



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

Unaudited Condensed Statements of Comprehensive Income
For The Six Months Period Ended 30 September 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/09/2018 (RM'000)	Prior Year Quarter Ended 30/09/2017 (RM'000)	Current Year To Date 30/09/2018 (RM'000)	Prior Year-To-Date 30/09/2017 (RM'000)
Revenue	44,490	40,260	86,312	80,979
Cost of sales / services	(18,728)	(16,389)	(36,562)	(33,226)
Gross profit	25,762	23,871	49,750	47,753
Other income	60	91	415	208
Other gains/(losses)	113	(928)	911	(2,271)
Other expenses	(23,044)	(22,143)	(45,070)	(43,884)
Results from operating activities	2,891	891	6,006	1,806
Finance costs	(161)	(189)	(282)	(315)
Interest income	732	675	1,422	1,324
Share of results after tax of equity accounted associates	-	(245)	-	(442)
Profit before tax	3,462	1,132	7,146	2,373
Tax expense	(845)	(812)	(1,726)	(1,287)
Profit for the financial period attributable to the owners of the Company	2,617	320	5,420	1,086
Other comprehensive expenses, net of tax Item that may be subsequently reclassified to profit or loss:				
Foreign currency translation	1,332	193	1,515	187
Total comprehensive income for the period attributable to the owners of the Company	3,949	513	6,935	1,273
Earnings per share attributable to owners of the Company:				
Basic (sen)	1.10	0.13	2.29	0.46

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 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 September 2018

	As at 30/09/2018 (Unaudited) (RM '000)	As at 31/03/2018 (Audited) (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	97,115	96,643
Intangible assets	1,470	1,483
Investment properties	1,055	1,055
Receivables	12,342	11,616
Deferred tax assets	4,659	5,110
	116,641	115,907
Current assets		
Inventories	27,260	26,681
Receivables, deposits and prepayments	26,471	24,200
Tax recoverable	171	937
Short term cash investments	49,995	43,646
Cash and bank balances	30,400	30,231
	134,297	125,695
TOTAL ASSETS	250,938	241,602
EQUITY AND LIABILITIES		
Share capital	128,768	128,768
Reserves	(153)	(1,668)
Retained earnings	50,728	45,720
TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	179,343	172,820
Non-current liabilities		
Borrowings	17,280	17,126
Deferred tax liabilities	73	70
	17,353	17,196
Current liabilities		
Deferred revenue	26,538	26,687
Payables and accruals	20,258	17,738
Borrowings	6,168	5,972
Taxation	1,278	1,189
	54,242	51,586
TOTAL LIABILITIES	71,595	68,782
TOTAL EQUITY AND LIABILITIES	250,938	241,602
Net assets per share attributable to owners of the Company (RM)	0.76	0.73

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 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 Six Months Period Ended 30 September 2018

	Current Year To Date (RM '000)	Prior Year-To-Date (RM '000)
Cash flows from operating activities		
Profit before tax	7,146	2,373
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	3,129	3,995
Amortisation of development cost	17	32
Gain on disposal of property, plant and equipment	(27)	(15)
Interest expense	282	315
Income from short term money market	(849)	(747)
Interest income	(573)	(577)
Property, plant and equipment written off	6	2
Inventories written off	1,375	763
Impairment loss on trade receivables	28	4
Share of results of equity accounted associates	-	442
Unrealised (gain)/loss on foreign exchange	(774)	3,201
Operating profit before working capital changes	9,760	9,788
Changes in working capital		
Inventories	(1,954)	(1,732)
Receivables, deposits and prepayments	(1,544)	(3,507)
Payables and accruals	2,520	(39)
Deferred revenue	(561)	(1,530)
Cash generated from operating activities	8,221	2,980
Tax paid	(456)	(3,166)
Tax refunded	32	-
Net cash from/(used in) operating activities	7,797	(186)
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,155)	(2,421)
Acquisition of intangible assets	(2)	-
Advances to associates	(726)	(439)
Proceeds from disposal of property, plant and equipment	27	15
Placement in short term cash investments	(6,349)	(546)
Interest and short term money market income received	1,422	1,324
Net cash used in investing activities	(6,783)	(2,067)
Cash flows used in financing activities		
Interest paid	(282)	(315)
Repayment of term loan	(556)	(569)
Net cash used in financing activities	(838)	(884)
Net increase/(decrease) in cash and cash equivalents	176	(3,137)
Effect of exchange rate changes	(7)	1,679
Cash and cash equivalents at beginning of financial year	30,231	32,963
Cash and cash equivalents at end of financial year	30,400	31,505

