

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

**Unaudited Condensed Statements of Comprehensive Income**  
**For The Three Months Period Ended 30 June 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2016 (RM'000)	Prior Year Quarter Ended 30/06/2015 (RM'000)	Current Year To Date 30/06/2016 (RM'000)	Prior Year-To-Date 30/06/2015 (RM'000)
Revenue	37,651	35,069	37,651	35,069
Cost of sales / services	(15,070)	(14,252)	(15,070)	(14,252)
<b>Gross profit</b>	<b>22,581</b>	<b>20,817</b>	<b>22,581</b>	<b>20,817</b>
Other income	586	259	586	259
Other gains / (losses)	809	801	809	801
Other expenses	(20,223)	(18,678)	(20,223)	(18,678)
<b>Results from operating activities</b>	<b>3,753</b>	<b>3,199</b>	<b>3,753</b>	<b>3,199</b>
Finance costs	(96)	(85)	(96)	(85)
Interest income	536	457	536	457
Share of results after tax of equity accounted associates	(148)	584	(148)	584
<b>Profit before tax</b>	<b>4,045</b>	<b>4,155</b>	<b>4,045</b>	<b>4,155</b>
Tax expense	(1,128)	(849)	(1,128)	(849)
<b>Profit for the financial period attributable to the owners of the Company</b>	<b>2,917</b>	<b>3,306</b>	<b>2,917</b>	<b>3,306</b>
<b>Other comprehensive expenses, net of tax Item that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	309	250	309	250
<b>Total comprehensive income for the period/year attributable to the owners of the Company</b>	<b>3,226</b>	<b>3,556</b>	<b>3,226</b>	<b>3,556</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	1.26	1.78	1.26	1.78
Diluted (sen)	1.24	1.57	1.24	1.57

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 30 June 2016**

	<b>As at 30/06/2016 (Unaudited) (RM '000)</b>	<b>As at 31/03/2016 (Audited) (RM '000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	105,973	105,669
Intangible assets	3,653	3,592
Investment properties	1,055	1,055
Investments in associates	1,416	1,555
Receivables	10,162	10,012
Deferred tax assets	3,921	4,347
	<u>126,180</u>	<u>126,230</u>
<b>Current assets</b>		
Inventories	36,080	37,589
Receivables, deposits and prepayments	24,656	24,337
Short term cash investments	34,689	34,373
Cash and cash equivalents	29,885	28,648
	<u>125,310</u>	<u>124,947</u>
<b>TOTAL ASSETS</b>	<u><u>251,490</u></u>	<u><u>251,177</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	116,200	116,200
Reserves	10,294	9,985
Retained earnings	48,666	45,749
<b>TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u>175,160</u>	<u>171,934</u>
<b>Non-current liabilities</b>		
Borrowings	18,362	18,028
Deferred tax liabilities	193	187
	<u>18,555</u>	<u>18,215</u>
<b>Current liabilities</b>		
Deferred revenue	26,276	26,832
Payables and accruals	21,818	23,477
Borrowings	7,165	7,134
Taxation	2,516	3,585
	<u>57,775</u>	<u>61,028</u>
<b>TOTAL LIABILITIES</b>	<u>76,330</u>	<u>79,243</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>251,490</u></u>	<u><u>251,177</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.75</b>	<b>0.74</b>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 2016

