ANNUAL REPORT 2017

EIG BRINGING OUT THE BEST IN YOU

EIG
esthetics international group

bringing out the best in you
skin health. beauty. wellness

vision
- the leading beauty and wellness company in ASEAN and HK

mission
- product and service innovation
- people oriented
- performance driven and profit sustainability

core values
- passion
- entrepreneurship
- result focused
- fulfillment for our people
- excellence in all we do
- collaborative genius
- trust

the
#1 choice
of skin care
professionals
worldwide

EIG
aesthetics international group

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ASTERSPRING

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1. Our upgraded AsterSpring at Sri Hartamas, Malaysia
2. Opening of our new AsterSpring at Sunway Velocity, Malaysia
3. Our upgraded AsterSpring at Compass Point, Singapore
4. Beauty Workshop with AsterSpring
5. Mothers' Day event with Her World, Malaysia
6. Educating consumers and members of the media at the Mothers' Day event with Her World, Malaysia

2

3

4

5


6

clinelle®

PureSWISS HYDRAcalm

up to 72Hr* Hydration

with

Natural Hyaluronic Acid

NEW

Light Weight & Non-Sticky

ELLA Chen 陈嘉桦
International Artiste

A breakthrough **Clinelle PureSWISS Hydracalm** formulation with **3 powerful ingredients** for optimal hydration. Skin is **soft**, **radiant** & **supple**.

3x Hydracalm Action

Natural Hyaluronic Acid

Penetrates deeper into skin to replenish & lock in moisture for 72hrs.*

PureSwiss Thermal Spring Water

A hydra booster that instantly hydrates & revitalizes skin.

Bio-Calm Complex

Calm, restore and strengthen skin defense system.

6 Nos

- No Artificial Fragrance
- No Artificial Colouring
- No Comedogenic Ingredients
- No Mineral Oil
- No SD-alcohol
- No Lanolin

Formulated & Manufactured in FRANCE
• No Paraben • Dermatologically Tested

Available at: AEON Wellness, Caring, Guardian, Watsons & Selected Independent Pharmacy.

EIG A trusted skincare brand by EIG Berhad (458081-P) Hotline: +603-7809 6636 facebook.com/clinelle www.clinelle.com

*Use with complete range

clinelle® happy skin, happy face

Nurish® ORGANIQ

PHYSICIANS FORMULA

1. Clinelle PureSwiss Hydracalm launch with celebrity Brand Ambassador Shima Anuar
2. Clinelle Brand Ambassador Shima Anuar signing the backdrop at the Clinelle PureSwiss Hydracalm launch
3. Clinelle PureSwiss Hydracalm media and influencers event with Clinelle Brand Ambassador Shima Anuar
4. Launch of Nurish Organiq, our new and wholly-owned halal and organic skincare range with celebrity Brand Ambassador, Mawar Rashid
5. Nurish Organiq Brand Ambassador Mawar Rashid signing the backdrop at the Nurish Organiq launch
6. Physicians Formula Event with Watsons Malaysia
7. Physicians Formula Influencers Event with Watsons Malaysia

smooth away skin-aging pollution

NEW!
daily superfoliant™

dermalogica®

dermalogica
a skin care system researched and developed by The International Dermal Institute

YOUNGBLOOD
MINERAL COSMETICS

davines

1. Dermalogica 2016 Distributor Head Meeting in Los Angeles, USA
2. Launching the new Dermalogica Daily Superfoliant with our tribe
3. Launching the new Dermalogica IonActive professional treatment system
4. With our stockists and the President and Vice President of the Malaysian Hairdressing Association at the 2016 Davines Hair on Stage, Bangkok
5. Launching the new Davines Mask with Vibrachrom colour system in Thailand
6. Youngblood Tiara Party with our stockists
7. Youngblood Workshop

NOTICE OF ANNUAL GENERAL MEETING
20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 22 August 2017 at 2.30 p.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' Reports thereon.	Please refer to Explanatory Note A
2. To approve the payment of a final single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 31 March 2017.	Resolution 1
3. To re-elect the following Directors who are retiring pursuant to Article 87 of the Company's Articles of Association:	
a) Mr Chieng Ing Huong	Resolution 2
b) Mr Brian Chieng Ngee Wen	Resolution 3
4. To re-elect the following Director who is retiring pursuant to Article 94 of the Company's Articles of Association:	
a) Ms. Janet Chieng Ling Min	Resolution 4
5. To re-appoint the following Directors of the Company:-	
a) Tan Sri Dato' Mohd Ismail Bin Che Rus	Resolution 5
b) Dr. Chu Siew Mun	Resolution 6
6. To approve the payment of Directors' fees of RM166,753 for the financial year ended 31 March 2017.	Resolution 7
7. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the company for the ensuing year and to authorise the Directors to fix their remuneration.	Resolution 8
8. To consider any other business that can be transacted in an annual general meeting of which due notice shall have been received.	

As Special Business

To consider and, if thought fit, to pass the following Resolution:-

Ordinary Resolution

9. Authority under Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares	Resolution 9
"THAT pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance to the provisions of the Companies Act 2016, whichever is the earlier."	Please refer to Explanatory Notes to the Special Business

BY ORDER OF THE BOARD

LEE WAI NGAN (LS 00184)
Secretary
Shah Alam, Malaysia
28 July 2017

NOTICE OF ANNUAL GENERAL MEETING
20TH ANNUAL GENERAL MEETING (cont'd)

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of the attorney.*

4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

5. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 16 August 2017 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting.*

EXPLANATORY NOTE A

6. *This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.*

7. ***Resolutions 5 and 6 – Re-appointment of Directors***

   With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

   At the Nineteenth Annual General Meeting of the Company held on 25 August 2016, Tan Sri Dato' Mohd Ismail Bin Che Rus and Dr Chu Siew Mun, who are both above the age of 70, were re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until the conclusion of the Twentieth Annual General Meeting. Their term of office will end at the conclusion of the Twentieth Annual General Meeting and they have offered themselves for re-appointment.

   With the passing of Resolutions 5 and 6, Tan Sri Dato' Mohd Ismail Bin Che Rus and Dr Chu Siew Mun will continue to act as Directors of the Company and they shall be subject to retirement by rotation at a later date.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS

8. ***Authority under Section 75 and 76 of the Companies Act, 2016 for the Directors to issue shares***

   Ordinary Resolution 9, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

   The mandate sought is a renewal of the mandate given by the Shareholders of the Company at the Nineteenth Annual General Meeting held on 25 August 2016.

   The purpose for the renewal of the general mandate is to avoid any delay and additional costs in convening a general meeting to specifically approve such an issue of shares in the event of any possible fund raising activities for the purpose of funding future investments, expansion, additional working capital, etc. which may require the allotment and issuance of new shares.

GROUP DIRECTORY

MALAYSIA (Headquarters)

ESTHETICS INTERNATIONAL GROUP BERHAD
Lot 11, Jalan Astaka U8/88
Bukit Jelutong, Seksyen U8
40150 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : +603 7809 6688
Fax : +603 7809 6699

SINGAPORE

EIG GLOBAL PTE LTD
60 Paya Lebar Road
09-28 Paya Lebar Square
Singapore 409051
Tel : +65 6271 4733
Fax : +65 6274 4889

HONG KONG

EIG DERMAL WELLNESS (HK) LTD
Suite 1808, 22 Hung To Road
Elite Centre
Kwun Tong, Kowloon
Hong Kong
Tel : +852 3900 1400
Fax : +852 2881 7612

THAILAND

EIG (THAILAND) CO LTD
48/28 Soi Rungreung,
Ratchdapisek Road
Samsen Nok, Huai Khwang
Bangkok 10310
Thailand
Tel : +662 276 3978
Fax : +662 276 3979

INDONESIA

PT EIG DERMAL WELLNESS INDONESIA
Rukan Puri Niaga II,
Jl. Puri Kencana Blok J1
No. 3Q, Kembangan Selatan
Jakarta Barat 11610
Indonesia
Tel : +6221 5830 4118

GROUP DIRECTORY (cont'd)

ASTERSPRING OUTLET LOCATION

MALAYSIA

Kuala Lumpur
- Bangsar Shopping Centre
- Pavilion Kuala Lumpur
- Suria KLCC
- Mid Valley Kuala Lumpur
- Sri Hartamas Shopping Centre
- Leisure Mall, Cheras
- Aeon Metro Prima, Kepong
- Pavilion Kuala Lumpur*
- Suria KLCC*
- Sunway Velocity

Selangor
- 1 Utama Shopping Centre
- Sunway Pyramid Shopping Centre
- IOI Mall, Puchong
- SACC Mall, Shah Alam
- Bukit Tinggi, Klang
- Bangi
- Metro Point Kajang
- Setia City Mall
- Paradigm Mall, Kelana Jaya
- Empire Shopping Gallery Subang
- Jaya Shopping Centre
- Atria Shopping Gallery
- IOI City Mall
- Aeon Mall, Shah Alam*
- The Starling

Penang
- Greenlane
- Gurney Plaza
- Queensbay Mall
- Straits Quay
- Seberang Jaya, Bukit Mertajam

Kedah
- Aman Central

Kelantan
- KB Mall
- Aeon Mall, Kota Baru

Johor
- Aeon Tebrau City Shopping Centre
- Aeon Bukit Indah

Melaka
- Aeon Bandaraya Melaka

SINGAPORE

- The Centrepoint
- Century Square
- Compass One
- HarbourFront Centre
- Parkway Parade
- Plaza Singapura
- White Sands
- AMK Hub
- nex@serangoon
- Sembawang Shopping Centre
- The Clementi Mall
- JEM
- Bedok Mall
- The Seletar Mall
- Suntec City Mall

HONG KONG

- Hysan Place, Causeway Bay*
- Hong Kong Pacific Centre, Tsim Sha Tsui
- Sogo, Tsim Sha Tsui*
- Century Square, Central
- Manning House, Central*
- Citylink Plaza, Shatin*
- Aeon Style, Kornhill*

THAILAND

- Life Centre, Sathorn
- Esplanade Ratchada, Bangkok
- Terminal 21
- Siam Square One, Bangkok
- Promenade, Bangkok

** Kiosks*

clinelle® *Caviar* Gold

"Firmer Eye & Younger Skin in just 5 days!"*

Discover the ***Clinelle*** **CaviarGold range** with its revolutionary **Triple-Gold Lifting & Firming Complex** that combines the extravagant ingredient, **Caviar** with precious **24K Nano Gold** & **plant PhytoGold**. The luxury is touchable, affordable & remarkable.

Caviar Black Gold
Human like cell structure to boosts skin's ***firmness, hydration*** & ***nutrition***.

24K Nano Gold
Boosts collagen production by ***300%*** ***to increase skin's elasticity***.

Phyto Plant Gold
Proven 80X more effective than Arbutin in Whitening effect.

3 Triple-Gold LIFTING & FIRMING Complex

ELLA Chen 陈嘉桦
International Artiste

*Individual result may vary.

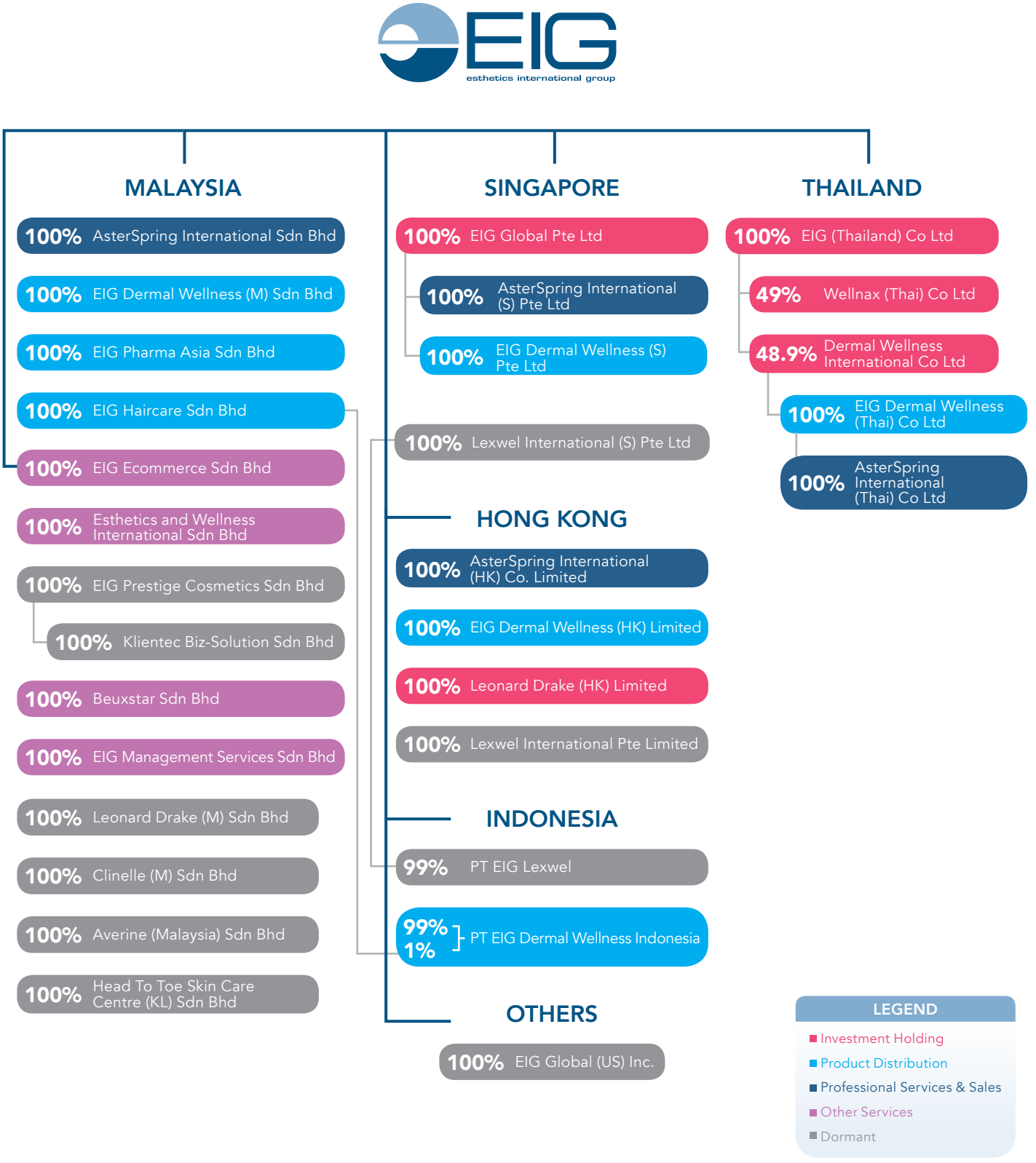
6 Nos
No Artificial Fragrance
No Artificial Colouring
No Comedogenic Ingredients
No Mineral Oil
No SD-alcohol
No Lanolin

•No Paraben •Dermatologically Tested
Formulated & Manufactured in KOREA

Available at: AEON Wellness & Supermarket, Caring, Guardian, Watsons & Selected Independent Pharmacy.

EIG A trusted skincare brand by EIG Berhad (608001-P) Hotline: 1 800 88 0908 myclinellie facebook.com/clinelle www.clinelle.com

CORPORATE STRUCTURE



100% NATURAL DAILY BEAUTY DRINKS

FROM INNER HEALTH TO OUTER BEAUTY

FOR A BEAUTIFUL & LUMINOUS GLOW

- **ORYZA CERAMIDE®** rice bran from Japan
- **W Beauty®** Wasabi Leaf
- **Lingonberry**

360° ANTI-AGEING SOLUTION

- PhytoflORAL® from **White Tomato**
- CellYoung® from the rare and precious **Snow Lotus**
- **Coprino Mushroom**

120 INGREDIENTS FOR DAILY WELLNESS

36 vegetables • 48 fruits • 24 mushrooms, algae, flower & beans • 12 herbs

bioxil
innertreats

CORPORATE INFORMATION

PRINCIPAL BUSINESS

With 33 years of experience, EIG is one of the market leaders in the beauty and wellness industry in ASEAN and Hong Kong focused on the following business lines:

(a) Product Distribution

EIG is one of the leaders in building and distributing professional beauty and wellness brands in ASEAN and Hong Kong with an extensive distribution network to more than 1,600 independent professional salons across the region.

EIG is the exclusive distributor for a number of leading international brands such as Dermalogica professional skincare, Kate Somerville dermocosmetics skincare, Youngblood mineral cosmetics, Davines professional haircare, evo professional haircare, LPG professional skin care equipment, Bio-Therapeutic professional skin care equipment and Tisserand Aromatherapy. EIG also develops and distributes its own Bioxil Innertreats inner supplements range which helps to promote inner wellness with safe and effective ingredients.

For the Fast Moving Consumer Goods (FMCG) segment, EIG develops and distributes our own FMCG skin care brands, Clinelle and Nurish Organiq, which together are distributed through over 2,000 pharmacies and high traffic retail outlets throughout Malaysia, Hong Kong, Singapore, Thailand and Australia. Clinelle focuses on safe, efficacious and affordable skincare products which achieves proven results and are manufactured in countries such as USA, France and South Korea while Nurish Organiq is an organic halal skincare range, which is safe and delivers proven results. EIG is also the exclusive distributor for Physician's Formula, one of the leading FMCG cosmetic brands from USA.

