



Corporate Vision

Enhancing wellness and quality of life of people around the world

Corporate Mission

- To be the leading total wellness company offering great products and services
- To achieve customer delight through Great Interactive Experience
- To accomplish sustainable growth, profitability and brand equity

Corporate Values (3Cs)

Customer Focus
Commitment

Speed
Innovation
Result Oriented
Value Creatin

Care for our stakeholders
Simplicity



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NOTICE OF ANNUAL GENERAL MEETING

ESTHETICS INTERNATIONAL GROUP BERHAD ("THE COMPANY")

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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 Wednesday, 10 August 2011 at 9.30 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2011 together with the Directors' and Auditors' Reports thereon.
2. To re-elect the following Directors who are retiring by rotation pursuant to Article 87 of the Company's Articles of Association:
 - a) Mr Lim Yee Soon
 - b) Dr Chu Siew Mun
3. To re-elect the following Director who is retiring pursuant to Article 94 of the Company's Articles of Association:
 - a) Mr Roderick Chieng Ngee Kai
4. To approve the payment of Directors' fees of RM45,000 for the financial year ended 31 March 2011.
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
6. To consider any other ordinary business of the Company of which due notice shall have been received.

Please refer to explanatory note A

*Resolution 1
Resolution 2*

Resolution 3

Resolution 4

Resolution 5

As Special Business

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

Ordinary Resolution

7. **Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed ten per centum (10%) of the issued Share Capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

Resolution 6

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

*Special
Resolution 1*

Special Resolution

8. Proposed amendments to the Articles of Association

“**THAT**, the proposed deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in pages 39 to 42 of this Annual Report, be and are hereby approved and adopted AND THAT the Board of Directors be and is hereby authorised to give effect to the said amendments to the Articles of Association accordingly.”

BY ORDER OF THE BOARD

LEE WAI NGAN (LS 00184)
Secretary

Shah Alam, Malaysia
19 July 2011

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 and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.
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.

EXPLANATORY NOTE A

5. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS

6. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

Ordinary Resolution 6, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten percentum (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 Thirteenth Annual General Meeting held on 26 August 2010. As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors and accordingly, no proceeds were raised.

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.

7. Proposed amendment to the Articles of Association of the Company

The Articles of Association of the Company are proposed to be amended in the manner set out in pages 39 to 42 of this Annual Report to render consistency throughout, and to incorporate relevant provisions of the Main Market Listing Requirements and other relevant regulatory and statutory requirements.

MALAYSIA

**CORPORATE OFFICE
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

ASTERSPRING AND LEONARD DRAKE OUTLET LOCATION

Kuala Lumpur | Bangsar Shopping Centre • Pavilion Kuala Lumpur • Suria KLCC
• Mid Valley Kuala Lumpur • Sri Hartamas Shopping Centre • Cheras Leisure Mall
• Metro Prima, Kepong • Ampang Point, Ampang • Plaza Metro Kajang • Metro Point
Kajang • Jaya Jusco Taman Maluri • Pavilion Kuala Lumpur* • Suria KLCC*

Selangor | 1-Utama Shopping Centre • Subang Parade Shopping Centre
• Sunway Pyramid Shopping Centre • Jaya 1 Shopping Centre • Atria, Damansara
Jaya • IOI Mall, Puchong • SACC Mall, Shah Alam • Bukit Raia Shopping Centre,
Klang • Bukit Tinggi, Klang • Aeon Bukit Tinggi Shopping Centre, Klang*

Penang | Greenlane, Bukit Mertajam • Gurney Plaza, Penang • Queensbay
Mall, Penang • Bayan Bay, Penang • Aeon Seberang Prai City Shopping Centre,
Bukit Mertajam

Kota Baru | KB Mall, Kota Baru

Johor | Tebrau, Johor Baru • Jusco Tebrau City Shopping Centre*

SINGAPORE

**CORPORATE OFFICE
EIG GLOBAL PTE LTD**

70 Bendemeer Road
02-08 Luzerne
Singapore 339940
Tel : +65 6271 4733
Fax : +65 6227 6112

ASTERSPRING AND LEONARD DRAKE OUTLET LOCATION

Centrepoint, Orchard Road • Century Square, Tampines • Compass Point,
Seng Kang Square • Harbour Front Centre • Parkway Parade, Marine Parade
• Plaza Singapura, Orchard Road • White Sands, Pasir Ris • AMK Hub, Ang Mo
Kio • West Coast Plaza • NEX @ Serangoon Central • Sembawang Shopping Centre
• Clementi Mall

HONG KONG

**CORPORATE OFFICE
EIG GLOBAL (HK) LTD**

3/F, Kaiseng Commercial Centre
4-6 Hankow Road
Tsim Sha Tsui, Kowloon
Hong Kong
Tel : +852 2881 6169
Fax : +852 2881 7612

ASTERSPRING OUTLET LOCATION

Soundwill Plaza, Causeway Bay • Hong Kong Pacific Centre, Tsim Sha Tsui
• Central Shop, Century Square • Tsuen Wan • Mong Kok • Shatin • Tsim Sha Tsui*
• Tuen Mun Plaza*

BOARD OF DIRECTORS

EDDY CHIENG ING HUONG
RODERICK CHIENG NGEE KAI
LIM YEE SOON
FELICIA LIM CHANG CHING
DATO' MOHD ISMAIL BIN CHE RUS
DR CHU SIEW MUN

Executive Chairman & Group Chief Executive Officer
Group Executive Director
Non Independent Non-Executive Director
Non Independent Non-Executive Director
Senior Independent Non-Executive Director
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Mohd Ismail Bin Che Rus - Chairman
Felicia Lim Chang Ching - Member
Dr Chu Siew Mun - Member

NOMINATION COMMITTEE

Dato' Mohd Ismail Bin Che Rus - Chairman
Felicia Lim Chang Ching - Member
Dr. Chu Siew Mun - Member

REMUNERATION COMMITTEE

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

AUDITORS

Crowe Horwath
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Tel : +603 2166 0000
Fax : +603 2166 1000

REGISTERED OFFICE

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

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
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 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

PRINCIPAL BANKERS

OCBC Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
Malayan Banking Berhad

EDDY CHIENG ING HUONG

Executive Chairman & Group Chief Executive Officer

Eddy Chieng Ing Huong, aged 53, is the Executive Chairman and Group Chief Executive Officer since 3 September 2010. Prior to that he was the Executive Chairman (redesignated on 2 September 2009), Non Independent Non-Executive Chairman (redesignated on 21 November 2006). He was appointed to the Board of the Company on 4 February 2004. He 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 member of the Institute of Chartered Accountants, Australia. He has also been a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

He has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas. Other than being on the board of directors of the following public companies, he is an adviser to the board of a number of other public companies and also that of some large family-run private companies.

Mr Eddy Chieng is the Chairman of Selangor Dredging Berhad and Director of QL Resources Berhad and Director of Orotongroup Limited (a company listed on the Australian Stock Exchange). He was previously the Non-Executive Director of Nationwide Express Courier Services Berhad, Ancom Berhad, Nylex (Malaysia) Berhad and Chairman of Asia Poly Holdings Berhad. In addition to these notable achievements, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.



PROFILE OF DIRECTORS

(cont'd)

RODERICK CHIENG NGEE KAI

Group Executive Director

Roderick Chieng Ngee Kai, aged 27, was appointed as the Executive Director on 3 September 2010. Mr Roderick Chieng was awarded a scholarship from the University of Technology Sydney, Australia and graduated with distinction in Bachelor of Accounting, majoring in Accounting and Finance. He is a qualified member of the Institute of Chartered Accountants, Australia.

Prior to joining EIG, Mr Roderick Chieng has over 6 years experience in investment banking, property finance and accounting with Macquarie Group Limited in Sydney, Australia where he was most recently a Manager in Macquarie Capital Advisers and advised on significant property and corporate finance transactions with total value close to A\$700 million / RM2 billion.



LIM YEE SOON

Non Independent Non-Executive Director

Lim Yee Soon, aged 51, is the Non Independent Non-Executive Director of EIG since 28 February 2011. He was previously the Group Managing Director. He graduated from the National University of Singapore with a Degree in Bachelor of Art, majoring in Architectural Studies in 1983. Upon graduation, he joined Archurban Architects in Singapore in February 1984 as a Trainee Architect and left in December 1984 to further pursue his studies. In 1987, he obtained his Bachelor of Architecture Degree at the National University of Singapore.

His involvement with the Group started in February 1989 when he became the Chief Executive Officer of Dermal Esthetica Sdn Bhd. He is responsible for the overall management, strategic direction, development, growth and expansion of the EIG Group. He is a Director of Amita Pearls Sdn Bhd, a company involved in the trading of pearls and jewelry and Hartsville Sdn Bhd, which is an investment holding company. He was appointed to the Board of the Company on 29 October 1996.



DATO' MOHD ISMAIL BIN CHE RUS

Senior Independent Non-Executive Director

Dato' Mohd Ismail Bin Che Rus, aged 68, is the Senior Independent Non-Executive Director. He is also the Chairman of the Audit Committee and Chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed to the Board of the Company on 2 September 2009.

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

Dato' Mohd Ismail started his career with the Royal Malaysia Police as an Inspector in 1962 and was promoted to numerous positions before his 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.



FELICIA LIM CHANG CHING

Non Independent Non-Executive Director

Felicia Lim Chang Ching, aged 36, is the Non Independent Non-Executive Director. She is also member of the Audit Committee and Nomination Committee. She graduated from Sheffield University in the United Kingdom in 1996 with a Bachelor of Arts in Business Studies. She is currently the Executive Chairman of Paos Holdings Berhad, a public listed company involved in the production of value-added products from oil palm, such as finished soap and animal feed.

Prior to joining Paos, she was the Chief Operating Officer of Hospital Pantai Indah from September 2005 to August 2006. Before her involvement in Pantai, she was the Director of Business Development, for the Asia Poly Group from 1998 to 2005; where she managed all the sales cum marketing, customer service, trading and logistics aspects of the entire group. Before joining Asia Poly in 1998, she was attached to Intercontinental Specialty Fats Sdn. Bhd. as Commercial Executive from 1996 to 1998. She was appointed to the Board of the Company on 18 July 2007.



PROFILE OF DIRECTORS

(cont'd)

Dr CHU SIEW MUN

Independent Non-Executive Director

Dr. Chu Siew Mun, aged 68, is the Independent Non-Executive Director of the Company. He is also a member of the Audit Committee, Nomination 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 was the pioneer group of doctors and consultants dermatologists at Sime Darby Medical Centre Subang (since 1985) and also at 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.



NOTES:

1. Family Relationship with Director and/or Major Shareholder

Mr Eddy Chieng Ing Huong who is a deemed major shareholder of the Company, is the father of Mr Roderick Chieng, who is a major shareholder of the Company. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

