

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

Unaudited Condensed Statements of Comprehensive Income
For The Nine Months Period Ended 31 December 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2018 (RM'000)	Prior Year Quarter Ended 31/12/2017 (RM'000)	Current Year To Date 31/12/2018 (RM'000)	Prior Year-To-Date 31/12/2017 (RM'000)
Revenue	44,996	40,047	131,308	121,026
Cost of sales / services	(20,078)	(16,792)	(56,640)	(50,018)
Gross profit	24,918	23,255	74,668	71,008
Other income	117	114	532	322
Other gains/(losses)	69	(950)	980	(3,221)
Other expenses	(22,277)	(21,163)	(67,347)	(65,047)
Results from operating activities	2,827	1,256	8,833	3,062
Finance costs	(167)	(197)	(449)	(512)
Interest income	309	676	1,731	2,000
Share of results after tax of equity accounted associates	-	(161)	-	(603)
Profit before tax	2,969	1,574	10,115	3,947
Tax expense	(724)	(1,301)	(2,450)	(2,588)
Profit for the financial period attributable to the owners of the Company	2,245	273	7,665	1,359
Other comprehensive expenses, net of tax Item that may be subsequently reclassified to profit or loss:				
Foreign currency translation	311	(967)	1,826	(780)
Total comprehensive income for the period attributable to the owners of the Company	2,556	(694)	9,491	579
Earnings per share attributable to owners of the Company:				
Basic (sen)	0.95	0.12	3.23	0.57

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

	As at 31/12/2018 (Unaudited) (RM '000)	As at 31/03/2018 (Audited) (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	97,102	96,643
Intangible assets	1,464	1,483
Investment properties	575	1,055
Receivables	12,856	11,616
Deferred tax assets	5,232	5,110
	117,229	115,907
Current assets		
Inventories	31,596	26,681
Receivables, deposits and prepayments	25,140	24,200
Tax recoverable	576	937
Short term cash investments	45,292	43,646
Cash and bank balances	36,224	30,231
	138,828	125,695
TOTAL ASSETS	256,057	241,602
EQUITY AND LIABILITIES		
Share capital	128,768	128,768
Reserves	158	(1,668)
Retained earnings	48,822	45,720
TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	177,748	172,820
Non-current liabilities		
Borrowings	17,184	17,126
Deferred tax liabilities	74	70
	17,258	17,196
Current liabilities		
Deferred revenue	28,005	26,687
Payables and accruals	25,386	17,738
Borrowings	6,044	5,972
Taxation	1,616	1,189
	61,051	51,586
TOTAL LIABILITIES	78,309	68,782
TOTAL EQUITY AND LIABILITIES	256,057	241,602
Net assets per share attributable to owners of the Company (RM)	0.75	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 Nine Months Period Ended 31 December 2018

	Current Year To Date (RM '000)	Prior Year-To-Date (RM '000)
Cash flows from operating activities		
Profit before tax	10,115	3,947
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	4,722	5,727
Amortisation of development cost	23	48
Gain on disposal of property, plant and equipment	(56)	(15)
Interest expense	449	512
Income from short term money market	(859)	(1,102)
Interest income	(872)	(898)
Property, plant and equipment written off	6	69
Inventories written off	1,696	1,553
Impairment loss on trade receivables	28	11
Share of results of equity accounted associates	-	603
Unrealised (gain)/loss on foreign exchange	673	6,758
Operating profit before working capital changes	<u>15,925</u>	<u>17,213</u>
Changes in working capital		
Inventories	(6,611)	(483)
Receivables, deposits and prepayments	(1,688)	(7,395)
Payables and accruals	7,648	(4,176)
Deferred revenue	906	491
Cash generated from operating activities	<u>16,180</u>	<u>5,650</u>
Tax paid	(1,906)	(4,643)
Tax refunded	134	-
Net cash from operating activities	<u>14,408</u>	<u>1,007</u>
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,928)	(2,522)
Acquisition of intangible assets	(2)	-
Advances to associates	(1,240)	(157)
Proceeds from disposal of property, plant and equipment	56	15
Placement in short term cash investments	(1,646)	1,199
Interest and short term money market income received	1,731	2,000
Net cash used in investing activities	<u>(3,029)</u>	<u>535</u>
Cash flows used in financing activities		
Interest paid	(449)	(512)
Dividends paid to owners of the Company	(4,151)	(4,151)
Repayment of term loan	(835)	(830)
Net cash used in financing activities	<u>(5,435)</u>	<u>(5,493)</u>
Net increase/(decrease) in cash and cash equivalents	5,944	(3,951)
Effect of exchange rate changes	49	1,800
Cash and cash equivalents at beginning of financial year	30,231	32,963
Cash and cash equivalents at end of financial year	<u>36,224</u>	<u>30,812</u>

