

**Unaudited Condensed Statements of Comprehensive Income  
 For The Three Months Period Ended 30 June 2017**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2017 (RM'000)	Prior Year Quarter Ended 30/06/2016 (RM'000)	Current Year To Date 30/06/2017 (RM'000)	Prior Year-To-Date 30/06/2016 (RM'000)
Revenue	40,719	37,651	40,719	37,651
Cost of sales / services	(16,837)	(15,070)	(16,837)	(15,070)
<b>Gross profit</b>	<b>23,882</b>	<b>22,581</b>	<b>23,882</b>	<b>22,581</b>
Other income	117	586	117	586
Other (losses) / gains	(1,343)	809	(1,343)	809
Other expenses	(21,741)	(20,223)	(21,741)	(20,223)
<b>Results from operating activities</b>	<b>915</b>	<b>3,753</b>	<b>915</b>	<b>3,753</b>
Finance costs	(126)	(96)	(126)	(96)
Interest income	649	536	649	536
Share of results after tax of equity accounted associates	(197)	(148)	(197)	(148)
<b>Profit before tax</b>	<b>1,241</b>	<b>4,045</b>	<b>1,241</b>	<b>4,045</b>
Tax expense	(475)	(1,128)	(475)	(1,128)
<b>Profit for the financial period attributable to the owners of the Company</b>	<b>766</b>	<b>2,917</b>	<b>766</b>	<b>2,917</b>
<b>Other comprehensive expenses, net of tax Item that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	(6)	309	(6)	309
<b>Total comprehensive income for the period/year attributable to the owners of the Company</b>	<b>760</b>	<b>3,226</b>	<b>760</b>	<b>3,226</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	0.32	1.26	0.32	1.26
Diluted (sen)	0.32	1.24	0.32	1.24

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 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 2017

	As at 30/06/2017 (Unaudited) (RM '000)	As at 31/03/2017 (Audited) (RM '000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	105,142	107,983
Intangible assets	1,531	1,549
Investment properties	1,055	1,055
Investments in associates	331	520
Receivables	11,558	11,293
Deferred tax assets	3,754	3,626
	<u>123,371</u>	<u>126,026</u>
<b>Current assets</b>		
Inventories	30,850	30,303
Receivables, deposits and prepayments	24,007	25,011
Tax recoverable	1,707	1,168
Short term cash investments	43,349	40,983
Cash and bank balances	31,225	32,963
	<u>131,138</u>	<u>130,428</u>
<b>TOTAL ASSETS</b>	<u><u>254,509</u></u>	<u><u>256,454</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	128,768	128,768
Reserves	96	102
Retained earnings	52,265	51,499
<b>TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u>181,129</u>	<u>180,369</u>
<b>Non-current liabilities</b>		
Borrowings	18,532	18,946
Deferred tax liabilities	124	234
	<u>18,656</u>	<u>19,180</u>
<b>Current liabilities</b>		
Deferred revenue	25,261	26,454
Payables and accruals	20,852	21,409
Borrowings	7,088	7,457
Taxation	1,523	1,585
	<u>54,724</u>	<u>56,905</u>
<b>TOTAL LIABILITIES</b>	<u>73,380</u>	<u>76,085</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>254,509</u></u>	<u><u>256,454</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.76</b>	<b>0.76</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 2017 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 2017

	Current Year To Date (RM '000)	Prior Year-To-Date (RM '000)
<b>Cash flows from operating activities</b>		
Profit before tax	1,241	4,045
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	2,007	2,220
Amortisation of development cost	16	21
Gain on disposal of property, plant and equipment	(15)	-
Interest expense	126	96
Income from short term money market	(366)	(351)
Interest income	(283)	(185)
Property, plant and equipment written off	2	2
Inventories written off	415	144
Share of results of equity accounted associates	197	148
Unrealised loss/(gain) on foreign exchange	1,464	(1,002)
Operating profit before working capital changes	4,804	5,138
Changes in working capital		
Inventories	(962)	1,365
Receivables, deposits and prepayments	(431)	667
Payables and accruals	(557)	(2,439)
Deferred revenue	(1,193)	(556)
Cash generated from operating activities	1,661	4,175
Tax paid	(1,314)	(1,766)
<b>Net cash from operating activities</b>	<b>347</b>	<b>2,409</b>
<b>Cash flows used in investing activities</b>		
Acquisition of property, plant and equipment	(669)	(1,025)
Acquisition of intangible assets	-	(58)
Advances to associates	(265)	(150)
Proceeds from disposal of property, plant and equipment	15	-
Placement in short term cash investments	(2,366)	(316)
Interest and short term money market income received	649	536
<b>Net cash used in investing activities</b>	<b>(2,636)</b>	<b>(1,013)</b>
<b>Cash flows used in financing activities</b>		
Interest paid	(126)	(96)
Repayment of term loan	(296)	(289)
<b>Net cash used in financing activities</b>	<b>(422)</b>	<b>(385)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,711)</b>	<b>1,011</b>
<b>Effect of exchange rate changes</b>	<b>973</b>	<b>226</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>32,963</b>	<b>28,648</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>31,225</b>	<b>29,885</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 2017 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 2017