(b) Corporate Salons

EIG owns and operates 63 corporate outlets comprising 55 AsterSpring skin care salons and 8 retail stores strategically located in key shopping malls and retail locations in Malaysia, Singapore, Hong Kong and Thailand. AsterSpring is today one of the leaders in professional skin care salons in Asia with millions of faces treated over 33 years.

BOARD OF DIRECTORS

Eddy Chieng Ing Huong
(Executive Chairman)
Roderick Chieng Ngee Kai
(Group Managing Director and Chief Executive Officer)
Brian Chieng Ngee Wen
(Executive Director)
Janet Chieng Ling Min
(Executive Director) – Appointed on 28 February 2017
Tan Sri Dato' Mohd Ismail Bin Che Rus
(Senior Independent Non-Executive Director)
Dr Chu Siew Mun
(Independent Non-Executive Director)
Tony Lee Cheow Fui
(Independent Non-Executive Director)
Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman:
Tan Sri Dato' Mohd Ismail Bin Che Rus

Members:
Dr Chu Siew Mun
Tony Lee Cheow Fui
Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan

NOMINATING COMMITTEE

Chairman:
Tan Sri Dato' Mohd Ismail Bin Che Rus

Members:
Dr Chu Siew Mun
Tony Lee Cheow Fui
Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan

REMUNERATION COMMITTEE

Chairman:
Eddy Chieng Ing Huong

Members:
Tan Sri Dato' Mohd Ismail Bin Che Rus
Dr Chu Siew Mun

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lot 11, Jalan Astaka U8/88
Bukit Jelutong, Seksyen U8
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : +603-7809 6688
Fax : +603-7809 6699
Website: www.estheticsgroup.com

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia
Tel : +603-2297 1000
Fax : +603-2282 9980

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7849 0777 (Helpdesk)
Fax : +603-7841 8151
: +603-7841 8152

COMPANY SECRETARY

Lee Wai Ngan (LS 00184)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board, Trading/Services Sector
Date of Listing: 11 March 2004
Stock Code: 5081

PRINCIPAL BANKERS

CIMB Bank Berhad
DBS Bank Limited
HSBC Bank
Malayan Banking Berhad
RHB Bank Berhad

GROUP FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

		31.03.2013	31.03.2014	31.03.2015	31.03.2016	31.03.2017
Revenue	(RM'000)	134,414	142,984	150,779	158,342	160,937
EBITDA	(RM'000)	15,940	24,720	26,811	28,664	26,039
Profit Before Tax	(RM'000)	11,021	20,383	20,972	21,523	18,875
Profit After Tax	(RM'000)	7,251	15,485	16,162	16,377	13,349
Net Profit Attributable To Equity Holders	(RM'000)	7,253	15,485	16,162	16,377	13,349
Total Assets	(RM'000)	153,571	178,791	212,797	251,177	256,454
Total Liabilities	(RM'000)	36,000	52,121	73,412	79,243	76,085
Shareholders' Equity	(RM'000)	117,530	126,670	139,385	171,934	180,369
Cash And Short Term Cash Investments	(RM'000)	62,748	59,917	63,905	63,021	73,946
Number Of Shares *	('000)	184,800	184,919	185,501	232,401	237,194
Earnings Per Share	(Sen)	3.92	8.38@	8.73#	8.73^	5.70**
Net Assets Per Share	(RM)	0.64	0.69	0.75	0.74	0.76
Return On Equity	(%)	6.2%	12.2%	11.6%	9.5%	7.4%
Return On Total Assets	(%)	4.7%	8.7%	7.6%	6.5%	5.2%
Gearing Ratio	(times)	–	0.0	0.1	0.1	0.1
Gross Dividend Per Share	(Sen)	2.5	3.0	3.5	3.5	3.0
Share Price As At Financial Year End	(RM)	0.50	1.21	1.00	0.82	0.92

* *Ordinary shares of RM0.50 each up to financial year ended 31 March 2016. The new Companies Act 2016 which came into effect on 31 January 2017 has abolished the concept of par value of share capital. Consequently, par value is no longer relevant.*

@ *Based on weighted average number of ordinary shares of 184,821,000*

\# *Based on weighted average number of ordinary shares of 185,143,000*

^ *Based on weighted average number of ordinary shares of 187,643,000*

** *Based on weighted average number of ordinary shares of 234,376,000*

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you this Annual Report for Esthetics International Group Berhad for the year ended 31 March 2017 (FY2017).

During the year under review, the markets in which our Group operates continued to face significant macroeconomic challenges, including weak consumer sentiment and subpar economic growth. In Malaysia, concerns over softer and more uncertain employment and rising inflation driven by the weakening Malaysian Ringgit resulted in weak consumer confidence, with the Malaysian Institute of Economic Research ("MIER") consumer sentiment index remaining at historically low levels. In Singapore, retail sales and consumer confidence weakened amidst concern about the lacklustre economy and soft labour market, while in Hong Kong the retail market remained subdued due to the decline in mainland Chinese tourists and negative wealth effect from the residential property market. In Thailand, consumer sentiment remained cautious amidst high household debt and slow economic growth.

Due to the weaker domestic growth, low oil prices and the prospect of rising interest rates in the United States, the Malaysian Ringgit weakened further by over 16% during the year to a new historical low of 4.49 against the US Dollar. This resulted in higher inventory costs for the Group as the majority of the Group's products are imported from the USA. At the same time, the Group had to maintain attractive promotions to remain competitive given the weak consumer sentiment while still continuing to build our brands with innovative marketing strategies. Together, this combination resulted in increased pressure on the Group's profit margins.

Despite the challenging macroeconomic conditions, the Group was able to maintain its topline position with revenue of RM160.9 million for FY2017, which was 1.6% higher than FY2016. However, the Group's profit before tax was lower by RM2.6 million to RM18.9 million, which was partly due to an impairment of intangible assets of RM2.0 million, the weakening of the Malaysian Ringgit and promotional activities required in the current environment, as well as higher costs from the Group's initial investment in Indonesia where we commenced operations in May 2016. Excluding the one-off non-cash impairment expense which we prudently made the decision to incur, the Group's profit before tax would have been 2.9% lower at RM20.9 million.

Pleasingly, the Group continues to be in a strong financial position, with total assets of RM256.5 million and cash and short term cash investments of RM73.9 million. For FY2017, the Group generated positive net operating cash flow of RM25.0 million, which funded RM2.7 million for the renovation of 5 new corporate outlets comprising of 4 AsterSpring salons and 1 retail kiosk, as well as the refurbishment of another 6 aged outlets. We are committed to continuing the strategic expansion and upgrade of our network of corporate outlets in the region, which contributed 60% of the Group's revenue in FY2017. Over the past 4 years alone, the Group has invested a total of RM18.5 million in our corporate outlets to strengthen and reinforce our position as one of the leading chains of professional skin care salons in ASEAN and HK.

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

During the year, we were pleased to announce the signing of an exclusive Distribution Agreement between our wholly-owned subsidiary in Hong Kong, and Kate Somerville Skincare, LLC, which grants EIG the rights to sell and distribute Kate Somerville skin care products through departmental stores and select retail stores in Hong Kong and Macau, with a first right of refusal for Malaysia, Singapore, Brunei, Indonesia, Thailand, Philippines, Vietnam, Cambodia, Myanmar, Laos and Taiwan. The initial term of the Agreement is mutually agreed to be for a period of five (5) years from 1 August 2016 to 31 July 2021, and will automatically renew for a further five (5) years until 31 July 2026. Founded in 2004, Kate Somerville is one of the leading prestige dermocosmetic skincare brands in the USA and is distributed through over 900 premium retail stores in the USA alone. Kate Somerville is also the second brand under the Unilever Prestige division, which is exclusively dedicated to select distribution and premium personal care brands, that we are pleased to be working with.

On the FMCG front, we were also pleased to announce the expansion of Clinelle, our own FMCG mass-market skincare brand with dermal benefits, to Australia, New Zealand and the South Pacific Islands with the appointment of an exclusive distributor for the region, and we are positive about the prospects for Clinelle going forward.

DIVISIONAL PERFORMANCE

a) Product Distribution

i) Professional Distribution

Professional Distribution is our distribution network to more than 1,600 independent professional salons across ASEAN and Hong Kong, and accounted for 28% of our Group's revenue in FY2017.

EIG is the exclusive distributor for a number of leading international brands such as Dermalogica professional skincare, Kate Somerville dermocosmetic skincare, Youngblood mineral cosmetics, Davines professional haircare, evo professional haircare, Tisserand Aromatherapy as well as LPG and Bio-Therapeutic professional skin care equipment.

Due to the impact of the challenging macroeconomic conditions, Professional Distribution's revenue of RM45.3 million was 11.4% lower than FY2016 while operating profit was RM4.4 million lower to RM5.6 million due to lower revenue, higher inventory costs resulting from the stronger US Dollar, as well as more competitive promotional activities which were required in view of the challenging trading conditions.

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

DIVISIONAL PERFORMANCE (cont'd)

a) Product Distribution (cont'd)

i) Professional Distribution (cont'd)

For Professional Distribution, we continued to support our independent salons with in-salon consumer events as well as innovative brand building, marketing and education programs to reach out to and recruit new consumers. We also launched exciting new products such as the Dermalogica Phyto Replenish Oil, Daily Superfoliant, and Ion-Active professional product system. We also expanded our own Bioxil Innertreats inner wellness range with the launch of the award-winning Vitalyoung and Vitalbright, which use innovative technology and natural ingredients to help consumers fight signs of photo-ageing and reduce dark spots and pigmentation. For our professional haircare team, we had the exciting launch of the new Davines Mask with Vibrachrom colour range and continued to expand our distribution network to more professional hair salons.

ii) FMCG Division

Our Fast Moving Consumer Goods (FMCG) division focuses on the production, marketing and distribution of our wholly-owned Clinelle range of skin care products to pharmacies and high traffic outlets throughout Malaysia, Hong Kong, Singapore, Thailand and Australia such as Guardian, Watsons, SaSa and independently owned pharmacies, and accounted for approximately 11% of the Group's revenue during the year.

The year in review was a positive year for our FMCG team, as Clinelle continues to be positioned as one of the key growth brands in the mass market. During the year, we had exciting new product launches for Clinelle, with the launch of our new Clinelle PureSwiss HydraCalm hydration range with our superstar brand ambassador Ms Ella Chen. We also launched the exciting Clinelle BodyFitness range with the Clinelle Hot Body Shaper cream and Push Up firming cream and continued to expand the distribution network and build brand awareness amongst consumers for Physician's Formula cosmetics in Malaysia and Singapore.

FMCG reported revenue of RM18.1 million for FY2017, an increase of 10.4% over FY2016 despite the impact of more challenging trading conditions in Hong Kong, and a marginally lower loss of RM1.4 million due to higher inventory costs arising from the impact of the weakening of the Malaysian Ringgit as well as continued investment in brand building for Clinelle, which we believe will generate positive results over the longer term as we continue to build scale.

(b) Professional Services and Sales (Corporate Outlets)

AsterSpring is one of the leaders in professional skincare salons in Asia with 63 wholly-owned professional skin care salons and retail kiosks across Malaysia, Singapore, Hong Kong and Thailand. With 33 years of experience, AsterSpring is differentiated by our strategic locations, our team of more than 300 professionally certified skincare therapists and world-leading products, such as Dermalogica.

For the year under review, revenue for our Corporate Outlets business unit increased by 7.1% to RM96.9 million. This represents 60% of Group revenue, with higher contributions from new AsterSpring salons and kiosks opened over the past two years and new outlets opened during the year in locations such as at Sunway Velocity and the Starling in Malaysia, and Aeon Kornhill in Hong Kong.

As noted above, during FY2017 we opened 5 new outlets comprising of 4 AsterSpring salons as well as 1 retail kiosk across Malaysia, Singapore and Hong Kong and refurbished another 6 established outlets to provide our customers with a refreshed and upgraded salon experience. We also rationalised 7 AsterSpring salons and 7 retail kiosks where the business potential was not as expected in order to refocus the Group's resources and management focus to areas with higher potential.

During the past year, we continued to improve our retailing format to provide customers with a more dynamic and refreshed retail experience, and launched innovative new treatments incorporating leading equipment from countries such as France to provide our customers with a new, refreshed experience and deliver effective skin health results.

With the increase in net revenue and contributions from outlets opened over the past 24 – 36 months, the Corporate Outlets division reported a higher profit before tax of RM12.2 million in FY2017, an increase of RM0.8 million over FY2016.

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

MOVING FORWARD

Looking forward, visibility on trading conditions remains short and uncertain with weaker economic growth feeding into weak consumer sentiment, as is currently persisting in our markets. Should economic conditions in our regional markets deteriorate further, then the broader retail and consumer market, including the typically more resilient beauty and wellness segment, may be further impacted as well.

Therefore, we aim to be vigilant in maximising the current market conditions while continuing to position the Group to focus on our long-term strategic priorities towards our vision to become the leading beauty and wellness company in ASEAN and Hong Kong. These include expanding our distribution channels, building our network of Corporate Outlets in a disciplined and measured manner, and growing our leading international beauty and wellness brands including Clinelle, our own FMCG mass brand.

DIVIDEND

To appreciate our shareholders for their ongoing support for the Company, it is my pleasure to report that despite the challenging economic conditions, the Board has recommended a final single-tier dividend of 1.75 sen (RM4.2 million) for FY2017 for shareholder approval at the upcoming Annual General Meeting.

Combined with the interim single-tier dividend of 1.25 sen (RM3.0 million) which was paid on 12 January 2017, this equates to a net dividend of 3.0 sen per share amounting to RM7.2 million for FY2017. This represents a payout ratio of 53% of the Group's net profit for the year, as compared to the dividend payout ratio of 46% for FY2016.

APPRECIATION

On behalf of the Board, I would like to express our gratitude and appreciation to our valued customers, shareholders, principals, suppliers, and business associates for their continued confidence and support in the Group.

I would also like to appreciate and thank the management team and all members of the EIG family around the region for their professionalism, enthusiasm and efforts in building EIG as we strive towards our vision of being the leading beauty and wellness company in ASEAN and Hong Kong.

Finally, in closing, I would like to warmly extend again our appreciation to our valued shareholders for your ongoing confidence and support as we continue to build EIG for the future ahead.

Yours truly,

EDDY CHIENG ING HUONG
Executive Chairman

clinelle® WHITENup

Radiant White skin starts from within.

See visible results after 2 days!*

10x more Vitamin C for better **whitening power.****
3x increase in **skin lightening** effect.***

Advanced Anti-Photoaging Technology

- No Paraben
- Dermatologically Tested
- Formulated & Manufactured in USA

Vitamin C — Powerful antioxidant to redefine skin texture & lighten skin tone.

Daisy Flower Extract — Reduces pigmentation, skin darkening & even out skin tone.

Japanese Purple Rice Extract — Enhances the efficacy of Vitamin C to promote fairer, firmer & moisturized skin.

6 Nos
No Artificial Fragrance
No Artificial Colouring
No Comedogenic Ingredients
No Mineral Oil
No SD-alcohol
No Lanolin

ELLA Chen
International Artiste

*Use with complete range. **As compared to previous formulation.

Available at: AEON Wellness, Caring, Guardian, Watsons & Selected Independent Pharmacies.

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EDDY CHIENG ING HUONG

Executive Chairman

Eddy Chieng Ing Huong, Malaysian, male, aged 59, was redesignated as the Executive Chairman of EIG on 28 February 2012. Prior to this, Mr Eddy Chieng was the Executive Chairman and Group Chief Executive Officer from 3 September 2010, Executive Chairman (redesignated on 2 September 2009) and Non-Independent Non-Executive Chairman (redesignated on 21 November 2006). He was appointed to the Board of the Company on 4 February 2004 and is also the Chairman of the Remuneration Committee.

Mr Eddy Chieng graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce Degree with Merit in Accounting, Finance and Information Systems. He qualified as a Chartered Accountant in 1981 and is a Fellow of the Institute of Chartered Accountants, Australia. He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

Mr Eddy Chieng has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas; primarily in ASEAN, Hong Kong and Australia.

Mr Eddy Chieng is also the Chairman of Selangor Dredging Berhad and Senior Independent Non-Executive Director of QL Resources Berhad. He was previously the Founder/Managing Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Non-Executive Director of Ancom Berhad, Nylex (Malaysia) Berhad, Independent Non-Executive Director of Oroton Group Limited (ASX listed), and Chairman of Asia Poly Holdings Berhad. In addition, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

DIRECTORS' PROFILE (cont'd)

RODERICK CHIENG NGEE KAI

Group Managing Director and Chief Executive Officer

Roderick Chieng Ngee Kai, Malaysian, male, aged 33, was redesignated as the Group Managing Director and Chief Executive Officer of EIG on 28 February 2012. Prior to the redesignation, Mr Roderick Chieng was an Executive Director of EIG since 3 September 2010.

Mr Roderick Chieng was awarded a scholarship from the University of Technology Sydney, Australia where he graduated with Distinction with a Bachelor of Accounting, majoring in Accounting and Finance. He is also a qualified member of the Institute of Chartered Accountants, Australia.

Prior to joining EIG, Mr Roderick Chieng had over 6 years' experience in investment banking, property finance and accounting with Macquarie Group Limited in Sydney, Australia where his last held position was Manager in Macquarie Capital Advisers.

