales		Product distribution		Others *		Total	
	RM'000		RM'000		RM'000		RM'000	
Revenue	2015	2014	2015	2014	2015	2014	2015	2014
Total revenue	19,969	19,527	21,363	19,676	1,786	1,560	43,118	40,763
Inter-segment revenue	-	-	(6,327)	(4,133)	(1,722)	(1,511)	(8,049)	(5,644)
External revenue	19,969	19,527	15,036	15,543	64	49	35,069	35,119
Segment results	1,966	2,160	929	2,629	304	(103)	3,199	4,686
Finance costs							(85)	(31)
Interest income							457	333
Share of results of equity accounted associates							584	(73)
Profit before tax							4,155	4,915
Taxation							(849)	(1,143)
Profit after tax							3,306	3,772

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

A9. Valuation of property, plant and equipment

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

A10. Subsequent events

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.

A11. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 June 2015.

A12. Changes in contingent liabilities and contingent assets

There were no major contingent liabilities or contingent assets as at 30 June 2015.

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

A13. Commitments

(a) Capital commitments

	As at 30/6/2015 RM'000	As at 31/3/2015 RM'000
Property, plant and equipment		
Approved and contracted for	8,684	9,269
Approved but not contracted for	3,730	3,447
	<u>12,414</u>	<u>12,716</u>

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

	As at 30/6/2015 RM'000	As at 31/3/2015 RM'000
Less than one year	19,726	15,998
Between one and five years	15,503	11,795
	<u>35,229</u>	<u>27,793</u>

A14. Related party transactions

There were no material related party transactions during the current quarter ended 30 June 2015.

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 30 June 2015 ('1Q16') compared with quarter ended 30 June 2014 (1Q15')

Trading conditions for the Group's markets continued to be challenging during 1Q16 as consumer sentiment remained weak. In Malaysia, retail sales were impacted by elevated, front-loaded spending by consumers prior to the commencement of the Goods and Services Tax ('GST') on 1 April 2015 and soft consumer sentiment as consumers adjust to the GST. In Hong Kong and Singapore, consumer sentiment was also more cautious due to weaker tourist arrivals and property cooling measures, while the Hong Kong retail market was also impacted by the anti-parallel trade protests.

Against this challenging backdrop, the Group managed to maintain its revenue for 1Q16 at RM35.1 million, in-line with the Group's revenue for 1Q15. However, more promotional activities were required in order to remain competitive as competitors continued aggressive promotions. At the same time, the strengthening of the US Dollar ('USD'), which on average was 13% higher in 1Q16 than 1Q15, resulted in higher inventory costs for the Group as the majority of the Group's products are purchased in USD. As a result, the Group's net profit after tax for 1Q16 of RM3.3 million was 12% lower than 1Q15.

Professional Services and Sales (Corporate Outlets) reported revenue of RM20.0 million, which was 2.3% higher than 1Q15. During the quarter, the Group opened 5 new outlets comprising of 4 AsterSpring salons in Malaysia, Singapore and Thailand as well as 1 retail kiosk in Hong Kong. The Group also rationalised and closed 2 AsterSpring salons and 2 retail kiosks in Malaysia and Thailand where the business potential was not as expected in order to refocus the Group's resources to locations with higher potential. Consequently, the Group owned and operated 75 professional skin care salons and retail kiosks across Malaysia, Singapore, Hong Kong and Thailand as at 30 June 2015. Operating profit for the Segment was lower by RM0.2 million to RM2.0 million for 1Q16 due to more promotional activities and the impact of the stronger USD.

For the Product Distribution segment (Professional Distribution and Fast Moving Consumer Goods (FMCG)), 1Q16 revenue of RM15.0 million was 3.3% lower than 1Q15 while operating profit was lower by RM1.7 million to RM0.9 million due to higher inventory costs resulting from the strengthening of the USD as well as increased brand building and promotional activities undertaken during the quarter.

On a geographic basis, the proportion of revenue from the regional and export business against the domestic business of the Group was 44% and 56% respectively.

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

The Group recorded profit after tax ('net profit') of RM3.3 million from revenue of RM35.1 million for 1Q16, as compared to net profit of RM5.0 million from revenue of RM41.2 million for the preceding quarter ended 31 March 2015 ('4Q15'). The lower revenue and net profit was due to elevated spending by consumers overall in 4Q15 before the commencement of the GST on 1 April 2015, more promotional activities in 1Q16, as well as higher inventory costs due to the stronger USD during 1Q16 as compared to 4Q15.