	<-----Non-distributable----->			Distributable Retained Earnings	Attributable to Owners Of The Company/Total Equity (RM '000)
	Share Capital (RM '000)	Share Premium (RM '000)	Warrant Reserve (RM '000)		
<b>At 1 April 2017</b>	128,768	-	-	51,499	180,369
Profit for the financial period	-	-	-	766	766
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	-	-	-	(6)
<b>Total comprehensive income for the period</b>	-	-	-	766	760
<b>At 30 June 2017</b>	<b>128,768</b>	<b>-</b>	<b>-</b>	<b>52,265</b>	<b>181,129</b>
<b>At 1 April 2016</b>	116,200	9,751	456	45,749	171,934
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
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,917</b>	<b>3,226</b>
<b>At 30 June 2016</b>	<b>116,200</b>	<b>9,751</b>	<b>456</b>	<b>48,666</b>	<b>175,160</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 2017. 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 2017 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2017:

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

<u>Amendments/Improvements to MFRSs</u>		<b>Effective Date</b>
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017

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.

#### **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

#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2018
MFRS 140	Investment Property	1 January 2018

#### New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
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## **ESTHETICS INTERNATIONAL GROUP BERHAD (Company No: 408061-P)**

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

Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and New IC Int, the financial effects of their adoption are currently being assessed by the Group.

### **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 2017 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 2017 that may have a material effect on the current quarter ended 30 June 2017.

### **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 2017.

### **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 RM'000		Product distribution RM'000		Others * RM'000		Total RM'000	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenue</b>								
Total revenue	24,096	23,262	22,660	20,723	2,477	1,900	49,233	45,885
Inter-segment revenue	-	-	(6,371)	(6,430)	(2,143)	(1,804)	(8,514)	(8,234)
External revenue	<u>24,096</u>	<u>23,262</u>	<u>16,289</u>	<u>14,293</u>	<u>334</u>	<u>96</u>	<u>40,719</u>	<u>37,651</u>
<b>Segment results</b>	1,378	2,770	34	1,218	(497)	(235)	915	3,753
Finance costs							(126)	(96)
Interest income							649	536
Share of results of equity accounted associates							(197)	(148)
Profit before tax							<u>1,241</u>	<u>4,045</u>
Taxation							(475)	(1,128)
Profit after tax							<u><u>766</u></u>	<u><u>2,917</u></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 2017.

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

There were no major contingent liabilities or contingent assets as at 30 June 2017.

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

**A13. Commitments**

**(a) Capital commitments**

	<b>As at 30/6/2017 RM'000</b>	<b>As at 31/3/2017 RM'000</b>
<b>Property, plant and equipment</b>		
Approved and contracted for	895	273
Approved but not contracted for	<u>624</u>	<u>752</u>
	<u>1,519</u>	<u>1,025</u>

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

	<b>As at 30/6/2017 RM'000</b>	<b>As at 31/3/2017 RM'000</b>
Less than one year	19,103	19,162
Between one and five years	<u>20,848</u>	<u>19,972</u>
	<u>39,951</u>	<u>39,134</u>

**A14. Related party transactions**

There were no material related party transactions during the current quarter ended 30 June 2017.



## **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 2017 ('1Q18') compared with quarter ended 30 June 2016 ('1Q17')**

Trading conditions continued to be challenging during 1Q18 as consumer sentiment and economic growth remained weak across the region. Against this backdrop, the Group recorded revenue of RM40.7 million for 1Q18, which was 8.1% higher than 1Q17, supported by the Group's investment in brand building and promotional activities. However, the Group's profit before tax was lower by RM2.8 million to RM1.2 million, which was mainly due to net foreign exchange losses of RM1.4 million recognised in 1Q18 as compared to net foreign exchange gains of RM0.8 million in 1Q17, as well as higher inventory costs due to the stronger US Dollar. Excluding the net foreign exchange losses, the Group would have recognised a profit before tax of RM2.6 million for 1Q18 as compared to RM3.2 million for 1Q17.

Professional Services and Sales (Corporate Outlets) revenue of RM24.1 million was 3.6% higher than 1Q17, while operating profit was lower by RM1.4 million to RM1.4 million, due to brand building and promotional activities undertaken during the quarter as well as higher product costs from the stronger US Dollar. The Group's network of Corporate Outlets comprised of 68 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 30 June 2017.

Product Distribution (Professional Distribution and Fast Moving Consumer Goods (FMCG)) revenue of RM16.3 million was 14.0% higher than 1Q17. However, the segment recorded a lower operating profit of RM0.1 million in 1Q18 as compared to an operating profit of RM1.2 million in 1Q17. This was mainly due to a net foreign exchange loss of RM0.4 million incurred in 1Q18 as compared to a net foreign exchange gain of RM0.5 million in 1Q17, in addition to higher inventory costs due to the stronger US Dollar and brand building and promotional activities required in the current environment.