TAN SRI DATO' MOHD ISMAIL BIN CHE RUS

Senior Independent Non-Executive Director

Tan Sri Dato' Mohd Ismail Bin Che Rus, Malaysian, male, aged 74, is the Senior Independent Non-Executive Director. He is also the Chairman of the Audit Committee and Chairman of the Nominating Committee and a member of the Remuneration Committee. He was appointed to the Board of the Company on 2 September 2009.

Tan Sri Dato' Mohd Ismail studied Training Management at Royal Institute of Public Administration, London, United Kingdom and Post Graduate Senior Management at the University of Manchester, United Kingdom and Crisis Management at Louisiana State University, United States of America.

Tan Sri Dato' Mohd Ismail started his career with the Royal Malaysia Police as an Inspector in 1962 and was promoted to numerous positions before appointment as Chief Police Officer for three states in Malaysia and the Metropolitan Police of Kuala Lumpur. Prior to his retirement, he held the rank of Commissioner of Police with the appointment as Director of Criminal Investigation Department. Currently, he is a Senior Independent Non-Executive Director of Selangor Dredging Berhad.

DIRECTORS' PROFILE (cont'd)

DR CHU SIEW MUN

Independent Non-Executive Director

Dr. Chu Siew Mun, Malaysian, male, aged 74, is an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was appointed to the Board of the Company on 22 February 2008.

Dr. Chu graduated from University of Malaya with Bachelor of Medicine and Bachelor of Surgery degrees in 1969. In 1974, he became a member of the Royal College of Physicians of London and obtained a Diploma in Dermatology from the University of London. He has been a fellow of the Royal College of Physicians of London since 1991 and a fellow of the Academy of Medicine of Malaysia since 2002.

He lectured in Medicine and Dermatology at University of Malaya from 1973 to 1977 and was a Consultant Dermatologist at Assunta Hospital till 1987. He is one of the pioneer group of doctors and consultant dermatologists at Ramsay Sime Darby Subang Jaya Medical Centre (since 1985) and also at BP Specialist Centre Taman Megah (formerly known as Sime Darby Specialist Centre Megah) since 1997, of which he was a past member of the Board of Directors. He has written papers and presentations in Dermatology conferences and was the President of Dermatological Society of Malaysia from 1988 to 1989.

Dr. Chu is currently in private practice as a consultant dermatologist.

BRIAN CHIENG NGEE WEN

Executive Director

Brian Chieng Ngee Wen, Malaysian, male, aged 31, was redesignated as an Executive Director of EIG on 1 April 2016. Prior to the redesignation, Mr Brian Chieng was a Non Independent Non-Executive Director of EIG since 28 February 2012.

Mr Brian Chieng graduated from the University of New South Wales in Sydney, Australia with a Bachelor of Commerce with Merit in Finance and Accounting. He is a qualified member of the Institute of Chartered Accountants, Australia and holds a Diploma in Financial Services from the Securities Institute of Australia (FINSIA).

Mr Brian Chieng had over 10 years' experience in the investment banking and securities industry in Australia and Malaysia, including over 4 years' experience in corporate finance with Macquarie Group Limited in Sydney, Australia where he was involved in transactions in Australia, the United States and Asia. He was previously Vice President, Business Development at Affin Hwang Investment Bank Berhad and was formerly an Independent Non-Executive Director of Asia Poly Holdings Berhad.

TONY LEE CHEOW FUI

Independent Non-Executive Director

Tony Lee Cheow Fui, Malaysian, male, aged 60, is an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and Nominating Committee.

Mr Lee graduated with a Bachelor of Commerce degree from the University of New South Wales, Australia in 1979. He is a Fellow of the Institute of Chartered Accountants, Australia and member of CPA Australia, the ISCA Singapore and the Malaysian Institute of Accountants.

Mr Lee was the Chief Financial Officer of Fraser & Neave Holdings Berhad from 1996 to 2007, whereupon he was appointed as the Chief Operating Officer of the Dairies Product Division for Fraser & Neave Holdings Berhad until his retirement in May 2012.

Prior to this, he was the Deputy Corporate Finance Manager of Fraser and Neave Limited in Singapore, Group Finance Manager - Asia region for ACI International Group, and Senior Accountant with Touche Ross & Co in Sydney, Australia.

Mr Lee also serves on the Board of Apex Equity Holdings Berhad and was previously an independent non-executive director of Tien Wah Press Holdings Berhad.

DIRECTORS' PROFILE (cont'd)

DATO' DR NOOR ZALMY AZIZAN BINTI MOHD. ALI AZIZAN

Independent Non-Executive Director

Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan, Malaysian, female, aged 49, was appointed as an Independent Non-Executive Director of the Company on 26 May 2015. Dato' Dr Zalmy is also a member of the Audit Committee and Nominating Committee.

Dato' Dr Zalmy graduated with a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics from The Royal College of Surgeons Ireland / National University of Ireland (2nd Class Honours) in 1994 and was appointed as a member of the Royal College of Physicians of the United Kingdom (UK) in 1998. She obtained her Advanced Masters in Dermatology from the National University of Malaysia (UKM) in 2004 and was a Clinical Research Fellow of the Department of Dermatology, University of Michigan Hospital, USA in 2008.

Dato' Dr Zalmy is currently working as a Consultant Dermatologist at Tropicana Medical Centre. She has been a qualified consultant dermatologist since 2004 where she was previously working at the Department of Dermatology, Hospital Kuala Lumpur. Dato' Dr Zalmy is also an Honorary Lecturer at National University of Malaysia Medical Centre (PPUKM).

Dato' Dr Zalmy has been a member of the Dermatological Society of Malaysia since 2004 and has served as an executive committee member of the Society since 2009. In addition, Dato' Dr Zalmy serves as an executive committee member of the Cosmetic Dermatology and Laser Medicine Board of Malaysia, and committee member of the Dermatological Drug Advisory Committee for the Ministry of Health Malaysia, National Dermatology Registry, Asian Academy of Dermatology and Venerology, and the National Aesthetic Practice Credentialing and Privileging Board.

JANET CHIENG LING MIN

Executive Director

Janet Chieng Ling Min, Malaysian, female, aged 26, was appointed as an Executive Director of EIG on 28 February 2017.

Ms Janet Chieng graduated from the University of New South Wales in Sydney, Australia, with a double degree: a Bachelor of Commerce with Distinction, and Bachelor of Laws with First Class Honours.

Ms Janet Chieng joined Esthetics International Group Berhad as a Business Development Director in July 2015. Prior to joining EIG, Ms. Janet Chieng has over two years' experience in equity research focusing on companies in the Australian retail sector with Citigroup in Sydney, Australia.

NOTES:

1. Family Relationship with Director and/or Major Shareholder

Save as disclosed below, none of the Directors has any family relationship with any Director and/or major shareholder of the Company:

- *Mr Eddy Chieng, is the father of Mr Roderick Chieng, Mr Brian Chieng and Ms Janet Chieng; and*
- *Mr Roderick Chieng, Mr Brian Chieng and Ms Janet Chieng are siblings*

2. Conflict of Interest

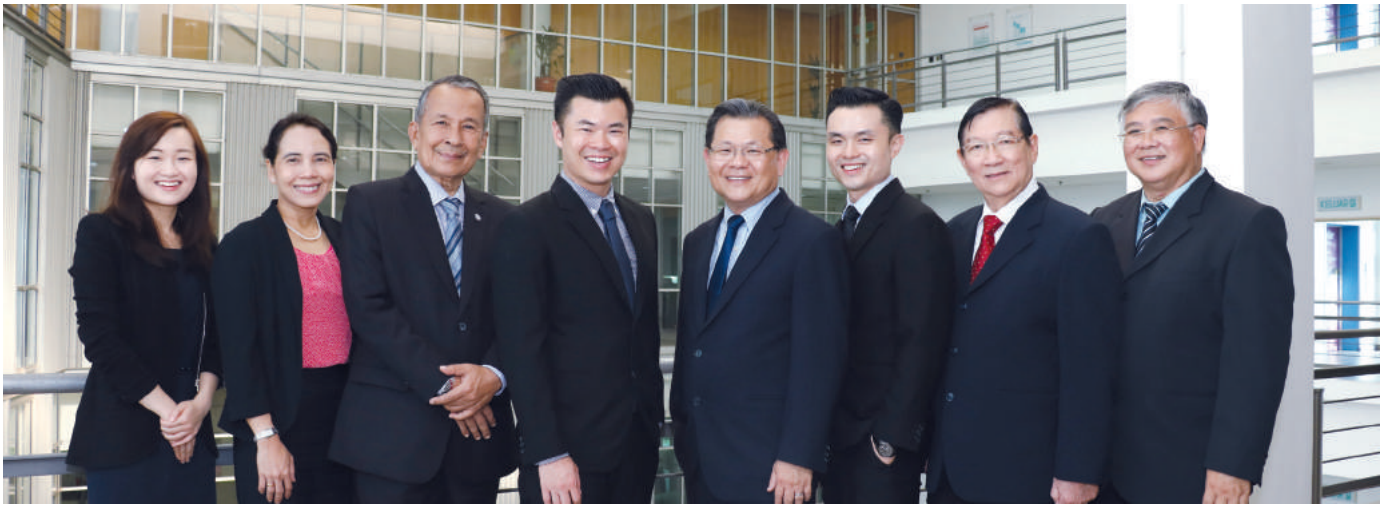
None of the Directors has any conflict of interest with the Company.

3. Conviction of Offences

None of the Directors has been convicted of any offences in the past five (5) years other than traffic offences.

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017)

The Board of Directors ("Board") of Esthetics International Group Berhad ("EIG" or "the Company") is committed to the principles of corporate governance reflected in the Malaysian Code on Corporate Governance 2012 ("Code") in building and overseeing a responsible and ethical organisation committed to enhancing long-term, sustainable shareholder value.



Role and Responsibilities of the Board

The Board is responsible for the overall strategic direction, corporate governance, control systems, and significant policies of the Group on behalf of the Group's shareholders.

EIG is led by an experienced Board with a wide and varied range of academic and professional qualifications and business and financial experience relevant to lead the Group's business activities and as such are able to effectively discharge their duties and responsibilities. The principal responsibilities of the Board include management oversight, strategic planning, succession planning, performance evaluation, resource allocation, setting standards of conduct reflected in the Group's Code of Conduct, identifying principal risks and reviewing internal control systems. The Board seeks to ensure that the Group's strategies promote sustainability.

The Board Charter was reviewed on 30 May 2017 and clearly sets out the Board's role, powers, duties and functions. The Board Charter is available on EIG's corporate website at www.estheticsgroup.com. Matters which are reserved for decision by the Board include, amongst others:

- Review and approval of the corporate strategies and business plans for the Group;
- Review and approval of annual budgets, including major capital commitments;
- Consideration of and approval of the appointment of Directors;
- Review and approval of Directors' remuneration

Other than as specifically reserved to the Board, the responsibility of managing EIG's day-to-day business activities and implementation of the policies and decisions of the Board is delegated to the Group Managing Director and CEO and Executive Committee, who are accountable to the Board.

Board meetings are scheduled with due notice in advance at least four (4) times in a year in order to review and approve the annual and interim financial results and to deliberate issues that require decision from the Board. The Board also reviews and approves the Group's Budget and business plan on an annual basis and carries out periodic review of the progress made by the various business units so as to align the business direction and goals with the objective of delivering long-term shareholder value.

Prior to each Board meeting, all Directors receive an agenda and a full set of Board papers for the agenda items to be discussed at least 5 days before the Board Meeting. At each Board meeting, the relevant Executive Directors and Management provide an explanation of pertinent issues. All proceedings from the Board meetings are minuted by the Company Secretary, who attends all board meetings and ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of EIG.

In the intervals between scheduled Board meetings, for exceptional matters requiring urgent Board decisions, Board decisions are obtained via additional ad-hoc meetings convened or circular resolutions which are supported with board papers, providing information necessary for the Board's deliberation to ensure the Directors are able to make informed decisions.

All Directors have full and unrestricted access to timely information, necessary in the furtherance of their duties. The Directors also have full access to the advice and services of the Company Secretary who consistently ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and Directors' responsibilities in complying with relevant legislation and regulations. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.

Board Composition and Balance

The Board has a well-balanced composition, with an effective mix of Executive Directors and Non-Executive Directors (including Independent Directors) which promotes the effective functioning of the Board while also fairly reflecting the investments in the Company.

The Board as at the date of this Statement comprises of eight (8) members:
- One (1) Executive Chairman
- One (1) Group Managing Director and Chief Executive Officer
- Two (2) Executive Directors, one of whom is a lady
- Four (4) Independent Non-Executive Directors, one of whom is a lady.

The Independent Directors make up one half (1/2) of the board membership, thus exceeding the requirements of the Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher be independent.

The Board recognizes the recommendation of the Code that the board should comprise a majority of independent directors where the chairman is not an independent director. However, the Board considers that the independent directors with their experience and credentials are able to play a strong and vital role by bringing informed and independent judgment to many aspects of the Group's strategy and decisions so as to ensure that the highest standards of conduct and integrity are maintained, as well as to safeguard the interest of other stakeholders, thereby fulfilling an independent, pivotal role in corporate accountability.

The Board also recognizes the recommendation of the Code that the Chair should be a non-executive member of the Board, and considers that Mr Eddy Chieng is the most appropriate person to lead the Board and Group as Executive Chairman given his wealth of successful entrepreneurial experiences, Board-level experience across numerous publicly listed companies in Australia and Malaysia, business acumen and track record in various business ventures both in Malaysia and overseas.

The Board also considers the importance of gender diversity in its Board composition and is pleased to have two of the eight directors, being Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan, who is an established and well qualified dermatologist, and Ms Janet Chieng Ling Min as members of the Board.

The Board has delegated certain responsibilities to the Board Committees with clearly defined terms of reference to assist in discharging their duties. The Chairman of the Committee will report and table to the Board their respective recommendations for consideration and adoption.

(i) The Audit Committee

The Audit Committee comprises four (4) Independent Non-Executive Directors in compliance with the Listing Requirements. The members of the Audit Committee during the financial year are as follows:

- Tan Sri Dato' Mohd Ismail Bin Che Rus - Chairman
- Dr Chu Siew Mun - Member
- Tony Lee Cheow Fui - Member
- Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan - Member

Full details of the composition, complete terms of reference and a summary of the activities of the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report.

(ii) The Remuneration Committee

The Remuneration Committee comprises the Executive Chairman and two Independent Non-Executive Directors:

- Eddy Chieng Ing Huong - Chairman
- Tan Sri Dato' Mohd Ismail Bin Che Rus - Member
- Dr Chu Siew Mun – Member

The objective of the Committee is to assist the Board of Directors in their responsibilities in assessing the remuneration policies of the Directors and to ensure that such policies support its corporate objectives and strategies for enhancing shareholder value. The Director concerned will not be present when matters affecting his/her own remuneration arrangement are considered.

Meetings of the Remuneration Committee are held as and when required, and at least once a year. The Remuneration Committee held one formal meeting on 30 May 2017 which was attended by all members, as well as ad-hoc meetings to deliberate and consider the remuneration of the Directors for the financial year ending 31 March 2018.

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

(iii) The Nominating Committee

The Nominating Committee comprises of four Independent Non-Executive Directors:

- Tan Sri Dato' Mohd Ismail Bin Che Rus - Chairman
- Dr. Chu Siew Mun - Member
- Tony Lee Cheow Fui - Member
- Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan - Member

The Committee is empowered to bring to the Board recommendations as to the appointment/re-appointment/ re-election of any Executive or Non-Executive Director.

The Nominating Committee ensures that the Board has an appropriate balance of relevant skills, expertise and experience and oversees the overall composition of the Board in terms of the appropriate size and balance between Executive Directors, Non-Executive Directors and Independent Directors. For this purpose, the Committee assesses the effectiveness of the Board as a whole and performance of the Directors on an on-going basis. Terms of reference of the Committee are clearly defined.

Meetings of the Nominating Committee are held as and when required, and at least once a year. The Nominating Committee held two formal meetings on 28 February 2017 and 30 May 2017, which was attended by all members as to deliberate and consider the appointment of Janet Chieng Ling Min as Executive Director effective 28 February 2017, as well as the reappointment of Directors pursuant to Articles 87 and 94 of the Company's Articles of Association.

(iv) Tenure of Independent Directors

The Board recognizes Recommendation 4.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) year term, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

There is one (1) Independent Director of the Company whose tenure has exceeded a cumulative period of nine (9) years. However, the Board considers that the director in concern continues to fulfil the criteria for an independent director as stated in the Listing Requirements and has the experience, independence and due care to continue to carry out his duties as an independent director in the best interest of the Company and Shareholders.

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

INDEPENDENCE AND CONFLICT OF INTEREST

The Board assesses the independence of the Directors annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board assessment. A separate assessment for Independent Directors is also undertaken annually. The Independent Directors all fulfil the criteria of 'Independence' as prescribed under Chapter 1 of the Listing Requirements and are independent of management and free from any relationship which could interfere with the exercise of their independent judgment.