	Current Year To Date (RM '000)	Prior Year-To-Date (RM '000)
<b>Cash flows from operating activities</b>		
Profit before tax	4,045	4,155
<i>Adjustments for : -</i>		
Depreciation of property, plant and equipment	2,220	2,043
Amortisation of development cost	21	14
Interest expense	96	85
Income from short term money market	(351)	(269)
Interest income	(185)	(188)
Property, plant and equipment written off	2	4
Inventories written off	144	55
Share of results of equity accounted associates	148	(584)
Unrealised gain on foreign exchange	(1,002)	(1,276)
Operating profit before working capital changes	5,138	4,039
Changes in working capital		
Inventories	1,365	(1,558)
Receivables, deposits and prepayments	667	392
Payables and accruals	(2,439)	739
Deferred revenue	(556)	(1,155)
Cash generated from operating activities	4,175	2,457
Interest and short term money market income received	536	457
Tax paid	(1,766)	(641)
Tax refunded	-	51
<b>Net cash from operating activities</b>	<b>2,945</b>	<b>2,324</b>
<b>Cash flows used in investing activities</b>		
Acquisition of property, plant and equipment	(1,025)	(2,771)
Acquisition of intangible assets	(58)	-
Advances to associates	(150)	(142)
(Placement in) / redemption of short term cash investments	(316)	531
<b>Net cash used in investing activities</b>	<b>(1,549)</b>	<b>(2,382)</b>
<b>Cash flows from financing activities</b>		
Proceed from issuance of ordinary shares pursuant to warrants		
Interest paid	(96)	(85)
Repayment of term loan	(289)	(253)
<b>Net cash used in financing activities</b>	<b>(385)</b>	<b>(338)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,011</b>	<b>(396)</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>226</b>	<b>78</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>28,648</b>	<b>23,898</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>29,885</b>	<b>23,580</b>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 2016**

	<-----Non-distributable----->			<i>Distributable</i> Retained Earnings	Attributable to Owners Of The Company/Total Equity	
	Share Capital	Share Premium	Warrant Reserve			Translation Reserve
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	
<b>At 1 April 2016</b>	<b>116,200</b>	<b>9,751</b>	<b>456</b>	<b>(222)</b>	<b>45,749</b>	<b>171,934</b>
Profit for the financial period	-	-	-	-	2,917	2,917
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	-	-	309	-	309
<b>Total comprehensive income for the period</b>	-	-	-	309	2,917	3,226
<b>At 30 June 2016</b>	<b>116,200</b>	<b>9,751</b>	<b>456</b>	<b>87</b>	<b>48,666</b>	<b>175,160</b>
<b>At 1 April 2015</b>	<b>92,750</b>	<b>5,632</b>	<b>4,575</b>	<b>562</b>	<b>35,866</b>	<b>139,385</b>
Profit for the financial period	-	-	-	-	3,306	3,306
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	-	-	250	-	250
<b>Total comprehensive income for the period</b>	-	-	-	250	3,306	3,556
<b>At 30 June 2015</b>	<b>92,750</b>	<b>5,632</b>	<b>4,575</b>	<b>812</b>	<b>39,172</b>	<b>142,941</b>

# 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 2016. 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 2016 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2016:

### **Amendments/Improvements to MFRSs**

<u>Amendments/Improvements to MFRSs</u>	<b>Effective Date</b>
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
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

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

	<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>	
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>	
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 107 Statement of Cash Flows	1 January 2017
MFRS 112 Income Taxes	1 January 2017
MFRS 128 Investments in Associates and Joint Ventures	Deferred

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

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

- 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 2016 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 2016 that may have a material effect on the current quarter ended 30 June 2016.
- A6. Issuance and / or repayment of debt and equity instruments**  
There were no issuance, repurchase and/or repayment of debt and equity instruments for the current quarter ended 30 June 2016.
- 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**

	<b>Professional services and sales</b>		<b>Product distribution</b>		<b>Others *</b>		<b>Total</b>	
	<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>	
<b>Revenue</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Total revenue	23,262	19,969	20,723	21,363	1,900	1,786	45,885	43,118
Inter-segment revenue	-	-	(6,430)	(6,327)	(1,804)	(1,722)	(8,234)	(8,049)
External revenue	<u>23,262</u>	<u>19,969</u>	<u>14,293</u>	<u>15,036</u>	<u>96</u>	<u>64</u>	<u>37,651</u>	<u>35,069</u>
<b>Segment results</b>	2,770	1,966	1,218	929	(235)	304	3,753	3,199
Finance costs							(96)	(85)
Interest income							536	457
Share of results of equity accounted associates							(148)	584
Profit before tax							<u>4,045</u>	<u>4,155</u>
Taxation							<u>(1,128)</u>	<u>(849)</u>
Profit after tax							<u>2,917</u>	<u>3,306</u>

\* Others mainly consist of investment holding, education, training and e-commerce.