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

B3. Commentary on prospects

The beauty and wellness industry in the Group's markets is expected to achieve moderate growth over the longer term. However, should economic conditions deteriorate further, consumer spending, including spending for the beauty and wellness industry in the Group's markets, may be impacted over the short term.

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 brands and businesses of the Group.

B4. Profit forecast

The Group does not provide profit forecasts.

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

B5. Profit before Tax

	Individual Quarter		Cumulative Quarter	
	Current	Prior	Current	Prior
	Quarter	Quarter	Year-To-	Year-To-
	Ended	Ended	Date	Date
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	2,043	1,702	2,043	1,702
Amortisation of development cost	14	3	14	3
Fair value (gain)/loss derivative financial instrument	-	65	-	65
Gain on disposal of property, plant and equipment	-	(64)	-	(64)
Property, plant and equipment written off	4	-	4	-
Inventories written off	55	84	55	84
Loss on deregistration of a subsidiary	412	2	412	2
Loss/(gain) on foreign exchange:				
- realised	64	(67)	64	(67)
- unrealised	(1,276)	102	(1,276)	102
Interest expense	85	31	85	31
Interest income	(457)	(333)	(457)	(333)
Rental expense	5,281	4,839	5,281	4,839
Rental income from investment properties	(18)	(18)	(18)	(18)

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

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

B6. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/6/2015 RM'000	Prior Quarter Ended 30/6/2014 RM'000	Current Year-To- Date 30/6/2015 RM'000	Prior Year-To- Date 30/6/2014 RM'000
Current tax				
- For the financial period/year	589	1,306	589	1,306
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax	260	(163)	260	(163)
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expense	849	1,143	849	1,143

The Group's effective tax rate for the current quarter ended 30 June 2015 was 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 corporate proposals announced but not completed as at 17 August 2015.

B8. Borrowings and debt securities

	As at 30/6/2015 RM'000	As at 31/3/2015 RM'000
Short Term Borrowings		
Secured :		
Hong Kong Dollar	6,569	6,539
Singapore Dollar	372	356
	<hr/>	<hr/>
	6,941	6,895
Long Term Borrowings:		
Secured :		
Singapore Dollar	10,825	10,491
	<hr/>	<hr/>
Total Borrowings	17,766	17,386

The borrowings as at 30 June 2015 were solely for the part financing of the Group's corporate offices in Hong Kong and Singapore.

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.

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

B9. Changes in material litigation

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

B10. Realised and unrealised Profits/Losses Disclosure

	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	38,627	28,952
- unrealised	1,497	293
	<hr/> 40,124	<hr/> 29,245
Share of accumulated losses from associates		
- realised	(2,716)	(3,180)
	<hr/> 37,408	<hr/> 26,065
Less: Consolidation adjustments	1,764	2,968
	<hr/> 39,172	<hr/> 29,033
Total retained earnings of the Group	<hr/> <hr/> 39,172	<hr/> <hr/> 29,033

B11. Dividend proposed or declared

The Directors have recommended a final single-tier dividend of 4% or 2.0 sen per ordinary share in respect of the previous financial year ended 31 March 2015, amounting to RM3.7 million, which is subject to approval by shareholders at the forthcoming Annual General Meeting on 25 August 2015. This proposed dividend has not been included in the financial statements for the year ended 31 March 2015.

The total dividend paid and payable for the financial year ended 31 March 2015, including the recommended final dividend, if approved, would amount to 7.0% or 3.5 sen per ordinary share of 50 sen each, totaling RM6.5 million.

The Board does not recommend any interim dividend for the current financial quarter ended 30 June 2015.

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

B12. Basic and diluted earnings per share

	Current Year Quarter Ended 30/6/2015 RM'000	Prior Year Quarter Ended 30/6/2014 RM'000
Basic earnings per share		
Profit attributable to owners of the Company (RM'000)	3,306	3,772
Number of shares in issue at beginning of the financial period ('000)	185,501	184,919
Effect of exercise of warrants ('000)	-	21
Weighted average number of ordinary shares in issue ('000)	185,501	184,940
Basic earnings per ordinary shares of RM0.50 each (sen)	1.78	2.04
Diluted earnings per share		
Profit attributable to owners of the Company (RM'000)	3,306	3,772
Number of shares in issue at beginning of the financial period ('000)	185,501	184,919
Effect of exercise of warrants ('000)	25,336	31,364
Weighted average number of ordinary shares in issue ('000)	210,837	216,283
Basic earnings per ordinary shares of RM0.50 each (sen)	1.57	1.74

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 24 August 2015.