In this respect, the Directors are required to declare their respective shareholdings in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or proposed contract with the Company or any of its related companies. Where issues involve a conflict of interest, the Directors will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

The Directors are expected to commit sufficient time and attention to the affairs of the Company to enable the effective discharge of their responsibilities as Directors. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Director was absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2017, complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

	30.05.2016	24.08.2016	22.11.2016	28.02.2017
Eddy Chieng Ing Huong	✓	✓	✓	✓
Roderick Chieng Ngee Kai	✓	✓	✓	✓
Tan Sri Dato' Mohd Ismail Bin Che Rus	✓	✓	✓	✓
Dr Chu Siew Mun	✓	✓	✓	✓
Brian Chieng Ngee Wen	✓	✓	✓	✓
Tony Lee Cheow Fui	✓	✓	✓	✓
Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan	✓	✓	✓	✓
Janet Chieng Ling Min (appointed on 28 February 2017)				✓

APPOINTMENT AND RE-ELECTION TO THE BOARD

The appointment of Directors is undertaken by the Board as a whole. The Nomination Committee considers candidates suitable for appointment to the Board, and the final endorsement lies with the entire Board to ensure that the required mix of skills, experience and expertise of members of the Board is sufficient to address the issues affecting the Group.

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every AGM. Further, all the Directors of the Company shall retire at least once every three (3) years. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandate. The election of every Director is voted on separately. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

The names and details of Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM and the Profile of the Board of Directors, respectively, in this Annual Report. In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies.

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

CONTINUING EDUCATION OF THE DIRECTORS

The Directors are encouraged to attend relevant seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which the Group operates, as well as wider economic, financial and governance issues. All Directors are required to complete the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis. Throughout the financial year under review, the Directors attended various briefings, conferences, seminar programmes and speaking engagements covering areas that included corporate governance, leadership, relevant industry updates and global business developments.

The conferences, seminars and training programmes attended by Directors during the financial year ended 31 March 2017 included the following:-

- Dermalogica International Distributor Head Meeting at Los Angeles, California
- Board Chairman Series Part 2 : Leadership Excellence From the Chair
- Davines APAC 2016 Conference
- Davines Hair on Stage
- Cosmoprof Asia Hong Kong
- 41st Annual Conference of the Dermatological Society of Malaysia, Kuching
- Decoding Transaction and RPT Rules
- Amendments to Bursa Malaysia's Listing Requirements
- 22nd Regional Conference of Dermatology (Asian-Australasian), Singapore
- The 2nd Asia Pacific Meeting of Expert in Dermatology (APMED); Hanoi ,Vietnam
- Joint Congress of Asia Pacific Association of Allergy, Asthma and Clinical Immunology (APAAACI) and Asia Pacific Association of Pediatric Allergy, Respirology & Immunology (APAPARI) 2016: Kuala Lumpur
- Annual Pahang Dermatology Update 2016; Kuantan Pahang

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective of attracting, retaining, motivating and incentivising Directors of the calibre needed to lead EIG successfully. The remuneration of Directors is recommended by the Remuneration Committee with consideration given to the Group's performance, Directors' responsibilities and complexity of the company's activities, but undertaken by the Board as a whole to ensure that the aforementioned objective is met.

The Group Managing Director and Chief Executive Officer's remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

The aggregate remuneration of Directors of the Company for the financial year ended 31 March 2017 (FY2017) are as follows:

RM'000	Salaries & Other Emoluments[1]	Benefits In Kind[2]	Fees[3]	Total
Executive Directors	1,277	115	90	1,482
Non-Executive Directors	-	20	95	115

Notes:

[1] *Other emoluments include bonuses, employer contribution to the Employees' Provident Fund*

[2] *Benefits in-kind are in respect of motor vehicles, product and service allowances for Executive Directors and gift certificates for treatment services for Non-Executive Directors.*

[3] *Fees include directors' fees and meeting allowances paid to Directors.*

The range of Directors' remuneration for FY2017 is shown in the following bands:

Range of remuneration per annum	No. of Directors	
	Executive Directors	Non-Executive Directors
Below RM100,000	1	4
RM100,000 to RM600,000	2	
RM700,000 to RM800,000	1	

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

INTEGRITY IN FINANCIAL REPORTING AND RISK MANAGEMENT

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's operations, financial position and prospects whenever it releases its quarterly report and annual financial statements to shareholders. The Audit Committee assists the Board in overseeing the financial reporting processes and the quality of financial reporting by scrutinizing information for disclosure to ensure accuracy, adequacy and completeness and compliance with applicable financial reporting standards.

The Audit Committee recognizes the importance of selecting suitable and independent external auditors in promoting good corporate governance. Accordingly, the Audit Committee assesses the suitability and independence of external auditors, giving consideration to relevant industry experience. In compliance with the Malaysian Institute of Accountants, EIG rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of audit opinions.

The Board also reviews and oversees compliance with the Group's Risk Management Framework, central to which is the Group's Internal Audit function which reports directly to and supports the Audit Committee. Further details of which are set out in the Audit Committee Report and the Group's Statement of Risk Management and Internal Control in this Annual Report.

The Board is satisfied that an adequate framework on whistleblowing was in place during the year under review. All employees can raise concerns regarding any wrongdoing or misconduct by another employee or person who has dealings with the Group via email to whistleblower@estheticsgroup.com or in writing to the Director of Corporate Affairs at the Company's registered address. Confidentiality of all matters raised and the identity of the whistleblower are protected under the Policy.

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

General Meetings represent the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, the Group's corporate developments, the resolutions being proposed and the business of the Group in general at every General Meeting of the Company. The notice of the General Meetings and Circular to Shareholders are sent to shareholders in accordance with the stipulated period set out in the Listing Requirements and Companies Act 2016. Annual General Meetings and the Annual Report are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 2016 in order to enable shareholders to review EIG's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Group Executive Chairman and/or the Group Managing Director and Chief Executive Officer take the opportunity to present a comprehensive review of the progress and performance of EIG, and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with EIG's business operations, strategies and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

Other Directors and representatives of the Management are also present at the General Meetings to assist the Chairman, where required, to respond to shareholders' queries during the meeting. The External Auditors and advisers of corporate exercises, where applicable, attend general meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

During the course of each financial year, the Company ensures prompt and timely release and dissemination of quarterly results, announcements, circulars and notices to enable shareholders to keep abreast of EIG's financial and operational performance and to make informed decisions with regards to significant corporate developments.

During the year under review, the Group Managing Director and Chief Executive Officer and the Executive Director held numerous one-on-one meetings with investors and analysts to facilitate a better understanding and awareness of the Group in the investment community.

In accordance with the Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, EIG will adopt poll voting for any resolution put forth for shareholders' approval at the general meetings.

The Board encourages the company to leverage on information technology for effective dissemination of information. The Company also maintains a website (www.estheticsgroup.com) through which shareholders and members of the public in general can gain access to information about the Group.

Details of the Senior Independent Non-Executive Director to whom concerns regarding the Group may be conveyed are as follows:

Post: Tan Sri Dato' Mohd Ismail Bin Che Rus
c/o Ms Lee Wai Ngan
Systems Associates Sdn Bhd
Plaza 138, Suite 18.03, 18th Floor
138 Jalan Ampang
50450 Kuala Lumpur
Tel: 603 2161 5466
Fax: 603-2163 6968

STATEMENT ON CORPORATE GOVERNANCE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Group considers corporate social responsibility and good corporate citizenship as a critical management initiative and seeks to improve corporate value by engaging in conscientious activities, especially in consideration of the Group's presence and ties with the community and environment. The Company supports a precautionary approach to environmental challenges. Initiatives to promote greater environmental responsibility and to encourage the development of environmentally friendly technology play an important role in the daily activities of the Group. Together with our strategic partners, we have undertaken active efforts to minimize the negative impact on environment throughout the entire production chain. We have also raised the awareness of each employee with regard to corporate social responsibility and supported various corporate social responsibility initiatives during the year under review.

OTHER INFORMATION IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA

(A) MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involve Directors' and substantial shareholders' interests either still subsisting at the end of the financial year ended 31 March 2017 or entered into since the end of the previous financial year.

(B) NON-AUDIT FEES

During the financial year ended 31 March 2017, the Company incurred expenses in relation to the review by the External Auditors of the Statement of Risk Management and Internal Controls included in the Annual Report. The amount of non-audit fees payable to the external auditors and their affiliates by the Group and the Company for the financial year ended 31 March 2017 are RM41,000.

Apart from the above, there were no non-audit fees paid to the External Auditors for the financial year ended 31 March 2017.

(C) RELATED PARTY TRANSACTIONS

There were no material related party transactions (not being transactions in the ordinary course of business) during the financial year.

A list of significant related party transactions is set out in Note 24 to the Financial Statements section of this Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 May 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017)

INTRODUCTION

The Board of Directors ("the Board") of Esthetics International Group Berhad ("EIG" or "the Group") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal controls of the Group for the financial year ended 31 March 2017. This Statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and taking into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control and its effectiveness. The system of risk management and internal control is designed to safeguard shareholders' investments and the Group's assets. By nature, it can only provide reasonable assurance against material misstatement, loss or fraud and is designed to manage the Group's risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and objectives of the Group.

The Board regards risk management as an integral part of business operations and considers that the Group's risk management and internal control system should provide reasonable assurance regarding the achievement of the Group's objectives in the:

- effectiveness and efficiency of operations;
- reliability and transparency of financial information;
- compliance with laws and regulations; and
- safeguarding of the Group's assets.

During the financial year under review and up to the date of approval of this statement for inclusion in annual report, the Board was supported by the Management and Internal Auditors in the on-going process of identifying, assessing and managing the business risks faced by the Group.

The Board has also obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material respects, for the financial year ended 31 March 2017.

RISK MANAGEMENT

In discharging its stewardship responsibilities, the Board recognizes that risk management:

- is a logical and systematic method of identifying, analysing, assessing, treating and monitoring the Group's risks;
- is a continuous and an on-going process;
- is an integral part of the Group's management practices; and
- enables the Group to not only minimize losses but also to maximise opportunities.

The Board considers the following factors in addressing the potential risks faced by the Group:

- the nature and extent of risks facing the Group;
- the extent and categories of risk which it regards as acceptable for the Group to bear;
- the likelihood of the risks concerned materializing;
- the Group's ability to reduce the risks that may materialize and their impact on the business; and
- the cost of operating particular controls relative to the benefit thereby obtained in managing the related risks.

The Board oversight function in risk management assessment is assisted by Risk Management Committee (RMC), that report to the Audit Committee and the Board with respect to review and monitoring of the Group's major risk exposures, key guidelines and policies for risk assessment and management, and steps taken by Management to monitor and control such exposures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

RISK MANAGEMENT (CONT'D)

During the financial year under review, the Group updated its risk assessments and implemented measures to address areas identified for improvement. The outsourced Internal Auditors also developed the Internal Audit Plan based on the RMC's risk assessment and review, which was then presented to the Audit Committee for approval. During the financial year, some areas of improvement to internal control were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material losses and/or require further disclosure in this Statement.

The Board's primary objective and direction in managing the Group's principal risks is to enhance the Group's ability to achieve its business objectives while mitigating the key risks identified.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

Other key features of the Group's risk management and internal control system that were in place during the financial year under review include:

- Quarterly site visits by the Executive Directors and Management to local and regional business units;
- Requirement for approval and authority of the Directors for key treasury matters such as financing facilities, significant investments and designation of bank signatories;
- Monthly Management meetings by the Executive Directors and Management together with the respective Country Heads of the local and regional business units;
- Centralization of key support functions such as inventory management, inventory procurement, production planning, treasury functions, brand management and systems development at the Head Office in Malaysia;
- Clear financial authority limits to provide check and balance on the amounts and types of commitments that the Management can undertake on behalf of the Group; and
- Adequate insurance cover over major assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

INTERNAL AUDIT FUNCTION

The Internal Audit function was undertaken by an independent professional firm with suitable experience and capabilities approved by the Audit Committee and appointed by the Board since 20 November 2013. The Internal Audit function independently assesses and reviews the Group's risk management and internal controls framework and assists the Audit Committee in providing the Board with the assurance it requires on the adequacy and effectiveness of the risk management and internal controls.

Any areas for improvement identified during the course of the internal audit review are brought to the attention of the Audit Committee. Four (4) internal audit reports and a risk management report were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Baker Tilly Monteiro Heng, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2017 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls is adequate and effective and that the monitoring, reviewing, and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the Group's operations and that risks are managed at an acceptable level throughout the Group's businesses.

The Board will continue to review and update the effectiveness of the Company's risk management and internal control systems to be in line with the changes in the operating environment.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 May 2017.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REPORT OF THE AUDIT COMMITTEE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017)

The Board of Directors of Esthetics International Group Berhad ("EIG") is pleased to present the Audit Committee Report for the financial year ended 31 March 2017. This Audit Committee Report is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and the Malaysian Code of Corporate Governance 2017 ("Code").

MEMBERS

- Tan Sri Dato' Mohd Ismail Bin Che Rus (Chairman), Senior Independent Non-Executive Director
- Dr Chu Siew Mun, Independent Non-Executive Director
- Tony Lee Cheow Fui, Independent Non-Executive Director
- Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan, Independent Non-Executive Director

TERMS OF REFERENCE

Objectives

The principal objectives of the Audit Committee are to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the internal controls, accounting and reporting practices of the Group.

Composition

The Audit Committee shall be appointed by the Board from amongst their numbers and shall:
- consist of no less than three (3) members;
- consist exclusively of Non-Executive Directors with a majority being Independent Directors; and
- have at least one (1) member who is a member of the Malaysian Institute of Accountants or who fulfils such other requirements as prescribed in the Listing Requirements.

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. In the event of vacancy in the Audit Committee resulting in the non-compliance with the above, the Board shall fill the vacancy within three (3) months.

The terms of office and performance of the Audit Committee and its members shall be reviewed by the Board no less than every three (3) years. The terms of office and performance of the Audit Committee and its members have last been reviewed and renewed by the Board on 30 May 2017.

Responsibilities and Duties

The Audit Committee shall discharge the following functions:
- to review, with the External Auditors, the audit plan, audit report and the assistance given by the Company's officers to the Auditors;
- to review, with the External Auditors, the adequacy of the internal control systems;
- to assess the risks and control environment;
- to review the quarterly reports and annual financial statements prior to submission to the Board, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit; and
  - compliance with accounting standards and other legal and statutory requirements;
- to discuss any issues and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss (in the absence of the Management where necessary);
- to review the External Auditors' management letter and the Management's response;
- to do the following, in relation to the Internal Audit function:
  - review the adequacy of the scope, functions, competency and resources of the Internal Audit function and the system of internal controls within the Group and that it has the necessary authority to carry out its work;
  - review the Internal Audit planning memorandum, processes, investigations and results of the Internal Audit processes, and where necessary ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
  - review any appraisal or assessment of the performance of the Internal Audit function;
  - approve any appointment or dismissal of Internal Auditors; and
  - take cognisance of resignations of Internal Auditors and provide the Internal Auditors an opportunity to submit reasons for resigning;
- to review the resignation, dismissal, appointment or reappointment of Internal Auditors and External Auditors of the Group and to consider the nomination of Auditors and the related fees;
- to review any related party transactions and conflict of interest that may arise within the Company or Group;
- to consider other topics as defined by the Board from time to time.

REPORT OF THE AUDIT COMMITTEE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

Authority

The Audit Committee shall:
- have authority to investigate any matter within its terms of reference from employees of the Group;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the External Auditors and the Internal Auditors;
- have the right to obtain independent professional or other advice at the Company's expense;
- have the right to convene meetings with the External Auditors and/or Internal Auditors or both, excluding the attendance of the other Directors and the Management, whenever deemed necessary; and
- promptly report to Bursa Malaysia matters which have not been satisfactorily resolved by the Board resulting in a breach of the Listing Requirements.

Meetings

The Audit Committee shall meet at least once every quarter and at such additional meetings as decided by the Chairman of the Audit Committee. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other explanatory documentation for circulation to members of the Audit Committee prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, and circulating them to the Audit Committee members and other Board members. The Audit Committee shall meet with the External Auditors to consider any matter that the Auditors believe should be brought to the attention of the Directors or shareholders. The attendance of other Directors and the Management at the Audit Committee meeting shall be at the Audit Committee's invitation, specific to the relevant meeting.

A quorum shall consist of a majority of members present who must be Independent Directors.

SUMMARY OF ACTIVITIES

During the year, the Committee carried out the following activities:-

Financial Reporting

- Reviewed the unaudited quarterly and annual audited financial statements of the Group before recommending them for approval by the Board of Directors with particular focus on the main factors contributing to the financial performance of the Group in terms of revenue and operating expenses.
- Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as the accounting treatments used in the financial statements.
- Reviewed the annual audited financial statements of the Group and discussed with Management and the external auditors prior to submission to the Board of Directors for their approval.
- Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report.

Internal Audit

- Reviewed the annual Internal Audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and ensure that all high risk areas are audited.
- Reviewed the effectiveness of the audit process and assessed the performance of the Internal Audit Function.
- Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations.
- Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.

External Audit

- Reviewed with the external auditors on their audit plan, audit strategy and scope of work for the year.
- Reviewed the results of external auditors' annual audit and audit report together with Management's response to their findings.
- Assessed the independence and objectivity of the external auditors during the year and prior to the appointment of the external auditors for ad-hoc non-audit services.
- Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

REPORT OF THE AUDIT COMMITTEE
(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017) (cont'd)

INTERNAL AUDIT FUNCTION

The Internal Audit function reports independently to the Audit Committee and its role is to examine and provide reasonable assurance to the members of the Audit Committee regarding the adequacy, existence and effectiveness of the internal control systems, risk management framework and governance systems of the Group. The role, authority and terms of reference of the Internal Audit function is set out in the Group's Internal Audit Charter.