2. Conflict of Interest

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

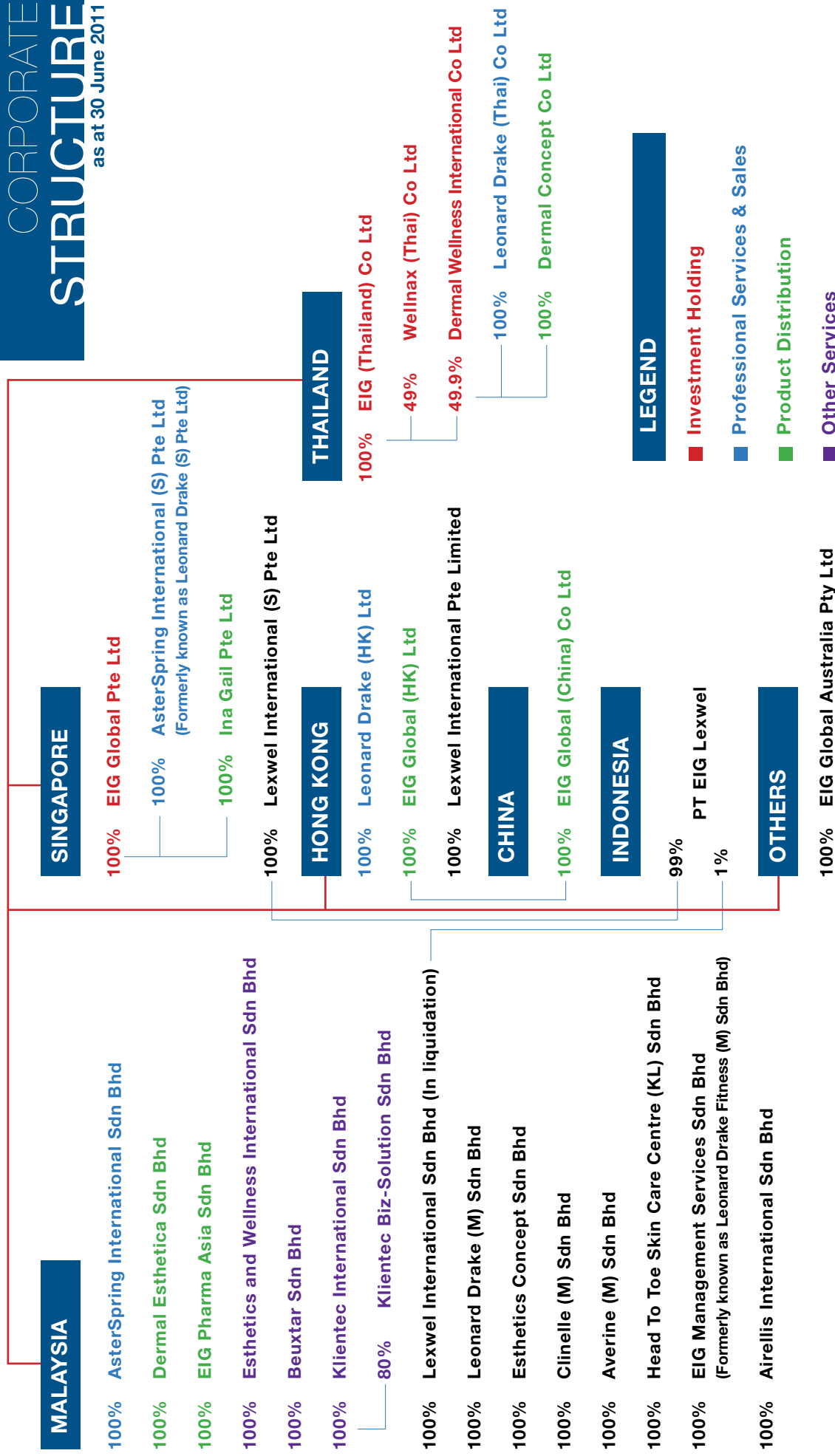
3. Conviction of Offences

None of the Directors has been convicted of any offences in the past ten (10) years other than traffic offences.



CORPORATE STRUCTURE

as at 30 June 2011



LEGEND

- Investment Holding
- Professional Services & Sales
- Product Distribution
- Other Services
- Dormant

Note - The following companies ceased to be subsidiaries of EIG as at 30 June 2011: EIG Medklinn Sdn. Bhd., Medklinn International Sdn. Bhd, Medklinn Manufacturing Sdn Bhd, Medklinn International Pte Ltd, Oxion Pte. Ltd.

STATEMENT ON CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The Board of Directors (“Board”) of Esthetics International Group Berhad (“EIG” or “the Company”) is committed to the principles and best practices of corporate governance in the Malaysian Code on Corporate Governance (“Code”) and ensures that standards of corporate governance are being observed to realise the objective of increasing shareholders’ value.

This section of the Annual Report details the measures implemented by EIG Group to strengthen its compliance with the Principles and Best Practices of Corporate Governance as set out in Parts 1 and 2 of the Code, respectively.

BOARD OF DIRECTORS

BOARD STRUCTURE

EIG is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the scale of EIG Group’s operations. This broad spectrum of skills and experience ensures the EIG Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of EIG Group.

The Directors are from diverse professional and business backgrounds with a wide 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 on issues of strategic planning, performance evaluation, resource allocation, setting of standards of conduct, identifying principal risks and reviewing internal control systems.

The Board has a well-balanced composition, with an effective mix of Executive Directors and Non-Executive Directors (including Independent Directors) such that no individual or group of individuals can dominate the Board’s decision-making powers and processes and that the number of Directors fairly reflects their investments in the Company.

The Board as at the date of this Statement comprise of six (6) members:

- One (1) Executive Chairman and Group Chief Executive Officer
- One (1) Executive Director
- Two (2) Non Independent and Non-Executive Directors
- Two (2) Independent and Non-Executive Directors

The Independent Non-Executive Directors make up 1/3 of the board membership. The Company has thus complied with Paragraph 15.02 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 to be independent. The Independent Non-Executive Directors play a strong and vital role on the Board, entrenching good governance practices in the affairs of the Group by fulfilling an independent, pivotal role in corporate accountability, hence their membership within the Audit, Remuneration and Nomination Committees.

BOARD STRUCTURE (cont'd)

The Executive Chairman & Group Chief Executive Officer and the Executive Director are generally responsible for making and implementing operational decisions while the Independent Directors and Non-Executive Directors complement their expertise and experience towards the formulation of policy and decision-making process with effective check and balance. The Executive Chairman & Group Chief Executive Officer brings to the Group a wealth of entrepreneurial experiences and business acumen given his track record in various business ventures in Malaysia and overseas. The Executive Chairman & Group Chief Executive Officer is primarily responsible for overall group strategy and ensuring the preservation of shareholder value.

The Group Executive Director, supported by his management team is responsible for the day-to-day management of the Group's businesses, which include implementing the policies and decisions of the Board, overseeing the operations to ensure organisational effectiveness, and managing the development and implementation of the Company's business and corporate strategies. The Group Executive Director reports to the Chairman & Group Chief Executive Officer and to the members of the Board with respect to matters concerning the Board members and is obliged to report and discuss at board meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments.

The presence of Independent Non-Executive Directors provides an effective Board with a mix of industry specific knowledge and broad business and commercial experience. The balance enables the Board to provide fair and independent views, advice and judgment to the Company and to bring informed and independent judgment to many aspects of the Company's strategy and performance so as to ensure that the highest standards of conducts and integrity are maintained by the Company, as well as to safeguard the interest of other stakeholders.

The Company recognises the contribution of Independent Non-Executive Directors as equal Board members to the development of the Company's strategies, the importance of representing the interests of public shareholders and providing a balanced and independent view of the Board. All Independent Non-Executive Directors are independent of management and free from any relationship which could interfere with the exercise of their independent judgment.

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

BOARD COMMITTEES

The Audit Committee

Full details of the composition, complete terms of reference and a summary of the activities of the Audit Committee during the financial year ended 31 March 2011 are set out in the Audit Committee Report in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

BOARD COMMITTEES (cont'd)

The Remuneration Committee

The Company's Remuneration Committee comprises the Executive Chairman and Group Chief Executive Office and two Non-Executive Directors:

- Eddy Chieng Ing Huong – Chairman
- 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 to ensure that such policies support the Group's corporate objectives and build shareholder value and are in tandem with the Group's culture and strategies. The Director concerned will not be present when matters affecting his/her own remuneration arrangements are considered.

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 31 March 2011, the Remuneration Committee held one (1) meeting which was attended by all members, to deliberate and consider the remuneration of Mr Roderick Chieng Ngee Kai as Executive Director of EIG.

The Nomination Committee

The Company's Nomination Committee which comprises of three Non-Executive Directors:-

- Dato' Mohd Ismail Bin Che Rus - Chairman
- Felicia Lim Chang Ching - Member
- Dr. Chu Siew Mun - 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, provided that the Chairman of the Nomination Committee, in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

The Nomination Committee also ensures that the Board has an appropriate balance mix of skills, expertise, experience, ability and other core competencies and oversees the overall composition of the Board in terms of the appropriate size and skills and the 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 of the Company on an on-going basis. Terms of reference of the Committee are clearly defined.

Meetings of the Nomination Committee are held as and when required, and at least once a year. During the financial year ended 31 March 2011, the Nomination Committee held one (1) meeting which was attended by all members, to deliberate and consider the appointment of Mr Roderick Chieng Ngee Kai as Executive Director of EIG.

INDEPENDENCE AND CONFLICT OF INTEREST

The relationship between a Director and the Company is based on fiduciaries, whereby each Director is required to act bona fide in the best interests of the Company, as a whole. 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 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.

BOARD MEETINGS

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 and assess business issues that require decision from the Board. The Board also reviews the Group's business plan on an annual basis so as to align the business directions and goals with the prevailing economic and market conditions. The Board approves the Group's annual budget and carries out periodic review of the progress made by the various business units. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to EIG Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals.

Prior to each Board meeting, all Directors will receive an agenda and a full set of Board papers for each agenda item to be discussed. Minutes for every Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting. Executive Directors and/or Management will provide 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 Group.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board decisions are obtained via circular resolutions which are supported with board papers, where necessary, providing information necessary for Board's deliberation. In addition, Management would personally explain such matters to the Directors on individual basis where necessary to ensure the Directors are able to make informed decisions. In this regard, the Board is constantly kept updated on the Company's financial performance, activities and its operations.

There were a total of seven (7) Board meetings held during the financial year ended 31 March 2011 and the attendance was as follows:-

	27.05.10	11.08.10	25.08.10	03.09.10	22.10.10	25.11.10	28.02.11
Eddy Chieng Ing Huong	✓	✓	✓	✓	✓	✓	✓
Roderick Chieng Ngee Kai (appointed : 03.09.2010)	n/a	n/a	n/a	n/a	✓	✓	✓
Dato' Mohd Ismail bin Che Rus	✓	✓	✓	✓	✓	✓	✓
Felicia Lim Chang Ching	✓	✓	✓	✓	✓	✓	✓
Dr Chu Siew Mun	✓	✓	✓	✓	✓	✓	✓
Lim Yee Soon	✓	✓	✓	✓	absent	✓	✓
Melissa M Chen (resigned 03.09.2011)	✓	✓	✓	resigned	n/a	n/a	n/a
Chris Chan Mun Wah (resigned 03.09.2011)	✓	✓	✓	✓	resigned	n/a	n/a

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Directors were absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2011, hence complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

ACCESS TO INFORMATION AND ACCESS TO ADVISE

All Directors have full and unrestricted access to timely information, necessary in the furtherance of their duties.

All Directors 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 the 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.

APPOINTMENT AND RE-ELECTION TO THE BOARD

The appointment of Directors is undertaken by the Board as a whole. The Executive Director(s) recommends 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 EIG Group. In its deliberations, the Board is required to take into account the integrity, professionalism, skill, knowledge, expertise and experience of the proposed candidate. In accordance with the Board's procedures, deliberations and conclusions in this process reached are recorded by the Company Secretary. During the financial year under review, Mr Roderick Chieng Ngee Kai was appointed to the Board.

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every Annual General Meeting ("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. Directors who are over seventy years of age are required to submit themselves for reappointment by shareholders annually in accordance with Section 129 of the Companies Act 1965. None of the Directors of the Company has attained the age of seventy (70) years for the financial year under review.

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 ten directorships in public listed companies and not more than fifteen directorships in non-public listed companies. This ensures that their commitment, resources and time are focused on the affairs of EIG Group thereby enabling them to discharge their duties effectively.

CONTINUING EDUCATION OF THE DIRECTORS

The Directors are fully cognisant of the importance and value of attending seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which EIG Group operates, as well as wider economic, financial and governance issues to enhance their skills, knowledge and expertise in their respective fields. All Directors have attended and completed 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 conferences and seminar programmes covering areas that included corporate governance and relevant industry updates and global business developments which they have collectively or individually considered as useful in discharging their stewardship responsibilities.

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre needed to lead EIG Group successfully. The remuneration of Directors is undertaken by the Board as a whole. The Executive Director(s) recommends the remuneration package to the Remuneration Committee for deliberation, and the final endorsement lies with the entire Board to ensure that the above objective is met.

The Executive Directors' 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.

Procedure For Determining Directors' Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre needed to lead EIG Group successfully.

In general, the remuneration of the directors is reviewed against the performance of the individual and EIG Group.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

DIRECTORS' REMUNERATION (cont'd)

Disclosure of Remuneration

The aggregate remuneration of Directors of the Company for the financial year are as follows:-

RM'000	Salaries & Other Emoluments ⁽²⁾	Benefits In Kind ⁽³⁾	Fees	Total
Executive Directors ⁽¹⁾	2,137	152	-	2,289
Non-Executive Directors ⁽²⁾	-	15	45	60

The numbers of Directors whose remuneration for the financial year falling into the following bands are as follows:-

Range of remuneration per annum	No. of Directors	
	Executive Directors ⁽¹⁾	Non-Executive Directors
Below RM100,000	-	3
RM100,001 to RM150,000	1	
RM200,000 to RM250,000	1	
RM400,000 to RM450,000	1	
RM650,000 to RM700,000	1	
RM800,001 to RM850,000	1	

Notes:

(1) Included in the Executive Directors' remuneration are:-

- (i) the remuneration paid to the following directors who were Executive Directors from 1 April 2010 up to their respective dates of resignations / re-designations.
 - a. Ms Melissa M. Chen who resigned from the Board of Directors on 3 September 2010
 - b. Mr Lim Yee Soon who was re-designated as the Non-Executive Director on 28 February 2011
 - c. Mr Chan Mun Wah who resigned from the Board of Directors on 3 September 2010
- (ii) the remuneration paid to Mr Roderick Chieng Ngee Kai who was appointed as the Executive Director on 3 September 2010.
- (iii) the remuneration paid to Mr Eddy Chieng Ing Huong who was re-designated as the Executive Chairman and Group Chief Executive Officer on 3 September 2010.