**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 other material changes in the composition of the Group for the current quarter ended 30 June 2016.

**A12. Changes in contingent liabilities and contingent assets**

There were no major contingent liabilities or contingent assets as at 30 June 2016.

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

**A13. Commitments**

**(a) Capital commitments**

	<b>As at 30/6/2016 RM'000</b>	<b>As at 31/3/2016 RM'000</b>
<b>Property, plant and equipment</b>		
Approved and contracted for	50	225
Approved but not contracted for	<u>843</u>	<u>1,145</u>
	<u>893</u>	<u>1,370</u>

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

	<b>As at 30/6/2016 RM'000</b>	<b>As at 31/3/2016 RM'000</b>
Less than one year	18,493	17,155
Between one and five years	<u>12,504</u>	<u>9,396</u>
	<u>30,997</u>	<u>26,551</u>

**A14. Related party transactions**

There were no material related party transactions during the current financial year ended 30 June 2016.



**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 2016 ('1Q17') compared with quarter ended 30 June 2015 ('1Q16')**

Trading conditions in the Group's markets continued to be challenging as consumer sentiment and economic growth remained weak. In Malaysia, consumer sentiment was near the lowest levels on record in 14 years, while in Hong Kong, retail sales have declined year-on-year for 16 consecutive months and reported to be 10.5% lower for the six months ended 30 June 2016 as compared to the prior corresponding period. In Singapore, retail sales excluding motor vehicles declined 3.8% and 3.3% year-on-year in April and May 2016 respectively while in Thailand, consumer sentiment was reported to be at the lowest level in 25 months.

Against this backdrop, the Group recorded revenue of RM37.7 million for 1Q17, which was 7.4% higher than 1Q16. This was contributed by the Group's brand building activities, new products and strategic promotional activities. However, the Group's profit before tax of RM4.0 million was marginally lower by RM0.2 million, due to higher inventory costs from the strengthening of the US Dollar, which was on average 9.4% higher in 1Q17 than 1Q16, as well as lower net foreign exchange gains, which was RM0.4 million lower as compared to 1Q16.

Professional Services and Sales (Corporate Outlets) revenue of RM23.3 million was 16.5% higher than 1Q16, while operating profit was RM0.8 million higher to RM2.8 million. This was contributed by new products and treatments, as well as some pre-GST buying by consumers in 4Q15 which had partly impacted the sales potential in 1Q16. During the quarter, the Group opened net 1 new professional skin care salon and the Group's network of Corporate Outlets comprised of 75 professional skin care salons and retail kiosks across Malaysia, Singapore, Hong Kong and Thailand as at 30 June 2016.

Product Distribution (Professional Distribution and Fast Moving Consumer Goods (FMCG)) revenue of RM14.3 million was 4.9% lower than 1Q16 due to the challenging trading conditions regionally. However, operating profit was marginally higher by RM0.3 million due to the Group's cost management initiatives.

On a geographic basis, the proportion of revenue from the regional and export business against the domestic business of the Group was 38% and 62% respectively.

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

### **B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter ended 31 March 2016 ('4Q16')**

The Group recorded revenue of RM37.7 million and profit before tax of RM4.0 million for 1Q17 as compared to revenue of RM38.9 million and profit before tax of RM6.1 million for 4Q16. The lower revenue and profit for the current quarter is due to the seasonally higher revenue for 4Q16 as well as the gain on the disposal of the Group's 25% equity interest in Medklinn Holdings Sdn Bhd in 4Q16.