The Internal Audit function of the Group has been outsourced to an independent professional firm with suitable experience and capabilities, who reports directly to the Committee. The Audit Committee is of the opinion that the Internal Audit function is appropriate to its size and the nature and scope of its activities.

The Internal Audit function adopts a risk-based approach and prepares its audit plan based on the risk assessment and evaluation framework of the Group. The Internal Audit plan is reviewed and approved by the Audit Committee.

During the financial year ended 31 March 2017, the activities of the Internal Audit function included the following:

- development of the annual Internal Audit plan and submission to the Audit Committee for review and approval;
- conducted scheduled Internal Audit assignments focusing on effectiveness of risk management, internal controls and corporate governance and recommended improvements where necessary;
- conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports; and
- presented audit findings including recommendations to the Audit Committee for consideration.
- the areas reviewed by the internal auditors during the year include the Group's revenue and credit control functions, customer service functions and control effectiveness of staff expenses reimbursement.

The total cost incurred in managing the Internal Audit function for the financial year under review was RM45,000.

MEETINGS AND ATTENDANCE

The Audit Committee held four meetings during the financial year ended 31 March 2017 and details of the attendance of the Audit Committee members are as follows:

Name of Members	Total Meetings Attended
Tan Sri Dato' Mohd Ismail Bin Che Rus	4/4
Dr Chu Siew Mun	4/4
Tony Lee Cheow Fui	4/4
Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan	4/4

The Company Secretary as Secretary to the Audit Committee was present by invitation together with representatives of the External Auditors, Internal Auditors and certain members of the Management. Out of the four meetings held, the Audit Committee held two (2) meetings with the External Auditors.

This report is made in accordance with the resolution of the Board of Directors' meeting held on 30 May 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
(IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017)

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with applicable Financial Reporting Standards, the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure the financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2017, and of the financial performance and cash flows for the financial year then ended.

In preparing the annual audited financial statements, the Directors have:
- Considered the applicable approved accounting standards in Malaysia;
- Adopted and consistently applied appropriate accounting policies;
- Made judgments and estimates that are prudent and reasonable; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure the Group keep accounting records which disclose with reasonable accuracy the financial position of the Group. The Directors are also responsible for the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 May 2017

FINANCIAL STATEMENTS

Contents

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	13,349	9,603
Attributable to Owners of the Company	13,349	

RESERVES OR PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

DIVIDENDS

Dividends paid, declared and proposed by the Company since the end of the previous financial year were:

(i) final single-tier dividend of 2.0 sen per ordinary share in respect of financial year ended 31 March 2016 as reported in the directors' report of that year, amounting to RM4.68 million was paid on 19 October 2016; and

(ii) interim single-tier dividend of 1.25 sen per ordinary share, in respect of financial year ended 31 March 2017 amounting to RM2.95 million was paid on 12 January 2017.

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.75 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

DIRECTORS OF THE COMPANY

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chieng Ing Huong
Roderick Chieng Ngee Kai
Dr. Chu Siew Mun
Tan Sri Dato' Mohd Ismail Bin Che Rus
Brian Chieng Ngee Wen
Lee Cheow Fui
Dato' Dr. Noor Zalmy Azizan Binti Mohd Ali Azizan
Janet Chieng Ling Min (Appointed on 28 February 2017)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (cont'd)

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were directors at the financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2016 / Date of appointment	Bought	Sold	At 31.3.2017
Ultimate holding company				
Providence Capital Sdn. Bhd.				
Direct interests:				
Roderick Chieng Ngee Kai	1,250,000	–	–	1,250,000
Brian Chieng Ngee Wen	1,250,000	–	–	1,250,000
The Company				
Direct interests:				
Roderick Chieng Ngee Kai	2,700,000	–	–	2,700,000
Janet Chieng Ling Min	320,000	–	–	320,000
Lee Cheow Fui	154,000	44,000	–	198,000
Deemed interests:				
Chieng Ing Huong *	157,786,552	314,200	–	158,100,752
Roderick Chieng Ngee Kai **	157,786,552	314,200	–	158,100,752
Janet Chieng Ling Min ***	158,100,752	–	–	158,100,752
Brian Chieng Ngee Wen ****	158,392,952	640,800	–	159,033,752

	Number of warrants 2012/2017			
	At 1.4.2016	Granted	Exercised	At 31.3.2017
Direct interests:				
Lee Cheow Fui	44,000	–	44,000	–
Deemed interests:				
Brian Chieng Ngee Wen ****	50,000	–	50,000	–

* Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn. Bhd. pursuant to Section 8(4)(a) of the Companies Act 2016 in Malaysia.

** Deemed interest by virtue of his interest in Providence Capital Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016 in Malaysia.

*** Deemed interest pursuant to Section 8(4)(a) of the Companies Act 2016, in Malaysia by virtue of her capacity as a director of Providence Capital Sdn Bhd.

**** Deemed interest by virtue of his interest in Providence Capital Sdn. Bhd. and Cornerstone Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016 in Malaysia.

By virtue of their deemed interests in the shares of the Company, Chieng Ing Huong, Roderick Chieng Ngee Kai, Janet Chieng Ling Min and Brian Chieng Ngee Wen are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The other directors holding office at 31 March 2017 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 17 and Note 24 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are disclosed in Note 17 and Note 24 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for, any director, officer or auditor of the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial year:

(i) the following issue of shares was made by the Company:

Class	Number	Term of issue	Purpose of issue
Ordinary share of RM0.50 each	4,792,844	Exercise of warrants	Exercise of warrants by warrant holders

The ordinary shares issued from the exercise of warrants rank pari passu in all respects with the existing issued ordinary shares of the Company.

(ii) there were no issues of debentures by the Company.

WARRANTS

On 4 January 2012, the Company issued 52,800,000 2012/2017 free Warrants to all subscribers of the Rights Issue on the basis of one (1) free Warrant for each Rights Share subscribed. The Warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 10 January 2012. The Warrants are constituted under a Deed Poll executed on 21 November 2011, and each Warrant entitles the registered holder the right at any time during the exercise period from 4 January 2012 to 3 January 2017 to subscribe in cash for one new ordinary share of RM0.50 each of the Company at an exercise price of RM0.50 each.

As at 3 January 2017, the remaining 405,980 Warrants expired and were delisted from Bursa Malaysia Securities Berhad on 4 January 2017.

Further details on the Warrants are disclosed in Note 13.2 to the financial statements.

The movements in the Company's Warrants to subscribe for new ordinary shares of RM0.50 each during the financial year are as follows:

	Number of warrants			
	At 1.4.2016	Exercised	Expired	At 31.3.2017
Number of warrants	5,198,824	4,792,844	405,980	–

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required; and

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

SUBSIDIARIES

Details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are disclosed in Note 17 to the financial statements.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (cont'd)

ULTIMATE HOLDING COMPANY

The directors regard Providence Capital Sdn. Bhd., a private limited company incorporated in Malaysia, as the ultimate holding company of the Company.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have indicated their willingness to accept re-appointment.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
Roderick Chieng Ngee Kai

.....
Brian Chieng Ngee Wen

Shah Alam

Date: 28 June 2017

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Roderick Chieng Ngee Kai and Brian Chieng Ngee Wen, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 60 to 113, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 114 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
Roderick Chieng Ngee Kai

.....
Brian Chieng Ngee Wen

Shah Alam

Date: 28 June 2017

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Roderick Chieng Ngee Kai, being the director primarily responsible for the financial management of Esthetics International Group Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 60 to 113 and the supplementary information set out on page 114 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at Petaling Jaya on 28 June 2017.

.....
Roderick Chieng Ngee Kai

Before me

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Esthetics International Group Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill (Note 4 to the financial statements)

The Group has significant balances of goodwill. The goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified the product distribution and professional services and sales as the cash generating unit to which the goodwill is allocated. We focused on this area because the impairment assessment requires the exercise of significant judgement by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount.

Inventories (Note 9 to the financial statements)

The Group's inventories are measured at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our response:

Our audit procedures included, among others:

- reviewing the adequacy of write down/off of slow-moving inventories;
- attending year end physical inventory count on selected locations to observe physical existence and condition of the finished goods and reviewing the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected samples of inventory items; and
- evaluating whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD (cont'd)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ESTHETICS INTERNATIONAL GROUP BERHAD (cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 114 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

BAKER TILLY MONTEIRO HENG
AF 0117
Chartered Accountants

NG BOON HIANG
2916/03/18(J)
Chartered Accountant

Kuala Lumpur

Date: 28 June 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	107,983	105,669	–	–
Intangible assets	4	1,549	3,592	–	–
Investment properties	5	1,055	1,055	–	–
Investments in subsidiaries	6	–	–	68,172	72,063
Investments in associates	7	520	1,555	–	–
Receivables	10	11,293	10,012	40,165	36,509
Deferred tax assets	8	3,626	4,347	–	–
Total non-current assets		126,026	126,230	108,337	108,572
Inventories	9	30,303	37,589	–	–
Receivables, deposits and prepayments	10	25,011	24,337	538	34
Tax recoverable		1,168	–	–	–
Dividend receivable		–	–	–	5,000
Short term cash investments	11	40,983	34,373	38,022	28,501
Cash and bank balances		32,963	28,648	653	592
Total current assets		130,428	124,947	39,213	34,127
Total assets		256,454	251,177	147,550	142,699
Equity					
Share capital	12	128,768	116,200	128,768	116,200
Reserves	13	102	9,985	–	10,207
Retained earnings	13	51,499	45,749	18,096	16,092
Total equity		180,369	171,934	146,864	142,499
Liabilities					
Borrowings	15	18,946	18,028	–	–
Deferred tax liabilities	8	234	187	–	–
Total non-current liabilities		19,180	18,215	–	–
Deferred revenue		26,454	26,832	–	–
Payables and accruals	14	21,409	23,477	680	191
Borrowings	15	7,457	7,134	–	–
Tax payable		1,585	3,585	6	9
Total current liabilities		56,905	61,028	686	200
Total liabilities		76,085	79,243	686	200
Total equity and liabilities		256,454	251,177	147,550	142,699

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	16	160,937	158,342	6,750	5,000
Cost of sales/services		(65,063)	(62,529)	–	–
Gross profit		95,874	95,813	6,750	5,000
Other income		7,298	4,692	–	235
Distribution expenses		(22,717)	(21,882)	–	–
Administrative expenses		(55,811)	(53,563)	(524)	(365)
Other expenses		(6,506)	(5,084)	–	–
Results from operating activities		18,138	19,976	6,226	4,870
Finance income		2,283	1,740	3,731	2,127
Finance costs		(485)	(448)	–	–
Operating profit	17	19,936	21,268	9,957	6,997
Share of profit/(loss) after tax of equity accounted associates		(1,061)	255	–	–
Profit before tax		18,875	21,523	9,957	6,997
Tax expense	18	(5,526)	(5,146)	(354)	(33)
Profit for the financial year		13,349	16,377	9,603	6,964
Other comprehensive income/(expenses), net of tax					
Items that may be reclassified subsequently to profit or loss:					
- Translation reserve reclassified to profit or loss upon deregistration of subsidiary		–	406	–	–
- Foreign currency translation		324	(1,190)	–	–
Total comprehensive income		13,673	15,593	9,603	6,964

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year attributable to:					
Owners of the Company		13,349	16,377	9,603	6,964
Total comprehensive income attributable to:					
Owners of the Company		13,673	15,593	9,603	6,964
Earnings per ordinary share (sen):					
Basic	19	5.70	8.73		
Diluted	19	5.70	8.62		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

				← *Non-distributable* →		*Distributable*	
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Warrant Reserve RM'000**	**Translation Reserve RM'000**	**Retained Earnings RM'000**	**Total Equity RM'000**
At 1 April 2015		92,750	5,632	4,575	562	35,866	139,385
Profit for the financial year		–	–	–	–	16,377	16,377
Other comprehensive income/(loss), net of tax							
- Reclassfication of foreign currency translation reserve to profit or loss upon deregistration of subsidiary		–	–	–	406	–	406
- Exchange differences on translation of the financial statements of foreign entities		–	–	–	(1,190)	–	(1,190)
Total comprehensive income for the financial year		–	–	–	(784)	16,377	15,593
Transactions with owners							
Issuance of ordinary shares pursuant to exercise of warrant		23,450	4,119	(4,119)	–	–	23,450
Dividends paid	20	–	–	–	–	(6,494)	(6,494)
Total transactions with owners		23,450	4,119	(4,119)	–	(6,494)	16,956
At 31 March 2016		116,200	9,751	456	(222)	45,749	171,934

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (cont'd)

				← *Non-distributable* →		*Distributable*	
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Warrant Reserve RM'000**	**Translation Reserve RM'000**	**Retained Earnings RM'000**	**Total Equity RM'000**
At 1 April 2016		116,200	9,751	456	(222)	45,749	171,934
Profit for the financial year		–	–	–	–	13,349	13,349
Other comprehensive income, net of tax							
- Exchange differences on translation of the financial statements of foreign entities		–	–	–	324	–	324
Total comprehensive income for the financial year		–	–	–	324	13,349	13,673
Transactions with owners							
Issuance of ordinary shares pursuant to exercise of warrant		2,397	420	(420)	–	–	2,397
Transfer to retained earnings upon expiry of warrants 2012/2017		–	–	(36)	–	36	–
Dividends paid	20	–	–	–	–	(7,635)	(7,635)
Total transactions with owners		2,397	420	(456)	–	(7,599)	(5,238)
Transition to no par value regime	12	10,171	(10,171)	–	–	–	–
At 31 March 2017		128,768	–	–	102	51,499	180,369

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Company	Note	Share Capital RM'000	Share Premium RM'000	*Non-distributable* Warrant Reserve RM'000	*Distributable* Retained Earnings RM'000	Total Equity RM'000
At 1 April 2015		92,750	5,632	4,575	15,622	118,579
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	6,964	6,964
Dividends paid	20	–	–	–	(6,494)	(6,494)
Issuance of ordinary shares pursuant to exercise of warrant		23,450	4,119	(4,119)	–	23,450
At 31 March 2016		116,200	9,751	456	16,092	142,499
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	9,603	9,603
Dividends paid	20	–	–	–	(7,635)	(7,635)
Issuance of ordinary shares pursuant to exercise of warrant		2,397	420	(420)	–	2,397
Transfer to retained earnings upon expiry of warrants 2012/2017		–	–	(36)	36	–
Transition to no par value regime	12	10,171	(10,171)	–	–	–
At 31 March 2017		128,768	–	–	18,096	146,864

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities					
Profit before tax		18,875	21,523	9,957	6,997
Adjustments for					
Amortisation of development costs		87	59	–	–
Impairment loss on trade receivables		–	25	–	–
Reversal of impairment loss on trade receivables		(77)	–	–	–
Impairment loss on goodwill		2,022	–	–	–
Other payable written off		(406)	–	–	–
Write back of amount owing to a former subsidiary		–	(217)	–	–
Depreciation of property, plant and equipment		8,875	8,374	–	–
Inventories written off		1,580	1,416	–	–
Property, plant and equipment written off		198	225	–	–
Dividend income		–	–	(6,750)	(5,000)
Gain on disposal of an associate		–	(424)	–	(100)
Gain on disposal of property, plant and equipment		(75)	(39)	–	–
Income from short term cash investments		(1,331)	(905)	(1,241)	(188)
Interest income		(952)	(835)	(2,490)	(1,939)
Interest expense		485	448	–	–
Share of loss/(gain) of equity accounted associates		1,061	(255)	–	–
Unrealised gain on foreign exchange		(5,610)	(2,791)	–	–
Operating profit/(loss) before working capital changes		24,732	26,604	(524)	(230)
Changes in working capital					
Inventories		5,706	(15,984)	–	–
Receivables		4,658	(2,249)	16	(32)
Payables		(1,662)	(3,147)	489	(941)
Deferred revenue		(378)	(591)	–	–
Cash generated from/(used in) operations		33,056	4,633	(19)	(1,203)
Tax paid		(8,080)	(7,617)	(357)	(32)
Tax refunded		–	51	–	–
Net cash from/(used in) operating activities, balance carried down		24,976	(2,933)	(376)	(1,235)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (cont'd)

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Balance brought down		24,976	(2,933)	(376)	(1,235)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(4,787)	(24,333)	–	–
Acquisition of intangible assets		(61)	(39)	–	–
Dividend received		–	–	11,750	–
Repayments from subsidiaries		–	–	114	4,731
Advances to associates		(1,281)	(659)	(399)	(377)
Proceeds from disposal of an associate		–	2,100	–	2,100
Proceeds from disposal of property, plant and equipment		83	39	–	–
(Placement in)/redemption of short term cash investments		(6,610)	5,634	(9,521)	(24,215)
Interest income and income from short term cash investments		2,283	1,740	3,731	2,127
Net cash (used in)/from investing activities		(10,373)	(15,518)	5,675	(15,634)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares pursuant to exercise of warrants		2,397	23,450	2,397	23,450
Dividends paid		(7,635)	(6,494)	(7,635)	(6,494)
Drawdown of term loans		–	7,497	–	–
Repayment of term loans		(1,146)	(1,178)	–	–
Interest paid		(485)	(448)	–	–
Net cash (used in)/from financing activities		(6,869)	22,827	(5,238)	16,956
Net increase in cash and cash equivalents		7,734	4,376	61	87
Effect of exchange rates changes		(3,419)	374	–	–
Cash and cash equivalents at beginning of the financial year		28,648	23,898	592	505
Cash and cash equivalents at end of the financial year		32,963	28,648	653	592

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Esthetics International Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

Lot 11, Jalan Astaka U8/88
Bukit Jelutong, Seksyen U8
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

The consolidated financial statements as at and for the financial year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the financial year ended 31 March 2017 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6.