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 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 Six Months Period Ended 30 September 2018

	-----Non-distributable----- Share Capital (RM '000)	Translation Reserve (RM '000)	<i>Distributable</i> Retained Earnings (RM '000)	Attributable to Owners Of The Company/Total Equity (RM '000)
At 1 April 2018	128,768	(1,668)	46,720	172,820
Effect of adopting MFRS 15	-	-	(412)	(412)
At 1 April 2018 (as restated)	128,768	(1,668)	45,308	172,408
Profit for the financial period	-	-	5,420	5,420
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	1,515	-	1,515
Total comprehensive income for the period	-	1,515	5,420	6,935
At 30 September 2018	128,768	(153)	50,728	179,343
At 1 April 2017	128,768	102	51,499	180,369
Profit for the financial period	-	-	1,086	1,086
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	187	-	187
Total comprehensive income for the period	-	187	1,086	1,273
At 30 September 2017	128,768	289	52,585	181,642

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 2018. 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 2018 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2018:

New MFRS, amendments/improvements to MFRSs and new IC Int

<u>New MFRSs</u>		Effective Date
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018

Amendments/Improvements to MFRSs

MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 128	Investments in Associates and Joint Ventures	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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The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int are not expected to have any material financial impact to the current financial year upon their initial adoption, except for MFRS 15 Revenue from Contracts with Customers.

The Group has adopted the standard using the modified retrospective approach and the cumulative effects is shown as an adjustment to the opening retained earnings on 1 April 2018.

Impact on Financial Statements

	As at 31 March 2018 RM'000	Effect of MFRS 15 RM'000	As at 1 April 2018 RM'000
Retained earnings	45,720	(412)	45,308
Deferred revenue	26,687	412	27,099

The recognition of deferred revenue is due to the effect of changes to the timing of revenue recognition for identified performance obligations arising from sales and services rendering upon adoption of MFRS 15.

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

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

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
<u>New IC Int</u>		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards

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

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 2018 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 2018 that may have a material effect on the current quarter ended 30 September 2018.
- 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 September 2018.
- 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 September

	Professional services and sales		Product distribution		Others *		Total	
	RM'000		RM'000		RM'000		RM'000	
Revenue	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	24,780	23,081	27,597	24,318	2,415	2,500	54,792	49,899
Inter-segment revenue	-	-	(8,215)	(7,410)	(2,087)	(2,229)	(10,302)	(9,639)
External revenue	24,780	23,081	19,382	16,908	328	271	44,490	40,260
Segment results	2,314	1,054	867	(850)	(290)	687	2,891	891
Finance costs							(161)	(189)
Interest income							732	675
Share of results of equity accounted associates							-	(245)
Profit before tax							3,462	1,132
Taxation							(845)	(812)
Profit after tax							2,617	320

Year ended 30 September

	Professional services and sales		Product distribution		Others *		Total	
	RM'000		RM'000		RM'000		RM'000	
Revenue	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	48,441	47,177	52,280	46,978	4,915	4,977	105,636	99,132
Inter-segment revenue	-	-	(15,115)	(13,781)	(4,209)	(4,372)	(19,324)	(18,153)
External revenue	48,441	47,177	37,165	33,197	706	605	86,312	80,979
Segment results	4,848	2,432	968	(816)	190	190	6,006	1,806
Finance costs							(282)	(315)
Interest income							1,422	1,324
Share of results of equity accounted associates							-	(442)
Profit before tax							7,146	2,373
Taxation							(1,726)	(1,287)
Profit after tax							5,420	1,086

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

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

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 September 2018.