(2) Other emoluments include bonuses, employer contribution to the Employees' Provident Fund and consultancy fee paid to a Company in which the Executive Chairman has interest.

(3) Benefits in-kind are in respect of motor vehicles, product allowances and leave passages provided for Executive Directors and gift certificates for treatment services for Non-Executive Directors.

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

General Meetings is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in EIG Group, the resolutions being proposed and the business of EIG Group in general at every General Meetings of the Company. The notice of the General Meetings, when such meetings are called, and Circular to Shareholders are sent to shareholders in accordance with the stipulated period set out in the Listing Requirements and Companies Act 1965. Notice of AGM and Annual Report are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 1965 in order to enable shareholders to review EIG Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Executive Chairman & Chief Executive Officer or the Executive Director takes the opportunity to present a comprehensive review of the progress and performance of EIG Group, and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with EIG Group's business operations, strategy 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 AGM and 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 Group's financial and operational performance and to make informed decisions with regards to significant corporate developments.

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 : Dato' Mohd Ismail Bin Che Rus
c/o Ms Lee Wai Ngan
Systems & Securities 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

(cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Company treats corporate social responsibility as a critical management initiative and will continually strive to improve the corporate value by engaging in conscientious activities, especially in consideration of the Group's presence and ties with the 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 minimise 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.

ACCOUNTABILITY AND AUDIT

The Audit Committee

The Company's Audit Committee comprises three (3) Non-Executive Directors in compliance with the Code and the Listing Requirements which require all the members of the Audit Committee to be Non-Executive Directors.

The members of the Audit Committee are as follows:-

- Dato' Mohd Ismail Bin Che Rus - Chairman
- Felicia Lim Chang Ching - Member
- Dr Chu Siew Mun - Member

Financial Reporting

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 scrutinising information for disclosure to ensure accuracy, adequacy and completeness. A Statement of Directors' Responsibilities in respect of the preparation of the audited financial statements is presented in this Annual Report.

Internal Control

The Board acknowledged its responsibility for the Group's system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as internal procedures and guidelines, and the need to review its effectiveness regularly. In doing so, the Board has the right to seek information and clarification from the Management, seeks input from the Audit Committee, the internal and external auditors and other experts at the expense of the Company.

In addition to that, the Board recognises that risks cannot be eliminated completely, therefore, the systems and processes put in place would have to be aimed at minimising and managing the risks of material errors, fraud or losses occurring. The Audit Committee has been empowered to assist the Board in fulfilling the above roles via functions laid down in its terms of reference. The Audit Committee also acts as a forum for discussion on internal control and risk management issues. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board where appropriate.

The Group's Statement of Internal Control which provides an overview of the state of internal control is set out in this Annual Report.

ACCOUNTABILITY AND AUDIT (cont'd)

Relationship with External Auditors

Through the Audit Committee, the Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with Financial Reporting Standards and Companies Act, 1965 in Malaysia. The interactions between the parties include the discussion of audit plan, audit findings, corrective actions, where appropriate and the conclusion of the financial statements.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

The Board has to the best of its ability and knowledge complied with the Best Practices in Corporate Governance set out in Part II of the Code.

OTHER INFORMATION IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA

Share Buy Back

There were no share buy back by the Company during the financial year.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year.

American Depository Receipt (ADR)/Global Depository Receipt (GDR)

There were no ADR or GDR programmes sponsored by the Company during the financial year.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory authorities during the financial year.

Variation in Results

The Company has not made any profit estimate/forecast/projection/unaudited results announcement that differ by more than ten percent (10%) margin.

Profit Guarantee

No profit guarantee was given to or by the Company or its subsidiaries during the financial year.

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 2011 or entered into since the end of the previous financial year.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

OTHER INFORMATION IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA (cont'd)

Utilisation of Proceeds from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 March 2011.

Revaluation Policy on Landed Properties

No revaluation was carried out on the landed properties of the Group.

Non-audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 31 March 2011.

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 25 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 2011.

STATEMENT OF INTERNAL CONTROLS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

BOARD'S RESPONSIBILITIES AND COMMITMENT

The Board of Directors ("the Board") of Esthetics International Group Berhad ("EIG" or "the Company") acknowledges its overall responsibility for EIG group of companies' ("EIG Group" or "the Group") system of internal control and its effectiveness and for reviewing its adequacy and integrity. The system of internal control is designed to safeguard shareholders' investment and the Group's assets. By its nature, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records, loss and fraud. It 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 business objectives of the Group.

The Board believes that the Group's system of internal control, financial or otherwise should provide reasonable assurance regarding the achievement of the Group's objectives in:-

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

It is the Board's view that in order to achieve a sound system of internal control, it is important to provide a conducive environment to attain this objective and having in place an on-going process of identifying, evaluating and managing significant risks faced by the Group.

RISK MANAGEMENT

The Malaysian Code on Corporate Governance has made risk management a responsibility of the Board of Directors. Part II of the Best Practices in Corporate Governance states, in relation to risk management, that "the Board should identify principal risks and ensure the implementation of appropriate systems to manage these risks".

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

- is a logical and systematic method of identifying, analysing, assessing, treating and monitoring of 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 minimise losses but also to maximise opportunities.

STATEMENT OF INTERNAL CONTROLS

(cont'd)

RISK MANAGEMENT (cont'd)

The Board regards risk management as an integral part of business operations. The Board undertakes to identify potential risks faced by the Group taking into consideration the following factors:-

- 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 materialising;
- the Group's ability to reduce the risks that may materialise and their impact on the business; and
- the cost of operating particular controls relative to the benefit thereby obtained in managing and the related risks.

The Board's primary objective and direction in managing the Group's principal risks are to enhance the Group's ability to achieve its business objectives. In order to measure the achievement of the business objectives, the Board monitors the Group's performance and profitability at its Board meetings.

SYSTEM OF INTERNAL CONTROL

The current system of internal control in the Group has the following key elements:-

Clear Group vision, mission and strategic direction

The Executive Directors and the senior management team at the Headquarters undertake regular site visits to local and regional operation units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented. This is to ensure that the Group maintains transparent and open channel of communication for effective operation. As part of the Group's communication and information channel, EIG had, during the financial year, instituted internal communiqués to staff and conducted Town Hall meetings led by the Executive Directors to provide a two-way communication with staff for better understanding of the Group's performance and direction.

Board participation

The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the Executive Management team, but also by delegation of authority to the independent board committees such as the Audit, Nomination and Remuneration Committees in specific areas for enhanced internal control and corporate governance. EIG Board retains control over the Group and monitors the EIG Management to ensure that the Group's operations are in accordance with the corporate objectives and strategies through its regular or ad-hoc board meetings. Board meetings are held at least four (4) times a year to discuss operations and any major issues affecting the Group thus ensuring that it maintains full and effective supervision over appropriate controls. The authority of the Directors is required for decisions on key treasury matters including financing of corporate and investment funding requirements, major capital raising exercise, significant investments, insurance and designation of authorised bank signatories.

SYSTEM OF INTERNAL CONTROL (cont'd)

Regular Management Meetings

Through EIG's monthly management meeting, the Executive Directors and Executive Management team together with the respective Country Heads of the local and regional business units review monthly financial and operating reports, monitors the approved annual budget against actual with variance analysis and review matters such as operations, business strategies and human resource development.

The Executive Directors and the Executive Management team are responsible to review and manage the business operations of the Group. In addition, they are also responsible in implementing and overseeing the conduct of the strategic and operations plans which fall within their authority.

These meetings and reports coupled with the 'close to operation' policy employed by the Executive Chairman & Group Chief Executive Officer, Group Executive Director and senior management team present a platform for identification of the Group's risks and systems to manage those risks on an informal basis. The Executive Chairman & Group Chief Executive Officer, Group Executive Director update the Board of any significant matters, which require the latter's attention.

Centralised core support functions

Key support functions, such as inventory management, inventory procurement, production planning, treasury functions, brand management, systems development are centralised at the Head Office in Malaysia.

Organisation Structure

EIG has a clearly defined organisation structure, with clear reporting lines and responsibilities, clear segregation of duties and delegated authority to achieve Group's objectives. The organisation structure is reviewed periodically to ensure it remains aligned to the business objectives and ensure relevance and efficiency in EIG operational requirements. Competent and responsible personnel are engaged to oversee the various departments within the Group for proper accountability and transparency.

Financial Authority Limits

The Group's Limit of Authority assigns authority to the Board and to the appropriate level of Management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time provide check and balance on the amounts and types of commitments that management can undertake on behalf of the Group.

Insurance and Physical Safeguards

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguards against any mishap that will result in material losses to the Group.

STATEMENT OF INTERNAL CONTROLS

(cont'd)

INTERNAL AUDIT AND ASSURANCE

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The Board outsourced its internal audit function to IA Essential Sdn Bhd, an independent consulting firm to assist the Audit Committee in discharging its duties and responsibilities.

The scope of work of internal audit encompasses the examination and evaluation of the adequacy, existence and effectiveness of the system of internal control, risk management framework and corporate governance of the Group, which include, inter alia, the following:-

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating the systems established to ensure compliance with policies, plans, procedures, laws and regulations which could have a significant impact on operations;
- examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- assessing the economy and efficiency with which resources are employed; and
- appraising operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

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.

Any areas for improvement identified during the course of the internal audit review will be brought to the attention of the Audit Committee. The internal auditors are to report to the Audit Committee through their quarterly internal audit reports. Four (4) internal audit reports have been tabled at the Audit Committee meetings held during the financial year. The internal audit reports were also forwarded to the management concerned for attention and necessary actions. The management is responsible for ensuring that a written reply on action plan is sent to the Internal Auditors and corrective actions are taken.

WEAKNESS IN INTERNAL CONTROLS

Management identified minor internal control weaknesses during the year, all of which are being addressed. No major internal control weaknesses were identified nor did any of the reported weaknesses result in material losses or contingencies requiring disclosure in the Group Annual Report. Management continues to take measures to strengthen the control environment.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Crowe Horwath, have reviewed this Statement on Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2011, in compliance with Paragraph 15.23 of the Listing Requirements, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board is of the view that the system of internal controls being instituted throughout the EIG Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for EIG Group's operations and that risks are at an acceptable level throughout the Group's businesses.

Nevertheless, reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard shareholders' investments and EIG Group's assets.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 May 2011.

REPORT OF THE AUDIT COMMITTEE

REPORT OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

MEMBERS

- Dato' Mohd Ismail Bin Che Rus (Chairman), Senior Independent Non-Executive Director
- Ms Felicia Lim Chang Ching, Non Independent Non-Executive Director
- Dr Chu Siew Mun, Independent Non-Executive Director

TERMS OF REFERENCE

Objectives

The principal objectives of the Audit Committee of Esthetics International Group Berhad ("EIG" or "the Company") is to assist the Board of Directors ("the Board") in discharging its statutory duties and responsibilities relating to 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 of exclusively Non-Executive Directors with majority of them 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 Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 of the above, the Company shall fill the vacancy within three (3) months.

The terms of office and performance of the Audit Committee and its members should 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 2011.

Duties

The duties of the Audit Committee include the following:-

- review, with the external auditors, the audit plan, audit report and the assistance given by the Company's officers to the auditors;
- review, with the external auditors, the adequacy of system of internal control;
- review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board, focusing particularly on:-

TERMS OF REFERENCE (cont'd)

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- to review the external auditor's management letter and 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 programmes, processes, results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- review the resignation, dismissal, appointment or reappointment of internal and external auditors of the Group and to consider the nomination of a person or person(s) as auditors and the related fees;
- review any related party transactions and conflict of interest that may arise within the Company or Group;
- to consider the major findings of internal investigations and management's response; and
- consider other topics as defined by the Board.

Authorities

The Audit Committee shall:-

- have authority to investigate any matter within its terms of reference;
- 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 person(s) carrying out the internal audit function or activity;

REPORT OF THE AUDIT COMMITTEE

TERMS OF REFERENCE (cont'd)

- 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 Management, whenever deemed necessary; and
- promptly report to Bursa Malaysia matters which have not been satisfactorily resolved by the Board resulting in the breach of the Listing Requirements.