The holding company of the Company during the financial year is Providence Capital Sdn. Bhd., a private limited company incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 28 June 2017.

1. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(a).

(a) New MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments/Improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

1. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
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 MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
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
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

1. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

Key requirements of MFRS 9 (cont'd):

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

1. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 Financial Instruments: Disclosure, MFRS 119 Employee Benefits and MFRS 10 Consolidated Financial Statements because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

1. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in the significant accounting policies in Note 2.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand (RM'000), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Depreciation of Property, Plant and Equipment (Note 3)

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical accounting estimates and judgements (cont'd)

(i) Depreciation of Property, Plant and Equipment (Note 3) (cont'd)

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes (Note 18)

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Amortisation of Development Costs (Note 4)

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(iv) Impairment of Trade and Other Receivables (Note 10)

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(v) Classification between Investment Properties and Owner-occupied Properties (Note 5)

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(vi) Impairment of Goodwill (Note 4)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical accounting estimates and judgements (cont'd)

(vii) Fair Value of Investment Properties (Note 5)

The estimated fair values of the investment properties are arrived at based on the directors' estimation of the fair values of the investment properties. Such fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimates of the fair values.

(viii) Deferred tax assets (Note 8)

Deferred tax assets are recognised for deductible temporary differences in respect of expenses and unutilised tax losses based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2017.

Subsidiaries are entities, including structured entities, controlled by the Company and its subsidiaries.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements;
- the nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control commences or is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. However, the consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(i) Business Combinations (cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iii) Acquisitions of Non-controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iv) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(c) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments (cont'd)

(ii) Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 March 2017. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of profit or loss and other comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained earnings and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group's share of losses exceed its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. Should the associate subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equal to the share of losses previously not recognised.

Investments in associates are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

On the disposal of the investments in associates, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(d) Functional and Foreign Currencies

(i) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

All exchange differences are recognised in profit or loss except for exchange differences arising on monetary items that forms part of the Group's net investment. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies (cont'd)

(ii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at average exchange rates for the year, which approximates the exchange rates of the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss. Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- Financial Assets at Fair Value Through Profit or Loss

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's right to receive payment is established.

- Held-to-maturity Investments

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- Loans and Receivables Financial Assets

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale Financial Assets

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on the fair value at the acquisition date. The fair value of the property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in a mutually agreed term after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the statements of profit or loss and other comprehensive income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 - 99 years
Motor vehicles	5 years
Office equipment and fittings	5 - 10 years
Tools and equipment	4 - 7 years
Renovation	Over the initial lease term of 2 to 5 years

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount of these assets.

Depreciation methods, useful lives and residual values are reassessed at the end of the reporting period.

(g) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance expense and reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leased assets (cont'd)

(ii) Operating lease

For property interest held under operating lease, the leased assets are not recognised in the Group's statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Intangible assets

(i) Goodwill

Goodwill arises from business combinations and is measured at the acquisition date as:

i) The fair value of the consideration transferred; plus
ii) The recognised amount of any non-controlling interests in the acquiree; plus;
iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any excess which is negative is recognised immediately in profit or loss as gain on bargain purchase.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of the equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(ii) Development costs

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are profitable;
(iv) its ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

Development costs are amortised from the date that they are available for use. Amortisation of development costs is recognised in profit or loss on a straight-line basis over their estimated useful lives.

The estimated useful life is 3 to 10 years.

(iii) Trademark

Trademark costs are stated at cost less amortisation and impairment losses, if any. Amortisation of trademark costs are computed on a straight line basis over a period of 10 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

(ii) Determination of fair value

The directors estimate the fair values of the Group's investment properties without involvement of independent valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller based on mutually agreed terms after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(l) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

(i) Impairment of Financial Assets (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectable, it is written off against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs of disposal and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, reversal of that impairment loss is recognised as income in profit or loss.

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses and paid annual leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (cont'd)

(ii) Defined Contribution Plans

The Group's contributions to the statutory pension funds are recognised in profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

(q) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(r) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(iii) Rental income

Rental income from the rental of investment properties is recognised in profit or loss on a straight-line basis over the terms of the lease.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and other income (cont'd)

(v) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(vi) Income from short term cash investments

Income from short term cash investments is recognised when the right to receive payment is established.

(s) Deferred revenue

Deferred revenue represents cash received from customers for products and services not yet rendered as at the end of the reporting period.

(t) Interest income and borrowing costs

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(ii) Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(u) Tax expense

Income tax for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(x) Related parties

A party is related to an entity (referred to as the "reporting entity") if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) the entity is controlled or jointly controlled by a person identified in (a) above.
(vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Warrant reserve

Proceeds from the issuance of warrants, net of issue cost, are credited to warrants reserve which is non-distributable as cash dividend. Warrants reserve is transferred to the share premium account upon the exercise of warrant and the warrant reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Fair value measurement

The Group adopted MFRS 13, Fair Value Measurement which prescribes that fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
At 1 April 2015	11,053	64,732	1,932	12,095	18,713	26,049	134,574
Additions	–	17,132	–	686	2,052	5,166	25,036
Disposals	–	–	(249)	(68)	–	–	(317)
Written off	–	–	(1)	(1,064)	(2,226)	(2,437)	(5,728)
Translation differences	–	3,159	–	103	632	734	4,628
At 31 March/1 April 2016	11,053	85,023	1,682	11,752	19,171	29,512	158,193
Additions	–	–	243	638	648	3,258	4,787
Disposals	–	–	(197)	(1)	(27)	–	(225)
Written off	–	–	–	(388)	(3,901)	(2,911)	(7,200)
Translation differences	–	6,334	7	415	796	1,348	8,900
At 31 March 2017	11,053	91,357	1,735	12,416	16,687	31,207	164,455

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group Accumulated depreciation	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
At 1 April 2015	–	3,765	1,577	9,980	16,571	16,920	48,813
Charge for the financial year	–	1,254	139	831	756	5,394	8,374
Disposals	–	–	(249)	(68)	–	–	(317)
Written off	–	–	(1)	(1,008)	(2,220)	(2,274)	(5,503)
Translation differences	–	37	–	58	562	500	1,157
At 31 March/1 April 2016	–	5,056	1,466	9,793	15,669	20,540	52,524
Charge for the financial year	–	1,501	168	921	1,033	5,252	8,875
Disposals	–	–	(197)	(1)	(19)	–	(217)
Written off	–	–	–	(327)	(3,896)	(2,779)	(7,002)
Translation differences	–	241	1	336	687	1,027	2,292
At 31 March 2017	–	6,798	1,438	10,722	13,474	24,040	56,472
Carrying amounts							
At 31 March 2017	11,053	84,559	297	1,694	3,213	7,167	107,983
At 31 March 2016	11,053	79,967	216	1,959	3,502	8,972	105,669

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The net carrying amount of property, plant and equipment pledged as security for banking facilities granted to subsidiaries as disclosed in Note 15 are amounting to RM61,027,000 (2016: RM56,211,000).

(b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2017	2016
	RM'000	RM'000
Additions of property, plant and equipment	4,787	25,036
Less: Deposits paid in previous financial year	–	(656)
Less: Down payment paid in previous financial year	–	(47)
Cash payments on purchase of property, plant and equipment	4,787	24,333

4. INTANGIBLE ASSETS

Group	Goodwill	Development costs	Total
	RM'000	RM'000	RM'000
Cost			
At 1 April 2015	3,477	334	3,811
Additions	–	39	39
At 31 March/1 April 2016	3,477	373	3,850
Additions	–	61	61
Translation differences	–	7	7
At 31 March 2017	3,477	441	3,918
Accumulated amortisation and impairment			
At 1 April 2015	–	199	199
Amortisation charge for the financial year	–	59	59
At 31 March/1 April 2016	–	258	258
Amortisation charge for the financial year	–	87	87
Impairment loss	2,022	–	2,022
Translation differences	–	2	2
At 31 March 2017	2,022	347	2,369
Carrying amounts			
At 31 March 2017	1,455	94	1,549
At 31 March 2016	3,477	115	3,592

Goodwill

Goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indicators of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount. Impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income and subsequent reversal is not allowed.

4. INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("the Units") at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:

	2017 RM'000	2016 RM'000
Singapore product distribution	–	1,632
Singapore professional services and sales	1,455	1,455
Hong Kong professional services and sales	–	390
	1,455	3,477

The recoverable amount for the goodwill is based on value-in-use calculations using cash flow projections based on financial budgets approved by the Board of Directors covering a three-year period.

Value in use was determined by discounting the future cash flows to be generated from the operations of the cash generating units and was based on the following key assumptions:

- There will be no material changes in the structure and principal activities of the respective subsidiaries.
- Gross margins are based on the average gross margin achieved in the past years.
- There will not be any significant increase in labour costs, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the respective companies.
- Growth rate used to extrapolate cash flows for fourth and fifth year is based on expected growth rate.
- Statutory income tax rates – the rate for Singapore and Hong Kong are 17% (2016: 17%) and 16.5% (2016: 16.5%) respectively. There will be no material changes in the present legislation or regulations, rates of duties, levies and taxes affecting the Units' activities.
- Discount rate was applied on the projected cash flows in determining the recoverable amounts of the Units. The rates for Singapore product distribution, Singapore professional services and sales and Hong Kong professional services and sales are 7.2% , 8.4% and 6.3% respectively.

The management believes that no reasonable changes in the above key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amounts.

During the financial year, an impairment loss of RM2,022,000 was recognised as the recoverable amount is projected to be lower than the carrying amounts based on the assumptions for the forecast period.

5. INVESTMENT PROPERTIES

	Group	
	2017 RM'000	2016 RM'000
At fair value		
At 1 April/31 March	1,055	1,055

(i) The above completed investment properties comprise apartment unit and commercial retail unit.

(ii) The estimated fair values of the investment properties are arrived at based on the directors' estimation of the fair values of the investment properties. Such fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimates of the fair values.

5. INVESTMENT PROPERTIES (CONT'D)

Fair value information

Fair value of investment properties is categorised as follows:

2017/2016	Fair Value RM'000	Fair value measurement using Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Assets				
Group				
Investment properties	1,055	–	1,055	–

Fair value hierarchy

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

For investment properties, fair value of properties generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

6. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2017 RM'000	2016 RM'000
At cost			
Unquoted shares		42,208	42,205
Less: Accumulated impairment loss		(2,826)	(2,826)
		39,382	39,379
Quasi loans	a	28,790	32,684
		68,172	72,063

(a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights	
			2017	2016
			%	%
Interest held by the Company				
EIG Dermal Wellness (M) Sdn. Bhd.	Malaysia	Distribution of beauty and wellness products	100	100
Leonard Drake (M) Sdn. Bhd.	Malaysia	Dormant	100	100
AsterSpring International Sdn. Bhd.	Malaysia	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
EIG Pharma Asia Sdn.Bhd.	Malaysia	Development and distribution of fast moving consumer goods	100	100
EIG Haircare Sdn. Bhd.	Malaysia	Distribution of hair care, beauty and wellness products	100	100
Clinelle (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Beuxstar Sdn. Bhd.	Malaysia	Agent for trade marks and patents application	100	100
Esthetics and Wellness International Sdn. Bhd.	Malaysia	Offering education and training in beauty and wellness	100	100
EIG Prestige Cosmetics Sdn. Bhd.	Malaysia	Dormant	100	100
Averine (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
Head To Toe Skin Care Centre (KL) Sdn. Bhd.	Malaysia	Dormant	100	100
EIG Management Services Sdn. Bhd.	Malaysia	Management Services	100	100
EIG Ecommerce Sdn. Bhd.	Malaysia	Retailing of beauty and wellness products via e-commerce	100	100
EIG (Thailand) Co. Ltd.*	Thailand	Investment holding	100	100
EIG Dermal Wellness (HK) Ltd.*	Hong Kong	Distribution of beauty and wellness products	100	100
Leonard Drake (HK) Limited*	Hong Kong	Property investment holding	100	100
AsterSpring International (HK) Co. Ltd.*	Hong Kong	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
Lexwel International Pte. Limited*	Hong Kong	Dormant	100	100
EIG Global Pte. Ltd.*	Singapore	Investment holding	100	100
Lexwel International (S) Pte. Ltd.*	Singapore	Dormant	100	100
EIG Global (US) Inc.^	United States of America	Investment holding	100	100

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights	
			2017	2016
			%	%
Interest held through EIG Prestige Cosmetics Sdn. Bhd.				
Klientec Biz-Solution Sdn. Bhd.	Malaysia	Dormant	100	100
Interest held through Lexwel International (S) Pte. Ltd.				
PT EIG Lexwel^	Indonesia	Dormant	100	100
Interest held through EIG Global Pte. Ltd.				
AsterSpring International (S) Pte. Ltd.*	Singapore	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
EIG Dermal Wellness (S) Pte. Ltd.*	Singapore	Distribution of beauty and wellness products	100	100
Interest held by the Company – 99% (2016: 99%) and through EIG Haircare Sdn. Bhd. – 1% (2016: 1%)				
PT EIG Dermal Wellness Indonesia*	Indonesia	Distribution of beauty and wellness products	100	100

* Not audited by Messrs. Baker Tilly Monteiro Heng

^ Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purpose.

There are no restrictions to access or use the assets and settle the liabilities of the subsidiaries.

7. INVESTMENTS IN ASSOCIATES

	Group	
	2017	2016
	RM'000	RM'000
At cost		
Unquoted shares	4,286	4,286
Less: Accumulated impairment loss	(12)	(12)
	4,274	4,274
Share of results in associates	(3,654)	(2,593)
Elimination of unrealised profits	(100)	(126)
	520	1,555

7. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of associate	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting rights	
			2017	2016
			%	%
Interest held through EIG (Thailand) Co. Ltd.				
Wellnax (Thai) Co. Ltd.*	Thailand	Investment holding	49	49
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	48.9	48.9
Interest held through Wellnax (Thai) Co. Ltd.				
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	46	46
Interest held through Dermal Wellness International Co. Ltd.				
EIG Dermal Wellness (Thai) Co. Ltd.*	Thailand	Distribution of beauty and wellness products	48.9	48.9
Interest held through EIG Dermal Wellness (Thai) Co. Ltd.				
AsterSpring International (Thai) Co. Ltd.*	Thailand	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	48.9	48.9

* Not audited by Messrs. Baker Tilly Monteiro Heng

All the associates are accounted for using the equity method in the consolidated financial statements.

The Group's associates are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group. Therefore, the summarised financial information of the associates are not presented.

There are no restrictions on the ability of associates to transfer funds to the Group in the form of dividend.

There are no contingent liabilities that are incurred jointly with other investors and those that arise because the investor is severally liable for all or part of the liabilities of the associates.

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Property, plant and equipment RM'000	Unrealised foreign exchange gain RM'000	Deferred revenue RM'000	Others RM'000	Total RM'000
Assets					
At 1 April 2015	907	(65)	–	178	1,020
Recognised in profit or loss (Note 18)	(512)	180	2,883	776	3,327
At 31 March/1 April 2016	395	115	2,883	954	4,347
Recognised in profit or loss (Note 18)	(494)	(115)	28	(140)	(721)
At 31 March 2017	(99)	–	2,911	814	3,626
Liabilities					
At 1 April 2015	(179)	–	–	–	(179)
Recognised in profit or loss (Note 18)	(8)	–	–	–	(8)
At 31 March/1 April 2016	(187)	–	–	–	(187)
Recognised in profit or loss (Note 18)	25	(293)	–	221	(47)
At 31 March 2017	(162)	(293)	–	221	(234)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2017 RM'000	2016 RM'000
Unabsorbed capital allowances	660	500
Unutilised tax losses	46,994	40,595
Others	1,680	1,569
	49,334	42,664

9. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost		
Raw materials and consumables	2,412	683
Goods in transit	2,832	4,303
Trading goods	25,059	32,603
	30,303	37,589

Inventories recognised as cost of sales amounted to RM38,186,000 (2016: RM37,094,000).

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	a	–	–	33,300	30,043
Amount due from associates	b	11,293	10,012	6,865	6,466
		11,293	10,012	40,165	36,509

(a) The non-trade amount due from subsidiaries of the Company is unsecured, bears interest ranging from 5% - 6.75% per annum and repayable in year 2030. The amount owing is expected to be settled in cash.

(b) The non-trade amount due from associates of the Group and the Company is unsecured, bears interest at 6% per annum and not expected to be repayable within the next 12 months. The amount owing is expected to be settled in cash.

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Trade					
Trade receivables		11,422	11,020	–	–
Amount due from associates		2,944	2,905	–	–
	c	14,366	13,925	–	–
Less:					
Allowance for impairment loss		(25)	(102)	–	–
		14,341	13,823	–	–
Non-trade					
Goods and services tax ("GST") refundable		90	628	–	–
Amount due from subsidiaries		–	–	520	–
Amount due from associates		293	170	–	–
Other receivables		211	111	–	–
Deposits	d	7,830	7,788	2	2
Prepayments		2,246	1,817	16	32
		25,011	24,337	538	34

(c) The normal trade credit terms granted are as follows:
- Beauty and wellness products: 30 to 90 days
- Beauty equipment: case-by-case basis

(d) Included in deposits of the Group was an amount of RM6,976,000 (2016: RM6,702,000) representing rental deposit.