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

#### **B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter ended 31 March 2017 ('4Q17')**

The Group recorded revenue of RM40.7 million and profit before tax of RM1.2 million for 1Q18 as compared to revenue of RM38.8 million and profit before tax of RM5.0 million for 4Q17. The higher revenue for 1Q18 is due to the Group's investment in brand building and promotional activities during the quarter, while profit before tax was lower by RM3.8 million mainly due to net foreign exchange losses of RM1.4 million in 1Q18 as compared to a net foreign exchange gain of RM1.2 million recognised in 4Q17.

## 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 continue to deteriorate further, consumer spending, including spending for the beauty and wellness industry in the Group's markets, may continue to 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.

### B5. Profit before Tax

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/6/2017 RM'000	Prior Quarter Ended 30/6/2016 RM'000	Current Year-To- Date 30/6/2017 RM'000	Prior Year-To- Date 30/6/2016 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	2,007	2,220	2,007	2,220
Amortisation of development cost	16	21	16	21
Gain on disposal of property, plant and equipment	(15)	-	(15)	-
Property, plant and equipment written off	2	2	2	2
Inventories written off	415	144	415	144
Loss/(gain) on foreign exchange:				
- realised	(108)	194	(108)	194
- unrealised	1,464	(1,002)	1,464	(1,002)
Interest expense	126	96	126	96
Interest income from short term money market	(366)	(351)	(366)	(351)
Interest income	(283)	(185)	(283)	(185)
Rental expense	5,943	5,563	5,943	5,563
Rental income from investment properties	(15)	(13)	(15)	(13)

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 30/6/2017 RM'000	Prior Quarter Ended 30/6/2016 RM'000	Current Year-To- Date 30/6/2017 RM'000	Prior Year-To- Date 30/6/2016 RM'000
Current tax				
- For the financial period	711	702	711	702
	<hr/> 711	<hr/> 702	<hr/> 711	<hr/> 702
Deferred tax	(236)	426	(236)	426
	<hr/> (236)	<hr/> 426	<hr/> (236)	<hr/> 426
Tax expense	<hr/> 475	<hr/> 1,128	<hr/> 475	<hr/> 1,128

The Group's effective tax rate for the current quarter ended 30 June 2017 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**

	As at 30/6/2017 RM'000	As at 31/3/2017 RM'000
Short Term Borrowings		
Secured :		
Hong Kong Dollar	6,387	6,749
Singapore Dollar	701	708
	<hr/> 7,088	<hr/> 7,457
Long Term Borrowings:		
Secured :		
Singapore Dollar	18,532	18,946
Total Borrowings	<hr/> 25,620	<hr/> 26,403

The borrowings as at 30 June 2017 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**

	<b>As at 30/06/2017 RM'000</b>	<b>As at 30/06/2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- realised	54,021	45,565
- unrealised	2,765	4,731
	<hr/> 56,786	<hr/> 50,296
Share of accumulated losses from associates		
- realised	(3,955)	(2,870)
	<hr/> 52,831	<hr/> 47,426
Less: Consolidation adjustments	(566)	1,240
	<hr/> 52,265	<hr/> 48,666
Total retained earnings of the Group	<hr/> <hr/> 52,265	<hr/> <hr/> 48,666

**B11. Dividend proposed or declared**

The Directors have recommended a final single-tier dividend of 1.75 sen per ordinary share in respect of the previous financial year ended 31 March 2017, amounting to RM4.2 million, which is subject to approval by shareholders at the forthcoming Annual General Meeting on 22 August 2017. This proposed dividend has not been included in the financial statements for the financial year ended 31 March 2017.

The total dividend paid and payable for the financial year ended 31 March 2017, including the recommended final dividend, if approved, would amount 3.0 sen per ordinary share, totaling RM7.2 million.

The Board does not recommend any interim dividend for the current financial quarter ended 30 June 2017.

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

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

	<b>Current Year Quarter Ended 30/6/2017 RM'000</b>	<b>Prior Year Quarter Ended 30/6/2016 RM'000</b>
<b>Basic earnings per share</b>		
Profit attributable to owners of the Company (RM'000)	766	2,917
Number of shares in issue at beginning of the financial period ('000)	237,194	232,401
Effect of exercise of warrants ('000)	-	-
Weighted average number of ordinary shares in issue ('000)	237,194	232,401
Basic earnings per ordinary share (sen)	0.32	1.26
<b>Diluted earnings per share</b>		
Profit attributable to owners of the Company (RM'000)	766	2,917
Number of shares in issue at beginning of the financial period ('000)	237,194	232,401
Effect of dilutive potential ordinary share - Warrants ('000)	-	2,086
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	237,194	234,487
Diluted earnings per ordinary share (sen)	0.32	1.24

**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 21 August 2017.