Meetings

The Audit Committee shall meet at least once every quarter in each financial year 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 the Committee members 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 Committee members and to other members of the Board. The Audit Committee shall convene meeting 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 management team 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.

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function to a professional service firm to assist the Audit Committee in discharging its duties and responsibilities. The total costs incurred for the internal audit function of the Company for the financial year was RM96,000.

The Audit Committee and the Board had on 30 May 2011 approved the in-sourcing of internal audit function of the Group. The rationale for in-sourcing is to allow the EIG Group a dedicated team of internal audit professional to perform the regular audit as well as any ad-hoc audits that may be required. EIG intends to grow its operations beyond its existing market space and it is the opinion of the Board that the internal controls procedures and process be refined and further improved prior to expanding to other markets.

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2011 there were six (6) Audit Committee meetings held and members of the Audit Committee attended all the Audit Committee meetings held with 100% attendance.

ACTIVITIES OF THE AUDIT COMMITTEE

The principal activities undertaken by the Audit Committee during the financial year were summarised as follows:-

Financial Results

- reviewed the quarterly unaudited financial results before recommending for approval of the Board.

External Audit

- reviewed the reappointment of external auditors and their remuneration.
- reviewed the audit plan and scope of the external auditors for the audit for the financial year ended 31 March 2011.
- reviewed the External Auditors' management letter and management response following the conclusion of audit for the financial year ended 31 March 2011.
- reviewed with the Company's management and the external auditors general.

Internal Audit

- reviewed the internal audit reports tabled, audit recommendations made and Management's response to the recommendations.

The Audit Committee has also reviewed the Statement of Internal Control for inclusion in this Annual Report.

This Report of the Audit Committee is dated 30 May 2011.

GROUP FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

RM'000	31.03.2007	31.03.2008	31.03.2009	Restated 31.03.2010	31.03.2011
Revenue	124,660	167,152	183,330	169,991	141,090
Profit/(loss) before tax	18,101	21,175	14,823	3,805	(42,002)
Net profit/(loss)	13,759	15,773	10,644	(152)	(41,149)
Total equity attributable to owners of the Company (RM)	105,476	123,870	131,393	124,143	82,971
Number of shares* ('000)	120,000	132,000	132,000	132,000	132,000
Earnings/(Loss) Per Share (EPS) (Sen)*	11.47	12.22	8.06	(0.50)	(30.68)
Net assets per share attributable to owners of the Company (RM)*	0.88	0.94	1.00	0.94	0.63

NOTES

* Based on ordinary shares of RM0.50 each



EXECUTIVE CHAIRMAN & GROUP CEO REPORT

Dear Valued Shareholders,

The Financial Year Ended (FY) 31 March 2011 was a year of consolidation and rebuilding for Esthetics International Group Berhad (EIG).

In light of the Group's disappointing financial performance in recent years, a strategic change in the leadership of the Group was required and hence my family company, Providence Capital Sdn Bhd, became the largest shareholder in EIG in August 2010 by increasing its shareholding from 10.37% to 31.97%. Following this, there were a number of changes to the Board of Directors including my redesignation from Executive Chairman to Executive Chairman and Group Chief Executive Officer, the appointment of Roderick Chieng Ngee Kai as Group Executive Director, the redesignation of Lim Yee Soon from Group Managing Director to Non-Executive Director and the resignations of Melissa M Chen and Chan Mun Wah from EIG.

As a first priority, the Board and new management team strategically reviewed the Group's product portfolio and business lines and identified the need to refocus on the Group's core brands, since the on-going commitment to too many home and third party brands meant that cash had not been prioritised to grow our core business. Accordingly, from this review, we took a number of steps such as discontinuing the loss-making Lexwel multi-level marketing operations and ceasing the distribution of non-core and third party brands such as Skin Vital, Bioxil, TDF, Eve Taylor, certain beauty equipments and Medklinn.

Following the consolidation exercise, I am pleased to report that EIG Group is now strongly focused on the following business units:



PROFESSIONAL CHANNEL DIVISION

The Professional Channel Division comprises of our Professional Distribution and Corporate Salon business units operating in Malaysia, Singapore, Hong Kong and Southern China and operating through the Group's associated companies in Thailand.

(a) Professional Distribution

The Professional Distribution business unit, which primarily distributes Dermalogica - the number one professional skin care brand in the world, Averine cosmetics and Bioxil Innertreats supplements, accounted for 40% of the Group's revenue in FY2011.

The business unit's performance was 9% lower compared to FY2010 (FY2011 : RM54.7 million; FY2010 : RM59.9 million) mainly due to the consolidation of dealers, where certain dealers involved in the unauthorised sub-distribution of Dermalogica products were terminated in tandem with the requirements of EIG's Distribution Agreement with Dermalogica, Inc. Whilst this resulted in a short term reduction in revenue, management believes that reducing such unauthorised sub-distribution will yield longer term benefits to the Group.



The Group also commenced distribution of Dermalogica products in Southern China in January 2011, starting with Guangzhou. EIG Group is currently growing its presence in Guangzhou by building its dealers network and at a later juncture, intends to operate its first AsterSpring outlet in Southern China, which will be a model for future AsterSpring outlets in Southern China.

I am also pleased to report that during the financial year, Dermalogica, Inc - the brand principal of Dermalogica, who has been very supportive of EIG's new direction, granted EIG Group an early renewal of the exclusive Distributorship Agreements for South East Asia (covering Malaysia, Indonesia, Hong Kong, Singapore, Thailand, Brunei and Philippines) and Southern China covering eight (8) provinces of Guangdong, Fujian, Guangxi, Hainan, Hunan, Jiangxi, Yunnan and Guizhou. The Group is also the authorised and designated supplier of Dermalogica products to Vietnam and Cambodia. The exclusive distributorship for Asia which expires in May 2012 and exclusive distributorship for Southern China which expires in August 2013 have both been extended to 31 December 2015, with the option to renew for a further period of five (5) years.

clinelle™



EXECUTIVE CHAIRMAN & GROUP CEO REPORT

(cont'd)

(b) Corporate Salons

As at 30 June 2011, the Group owns and manages 64 corporate salons and Dermalogica Consultation Pods in Malaysia, Singapore, Hong Kong and Thailand which operate under the trade names of “AsterSpring” and “Leonard Drake” and contributed approximately 50% of the Group’s revenue during the financial year. Going forward, it is our plan to rebrand all “Leonard Drake” outlets to “AsterSpring” and to grow this network of corporate owned outlets to 100 outlets within the next three (3) years.

The business unit’s performance was 17% lower compared to FY2010 (FY2011 : RM70.3 million; FY2010 : RM84.9 million), primarily due to the adoption of a more conservative accounting policy for the recognition of revenue from the sale of membership packages based on the utilisation of the products and services credits, rather than fully recognising the value of the packages at the time of the sale as in previous financial years. This change in accounting policy resulted in the deferment of revenue arising from salon membership sales to RM15.8 million (FY2010 : RM8.4 million). The business unit’s operations in Hong Kong and Singapore were also affected by the changing trends in these countries favouring short term package sales as opposed to extended packages following the sudden closure of a number of other smaller chain spas that had resulted in consumers losing their money.

I am pleased to report that during the financial year the Group opened five (5) new outlets – two (2) in Singapore, two (2) in Hong Kong and one (1) in Thailand. Between the end of FY2011 and 30 June 2011, the Group also opened one (1) new outlet in Hong Kong and one (1) in Singapore. More notably, the Group has opened its first AsterSpring Signature outlet in the new wing (Lot C) of Suria KLCC to replace its previous flagship outlet in Suria KLCC. The signature outlet is intended to offer our customers a premium experience in skin care treatment.

CONSUMER CARE PRODUCTS DIVISION

The Consumer Care Products Division, which now focuses solely on the production and distribution of Clinelle range of skin care products to pharmacies and high traffic outlets throughout Malaysia, Singapore, Hong Kong and Southern China such as Guardian, Watsons, Caring, SaSa, Robinsons, NTUC Fair Price and independently owned pharmacies, accounted for approximately 10% of the Group’s revenue. The business unit’s performance was 33% lower compared to FY2010 (FY2011 : RM14.0 million; FY2010 : RM20.9 million).

As mentioned above, the large brand offerings previously under the stable of the division resulted in resources being stretched and unfocused. As such, during the financial year, apart from the discontinuation of non-core and third party brands, we also resolved to cease distribution of Clinelle to Philippines and Shanghai and to instead focus our resources on rebuilding our operations in Malaysia, Singapore, Hong Kong, where the Group already has active presence. The division also invested resources on re-building its network of distribution chains and reassessed the product offerings under Clinelle – a brand owned by the Group but developed and manufactured in France. In the current financial year, the Group will continue to focus on product development and marketing activities to build the brand of Clinelle and drive sales growth.

FINANCIAL PERFORMANCE

On a consolidated basis, the Group recorded revenue of RM141.1 million for the financial year, a decrease of RM28.9 million from RM170.0 million or 17.0% against FY2010. The decline in revenue was largely due to cessation of distribution of non-core and third party brands and the discontinuation of Lexwel multi-level marketing operations as mentioned above.



FINANCIAL PERFORMANCE (cont'd)

The Group registered a loss after tax of RM41.1 million for the financial year (FY2010 : loss after tax of RM0.2 million). This included non-cash provisions arising from the discontinuation of Lexwel's multi-level marketing operations (RM5.7 million), cessation of the distribution of non-core and third party brands (RM7.1 million), and stock and fixed assets obsolescence (RM10.5 million). The result for the financial year was also affected by provision to make good or reinstate renovation in respect of AsterSpring outlets in Malaysia (RM1.5 million) and higher advertising and promotion expenses, which have largely been incurred to grow and maintain the competitiveness of Clinelle.

Notwithstanding the losses reported, the Group reported a net cash position of RM5.5 million as at 31 March 2011, with a low gearing ratio of 0.07 times.

The Board of Directors has not recommended any dividend payment for financial year ended 31 March 2011 to prioritise cash for the Group's operations and growth.

MOVING FORWARD

Whilst the outlook for the skin care industry remains optimistic, the Group will continue to adopt focused and prudent strategies to consolidate the existing business operations and resources and expand the geographic coverage of the Group to improve profitability.

One of the Group's main growth strategies is the continuous expansion of professional distribution channel by opening more new dealer accounts and corporate owned salons in the countries in which the Group presently operates, namely Malaysia, Singapore, Hong Kong, Southern China and Thailand. Further, we believe that the potential market for Indonesia and Philippines with its growing numbers of affluent population and economic growth, remain relatively untapped by EIG. Barring any unforeseen circumstances and adverse change in market conditions, we intend to commence building the Group's presence in Indonesia and Philippines.

EXECUTIVE CHAIRMAN & GROUP CEO REPORT

(cont'd)

RIGHTS ISSUE

On 30 May 2011, HwangDBS Investment Bank Bhd announced on behalf of the Board that EIG Group proposes to undertake a renounceable rights issue of 52,800,000 Rights Shares together with 52,800,000 free Warrants on the basis of two (2) Rights Shares and two (2) free Warrants for every five (5) existing shares held in EIG.

I trust that you have received the Circular to shareholders in relation to the proposed rights issue, and refer you to the Circular for further information on the proposals.

APPRECIATION

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

To the management team and each of our 830 employees, my utmost consideration for their untiring efforts at supporting and implementing our strategies. I have no doubt that their enthusiasm and passion will drive this Group towards excellence.

I would also like to acknowledge our valued shareholders who have been with us through the trying times. We hope for your continued confidence and support throughout the years ahead.

Last but not least, on behalf of the management team, I would like to express my appreciation to my fellow directors for their support throughout the financial year under review.

Yours truly,

Eddy Chieng Ing Huong

Executive Chairman and Group Chief Executive Officer

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The Articles of Association of the Company are proposed to be amended in the following manner to render consistency throughout, and to incorporate relevant provisions of the Listing Requirements and other relevant regulatory and statutory requirements. The existing provisions of the Articles of Association of the Company referred to and more particularly set out in the first and second columns the table below be and are hereby (i) deleted or (ii) amended, modified or varied, as the case may be, as more particularly specified or set out in the third column of the table below.