### **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 continue to 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 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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Prior</b>	<b>Current</b>	<b>Prior</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Year-To-</b>	<b>Year-To-</b>
	<b>Ended</b>	<b>Ended</b>	<b>Date</b>	<b>Date</b>
	<b>30/6/2016</b>	<b>30/6/2015</b>	<b>30/6/2016</b>	<b>30/6/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	2,220	2,043	2,220	2,043
Amortisation of development cost	21	14	21	14
Property, plant and equipment written off	2	4	2	4
Inventories written off	144	55	144	55
Loss on deregistration of a subsidiary	-	412	-	412
Loss/(gain) on foreign exchange:				
- realised	194	64	194	64
- unrealised	(1,002)	(1,276)	(1,002)	(1,276)
Interest expense	96	85	96	85
Interest income from short term money market	(351)	(269)	(351)	(269)
Interest income	(185)	(188)	(185)	(188)
Rental expense	5,563	5,281	5,563	5,281
Rental income from investment properties	(13)	(18)	(13)	(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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter Ended 30/6/2016</b>	<b>Prior Quarter Ended 30/6/2015</b>	<b>Current Year-To-Date 30/6/2016</b>	<b>Prior Year-To-Date 30/6/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax				
- For the financial period/year	702	589	702	589
	<u>702</u>	<u>589</u>	<u>702</u>	<u>589</u>
Deferred tax	426	260	426	260
	<u>426</u>	<u>260</u>	<u>426</u>	<u>260</u>
Tax expense	<u>1,128</u>	<u>849</u>	<u>1,128</u>	<u>849</u>

The Group's effective tax rate for the current quarter ended 30 June 2016 was higher than the Malaysian statutory income tax rate due to non deductibility of certain expenses.

**B7. Status of corporate proposal announced**

There were no new corporate proposals announced but not completed as at the date of this report.

**B8. Borrowings and debt securities**

	<b>As at 30/6/2016</b>	<b>As at 31/3/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Short Term Borrowings		
Secured :		
Hong Kong Dollar	6,510	6,498
Singapore Dollar	654	636
	<u>7,165</u>	<u>7,134</u>
Long Term Borrowings:		
Secured :		
Singapore Dollar	18,362	18,028
Total Borrowings	<u>25,527</u>	<u>25,162</u>

The borrowings as at 30 June 2016 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 30/06/2016 RM'000	As at 30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	45,565	38,627
- unrealised	4,731	1,497
	<u>50,296</u>	<u>40,124</u>
Share of accumulated losses from associates		
- realised	(2,870)	(2,716)
	<u>47,426</u>	<u>37,408</u>
Less: Consolidation adjustments	1,240	1,764
	<u>48,666</u>	<u>39,172</u>

### 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 2016, amounting to RM4.6 million, which is subject to approval by shareholders at the forthcoming Annual General Meeting on 25 August 2016. This proposed dividend has not been included in the financial statements for the financial year ended 31 March 2016.

The total dividend paid and payable for the financial year ended 31 March 2016, including the recommended final dividend, if approved, would amount to 7.0% or 3.5 sen per ordinary share of 50 sen each, totaling RM7.4 million.

The Board does not recommend any interim dividend for the current financial quarter ended 30 June 2016.

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

**B12. Basic and diluted earnings per share**

	<b>Current Year Quarter Ended 30/6/2016 RM'000</b>	<b>Prior Year Quarter Ended 30/6/2015 RM'000</b>
<b>Basic earnings per share</b>		
Profit attributable to owners of the Company (RM'000)	2,917	3,306
Number of shares in issue at beginning of the financial period ('000)	232,401	185,501
Effect of exercise of warrants ('000)	-	-
Weighted average number of ordinary shares in issue ('000)	232,401	185,501
Basic earnings per ordinary shares of RM0.50 each (sen)	1.26	1.78
<b>Diluted earnings per share</b>		
Profit attributable to owners of the Company (RM'000)	2,917	3,306
Number of shares in issue at beginning of the financial period ('000)	232,401	185,501
Effect of exercise of warrants ('000)	2,086	25,336
Weighted average number of ordinary shares in issue ('000)	234,487	210,837
Basic earnings per ordinary shares of RM0.50 each (sen)	1.24	1.57

**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 2016.