A12. Changes in contingent liabilities and contingent assets

	As at 30/9/2018 Utilised RM'000
Guarantees given to landlords to secure tenancy payments by subsidiaries of EIG for salons and kiosks	529
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Save for the above, there were no other contingent liabilities or contingent assets that had arisen since the financial year ended 31 March 2018.

A13. Commitments

(a) Capital commitments

	As at 30/9/2018 RM'000	As at 31/3/2018 RM'000
Property, plant and equipment		
Approved and contracted for	-	-
Approved but not contracted for	584	735
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	584	735
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(b) Non-cancellable operating lease commitments in respect of certain rented premises by subsidiaries as follows:

	As at 30/9/2018 RM'000	As at 31/3/2018 RM'000
Less than one year	18,456	17,274
Between one and five years	14,105	13,831
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	32,561	31,105
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A14. Related party transactions

There were no material related party transactions during the current quarter ended 30 September 2018.

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 September 2018 ('2Q19') compared with quarter ended 30 September 2017 ('2Q18')

The Group recorded revenue of RM44.5 million for 2Q19, which was higher than 2Q18 by 10.5%. The Group's profit before tax was higher by RM2.3 million to RM3.5 million, which was due to higher revenue generated for 2Q19 as well as net foreign exchange gains of RM0.1 million recognised in 2Q19 as compared to a net foreign exchange loss of RM0.9 million in 2Q18. Excluding the net foreign exchange impact, the Group would have recognised a profit before tax of RM3.4 million for 2Q19 as compared to RM2.1 million for 2Q18.

Professional Services and Sales (Corporate Outlets) revenue of RM24.8 million was 7.4% higher than 2Q18, while operating profit was higher by RM1.3 million to RM2.3 million. The Group's network of Corporate Outlets comprised of 74 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 30 September 2018.

Product Distribution (Professional Distribution and Fast Moving Consumer Goods (FMCG)) revenue of RM19.4 million was 14.6% higher than 2Q18. Operating profit improved by RM1.7 million in line with the higher revenue generated in 2Q19 quarter as compared to 2Q18.

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.

Half year ended 30 September 2018 ('1H19') compared with half year ended 30 September 2017 ('1H18')

Group revenue increased by RM5.3 million or 6.6% to RM86.3 million for 1H19, while profit before tax of RM7.1 million was higher by RM4.8 million, which was due to higher revenue generated in 1H19 as well as net foreign exchange gains of RM0.9 million in 1H19 as compared to net foreign exchange losses of RM2.3 million in 1H18.

Professional Services and Sales (Corporate Outlets) revenue was 2.7% higher to RM48.4 million for 1H19, while profit before tax of RM4.8 million was RM2.4 million higher than 1H18. The Group's network of Corporate Outlets comprised of 74 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 30 September 2018.

Product Distribution (Professional Distribution and FMCG) revenue for 1H19 was 12.0% higher at RM37.2 million. Operating profit improved by RM1.8 million to RM1.0 million due to higher revenue as well as net foreign exchange gains of RM0.2 million as compared to net foreign exchange losses of RM1.0 million for 1H18.

The revenue contributed from the regional and export business against domestic business of the Group was 37% and 63% 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 30 June 2018 ('1Q19')

The Group recorded revenue of RM44.5 million and profit before tax of RM3.5 million for 2Q19, as compared to revenue of RM41.8 million and profit before tax of RM3.7 million for 1Q19. The profit before tax was lower despite higher revenue generated in 2Q19 mainly due to higher net foreign exchange gains in 1Q19 of RM0.8 million as compared to net foreign exchange gains of RM0.1 million in 2Q19.