(1) Article No.	(2) Existing Provisions	(3) Amended Provisions
2	<p>“Central Depository” means the <u>Malaysian Central Depository Sdn Bhd</u></p> <p>“Exchange” means the <u>Malaysia Securities Exchange Berhad</u></p> <p>“Listing Requirements” means the <u>Listing Requirements of the Exchange as it may be modified or amended from time to time</u></p> <p>“Market Day” means <u>any day between Monday and Friday which is not a market holiday of the Exchange or a public holiday.</u></p> <p>“Security” means security as defined in Section 2 of the Central Depositories Act or any modification, amendment or re-enactment thereof for the time being in force.</p>	<p>means the Bursa Malaysia Depository Sdn Bhd, or such other successor in title</p> <p>means Bursa Malaysia Securities Berhad, or such other successor in title</p> <p>means The Exchange Main Market Listing Requirements including any amendment to the Listing Requirements that may be made from time to time</p> <p>means a day on which the stock market of the Exchange is open for trading in securities.</p> <p>“Security(ies)” shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007 including any amendment to the Listing Requirements that may be made from time to time</p>
3.7	the Company must allot and issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within fifteen (15) Market Days of the final applications closing date for an issue of Securities or such other periods as may be prescribed by the Exchange.	the Company must allot and issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within such period as may be prescribed or allowed by the Exchange from time to time.
4.1	the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;	Deleted
	4.2 - 4.4	to be renumbered 4.1 - 4.3 accordingly

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

(cont'd)

Article

No. Existing Provisions

Amended Provisions

- 40A (1) Where:-
- (a) the Securities of the Company are listed on an Approved Market Place; and
 - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,
- the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such Securities.
- (2) For the avoidance of doubt, if the Company fulfils the requirements of sub-Articles (1)(a) and (b) of Article 40A above, the Company shall not allow any transmission of Securities from the Malaysian Register into the Foreign Register.

- (1) Where:-
- (a) the Securities of the Company are listed on an Approved Market Place; and
 - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,
- the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place, to the register of holders maintained by the registrar of the Company in Malaysia **and vice versa** provided that there shall be no change in the ownership of such Securities.

Deleted

- 53 The notices convening meetings shall be given to all members (other than those who are not entitled to receive notice of general meetings of the Company under the provisions of these Articles or the terms of issue of the shares held by them) and to the auditors for the time being of the Company at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of the meeting and, in the case of special business shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

The notices convening meetings shall be given to all members (other than those who are not entitled to receive notice of general meetings of the Company under the provisions of these Articles or the terms of issue of the shares held by them) and to the auditors for the time being of the Company at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of the meeting and, in the case of special business shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

(cont'd)

Article No.	Existing Provisions	Amended Provisions
53	At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall also be given by advertisement in <u>the daily press</u> and in writing to <u>the Exchange</u> .	At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall also be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.
54	The Company shall request the Central Depository in accordance with the Rule, to issue a Record of depositors to whom notices of general meetings shall be given by the Company. The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors <u>as at a date</u> not less than 3 Market Days before the general meeting (hereinafter referred to as "the General Meeting record of Depositors"). Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting record of Depositors.	The Company shall request the Central Depository in accordance with the Rule, to issue a Record of depositors to whom notices of general meetings shall be given by the Company. The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than 3 Market Days before the general meeting (hereinafter referred to as "the General Meeting record of Depositors"). Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting record of Depositors.
125	A resolution in writing signed or approved by letter, telegram, telex or telefax by majority of the Directors for the time being entitled to receive notice of a meeting of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate, or if a Director shall abstain from voting in respect of any contract or proposed contract or arrangement in which he is interested, the said Director shall not be required to sign on such resolution in writing, in which event, a resolution in writing signed by majority of all other Directors not prohibited to vote by virtue of Article 115 shall be as effective as a resolution passed at a meeting of the Directors duly convened and held. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book.	A resolution in writing signed or approved by letter, telegram, telex, telefax or email by majority of the Directors for the time being entitled to receive notice of a meeting of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate, or if a Director shall abstain from voting in respect of any contract or proposed contract or arrangement in which he is interested, the said Director shall not be required to sign on such resolution in writing, in which event, a resolution in writing signed by majority of all other Directors not prohibited to vote by virtue of Article 115 shall be as effective as a resolution passed at a meeting of the Directors duly convened and held. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book.

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

(cont'd)

Article

No. Existing Provisions

Amended Provisions

- | Article No. | Existing Provisions | Amended Provisions |
|-------------|--|--|
| 125 | <p>Any such resolution in writing may consist of several documents in like form, each signed by one or more Directors or their alternates and sent to the Secretary by telefax transmission, provided that in such a case the signatory or signatories shall have confirmed to the Secretary by telephone, that the signature or signatures thereon are genuine</p> | <p>Any such resolution in writing may consist of several documents in like form, each signed by one or more Directors or their alternates and sent to the Secretary. Any such resolution in writing may be sent to the Secretary by telefax transmission or email, provided that in such a case the signatory or signatories shall have confirmed to the Secretary by telephone, that the signature or signatures thereon are genuine.</p> |
| 153 | <p>The Directors shall from time to time in accordance with Section 169 of the Act and the Listing Requirements, cause to be prepared and laid before the Company in general meeting such financial statements and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors' and auditors' reports relating to it shall not exceed 4 months. A copy of each such documents shall not less than 21 days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange and <u>Securities Commission</u> shall at the same time be likewise sent to the Exchange and <u>Securities Commission</u> provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.</p> | <p>The Directors shall from time to time in accordance with Section 169 of the Act and the Listing Requirements, cause to be prepared and laid before the Company in general meeting such financial statements and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors' and auditors' reports relating to it shall not exceed 4 months. A copy of each such documents, in printed form or in CD-ROM form or in such other form of electronic media or any combination thereof, shall not less than 21 days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange and each stock exchange upon which the Company is listed shall at the same time be likewise sent to the Exchange and each stock exchange upon which the Company is listed provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.</p> |
| 163 | <p>A notice or other document may also be served by the Company or the Secretary on any Director by transmitting it by telefax or by telex with confirmed telex answerback (with postage prepaid air mail confirmation) to such Director at the telex number of such Director appearing in the register of Directors or specified by such Director to the Company or the Secretary as such Director's telex number for the time being in the case of telex messages and at the telefax number appearing in the register of Directors or specified by such Director to the Company or the Secretary as such Director's telefax number for the time being in the case of telefax messages.</p> | <p>A notice or other document may also be served by the Company or the Secretary on any Director by transmitting it by telefax or by telex with confirmed telex answerback (with postage prepaid air mail confirmation) or by email to such Director at the telex number of such Director appearing in the register of Directors or specified by such Director to the Company or the Secretary as such Director's telex number for the time being in the case of telex messages and at the telefax number appearing in the register of Directors or specified by such Director to the Company or the Secretary as such Director's telefax number for the time being in the case of telefax messages and at the email address appearing in the register of Directors or specified by such Director to the Company or the Secretary as such Director's email address for the time being in the case of email messages.</p> |



FINANCIAL STATEMENT

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DIRECTORS' REPORT

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2011.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the year.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year	(41,149)	4,859
Attributable to:-		
Owners of the Company	(40,492)	4,859
Minority Interests	(657)	-
(Loss)/Profit for the year	(41,149)	4,859

Reserves and provisions

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

Dividends

Since the end of the previous year, the Company paid the following dividends in the current financial year:-

- i) an interim dividend of 1 sen less 25% tax amounting to RM990,000 for the financial year ended 31 March 2010 on 30 April 2010; and
- ii) a final dividend of 0.5 sen less 25% tax amounting to RM495,000 for the financial year ended 31 March 2010 on 15 October 2010.

The Board of Directors do not recommend the payment of any dividend for the current year.

Directors of the Company

Directors who served since the date of the last report are:

Chieng Ing Huong
Lim Yee Soon
Lim Chang Ching
Dr Chu Siew Mun
Dato' Mohd Ismail bin Che Rus
Roderick Chieng Ngee Kai (Appointed on 3.9.2010)
Melissa M Chen (Resigned on 3.9.2010)
Chan Mun Wah (Resigned on 3.9.2010)

Directors' interests

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

	Number of ordinary shares of RM0.50 each			At 31.3.2011
	At 1.4.2010	Bought	Sold	
Interest in the Company				
Direct interests:				
Lim Yee Soon	32,557,500	-	-	32,557,500
Indirect/Deemed interests:				
Chieng Ing Huong *	13,690,300	28,508,200	-	42,198,500
Lim Chang Ching **	6,432,000	16,908,200	-	23,340,200
Roderick Chieng Ngee Kai ***	13,690,300	28,508,200	-	42,198,500

* Deemed interest by virtue of deemed interests of his sons through their shareholdings in Providence Capital Sdn. Bhd. pursuant to Section 6A(4)(a) of the Companies Act, 1965

** Deemed interest by virtue of her interest in Gambir Capital Sdn. Bhd. pursuant to Section 6A(4)(c) of the Companies Act, 1965

*** Deemed interest by virtue of his interest in Providence Capital Sdn. Bhd. pursuant to Section 6A(4)(c) of the Companies Act, 1965

By virtue of their deemed interests in the shares of the Company, Chieng Ing Huong and Roderick Chieng Ngee Kai, Lim Chang Ching and Lim Yee Soon are also deemed interested in the shares of the subsidiaries during the year to the extent that the Company has an interest.

The other Directors holding office at 31 March 2011 did not have any interest in the ordinary shares of the Company and of its related corporations during the year.

Since the end of the previous year, no Director of the Company has received nor 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 Group, the Company and of related companies) 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 as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the 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.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the year.

Options granted over unissued shares

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

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts had been written off and adequate allowance for impairment losses on receivables had been made, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render it necessary to further write off any bad debts, or the additional allowance for impairment losses on receivables, or
- ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements 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, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

The contingent liability is disclosed in Note 24 to the financial statements. At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the year ended 31 March 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that year and the date of this report other than the effects arising from the change in accounting policies as disclosed in Note 1(a) and significant amount of inventories written off due to discontinued brand and cessation of business operations as disclosed in Note 17 to the financial statements.

Significant events

The significant events during the year are disclosed in Note 28 to the financial statements.

Subsequent events

The subsequent events after the year are disclosed in Note 29 to the financial statements.

Auditors

The auditors, Messrs. Crowe Horwath, have indicated their willingness to accept re-appointment.

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

Chieng Ing Huong

Roderick Chieng Ngee Kai

Shah Alam,
Date: 15 June 2011

STATEMENT BY DIRECTORS

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 52 to 126 are drawn up in accordance with the provisions of the Companies Act, 1965 and approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2011 and of the results of their operations and cash flows for the year ended on that date.

The supplementary information set out in Note 32, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

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

Chieng Ing Huong

Roderick Chieng Ngee Kai

Shah Alam,
Date: 15 June 2011

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Chieng Ing Huong, the Director primarily responsible for the financial management of Esthetics International Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 126 are, to the best of my knowledge and belief, 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 in Petaling Jaya on 15 June 2011.

Chieng Ing Huong

Before me:

Soong Foong Chee
Commissioner For Oaths
Petaling Jaya

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the financial statements of Esthetics International Group Berhad, which comprise the statements of financial position at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 126.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 32 on page 127 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 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Date: 15 June 2011
Kuala Lumpur

Onn Kien Hoe
Approval No: 1772/11/12 (J/PH)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2011

			Group Restated	Restated	Company	
	Note	31.3.2011 RM'000	31.3.2010 RM'000	1.4.2009 RM'000	31.3.2011 RM'000	31.3.2010 RM'000
Assets						
Property, plant and equipment	3	41,238	50,966	51,646	-	-
Intangible assets	4	7,883	7,908	3,767	-	-
Investment properties	6	1,705	1,705	1,679	-	-
Investments in subsidiaries	7	-	-	-	77,445	16,819
Investments in associates	8	1,360	2,501	2,549	-	-
Deferred tax assets	9	1,718	1,455	1,271	-	-
Receivables	10	-	-	-	-	59,308
Total non-current assets		53,904	64,535	60,912	77,445	76,127
Inventories	11	28,097	39,787	43,500	-	-
Receivables, deposits and prepayments	10	28,698	43,971	44,052	22	22
Tax recoverable		3,362	296	524	2,055	-
Cash and cash equivalents	12	11,380	11,262	12,175	115	110
Total current assets		71,537	95,316	100,251	2,192	132
Total assets		125,441	159,851	161,163	79,637	76,259
Equity						
Share capital	13	66,000	66,000	66,000	66,000	66,000
Reserves		5,944	6,129	7,372	6,097	6,097
Retained earnings		11,027	52,014	55,145	5,442	1,078
Total equity attributable to owners of the Company		82,971	124,143	128,517	77,539	73,175
Minority Interests		3,907	4,564	-	-	-
Total equity		86,878	128,707	128,517	77,539	73,175

STATEMENTS OF FINANCIAL POSITION

(cont'd)

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2011 (cont'd)