11. SHORT TERM CASH INVESTMENTS

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash management fund investments with investment management companies	40,983	34,373	38,022	28,501

12. SHARE CAPITAL

		Group/Company			
		Number of shares		Number of shares	
		2017	2017	2016	2016
	Note	Unit'000	RM'000	Unit'000	RM'000
Authorised					
At 31 March	a	–	–	500,000	250,000
Issued and fully paid-up					
At 1 April		232,401	116,200	185,501	92,750
Issued during the financial year - exercise of warrants	b	4,793	2,397	46,900	23,450
Transition to no par value regime	a	–	10,171	–	–
At 31 March		237,194	128,768	232,401	116,200

(a) The new Companies Act 2016 (the "Act") which came into effect on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital. Consequently, the credit standing in the share premium account of RM10,171,000 had been transferred to the share capital account. Pursuant to the new Act, the Company may exercise its right to use the amount standing to the credit of its share premium account within twenty-four months upon the commencement of the new Act.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(b) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) During the financial year, the Company issued 4,792,844 (2016: 46,900,576) ordinary shares at issue price of RM0.50 (2016: RM0.50) per ordinary share for cash, pursuant to the exercise of warrants by shareholders. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

13. RESERVES

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Share premium	13.1	–	9,751	–	9,751
Warrant reserve	13.2	–	456	–	456
Translation reserve	13.3	102	(222)	–	–
		102	9,985	–	10,207
Distributable					
Retained earnings	13.4	51,499	45,749	18,096	16,092

13.1 Share Premium

The share premium of the Company arose from the allotment of ordinary shares at a premium over its par value.

13. RESERVES (CONT'D)

13.2 Warrant reserve

On 4 January 2012, the Company issued 52,800,000 2012/2017 free Warrants to all subscribers of the Rights Issue on the basis of one (1) free Warrant for each Rights Share subscribed. The Warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 10 January 2012. The Warrants are constituted under a Deed Poll executed on 21 November 2011, and each Warrant entitles the registered holder the right at any time during the exercise period from 4 January 2012 to 3 January 2017 to subscribe in cash for one new ordinary share of RM0.50 each of the Company at an exercise price of RM0.50 each.

As at 3 January 2017, the remaining 405,980 Warrants expired and were delisted from Bursa Malaysia Securities Berhad on 4 January 2017.

The movements in the Company's warrants to subscribe for new ordinary shares of RM0.50 each during the financial year are as follows:

	Number of warrants			
	At 1.4.2016	Exercised	Expired	At 31.3.2017
Number of warrants	5,198,824	4,792,844	405,980	–

The fair value of the Warrants is RM0.09 each estimated using the Black Scholes option model, taking into account the terms and conditions upon which the Warrants are issued. The fair value of the Warrants measured at issuance date and the assumptions are as follows:

Valuation model	Black Scholes
Exercise type	American
Tenure	5 years
5-day volume weighted average price of the Company's shares at 31 March 2012	RM0.40
Conversion price	RM0.50
Volatility rate	38.11%
Period of volatility assessment	Past 12 months up to and including 10 January 2012

13.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of each entity in the Group with functional currencies other than RM.

13.4 Retained earnings

The Company may distribute dividends out of its retained earnings under the single tier system.

14. PAYABLES AND ACCRUALS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade payables	a	7,943	8,958	–	–
Non-trade					
GST payable		589	539	–	–
Other payables		2,730	2,099	450	–
Amount owing to a subsidiary	b	–	–	3	–
Accrued expenses	c	10,147	11,881	227	191
		13,466	14,519	680	191
		21,409	23,477	680	191

(a) The normal trade credit terms granted to the Group range from 30 to 90 days.

(b) Amount owing to a subsidiary is non-trade in nature, unsecured, interest-free, and repayable on demand and is expected to be settled in cash.

(c) Included in accrued expenses of the Group is staff expenses of RM5,215,000 (2016: RM6,163,000).

15. BORROWINGS

	Group 2017 RM'000	Group 2016 RM'000
Non-current:		
Secured		
Term loans	18,946	18,028
Current:		
Secured		
Term loans	7,457	7,134
	26,403	25,162

(i) Term loan I – Hong Kong Dollar

Term loan I of a subsidiary of RM6,750,000 (2016: RM6,498,000) bears interest at 1.85% (2016: 1.85%) per annum is repayable by monthly instalments of RM55,101 (2016: RM49,300) equivalent to HKD96,668 (2016: HKD96,668) over 15 years commencing from the day of first drawdown or on demand and is secured by legal charges over the properties as disclosed in Note 3.

(ii) Term loan II – Singapore Dollar

Term loan II of a subsidiary of RM14,700,000 (2016: 13,971,000) bears interest at 1.88% (2016: 1.88%) per annum for the first three years and subsequently at 3% per annum above prevailing Singapore Interbank Offered Rate ("SIBOR") is repayable by monthly instalments of RM67,400 (2016: RM61,866) equivalent to SGD21,329 (2016: SGD21,333) over 25 years commencing from the day of first drawdown and is secured by legal charges over the properties as disclosed in Note 3.

(iii) Term loan III – Singapore Dollar

Term loan III of a subsidiary of RM4,953,000 (2016: RM4,693,000) bears interest at 1.88% (2016: 1.88%) per annum for the first three years and subsequently at 3% per annum above prevailing SIBOR is repayable by monthly instalments of RM21,836 (2016: RM20,042) equivalent to SGD6,910 (2016: SGD6,911) over 25 years commencing from the day of first drawdown and is secured by legal charges over the properties as disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Product distribution	63,424	67,469	–	–
Professional services and sales	96,903	90,518	–	–
Others	610	355	–	–
Dividend from subsidiaries	–	–	6,750	5,000
	160,937	158,342	6,750	5,000

17. OPERATING PROFIT

(a) Operating profit has been arrived at:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration:				
- Audit services:				
- current year	260	208	23	20
- prior year	8	–	–	–
- Non-audit services	7	6	7	6
Interest expense in respect of term loans	485	448	–	–
Inventories written off	1,580	1,416	–	–
Loss on deregistration of a subsidiary	–	406	–	–
Staff costs:				
- Wages, salaries and others	44,086	42,535	–	–
- Contribution to defined contribution plan	4,516	4,517	–	–
Rental of premises	23,634	22,328	–	–
and after crediting:				
Gain on disposal of property, plant and equipment	75	39	–	–
Gain on disposal of an associate	–	424	–	100
Income from short term cash investments	1,331	905	1,241	188
Interest income	952	835	2,490	1,939
Rental income from investment properties	61	67	–	–
Write back of amount owing to a former subsidiary	–	217	–	–
Bad debts recovered	–	38	–	–
Other payable written off	406	–	–	–
Reversal on impairment loss on trade receivables	77	–	–	–
Gain on foreign exchange:				
- realised	308	581	–	135
- unrealised	5,610	2,791	–	–

17. OPERATING PROFIT (CONT'D)

(b) Directors' remuneration

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	167	165	167	165
- Other emoluments	1,158	1,011	18	18
- Contribution to defined contribution plan	137	119	–	–
- Estimated monetary value of benefits-in-kind	135	89	135	78
	1,597	1,384	320	261

18. TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current financial year	4,761	8,186	44	32
- (over)/under provision in prior years	(3)	279	310	1
	4,758	8,465	354	33
Deferred tax (Note 8):				
Origination and reversal of temporary differences	768	(3,319)	–	–
	5,526	5,146	354	33

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax	18,875	21,523	9,957	6,997
Tax at the statutory tax rate of 24%	4,530	5,166	2,390	1,679
Effect of different tax rates in foreign jurisdictions	(299)	(567)	–	–
Non-deductible expenses	2,071	898	125	30
Non-taxable income	(1,768)	(1,370)	(2,471)	(1,677)
Deferred tax assets not recognised during the financial year	869	1,042	–	–
Utilisation of tax losses and unabsorbed capital allowances not recognised previously	(204)	(570)	–	–
	5,199	4,599	44	32
(Over)/under provision in prior years				
- current tax	(3)	279	310	1
- deferred tax	330	268	–	–
Tax expense	5,526	5,146	354	33

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

19. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Basic earnings per share are calculated based on the following information:

	Group	
	2017	**2016**
Profit attributable to owners of the Company (RM'000)	13,349	16,377
Number of shares in issue at beginning of the financial year ('000)	232,401	185,501
Effect of exercise of warrants ('000)	1,975	2,142
Weighted average number of ordinary shares in issue ('000)	234,376	187,643
Basic earnings per ordinary share (sen)	5.70	8.73

(b) Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the Group's profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. warrants. A calculation is done to determine the number of shares that could have been acquired at market price based on the monetary value of the subscription rights attached to the outstanding warrants.

Diluted earnings per share are calculated based on the following information:

	Group	
	2017	**2016**
Profit attributable to owners of the Company (RM'000)	13,349	16,377
Weighted average number of ordinary shares in issue ('000)	234,376	187,643
Effect of dilutive potential ordinary shares from Warrants ('000)	–	2,364
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	234,376	190,007
Diluted earnings per ordinary share (sen)	5.70	8.62

There have been no transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

20. DIVIDENDS

Group / Company	Total amount RM'000
2017	
Final single tier dividend of 2.0 sen per ordinary share in respect of financial year ended 31 March 2016	4,681
Interim single tier dividend of 1.25 sen per ordinary share in respect of financial year ended 31 March 2017	2,954
	7,635
2016	
Final single tier dividend of 2.0 sen per ordinary share in respect of financial year ended 31 March 2015	3,710
Interim single tier dividend of 1.5 sen per ordinary share in respect of financial year ended 31 March 2016	2,784
	6,494

At the forthcoming Annual General Meeting, a final single tier dividend of 1.75 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted in equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

21. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, are based on the Group's management and internal reporting structure. The accounting policies of the segments are the same as the Group's accounting policies described in Note 2. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly related loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters), head office expenses, tax assets and liabilities.

Segment addition in non-current assets (excluding financial instruments and deferred tax assets) is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The Group comprises the following main segments:

Professional services and sales	The professional services rendered in respect of beauty and wellness programs and sales of related products.
Product distribution	The distribution of beauty and wellness products and beauty equipment.
Others	Investment holding, management services, webstore, education and training.

21. OPERATING SEGMENTS (CONT'D)

Geographical segments

The professional services and sales segment of the Group operated in Singapore and Hong Kong apart from its home country, Malaysia.

The product distribution segment and other business segments are operated in Malaysia, Singapore, Hong Kong, Thailand, Vietnam, Indonesia and Philippines.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets (excluding financial instruments and deferred tax assets) are based on the geographical location of the assets.

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments										
Revenue from external customers	96,903	90,518	63,424	67,469	610	355	–	–	160,937	158,342
Inter-segment revenue	–	–	24,116	30,183	15,189	12,244	(39,305)	(42,427)	–	–
Total revenue	96,903	90,518	87,540	97,652	15,799	12,599	(39,305)	(42,427)	160,937	158,342
Segment results	13,097	11,088	4,114	7,206	927	1,682	–	–	18,138	19,976
Interest income and income from short term cash investments	–	–	214	819	2,069	921	–	–	2,283	1,740
Finance costs	–	–	–	–	(485)	(448)	–	–	(485)	(448)
Share of result of equity accounted associates									(1,061)	255
Profit before tax									18,875	21,523
Tax expense									(5,526)	(5,146)
Profit for the financial year									13,349	16,377

	Professional services and sales		Product distribution		Others		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	41,528	40,739	94,786	100,158	114,826	104,378	251,140	245,275
Investments in associates							520	1,555
Unallocated assets							4,794	4,347
Total assets							256,454	251,177
Segment liabilities	31,859	33,772	14,250	14,981	1,754	1,556	47,863	50,309
Unallocated liabilities							28,222	28,934
Total liabilities							76,085	79,243

21. OPERATING SEGMENTS (CONT'D)

	Professional services and sales		Product distribution		Others		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amortisation of development cost	–	–	58	30	29	29	87	59
(Reversal)/Impairment loss on trade receivables	–	–	(77)	–	–	25	(77)	25
Additions in capital expenditure	3,279	7,865	1,436	886	72	16,285	4,787	25,036
Depreciation of property, plant and equipment	5,780	5,751	2,541	1,643	554	980	8,875	8,374
Inventories written off	22	107	1,553	1,309	5	–	1,580	1,416
Property, plant and equipment written off	138	203	60	22	–	–	198	225
Unrealised foreign exchange (gain)/loss	(1,593)	(1,769)	(2,061)	492	(1,956)	(1,514)	(5,610)	(2,791)
Write back of amount owing to a former subsidiary	–	–	–	–	–	(217)	–	(217)

Segment revenue based on geographical location of the Group's customers:

	2017 RM'000	2016 RM'000
Malaysia	93,653	88,268
Singapore	38,923	39,568
Hong Kong	21,887	23,185
Others*	6,474	7,321
	160,937	158,342

* Included in the segment are Thailand, Vietnam, Indonesia and Philippines.

Non-current assets (other than financial instruments and deferred tax assets) information based on geographical location of the Group's operations:

	2017 RM'000	2016 RM'000
Malaysia	37,385	39,436
Singapore	44,663	44,442
Hong Kong	22,016	21,033
Indonesia	6,523	5,405
	110,587	110,316

21. OPERATING SEGMENTS (CONT'D)

Non-current assets (other than financial instruments and deferred tax assets) information presented above consists of the following items as presented in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
Property, plant and equipment	107,983	105,669
Intangible assets	1,549	3,592
Investment properties	1,055	1,055
	110,587	110,316

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

22. OPERATING LEASES

The Group as lessee

The Group had commitments under non-cancellable operating leases in respect of certain rented premises by subsidiaries as follows:

	2017 RM'000	2016 RM'000
Less than one year	19,162	17,155
Between one and five years	19,972	9,396
	39,134	26,551

The Group leases a number of premises under operating leases. These leases typically run for an initial period of one to three years, with an option to renew the leases. There are no restrictions place upon the Group by entering into the leases.

Contingent rent recognised as an expense amounted to RM801,000 (2016: RM587,000).

23. CAPITAL COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	273	225
Approved but not contracted for	752	1,145
	1,025	1,370

24. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability directly or indirectly, to control the party or exercise significant influence over the party in making and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other parties.

Related parties of the Group and the Company include:

(a) its subsidiaries and associates as disclosed in Notes 6 and 7;
(b) company in which certain directors have financial interests; and
(c) the directors of the Company.

(b) Significant related parties transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follow:

Transactions with subsidiaries

	Company	
	2017	**2016**
	RM'000	**RM'000**
Dividend received and receivable from		
- EIG Dermal Wellness (M) Sdn. Bhd.	–	5,000
- Asterspring International Sdn. Bhd.	5,200	–
- EIG Global Pte. Ltd.	1,550	–
Interest income received from		
- EIG (Thailand) Co. Ltd.	213	200
- AsterSpring International (HK) Co. Ltd.	693	661
- Leonard Drake (HK) Ltd.	594	566
- PT EIG Dermal Wellness Indonesia	405	–

Transactions with associates

	Company	
	2017	**2016**
	RM'000	**RM'000**
Interest income received from		
- Dermal Wellness International Co. Ltd.	399	377

	Group	
	2017	**2016**
	RM'000	**RM'000**
Sales to		
- EIG Dermal Wellness (Thai) Co. Ltd.	1,393	2,358

24. RELATED PARTIES (CONT'D)

(b) Significant related parties transactions (cont'd)

Transactions with holding company

	Group	
	2017	2016
	RM'000	RM'000
Management services fees paid and payable to		
- Providence Capital Sdn. Bhd.	886	994

Related party balances

Information on outstanding balances with related parties of the Group is disclosed in Note 10 and Note 14.

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	167	165	167	165
- Other emoluments	1,158	1,011	18	18
- Estimated monetary value of benefits-in-kind	135	89	135	78
Total short-term employee benefits	1,460	1,265	320	261
Contribution to defined contribution plan	137	119	–	–
	1,597	1,384	320	261

25. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

(a) Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

(i) Foreign currency risk

The Group has subsidiaries operating in foreign countries whose revenue and expenses are denominated in their respective functional currencies. The Group is also exposed to foreign currency risk on purchases that are denominated in foreign currencies. The currency giving rise to this risk is primarily the United States Dollar. Foreign currency risk is monitored closely and managed to an acceptable level.

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(i) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Financial assets and liabilities denominated in foreign currency are as follows:

	Group	
	2017	2016
United States Dollar ("USD")	**RM'000**	**RM'000**
Trade receivables	739	1,548
Amount due from associates	2,605	2,731
Cash and bank balances	2,780	7,240
Trade payables	(7,432)	(8,687)
	(1,308)	2,832

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency as at the end of the reporting period, with all other variables held constant:

	Group	
	2017	2016
	RM'000	RM'000
Effects on profit for the financial year		
United States Dollar:		
- strengthened by 5%	(47)	109
- weakened by 5%	47	(109)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings at floating rate amounting to RM26,403,000 (2016: RM25,162,000) relating to the purchase of the Group's corporate offices in Singapore and Hong Kong where the borrowings were secured to maximise the Group's capital efficiency.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 March 2017 would decrease/increase by RM110,000 (2016: RM105,000) as a result of exposure to floating rate borrowings.