(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 Nine Months Period Ended 31 December 2018

	<-----Non-distributable-----> Share Capital (RM '000)	Translation Reserve (RM '000)	Distributable Retained Earnings (RM '000)	Attributable to Owners Of The Company/Total Equity (RM '000)
At 1 April 2018	128,768	(1,668)	45,720	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	-	-	7,665	7,665
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	1,826	-	1,826
Total comprehensive income for the period	-	1,826	7,665	9,491
Transactions with owners				
Dividends paid	-	-	(4,151)	(4,151)
At 31 December 2018	128,768	158	48,822	177,748
At 1 April 2017	128,768	102	51,499	180,369
Profit for the financial period	-	-	1,359	1,359
Other comprehensive expenses, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	(780)	-	(780)
Total comprehensive income for the period	-	(780)	1,359	579
Transactions with owners				
Dividends paid	-	-	(4,151)	(4,151)
At 31 December 2017	128,768	(678)	48,707	176,797

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 31 December 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 31 December 2018.
- A7. Dividends paid**
The Company paid a final single-tier dividend of 1.75 sen per ordinary share on 19 October 2018, amounting to RM4.15 million in respect of the previous financial year ended 31 March 2018, which was approved by the shareholders of the Company at the Annual General Meeting on 28 August 2018.

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

A8. Segmental information

Quarter ended 31 December

	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	24,987	23,545	28,273	22,106	2,628	7,345	55,888	52,996
Inter-segment revenue	-	-	(8,800)	(5,878)	(2,092)	(7,071)	(10,892)	(12,949)
External revenue	24,987	23,545	19,473	16,228	536	274	44,996	40,047
Segment results	2,502	1,973	566	(418)	(241)	(299)	2,827	1,256
Finance costs							(167)	(197)
Interest income							309	676
Share of results of equity accounted associates							-	(161)
Profit before tax							2,969	1,574
Taxation							(724)	(1,301)
Profit after tax							2,245	273

Year ended 31 December

	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	73,428	70,722	80,553	69,084	7,543	12,322	161,524	152,128
Inter-segment revenue	-	-	(23,915)	(19,659)	(6,301)	(11,443)	(30,216)	(31,102)
External revenue	73,428	70,722	56,638	49,425	1,242	879	131,308	121,026
Segment results	7,350	4,405	1,534	(1,234)	(51)	(109)	8,833	3,062
Finance costs							(449)	(512)
Interest income							1,731	2,000
Share of results of equity accounted associates							-	(603)
Profit before tax							10,115	3,947
Taxation							(2,450)	(2,588)
Profit after tax							7,665	1,359

* 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 31 December 2018.

A12. Changes in contingent liabilities and contingent assets

	As at 31/12/2018 Utilised RM'000
Guarantees given to landlords to secure tenancy payments by subsidiaries of EIG for salons and kiosks	354

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 31/12/2018 RM'000	As at 31/3/2018 RM'000
Property, plant and equipment		
Approved and contracted for	-	-
Approved but not contracted for	249	735
	<u>249</u>	<u>735</u>

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

	As at 31/12/2018 RM'000	As at 31/3/2018 RM'000
Less than one year	17,351	17,274
Between one and five years	11,564	13,831
	<u>28,915</u>	<u>31,105</u>

A14. Related party transactions

There were no material related party transactions during the current quarter ended 31 December 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 31 December 2018 ('3Q19') compared with quarter ended 31 December 2017 ('3Q18')

The Group recorded revenue of RM45.0 million for 3Q19, which was higher than 3Q18 by 12.4%. The Group's profit before tax was higher by RM1.4 million to RM3.0 million, which was due to higher revenue generated for 3Q19 in addition to net foreign exchange gains of RM0.1 million recognised in 3Q19 as compared to a net foreign exchange loss of RM0.9 million in 3Q18. Excluding the net foreign exchange impact, the Group would have recognised a profit before tax of RM2.9 million for 3Q19 as compared to RM2.5 million for 3Q18.

Professional Services and Sales (Corporate Outlets) revenue of RM25.0 million was 6.1% higher than 3Q18, while operating profit was higher by RM0.5 million to RM2.5 million. The Group's network of Corporate Outlets comprised of 79 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 31 December 2018.

Product Distribution (Professional Distribution and Fast Moving Consumer Goods (FMCG)) revenue of RM19.5 million was 20.0% higher than 3Q18. Operating profit improved by RM1.0 million in line with the higher revenue generated in 3Q19 as compared to 3Q18.