	Note	31.3.2011 RM'000	Group Restated 31.3.2010 RM'000	Restated 1.4.2009 RM'000	Company 31.3.2011 RM'000	31.3.2010 RM'000
Liabilities						
Borrowings	14	-	32	60	-	-
Deferred tax liabilities	9	572	325	1,432	-	-
Total non-current liabilities		572	357	1,492	-	-
Deferred revenue		15,770	8,360	9,502	-	-
Payables and accruals	15	16,341	20,014	19,836	2,098	3,079
Borrowings	14	5,841	26	26	-	-
Taxation		39	2,387	1,790	-	5
Total current liabilities		37,991	30,787	31,154	2,098	3,084
Total liabilities		38,563	31,144	32,646	2,098	3,084
Total equity and liabilities		125,441	159,851	161,163	79,637	76,259

The notes on pages 61 to 126 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	Group		Company	
		2011 RM'000	Restated 2010 RM'000	2011 RM'000	2010 RM'000
Revenue	16	141,090	169,991	8,200	22,580
Cost of sales/services		(67,064)	(75,983)	-	-
Gross profit		74,026	94,008	8,200	22,580
Other income		839	2,009	-	-
Distribution expenses		(26,600)	(24,229)	-	-
Administrative expenses		(58,680)	(57,579)	(988)	(651)
Other expenses		(30,315)	(10,477)	(2,501)	(13,704)
Results from operating activities		(40,730)	3,732	4,711	8,225
Interest income		220	148	148	81
Finance costs		(351)	(14)	-	-
Operating (loss)/profit	17	(40,861)	3,866	4,859	8,306
Share of loss after tax of equity accounted associates		(1,141)	(61)	-	-
(Loss)/Profit before tax		(42,002)	3,805	4,859	8,306
Tax expense	18	853	(3,957)	-	(5,641)
(Loss)/Profit for the year		(41,149)	(152)	4,859	2,665
Other comprehensive expense					
Foreign currency translation		(185)	(1,243)	-	-
Total comprehensive (expenses)/income		(41,334)	(1,395)	4,859	2,665

STATEMENTS OF COMPREHENSIVE INCOME

(cont'd)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (cont'd)

	Note	Group		Company	
		2011 RM'000	Restated 2010 RM'000	2011 RM'000	2010 RM'000
(Loss)/Profit for the year attributable to:					
Owners of the Company		(40,492)	(656)	4,859	2,665
Minority Interests		(657)	504	-	-
		(41,149)	(152)	4,859	2,665
Total comprehensive (expenses)/ income attributable to:					
Owners of the Company		(40,677)	(1,899)	4,859	2,665
Minority Interests		(657)	504	-	-
		(41,334)	(1,395)	4,859	2,665
Earnings per ordinary share (sen):					
- basic	19	(30.68)	(0.50)		
- diluted	19	N/A	N/A		

The notes on pages 61 to 126 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

Group	Note	← Non-distributable →			Distributable Retained Earnings	Attributable To Owners Of The Company	Minority Interests	Total Equity
		Share Capital	Share Premium	Translation Reserve				
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2009								
- As previously reported		66,000	6,097	1,275	58,021	131,393	-	131,393
- Effect on prior year adjustment	31	-	-	-	(2,876)	(2,876)	-	(2,876)
- As restated		66,000	6,097	1,275	55,145	128,517	-	128,517
Shares subscribed by minority interests		-	-	-	-	-	4,060	4,060
Exchange differences on translation of the financial statements of foreign entities		-	-	(1,243)	-	(1,243)	-	(1,243)
Net loss for the year		-	-	-	(656)	(656)	504	(152)
Total comprehensive (expenses)/income for the year		-	-	(1,243)	(656)	(1,899)	504	(1,395)
Dividends	20	-	-	-	(2,475)	(2,475)	-	(2,475)
At 31 March/ 1 April 2010								
Exchange differences on translation of the financial statements of foreign entities		-	-	(185)	-	(185)	-	(185)
Net loss for the year		-	-	-	(40,492)	(40,492)	(657)	(41,149)
Total comprehensive expenses for the year		-	-	(185)	(40,492)	(40,677)	(657)	(41,334)
Dividend	20	-	-	-	(495)	(495)	-	(495)
At 31 March 2011		66,000	6,097	(153)	11,027	82,971	3,907	86,878

STATEMENTS OF CHANGES IN EQUITY

(cont'd)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011 (cont'd)

Company	Note	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000
At 1 April 2009		66,000	6,097	888	72,985
Dividends	20	-	-	(2,475)	(2,475)
Total comprehensive income for the year		-	-	2,665	2,665
At 31 March/1 April 2010		66,000	6,097	1,078	73,175
Dividend	20	-	-	(495)	(495)
Total comprehensive income for the year		-	-	4,859	4,859
At 31 March 2011		66,000	6,097	5,442	77,539

The notes on pages 61 to 126 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Group		Company	
	2011 RM'000	Restated 2010 RM'000	2011 RM'000	2010 RM'000
Cash flows generated from operating activities				
(Loss)/Profit before tax	(42,002)	3,805	4,859	8,306
Adjustments for:				
Amortisation of development cost	25	25	-	-
Bad debts written off	1,336	77	-	-
Impairment loss on receivables	921	-	-	-
Depreciation of property, plant and equipment	10,787	8,703	-	-
Finance costs	351	14	-	-
Inventories written off	15,555	3,274	-	-
Impairment loss on investment in a subsidiary	-	-	2,501	13,704
Property, plant and equipment written off	4,382	367	-	-
Dividend income	-	-	(8,200)	(22,580)
Gain on disposal of property, plant and equipment	(452)	(163)	-	-
Gain on liquidation of a subsidiary	(302)	-	-	-
Interest income	(220)	(148)	(148)	(81)
Share of loss of equity accounted associates	1,141	61	-	-
Unrealised foreign exchange loss	1,114	2,027	-	-
Operating (loss)/profit before changes in working capital	(7,364)	18,042	(988)	(651)
Changes in working capital				
Inventories	(3,745)	(287)	-	-
Receivables	9,945	(296)	1,081	7,067
Payables	(433)	(230)	9	1,980
Deferred revenue	7,410	(1,142)	-	-
Cash generated from operating activities	5,822	16,087	102	8,396
Balance carried forward	5,822	16,087	102	8,396

STATEMENTS OF CASH FLOWS

(cont'd)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011 (cont'd)

	Note	Group		Company	
		2011 RM'000	Restated 2010 RM'000	2011 RM'000	2010 RM'000
Cash flows generated from operating activities					
Balance brought forward		5,822	16,087	102	8,396
Interest received		220	148	148	81
Tax paid		(4,577)	(4,423)	(2,060)	(5,599)
Net cash generated from/(used in) operating activities		1,465	11,812	(1,810)	2,878
Cash flows (used in)/generated from investing activities					
Acquisition of property, plant and equipment		(5,766)	(7,976)	-	-
Acquisition of investment properties		-	(26)	-	-
Acquisition of subsidiaries, net of cash acquired	26	-	(1,855)	-	-
Acquisition of intangible assets		-	(300)	-	-
Liquidation of a subsidiary, net of cash	26	(96)	-	-	-
Dividend received		-	-	8,200	22,580
Investment in associates		-	(13)	-	-
Increase in investments in subsidiaries		-	-	(4,900)	(22,404)
Proceeds from disposal of property, plant and equipment		624	232	-	-
Cash flows (used in)/generated from investing activities		(5,238)	(9,938)	3,300	176

STATEMENTS OF CASH FLOWS

(cont'd)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011 (cont'd)

	Note	Group		Company	
		2011 RM'000	Restated 2010 RM'000	2011 RM'000	2010 RM'000
Cash flows generated from/(used in) financing activities					
Contribution from minority interests		-	60	-	-
Drawdown of revolving credits		5,300	-	-	-
Dividends paid to shareholders of the Company		(1,485)	(2,970)	(1,485)	(2,970)
Repayment of borrowings		(58)	(28)	-	-
Interest paid		(351)	(14)	-	-
Net cash generated from/(used in) financing activities					
		3,406	(2,952)	(1,485)	(2,970)
Net (decrease)/increase in cash and cash equivalents		(367)	(1,078)	5	84
Effect of exchange rate fluctuations on cash held		(56)	165	-	-
Cash and cash equivalents at beginning of the year		11,262	12,175	110	26
Cash and cash equivalents at end of the year	12	10,839	11,262	115	110

The notes on pages 61 to 126 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Esthetics International Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is 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 year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 March 2011 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 7 to the financial statements.

The financial statements were approved by the Board of Directors on 15 June 2011.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

1. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards (“FRS”) and the Companies Act 1965 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

1. BASIS OF PREPARATION (cont'd)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

- (i) The FRS 7 requires additional disclosures about the Group's financial instruments. Prior to 1 April 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

- (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification in items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 27(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

1. BASIS OF PREPARATION (cont'd)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following (cont'd):-

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of the financial statements.

However, the adoption did not have any material impact to the financial statements for the current financial year.

(iv) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 24 to the financial statements.

(v) The Group has adopted the amendments made to FRS 117 - Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

1. BASIS OF PREPARATION (cont'd)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1(Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combination	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

1. BASIS OF PREPARATION (cont'd)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group of the current financial year but may impact the accounting of its future transactions or arrangements.

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

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.

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

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises 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) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(v) Impairment of Trade and Other Receivables

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.

(vi) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(vii) Classification between Investment Properties and Owner-Occupied Properties

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.

(viii) Impairment of Goodwill

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)

(ix) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) 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.

The principal exchange rates for every unit of foreign currency ruling at the end of the reporting period used were as follows:

	2011 RM	2010 RM
Australian Dollar	3.1200	2.9943
Chinese Renminbi	0.4617	0.4795
Hong Kong Dollar	38.900	42.1564
Indonesian Rupiah	0.0347	0.0359
Singapore Dollar	2.4000	2.3354
Thai Baht	9.999	10.1112
United States Dollar	3.0260	3.2730

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iii) 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 exchange rates ruling at 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.

(d) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, 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 right to receive payment is established.

As at the end of the reporting period, there were no financial assets classified under this category.

- *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.

As at the end of the reporting period, there were no financial assets classified under this category.

- *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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *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 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.

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

All financial liabilities are initially 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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) 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.

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 an arm's length transaction 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 comprehensive income.

In the previous financial year, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 - Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

(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 the statements of comprehensive income as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iii) Depreciation

Depreciation is recognised in the statements of comprehensive income 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 years
Motor vehicles	5 years
Office equipment and fittings	5 - 10 years
Tools and equipment	6 - 7 years
Renovation	3 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.

During the financial year, the Group changed the depreciation rate for the following asset:-

Renovation	From 5 years to 3 years
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The change in the depreciation rate arose from a review of the useful lives of the asset concerned. The effect of the change in the depreciation rate resulted in an increase in the loss before taxation of the Group by RM2,120,000 for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) 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.

(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 the statements of comprehensive income 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.

(g) Intangible assets

(i) Goodwill

Goodwill arises from business combinations and is measured at cost less any accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the statements of comprehensive income.

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.

Goodwill is tested for impairment annually and whenever there is an indication that they may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) 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. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the statements of comprehensive income.

(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 in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 6 to the financial statements.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for impairment losses.

Receivables are not held for the purpose of trading.

(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.

Raw materials and consumables are stated at the lower of cost and net realisable value determined on the weighted average cost method. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 of assets

(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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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.

With the exception of available-for-sale equity instruments, 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. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which FRS 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 to sell 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of assets (cont'd)

(ii) *Impairment of Non-Financial Assets (cont'd)*

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 the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statements of comprehensive income 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(q) **Payables**

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(r) **Revenue recognition**

(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 the statements of comprehensive income 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 the statements of comprehensive income 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.

(s) **Deferred revenue**

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Interest income and borrowing costs

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

All borrowing costs are recognised in the profit or loss using the effective interest method, in the period in which they are incurred.