B3. Commentary on prospects

The beauty and wellness industry in the Group's markets is expected to achieve moderate growth over the longer term, in-line with favourable demographic trends and economic potential in the region. However, should economic conditions remain challenging, 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.

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

B5. Profit before Tax

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/9/2018 RM'000	Prior Quarter Ended 30/9/2017 RM'000	Current Year-To- Date 30/9/2018 RM'000	Prior Year-To- Date 30/9/2017 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	1,544	1,988	3,129	3,995
Amortisation of development cost	9	16	17	32
Gain on disposal of property, plant and equipment	(12)	-	(27)	(15)
Property, plant and equipment written off	-	-	6	2
Inventories written off	383	348	1,375	763
Impairment loss on trade receivables	-	4	28	4
Loss/(gain) on foreign exchange:				
- realised	(2,438)	(809)	(1,664)	(917)
- unrealised	2,337	1,737	774	3,201
Interest expense	161	189	282	315
Interest income from short term money market	(441)	(381)	(849)	(747)
Interest income	(291)	(294)	(573)	(577)
Rental expense	5,594	5,771	10,945	11,714
Rental income from investment properties	(13)	(12)	(25)	(27)

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 30/9/2018 RM'000	Prior Quarter Ended 30/9/2017 RM'000	Current Year-To- Date 30/9/2018 RM'000	Prior Year-To- Date 30/9/2017 RM'000
Current tax				
- For the financial period	1,260	1,127	1,280	1,838
	<u>1,260</u>	<u>1,127</u>	<u>1,280</u>	<u>1,838</u>
Deferred tax	(415)	(315)	446	(551)
	<u>(415)</u>	<u>(315)</u>	<u>446</u>	<u>(551)</u>
Tax expense	<u>845</u>	<u>812</u>	<u>1,726</u>	<u>1,287</u>

The Group's effective tax rate for the current quarter ended 30 September 2018 was marginally 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 30/9/2018 RM'000	As at 31/3/2018 RM'000
Short Term Borrowings		
Secured :		
Hong Kong Dollar	5,541	5,351
Singapore Dollar	<u>627</u>	<u>621</u>
	<u>6,168</u>	<u>5,972</u>
Long Term Borrowings:		
Secured :		
Singapore Dollar	<u>17,280</u>	<u>17,126</u>
Total Borrowings	<u>23,448</u>	<u>23,098</u>

The borrowings as at 30 September 2018 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. Dividend proposed or declared

The Board is pleased to declare and approve an interim single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ending 31 March 2019.

The interim dividend shall be payable on 11 January 2019.

A Depositor shall qualify for entitlement to the interim dividend only in respect of:

- (i) Shares transferred into the Depositor's Securities Account on 14 December 2018 in respect of ordinary transfers; and
- (ii) Shares bought on Bursa Securities on a cum entitlement basis according to the Main Market Listing Requirements of Bursa Securities.

The total dividend for the 6 months ended 30 September 2018 is 1.25 sen per ordinary share (2017: 1.25 sen)

B11. Basic and diluted earnings per share

(a) Basic earnings per share

	Current Year Quarter 30/9/2018 RM'000	Prior Year Quarter 30/9/2017 RM'000	Current Year- To-Date 30/9/2018 RM'000	Prior Year-To- Date 30/9/2017 RM'000
Profit attributable to owners of the Company	2,617	320	5,420	1,086
Number of ordinary shares in issue ('000)	237,194	237,194	237,194	237,194
Basic earning per share (sen)	1.10	0.13	2.29	0.46

(b) Diluted earnings per share

The diluted earnings per share is similar to the basic earnings per share as the Company does not have any dilutive potential ordinary shares in issue.

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

B12. 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 26 November 2018.