(iii) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(ii) Credit risk (cont'd)

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by the associates which constituted approximately 43% (2016: 41%) of its receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group	
	2017 RM'000	2016 RM'000
Malaysia	8,543	8,306
Singapore	906	606
Hong Kong	1,923	2,006
Indonesia	25	–
Thailand	2,944	2,905
Total	14,341	13,823

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2017			
Not past due	7,951	–	7,951
Past due:			
- less than 3 months	3,710	–	3,710
- 3 to 6 months	1,039	–	1,039
- over 6 months	1,666	(25)	1,641
	14,366	(25)	14,341
2016			
Not past due	7,128	–	7,128
Past due:			
- less than 3 months	4,774	–	4,774
- 3 to 6 months	863	–	863
- over 6 months	1,160	(102)	1,058
	13,925	(102)	13,823

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are in respect of regular customers that have been transacting with the Group. The balance of the trade receivables are customers using credit card transactions which are aged ranging from 7 to 30 days. The Group uses ageing analysis to monitor the credit quality of these trade receivables.

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(ii) Credit risk (cont'd)

Trade receivables that are impaired

The movements of allowance accounts used to record the impairment is as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 April	102	77
Charge for the financial year	–	25
Reversal of impairment loss	(77)	–
At 31 March	25	102

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments.

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The Group's and the Company's financial liabilities at the reporting date mature or payable within one year except for term loans are as follows:

	Carrying amount RM'000	Contractual cash flow RM'000	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
2017						
Financial liabilities:						
Secured Term loans	26,403	31,174	7,820	1,071	3,212	19,071
2016						
Financial liabilities:						
Secured Term loans	25,162	29,900	7,481	983	2,949	18,487

(b) Capital risk management

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its short term cash investments and cash and cash equivalents exceeded the total debts.

There were no changes in the Group approach to capital management since the financial year ended 31 March 2016.

The Group is not subject to any externally imposed capital requirements.

25. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of financial instruments

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
Trade receivables	11,397	10,918	–	–
Amount due from subsidiaries	–	–	33,820	30,043
Amount due from associates	14,530	13,087	6,865	6,466
Other receivables	211	111	–	–
Deposits	7,830	7,788	2	2
Dividend receivable	–	–	–	5,000
Cash and bank balances	32,963	28,648	653	592
	66,931	60,552	41,340	42,103
Financial assets at fair value through profit or loss				
Short term cash investments	40,983	34,373	38,022	28,501
	107,914	94,925	79,362	70,604
Financial liabilities				
Other financial liabilities				
Trade payables	7,943	8,958	–	–
Other payables and accruals	12,877	13,980	677	191
Amount owing to a subsidiary	–	–	3	–
Borrowings	26,403	25,162	–	–
	47,223	48,100	680	191

(d) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements are reasonable approximation of fair values.

The following summarises the methods used in determining the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next 12 months are reasonable approximation of fair values due to the relatively short-term maturity of the financial instruments.

(ii) The carrying amounts of the long-term amount due from subsidiaries and borrowings approximate fair values as these instruments bear interest at variable rates.

26. FAIR VALUE HIERARCHY

The fair values of the assets and liabilities are analysed into level 1 to 3 as follows:

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities:

Assets and liabilities for which fair values are disclosed:

	Fair	Fair value measurement using		
	Value	Level 1	Level 2	Level 3
2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets				
Group				
Amount due from associates	11,293	–	11,293	–
Company				
Amount due from subsidiaries	33,300	–	33,300	–
Amount due from associates	6,865	–	6,865	–
Liabilities				
Group				
Term loans	18,946	–	18,946	–
2016				
Assets				
Group				
Amount due from associates	10,012	–	10,012	–
Company				
Amount due from subsidiaries	30,043	–	30,043	–
Amount due from associates	6,466	–	6,466	–
Liabilities				
Group				
Term loans	18,028	–	18,028	–

During the financial year ended 31 March 2017 and 2016, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 3 August 2016, EIG Dermal Wellness (HK) Limited ("EIGHK"), a wholly-owned subsidiary of the Group signed a Distribution Agreement (the "Agreement") with Kate Somerville Skincare, LLC ("KS"). The Agreement grants EIGHK the exclusive right to sell and distribute Kate Somerville skin care products in Hong Kong and Macau, with a first right of refusal for Malaysia, Singapore, Brunei, Indonesia, Thailand, Philippines, Vietnam, Cambodia, Myanmar, Laos and Taiwan. The initial term of the Agreement is mutually agreed to be for a period of five (5) years from 1 August 2016 to 31 July 2021, which will automatically renew for a further five (5) years until 31 July 2026. The Agreement will enable EIG to leverage and expand its distribution of premium skin care products through departmental stores and select retail stores in Hong Kong and Macau. Founded in 2004, Kate Somerville is one of the leading prestige dermocosmetic skincare brands in the USA which is currently distributed through over 900 premium retail stores in the US alone. Kate Somerville is part of the Unilever Prestige division, which is exclusively dedicated to select distribution and premium personal care brands. Unilever is one of the world's leading suppliers of Food, Home and Personal Care products with sales in over 190 countries and reaching 2 billion consumers a day.

(ii) On 8 November 2016, EIG Dermal Wellness (M) Sdn. Bhd. ("EIGDW"), a wholly-owned subsidiary of the Group signed an amendment to the Distribution Agreement (the "Amendment") between EIGDW and LPG Systems ("LPG"), which was signed on 7 January 2016. The Agreement grants EIGDW the exclusive right to sell and distribute LPG skin care equipment through the professional beauty and wellness market in Malaysia for an initial period of one (1) year from 7 January 2016 to 6 January 2017. The Amendment extends the distribution rights under the Agreement to include the sale and distribution of LPG skin care equipment through the medical and/or medical aesthetics markets in Malaysia. The initial duration of the Agreement has also been extended to be for three (3) years from 7 January 2016 to 6 January 2019.

(iii) On 31 January 2017, EIG Pharma Asia Sdn. Bhd. ("EIGP"), a wholly-owned subsidiary of the Group signed a Distribution Agreement with Frostbland Pty Ltd ("Frostbland"). Under the Agreement, EIGP has granted Frostbland the exclusive right to sell and distribute Clinelle skin care products in Australia, New Zealand and the South Pacific Islands for a period of five (5) years from 1 March 2017 to 28 February 2022, with the option to renew on mutually agreed terms for a further five (5) years until 28 February 2027. The Agreement will enable the Group to further expand its distribution of Clinelle, EIG's wholly-owned fast moving consumer goods ("FMCG") brand of skin care products, through the FMCG channel in Australia, New Zealand and the South Pacific Islands.

(iv) On 28 February 2017, EIGDW reached an agreement with Dermalogica, Inc. and Essentials Co. Ltd./Cong Ty Thnh Thuong Mai Thanh Lan to cease to be the supplier of Dermalogica products to Vietnam and Cambodia within the next six months. The discontinuation of supply of Dermalogica products to Vietnam and Cambodia was due to a change in trading terms which are no longer favourable and of interest to EIGDW.

Supplementary Information - Disclosure Of Realised And Unrealised Profits or Losses

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings/(accumulated losses) of the Group and of the Company as at the reporting date are analysed as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Total retained earnings of the Company and its subsidiaries		
- realised	46,891	40,235
- unrealised	8,403	6,951
	55,294	47,186
Share of accumulated losses from associates		
- realised	(3,765)	(2,731)
	51,529	44,455
Less: Consolidation adjustments	(30)	1,294
Total retained earnings of the Group	51,499	45,749

	Company	
	2017	**2016**
	RM'000	**RM'000**
Total retained earnings of the Company		
- realised	18,096	16,092
- unrealised	–	–
Total retained earnings	18,096	16,092

The disclosure of realised and unrealised profit or loss above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

Issued & Paid-Up Capital	:	RM118,597,010
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
as at 30 June 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	75	8.88	1,436	0.00
100 to 1,000	277	32.78	166,726	0.07
1,001 to 10,000	306	36.21	1,363,746	0.57
10,001 to 100,000	130	15.38	4,099,780	1.73
100,001 to less than 5% of issued shares	56	6.63	73,775,780	31.10
5% and above of issued shares	1	0.12	157,786,552	66.52
	845	100	237,194,020	100.00

SUBSTANTIAL SHAREHOLDERS
as at 30 June 2017

	Name of Shareholders	No. of Shares held					
		Direct	%	Indirect	%	Total	%
1	Providence Capital Sdn Bhd	158,292,652	66.74	–	–	158,292,652	66.74
2	Chieng Ing Huong	–	–	158,292,652 (1)	66.74	158,292,652	66.74
3	Roderick Chieng Ngee Kai	2,700,000	1.14	158,292,652 (2)	66.74	160,992,652	67.87
4	Brian Chieng Ngee Wen	–	–	159,565,652 (3)	67.27	159,565,652	67.27
5	Janet Chieng Ling Min	320,000	0.13	158,292,652 (4)	66.74	158,612,652	66.87

(1) Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd
(2) Deemed interest by virtue of interest in Providence Capital Sdn Bhd
(3) Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd
(4) Deemed interest by virtue of her capacity as a director of Providence Capital Sdn Bhd

DIRECTORS' SHAREHOLDINGS
as at 30 June 2017

	Name of Shareholders	No. of Shares held					
		Direct	%	Indirect	%	Total	%
1	Chieng Ing Huong	–	–	158,292,652 (1)	66.74	158,292,652	66.74
2	Roderick Chieng Ngee Kai	2,700,000	1.14	158,292,652 (2)	66.74	160,992,652	67.87
3	Brian Chieng Ngee Wen	–	–	159,565,652 (3)	67.27	159,565,652	67.27
4	Lee Cheow Fui	198,000	0.08	–	–	198,000	0.08
5	Janet Chieng Ling Min	320,000	0.13	158,292,652 (4)	66.74	158,612,652	66.87

(1) Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd
(2) Deemed interest by virtue of interest in Providence Capital Sdn Bhd
(3) Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd
(4) Deemed interest by virtue of her capacity as a director of Providence Capital Sdn Bhd

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS
as at 30 June 2017

	Name of Shareholders	No. of Shares	%
1	PROVIDENCE CAPITAL SDN BHD	157,786,552	66.52
2	TEH WAN SANG & SONS SDN BERHAD	7,600,000	3.20
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR CBG HOLDINGS SDN BHD	6,000,000	2.53
4	TEH LIP KIM	5,557,500	2.34
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	4,582,400	1.93
6	HUNG HIN CHEONG	4,000,000	1.69
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR AFFIN HWANG SELECT DIVIDEND FUND	3,592,700	1.51
8	ATTRACTIVE FEATURES SDN. BHD.	3,000,000	1.26
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT INCOME FUND (4850)	3,000,000	1.26
10	RODERICK CHIENG NGEE KAI	2,700,000	1.14
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	2,462,900	1.04
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TST AC/CLT-MB-T)	2,130,000	0.90
13	CHOW SHUK WAH KAREN	2,000,000	0.84
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KONG CHONG SOON @ CHI SUIM (PB)	2,000,000	0.84
15	SUBUR RAHMAT SDN BHD	1,990,000	0.84
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KAN YOW KHEONG (MARGIN)	1,980,000	0.83
17	ABDUL HAMID BIN SH MOHAMED	1,800,000	0.76
18	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	1,201,300	0.51
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CORNERSTONE HOLDINGS SDN BHD (PB)	1,198,000	0.51

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS
as at 30 June 2017 (cont'd)

	Name of Shareholders	No. of Shares	%
20	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY ASIAN SMALLER COMPANIES POOL (FIDELITY FUNDS)	1,181,700	0.50
21	TEE KENG HOON	1,125,000	0.47
22	LEE CHEE BENG	1,003,000	0.42
23	CHOW SHUK WAH KAREN	1,000,000	0.42
24	HUNG HIN CHEONG	1,000,000	0.42
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD AFFIN HWANG ASSET MANAGEMENT BERHAD FOR MALAYSIAN AGENTS PROVIDENT FUND (AIA LTD)	872,200	0.37
26	TEO KWEE HOCK	735,100	0.31
27	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG FLEXI FUND II	700,000	0.30
28	SUSY DING	690,000	0.29
29	HANS PETER HOLST	650,000	0.27
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	642,200	0.27

LIST OF PROPERTIES
AS AT 31 MARCH 2017

Location	Description/ existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.17 (RM '000)
EIG Dermal Wellness (M) Sdn Bhd						
Lot 11, Jalan Astaka U8/88 Bukit Jelutong, Seksyen U8 40150 Shah Alam, Selangor Darul Ehsan	Industrial and office building – Occupied by owner	13,330	9,078.49	11	Freehold	Land 10,032 Building 12,988
Master title held under: GRN 58804 Mukim of Damansara District of Petaling, Selangor Darul Ehsan						
Villa Putra Condominium (D'Village) Unit 33B-9-1, Jalan Tun Ismail 50480 Kuala Lumpur	Condominium unit with 3 bedrooms & 2 bathrooms – Tenanted	N/A	150	22	Freehold	479
Strata title held under: Geran 41990 Bandar Kuala Lumpur Wilayah Persekutuan						
The Summit Subang USJ Lot No. LG47 Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan	Retail lot – Tenanted	N/A	54.19	16.5	Freehold	548
Strata title held under: Geran 43528 Pekan Subang Jaya District of Petaling Selangor Darul Ehsan						
Queensbay Mall Penang GF-15, Ground Floor	Retail lot – Occupied by owner	N/A	46.00	10.5	Freehold	422
Strata title held under: Geran 97433 Mukim 12 District of Barat Daya Pulau Pinang						
Queensbay Mall Penang GF-12B, Ground Floor	Retail lot – Occupied by owner	N/A	46.00	10.5	Freehold	422
Strata title held under: Geran 97433 Mukim 12 District of Barat Daya Pulau Pinang						

LIST OF PROPERTIES
AS AT 31 MARCH 2017 (cont'd)

Location	Description/ existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.17 (RM '000)
AsterSpring International Sdn Bhd						
No. 26-R, Jalan Masjid Negeri 11600 Penang	Double storey semi-detached corner house – Occupied by owner	369.50	322.76	9	Freehold	Land 1,021 Building 1,381
Title held under: H.S.(D) 15905 Mukim of Bandar George Town District of Timor Laut Pulau Pinang						
A-09-09 Empire Office Empire Subang, Jalan SS16/1 47500 Subang Jaya, Selangor Darul Ehsan	Commercial unit – Occupied by owner	N/A	225.66	8	Freehold	2,401
The above properties are located in Malaysia and have not been revalued and do not have any breach of land use conditions.						
Leonard Drake (HK) Limited						
Suite 1808, 18/F, Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong	Industrial and office building – Occupied by owner	N/A	394	6	50 years lease expiring 12.02.2058	21,419
EIG Global Pte Ltd						
Paya Lebar Square #09-27 to #09-31 60 Paya Lebar Road 409051 Singapore	Office building – Occupied by owner	N/A	505	2.5	99 years lease expiring 24.07.2110	39,608
PT EIG Dermal Wellness Indonesia						
Rukan Puri Niaga II, Jl. Puri Kencana Blok J1 No. 3P & 3Q, Kembangan Selatan Jakarta Barat 11610, Indonesia	Office building – Occupied by owner	N/A	166	15	30 years lease expiring March 2029 and Aug 2035	5,767
Land certificate No. 2956 & 05535 Kembangan Selatan District of Kembangan, Jakarta Barat						

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ESTHETICS INTERNATIONAL GROUP BERHAD
(Company No. 408061-P)
(Incorporated in Malaysia)

PROXY FORM

CDS A/C No. : .....

No. of shares : .....

I/We, ...

NRIC/Company No. .....

being a member/members of ESTHETICS INTERNATIONAL GROUP BERHAD hereby appoint

.....

NRIC/Company No .....

and/or failing him, ...

NRIC/Company No .....

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 22 August 2017 at 2.30 p.m. and at any adjournment thereof in respect of my/our shareholdings in the manner indicated below:

No.	Resolution	For	Against
Resolution 1	Approval of Final Dividend for the financial year ended 31 March 2017		
Resolution 2	Re-election of Chieng Ing Huong as Director		
Resolution 3	Re-election of Brian Chieng Ngee Wen as Director		
Resolution 4	Re-election of Janet Chieng Ling Min as Director		
Resolution 5	Re-appointment of Tan Sri Dato' Mohd Ismail Bin Che Rus as Director		
Resolution 6	Re-appointment of Dr Chu Siew Mun as Director		
Resolution 7	Approval of payment of Directors' fees for the financial year ended 31 March 2017		
Resolution 8	Re-appointment of Messrs Baker Tilly as Auditors		
Resolution 9	Authority under Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit).

Dated this ..... day of 2017

.....
Signature of Member / Common Seal

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of the attorney.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
5. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 16 August 2017 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting.*

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AFFIX
STAMP

The Company Secretary
ESTHETICS INTERNATIONAL GROUP BERHAD (408061-P)
Lot 11 Jalan Astaka U8/88
Bukit Jelutong, Seksyen U8
40150 Shah Alam
Selangor Darul Ehsan
Malaysia.

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ESTHETICS INTERNATIONAL GROUP BERHAD (408061-P)
Lot 11, Jalan Astaka U8/88
Bukit Jelutong, Seksyen U8
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel: +603-7809 6688 | Fax: +603-7809 6699