(u) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the statements of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statements of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(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 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Related parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	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
Cost								
As previously reported at 1 April 2009		11,053	16,809	5,529	16,240	18,649	16,426	84,706
Effect of FRS 117	5	-	937	-	-	-	-	937
As restated at 1 April 2009		11,053	17,746	5,529	16,240	18,649	16,426	85,643
Acquisition through business combination	26	-	-	-	8	486	-	494
Additions		-	1,368	6	1,187	1,293	4,122	7,976
Disposals		-	-	(364)	(46)	(47)	(40)	(497)
Write-offs		-	-	-	(12)	(65)	(870)	(947)
Transfers		-	-	-	-	164	-	164
Effect of movements in exchange rates		-	-	(6)	(145)	(184)	(352)	(687)
As restated at 31 March/ 1 April 2010		11,053	19,114	5,165	17,232	20,296	19,286	92,146
Additions		-	6	6	850	976	3,928	5,766
Disposals		-	-	(2,403)	(657)	(14)	(682)	(3,756)
Write-offs		-	-	(352)	(1,058)	(1,788)	(4,544)	(7,742)
Transfers		-	-	-	-	(164)	-	(164)
Effect of movements in exchange rates		-	-	6	(417)	48	(81)	(444)
At 31 March 2011		11,053	19,120	2,422	15,950	19,354	17,907	85,806

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Note	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
Accumulated depreciation								
As previously reported at 1 April 2009		-	870	4,312	9,955	10,064	8,750	33,951
Effect of FRS 117	5	-	46	-	-	-	-	46
As restated at 1 April 2009		-	916	4,312	9,955	10,064	8,750	33,997
Acquisition through business combination	26	-	-	-	-	31	-	31
Charge for the year - restated		-	384	537	2,512	2,430	2,840	8,703
Disposals		-	-	(349)	(41)	(28)	(10)	(428)
Write-offs		-	-	-	(20)	(4)	(556)	(580)
Effect of movements in exchange rates		-	-	(6)	(119)	(153)	(265)	(543)
As restated at 31 March/ 1 April 2010		-	1,300	4,494	12,287	12,340	10,759	41,180
Charge for the year		-	382	342	2,447	2,436	5,180	10,787
Disposals		-	-	(2,389)	(544)	(3)	(648)	(3,584)
Write-offs		-	-	(238)	(688)	(692)	(1,742)	(3,360)
Transfers		-	-	-	-	(44)	-	(44)
Effect of movements in exchange rates		-	-	5	(396)	16	(36)	(411)
At 31 March 2011		-	1,682	2,214	13,106	14,053	13,513	44,568
Carrying amounts								
Restated at 1 April 2009		11,053	16,830	1,217	6,285	8,585	7,676	51,646
Restated at 31 March/ 1 April 2010		11,053	17,814	671	4,945	7,956	8,527	50,966
At 31 March 2011		11,053	17,438	208	2,844	5,301	4,394	41,238

Included in property, plant and equipment of the Group were motor vehicles acquired by a subsidiary under hire purchase arrangements with a net book value of RM Nil (2010: RM7,320).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Development cost RM'000	Trademark RM'000	Total RM'000
Cost					
At 1 April 2009		3,568	248	-	3,816
Arising from business combination	26	3,856	-	10	3,866
Addition for the year		-	300	-	300
At 31 March 2010/ 1 April 2010/ 31 March 2011		7,424	548	10	7,982
Amortisation					
At 1 April 2009		-	49	*	49
Amortisation for the year		-	25	*	25
At 31 March/1 April 2010		-	74	-	74
Amortisation for the year		-	25	*	25
At 31 March 2011		-	99	*	99
Carrying amounts					
At 1 April 2009		3,568	199	-	3,767
At 31 March/1 April 2010		7,424	474	10	7,908
At 31 March 2011		7,424	449	10	7,883

Note:

* - Amount below RM1,000

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 statements of 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 operating 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:

	RM'000
Singapore product distribution	992
Singapore professional services and sales	1,704
Hong Kong professional services and sales	781
Information communication technology	91
Development and distribution of air and water related products	3,856
	7,424

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 five-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.
- 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.
- Statutory income tax rates - the rate for Singapore and Hong Kong are 17% and 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.
- Year ending March 2012 budget was used as a base and an incremental revenue growth of 10% year-on-year subsequent to year 2012 has been projected.
- Discount rate of 5% was applied on the projected cash flows in determining the recoverable amounts of the Units.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. PREPAID LAND LEASE PAYMENTS

	Note	Group RM'000
Cost/Valuation		
As previously reported at 1 April 2010		937
Effects of FRS 117	3	(937)
As restated		-
Amortisation		
As previously reported at 1 April 2010		64
Effects of FRS 117	3	(64)
As restated		-
Carrying amounts		
Restated at 1 April 2010		-

The Group has adopted the amendments made to FRS 117 – Leases during the year. The Group has reassessed and determined that the prepaid land lease payments of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

6. INVESTMENT PROPERTIES

	2011 RM'000	Group 2010 RM'000
Fair value:		
At 1 April 2010/2009	1,705	1,679
Addition during the year	-	26
At 31 March	1,705	1,705

The Directors estimated the fair values of the Group's investment properties.

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.

7. INVESTMENTS IN SUBSIDIARIES

	Note	2011 RM'000	Company 2010 RM'000
At cost:			
Unquoted shares		30,723	8,319
Add: Increase in investments		4,900	22,404
		35,623	30,723
Less: Accumulated impairment losses			
At 1 April		(13,904)	-
Addition during the year		(2,501)	(13,904)
At 31 March		(16,405)	(13,904)
Quasi loan	a	58,227	-
		77,445	16,819

Note 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2011 %	2010 %
Dermal Esthetica Sdn. Bhd.	Malaysia	Importing and distributing of skin care products and beauty equipment	100	100
Leonard Drake (M) Sdn. Bhd.	Malaysia	Operating of skin care centers, providing skin care services and retailing of skin care products	100	100
AsterSpring International Sdn. Bhd	Malaysia	Operating of skin care centers, providing skin care services and retailing of skin care products	100	100
Lexwel International Sdn. Bhd. (In Creditors' Voluntary Liquidation)	Malaysia	Direct selling of personal health care and skin care products	-	100
EIG Pharma Asia Sdn. Bhd.	Malaysia	Trading of fast moving consumer goods	100	100
Esthetics Concept Sdn. Bhd.	Malaysia	Retailing of skincare & 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
Klientec International Sdn. Bhd.	Malaysia	Information communication technology	100	100
Klientec Biz-Solution Sdn. Bhd.	Malaysia	Information technology consultancy and software development	80	80
Averine (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2011 %	2010 %
Head To Toe Skin Care Centre (KL) Sdn. Bhd.	Malaysia	Dormant	100	100
Leonard Drake Fitness (M) Sdn.Bhd.	Malaysia	Dormant	100	100
Airellis International Sdn. Bhd.	Malaysia	Dormant	100	100
EIG Medklinn Sdn. Bhd.*	Malaysia	Investment holding	50	50
EIG Medklinn Manufacturing Sdn. Bhd.* #	Malaysia	Manufacturing and trading of health, wellness products	50	-
Medklinn International Sdn. Bhd. * #	Malaysia	Development and distribution of air and water related products	50	50
EIG (Thailand) Co. Ltd.*	Thailand	Investment holding	100	100
EIG Global (HK) Ltd.*	Hong Kong	Distribution of skin care and wellness products	100	100
EIG Global (China) Co. Ltd.*	China	Distribution of skin care and wellness products	100	100
Leonard Drake (HK) Ltd.*	Hong Kong	Operating of skin care centers, providing skin care services and retailing of skin care products	100	100
Lexwel International Pte. Ltd.*	Hong Kong	Dormant	100	100
EIG Global Pte. Ltd.*	Singapore	Investment holding	100	100
Lexwel International (S) Pte. Ltd.*	Singapore	Direct selling of personal health care and skin care products	100	100
Leonard Drake (S) Pte. Ltd.*	Singapore	Operating of skin care centers, providing skin care services and retailing of skin care products	100	100

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2011 %	2010 %
Ina Gail Pte. Ltd.*	Singapore	Distribution of skin care and wellness products	100	100
Oxion Pte. Ltd.* #	Singapore	Development and distribution of air and water related products	50	50
Medklinn International Pte. Ltd.* #	Singapore	Manufacturing and trading of health, wellness products	50	-
EIG Global Australia Pty. Ltd.*	Australia	Dormant	100	100
PT EIG Lexwel*	Indonesia	Distribution of skin care and wellness products	100	100
EIG Global (US) Inc.*	United States of America	Investment holding	100	100

* Not audited by Messrs. Crowe Horwath

The Group has significant influence over the financial and operating policies of these entities.

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At cost:				
Unquoted shares	4,286	4,273	-	-
Increase in investments	-	13	-	-
	4,286	4,286	-	-
Share of results in associates	(2,926)	(1,785)	-	-
	1,360	2,501	-	-
Represented by Group's share of net assets	1,360	2,501	-	-

Summary financial information on associates:

	Effective ownership interest %	Revenue (100%) RM'000	Loss (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2011					
Wellnax (Thailand) Co., Ltd.	49.0	-	(823)	1,473	2,345
Dermal Wellness International Co. Ltd. and its subsidiaries	49.9	10,682	(1,479)	10,699	7,803
2010					
Wellnax (Thailand) Co., Ltd.	49.0	-	(74)	2,141	2,209
Dermal Wellness International Co. Ltd. and its subsidiaries	49.9	12,660	(50)	9,143	4,647

8. INVESTMENTS IN ASSOCIATES (cont'd)

The associates, all incorporated in Thailand, are as follows:

Name	Effective ownership interest		Principal activities
	2011	2010	
Wellnax (Thailand) Co., Ltd.	49.0%	49.0%	Investment holding
Dermal Wellness International Co. Ltd. and its subsidiaries	49.9%	49.9%	Investment holding
Dermal Concept Co. Ltd. and its subsidiary	49.9%	49.9%	Distribution of skin care and wellness product
Leonard Drake (Thai) Co. Ltd.	49.9%	49.9%	Operating of skin care centers, providing skin care services and retailing of skin care products

9. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property, plant and equipment	-	-	(572)	(746)	(572)	(746)
Unutilised tax losses	970	1,036	-	-	970	1,036
Unrealised foreign exchange loss/(gain)	205	494	-	-	205	494
Others	543	346	-	-	543	346
Tax assets/ (liabilities)	1,718	1,876	(572)	(746)	1,146	1,130
Set-off of tax	-	(421)	-	421	-	-
Net tax assets/ (liabilities)	1,718	1,455	(572)	(325)	1,146	1,130

9. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Unrecognised deferred tax assets

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

	Group	
	2011 RM'000	2010 RM'000
Deductible temporary differences	483	694
Unutilised tax losses	13,055	17,948
	13,538	18,642

Deferred tax assets of RM3,385,000 (2010: RM4,660,000) were not recognised in respect of these items because it was not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Movements in temporary differences during the year

Group	Recognised in the statements of		Recognised in the statements of		At 31.3.2011 RM'000
	At 1.4.2009 RM'000	comprehensive income RM'000	At 31.3.2010 RM'000	comprehensive income RM'000	
Property, plant and equipment	(1,118)	372	(746)	174	(572)
Unutilised tax losses	1,271	(235)	1,036	(66)	970
Unrealised foreign exchange gain	(378)	872	494	(289)	205
Others	64	282	346	197	543
	(161)	1,291	1,130	16	1,146

Note 18

Note 18

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current					
Trade					
Trade receivables	a	14,751	30,809	-	-
Amount due from associates	b	1,385	261	-	-
Non-trade					
Amount due from associates	b	2,856	2,209	-	-
Other receivables		2,628	1,878	-	-
Deposits		5,962	6,603	2	2
Prepayments		1,116	2,211	20	20
		28,698	43,971	22	22
Non-current					
Non-trade					
Amount due from subsidiaries	c	-	-	-	59,308
		28,698	43,971	22	59,330

Note a

The normal trade credit terms granted are as follows:-

Skin care products	- 30 days
Beauty equipment	- case-by-case basis

Note b

The amount due from the associates of the Group is unsecured, interest free and repayable within the next 12 months. The amount owing is to be settled in cash.

Note c

The amount due from subsidiaries in the previous financial year was non-trade in nature, unsecured, interest-free and was repayable on demand. The amount owing was to be settled in cash. The total fair value of the non-current amount owing was RM52,881,000.

11. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
At cost:		
Raw materials and consumables	2,813	4,191
Goods in transit	2,836	4,411
Finished goods	22,448	31,185
	28,097	39,787

None of the inventories is carried at net realisable value.

Inventories recognised as cost of sales amounted to RM40,101,000 (2010: RM48,719,000).

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits placed with licensed banks	-	3,147	-	40
Cash and bank balances	11,380	8,115	115	70
	11,380	11,262	115	110
Bank overdraft (Note 14)	(541)	-	-	-
	10,839	11,262	115	110

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. CAPITAL AND RESERVES

Share capital

	Group and Company			
	2011 RM'000	Number of shares 2011 '000	2010 RM'000	Number of shares 2010 '000
Ordinary shares of RM0.50 each				
Authorised	100,000	200,000	100,000	200,000
Issued	66,000	132,000	66,000	132,000

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Section 108 tax credit

Subject to the agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all its distributable retained earnings at 31 March 2011 if paid out as dividends.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

14. BORROWINGS

	Group	
	2011	2010
	RM'000	RM'000
Non-Current		
Hire purchase payables	-	32
Current		
Hire purchase payables	-	26
Bank overdraft (Note12)	541	-
Revolving credit	5,300	-
	5,841	26

Hire purchase payables

Hire purchase payables are repayable as follows:

	Minimum lease payments 2011 RM'000	Interest 2011 RM'000	Principal 2011 RM'000	Minimum lease payments 2010 RM'000	Interest 2010 RM'000	Principal 2010 RM'000
Group						
Less than one year	-	-	-	30	4	26
Between one and five years	-	-	-	38	6	32
	-	-	-	68	10	58

In the previous financial year, the hire purchase payables were subject to a fixed interest rate of 2.5% per annum.