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.

9 months ended 31 December 2018 ('9M19') compared with 9 months ended 31 December 2017 ('9M18')

Group revenue increased by RM10.3 million or 8.5% to RM131.3 million for 9M19, while profit before tax of RM10.1 million was higher by RM6.2 million, which was due to higher revenue generated in 9M19 as well as net foreign exchange gains of RM0.9 million in 9M19 as compared to net foreign exchange losses of RM3.2 million in 9M18.

Professional Services and Sales (Corporate Outlets) revenue was 3.8% higher to RM73.4 million for 9M19, while profit before tax of RM7.4 million was RM2.9 million higher than 9M18. The Group's network of Corporate Outlets comprised of 79 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 31 December 2018.

Product Distribution (Professional Distribution and FMCG) revenue for 9M19 was 14.6% higher at RM56.6 million. Operating profit improved by RM2.8 million to RM1.5 million due to higher revenue as well as net foreign exchange gains of RM0.2 million as compared to net foreign exchange losses of RM1.4 million for 9M18.

The revenue contributed from the regional and export business against 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 30 September 2018 ('2Q19')

The Group recorded revenue of RM45.0 million and profit before tax of RM3.0 million for 3Q19, as compared to revenue of RM44.5 million and profit before tax of RM3.5 million for 2Q19. The profit before tax was lower despite higher revenue generated in 3Q19 mainly due to brand building and promotional activities undertaken during the quarter.

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 31/12/2018 RM'000	Prior Quarter Ended 31/12/2017 RM'000	Current Year-To- Date 31/12/2018 RM'000	Prior Year-To- Date 31/12/2017 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	1,593	1,732	4,722	5,727
Amortisation of development cost	6	16	23	48
Gain on disposal of property, plant and equipment	(29)	-	(56)	(15)
Property, plant and equipment written off	-	67	6	69
Inventories written off	321	790	1,696	1,553
Impairment loss on trade receivables	-	7	28	11
Loss/(gain) on foreign exchange:				
- realised	61	(2,674)	(1,603)	(3,591)
- unrealised	(101)	3,557	673	6,758
Interest expense	167	197	449	512
Interest income from short term money market	(10)	(355)	(859)	(1,102)
Interest income	(299)	(321)	(872)	(898)
Rental expense	5,620	5,887	16,565	17,601
Rental income from investment properties	(17)	(14)	(42)	(41)

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 31/12/2018 RM'000	Prior Quarter Ended 31/12/2017 RM'000	Current Year-To- Date 31/12/2018 RM'000	Prior Year-To- Date 31/12/2017 RM'000
Current tax				
- For the financial period	179	1,258	1,459	3,096
	<u>179</u>	<u>1,258</u>	<u>1,459</u>	<u>3,096</u>
Deferred tax	545	43	991	(508)
	<u>545</u>	<u>43</u>	<u>991</u>	<u>(508)</u>
Tax expense	<u>724</u>	<u>1,301</u>	<u>2,450</u>	<u>2,588</u>

The Group's effective tax rate for the current quarter ended 31 December 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 31/12/2018 RM'000	As at 31/3/2018 RM'000
Short Term Borrowings		
Secured :		
Hong Kong Dollar	5,417	5,351
Singapore Dollar	<u>627</u>	<u>621</u>
	<u>6,044</u>	<u>5,972</u>
Long Term Borrowings:		
Secured :		
Singapore Dollar	<u>17,184</u>	<u>17,126</u>
Total Borrowings	<u>23,228</u>	<u>23,098</u>

The borrowings as at 31 December 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

- (a) No interim dividend has been proposed or declared for the current quarter ended 31 December 2018.
- (b) The total dividend declared for the current financial period ended 31 December 2018 is 1.25 sen per ordinary share, which was paid on 11 January 2019.

B11. Basic and diluted earnings per share

(a) Basic earnings per share

	Current Year Quarter 31/12/2018 RM'000	Prior Year Quarter 31/12/2017 RM'000	Current Year-To- Date 31/12/2018 RM'000	Prior Year- To-Date 31/12/2017 RM'000
Profit attributable to owners of the Company	<u>2,245</u>	<u>273</u>	<u>7,665</u>	<u>1,359</u>
Number of ordinary shares in issue ('000)	<u>237,194</u>	<u>237,194</u>	<u>237,194</u>	<u>237,194</u>
Basic earning per share (sen)	<u>0.95</u>	<u>0.12</u>	<u>3.23</u>	<u>0.57</u>

(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.

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 February 2019.