The revolving credit and bank overdraft at the end of the reporting period are secured by:-

- (i) a corporate guarantee of the Company; and
- (ii) a negative pledge over fixed and floating assets of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade					
Trade payables	a	4,106	10,674	-	-
Non-trade					
Other payables		4,879	2,865	2,000	-
Dividend payable		-	990	-	990
Accrued expenses		7,356	5,485	98	2,089
		12,235	9,340	2,098	3,079
		16,341	20,014	2,098	3,079

Note a

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

16. REVENUE

	Group		Company	
	2011 RM'000	Restated 2010 RM'000	2011 RM'000	2010 RM'000
Product distribution	69,584	83,209	-	-
Professional services and sales	71,506	86,752	-	-
Rental income from investment properties	-	30	-	-
Dividends	-	-	8,200	22,580
	141,090	169,991	8,200	22,580

17. OPERATING (LOSS)/PROFIT

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating (loss)/profit is arrived at after charging:				
Auditors' remuneration:				
Auditors of the Company:				
- for the current year	110	110	38	38
Other auditors:				
- for the current year	218	145	-	-
Amortisation of development cost	25	25	-	-
Bad debts written off	1,336	77	-	-
Impairment loss on receivables	921	-	-	-
Depreciation of property, plant and equipment	10,787	8,703	-	-
Directors of the Company (key management personnel)				
- Fees	45	51	45	51
- Remuneration	2,137	1,938	-	-
Finance costs on:				
- borrowings	351	14	-	-
Inventories written off	15,555	3,274	-	-
Impairment loss on investment in a subsidiary	-	-	2,501	13,904
Personnel expenses				
- Wages, salaries and others	51,736	51,429	-	-
- Contribution to defined contribution plans	3,076	3,028	-	-
Property, plant and equipment written off	4,382	367	-	-
Realised foreign exchange loss	380	-	-	-
Rental of premises	17,688	17,350	-	-
Unrealised foreign exchange loss	1,114	2,027	-	-

and after crediting:

Dividend income from:				
- subsidiaries (unquoted)	-	-	8,200	22,580
Gain on disposal of property, plant and equipment	452	163	-	-
Interest income	220	148	148	81
Realised foreign exchange gain	-	446	-	-
Rental income from investment properties	85	136	-	-
Gain on liquidation of subsidiary	302	-	-	-

The estimated monetary value of Directors' benefits-in-kind is RM167,000 (2010: RM157,000).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax:				
- for the year	(817)	5,507	-	5,641
- prior years	(20)	(259)	-	-
	(837)	5,248	-	5,641
Deferred tax (Note 9):				
Reversal of temporary differences	(16)	(1,291)	-	-
	(853)	3,957	-	5,641
Reconciliation of effective tax expense				
(Loss)/Profit before tax	(42,002)	3,805	4,859	8,306
Tax at the statutory tax rate of 25%	(10,501)	951	1,215	2,077
Effect of different tax rates in foreign jurisdiction	1,965	(764)	-	-
Non-deductible expenses	1,596	650	-	138
Tax-exempt (income)/ expense	(138)	46	625	3,426
Change in unrecognised temporary differences	6,245	3,333	-	-
Group relief	-	-	(1840)	-
	(833)	4,216	-	5,641
Overprovision of current tax in prior years	(20)	(259)	-	-
	(853)	3,957	-	5,641

19. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the loss attributable to ordinary shareholders of RM40,492,000 (2010: RM656,000) and the weighted average number of ordinary shares outstanding during the year of 132,000,000 (2010: 132,000,000).

The diluted earnings per ordinary share is not presented as there is no dilutive effect noted during the year

20. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	RM'000	Date of payment
2011			
Final 2010 ordinary	0.375	495	15 October 2010
2010			
Interim 2010 ordinary	0.750	990	30 April 2010
Final 2009 ordinary	1.125	1,485	15 October 2009
Total		2,475	

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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. 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, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the 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 skincare and wellness programs and sales of related products, education and training and information communication technology.
Product distribution	The distribution of skincare and wellness products and beauty equipment.
Others	Investment holding and investment in properties.

Geographical segments

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

The other business segments are operated in Malaysia, Singapore, Hong Kong, Thailand and China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

21. OPERATING SEGMENTS (cont'd)

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2011	Restated 2010	2011	2010	2011	2010	2011	2010	2011	Restated 2010
	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	71,506	86,752	69,584	83,209	-	30	-	-	141,090	169,991
Inter-segment revenue	285	1,015	8,705	19,546	8,200	22,580	(17,190)	(43,141)	-	-
Total revenue	71,791	87,767	78,289	102,755	8,200	22,610	(17,190)	(43,141)	141,090	169,991
Segment result	(9,792)	9,911	(23,881)	(2,876)	7,212	8,225	(10,844)	(8,314)	(37,305)	6,946
Unallocated expenses									(3,425)	(3,214)
Operating (loss)/profit									(40,730)	3,732
Interest income									220	148
Finance costs									(351)	(14)
Share of loss in associates									(1,141)	(61)
(Loss)/profit before tax									(42,002)	3,805
Tax expense									853	(3,957)
Loss for the year									(41,149)	(152)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

21. OPERATING SEGMENTS (cont'd)

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	Restated								Restated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Segment assets	55,303	57,922	139,278	167,152	58,364	59,440	(133,925)	(128,915)	119,020	155,599
Investment in associates	-	-	-	-	-	-	-	-	1,360	2,501
Unallocated assets	1,046	-	1,115	77	-	-	(825)	-	5,061	1,751
Total assets	48,944	42,784	112,178	107,415	2,098	3,080	(131,109)	(124,905)	32,111	28,374
Segment liabilities									6,452	2,770
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	4,467	5,448	1,281	2,554	2,098	3,080	(131,109)	(124,905)	38,563	31,144
Amortisation of development cost	-	-	25	25	-	-	-	-	25	25
Bad debts written off	1,046	-	1,115	77	-	-	(825)	-	1,336	77
Impairment loss on receivables	-	-	921	-	-	-	-	-	921	-
Capital expenditure	4,467	5,448	1,281	2,554	-	-	18	-	5,766	8,002
Depreciation	7,396	5,310	3,464	3,471	-	-	(73)	(78)	10,787	8,703
Inventories written off	19	2	15,536	3,272	-	-	-	-	15,555	3,274
Gain/(loss) on disposal of property, plant and equipment	63	(13)	389	176	-	-	-	-	452	163
Property, plant and equipment written off	1,867	306	2,515	61	-	-	-	-	4,382	367
Unrealised foreign exchange loss	-	52	1,114	1,975	-	-	-	-	1,114	2,027

21. OPERATING SEGMENTS (cont'd)

Geographical segments	Malaysia RM'000	Overseas* RM'000	Consolidated RM'000
2011			
Revenue from external customers by location of customers	79,885	61,205	141,090
Segment assets by location of assets	70,986	48,034	119,020
Capital expenditure by location of assets	2,039	3,727	5,766
2010			
Revenue from external customers by location of customers	84,923	85,068	169,991
Segment assets by location of assets	97,084	58,515	155,599
Capital expenditure by location of assets	6,393	1,583	7,976

* Included in the overseas segment are Singapore, Hong Kong, Thailand, Vietnam, Indonesia, Philippines, Taiwan and China.

22. OPERATING LEASES

Leases as lessee

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

	Group	
	2011 RM'000	2010 RM'000
Less than one year	7,114	6,088
Between one and five years	3,513	3,502
At 31 March	10,627	9,590

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

23. CAPITAL COMMITMENTS

	Group	
	2011 RM'000	2010 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for and payable:		
Within one year	645	-
Approved but not contracted for:		
Within one year	-	415
	645	415

24. CONTINGENT LIABILITY

The Directors are of the opinion that provisions are not required in respect of these as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2011 RM'000	2010 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	31,100	30,100

The amount of facilities utilised by the subsidiaries at the end of the year were RM17,111,000 (2010: RM8,158,000).

25. RELATED PARTIES

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company.

Controlling related party relationships are as follows:

- (a) its subsidiaries as disclosed in Note 7.
- (b) the Directors of the Company.

25. RELATED PARTIES (cont'd)

Transactions with subsidiaries

Significant transactions with subsidiaries other than those disclosed elsewhere in the financial statements are as follows:-

	Company	
	2011 RM'000	2010 RM'000
Dermal Esthetica Sdn. Bhd. Dividend received	5,800	4,580
Leonard Drake (M) Sdn. Bhd. Dividend received	2,400	18,000
	8,200	22,580

Transactions with related parties

Significant transactions with related parties other than those disclosed elsewhere in the financial statements:

	Group	
	2011 RM'000	2010 RM'000
Dermal Concept Co. Ltd., Thailand Sales	2,626	1,921
Interest income	-	15

These transactions have been entered into in the ordinary course of business and have been established under negotiated terms.

Transactions with a company in which certain Directors have financial interests:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Consultancy fee paid to Providence Business Advisory Services Sdn. Bhd., a company in which Chieng Ing Huong and Roderick Chieng Ngee Kai have interests	691	368	691	368

The Directors of the Company are of the opinion that all the above transactions have been entered into in the ordinary course of business and have been established under commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. LIQUIDATION/ACQUISITION OF SUBSIDIARIES

During the current financial year, a subsidiary, Lexwel International Sdn. Bhd. (In Creditors' Voluntary Liquidation) was liquidated. The carrying value of the assets and liabilities liquidated were as follows:-

	RM'000
Current assets	1,948
Current liabilities	(2,250)
Fair value of net assets liquidated	(302)
Gain on liquidation of a subsidiary	302
Cash and cash equivalents of a subsidiary liquidated	(96)
Net cash outflow for liquidation of a subsidiary	(96)

In the previous year, the Group acquired the following equity interests:-

- (i) 80% equity interest in Klientec Biz-Solution Sdn. Bhd. for a cash consideration of RM240,000 on 18 June 2009 (date of incorporation). In the nine months to 31 March 2010, the subsidiary contributed revenue of RM129,000 and loss after tax of RM72,000; and
- (ii) 50% equity interest in EIG Medklinn Sdn. Bhd. for a purchase consideration of RM4,000,000 for 4,000,000 shares of RM1.00 per share. This consideration was partly paid-up at RM0.50 per share on 26 August 2009. In the six months to 31 March 2010, the subsidiary contributed revenue of RM5,344,000 and profit after tax of RM1,037,000.

The acquisitions had the following effects on the Group's assets and liabilities at the acquisition date in the previous financial year:

	Note	Fair value recognised on acquisition RM'000
Property, plant and equipment	3	463
Intangible assets	4	3,866
Inventories		73
Receivables, deposits and prepayments		2,356
Cash and cash equivalents		2,145
Payables and accruals		(903)
Minority interests		(4,000)
Consideration paid, satisfied in shares		4,000
Cash acquired		(2,145)
Net cash outflow		1,855

26. LIQUIDATION/ACQUISITION OF SUBSIDIARIES (cont'd)

The fair value of the acquired subsidiaries at the date of acquisition is equivalent to the identifiable assets and liabilities of the acquiree.

The goodwill recognised on the acquisition of Klientec Biz-Solution Sdn Bhd was mainly attributable to the synergies expected to be achieved from the acquired technology in marketing automation solution that was complimentary to the marketing activities of the Group's existing core business activities.

The goodwill recognised on the acquisition of EIG Medklinn Sdn Bhd was mainly attributable to the synergies expected to be derived from the penetration into a new and potentially lucrative market segment within the health and wellness industry i.e air and water equipment and the further leveraging on their technical research and development capability to develop new products which are able to be commercialised and distributed within the regional distribution network of the Group.

27. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk management. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects 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 United States Dollar. Foreign currency risk is monitored closely and managed to an acceptable level.

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency is as follows:-

	United States Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Indonesian Rupiah RM'000	Australian Dollar RM'000	Ringgit Malaysia RM'000	Thai Baht RM'000	Total RM'000
The Group 2011 Financial Assets									
Trade receivables	538	5,114	3,012	100	-	-	5,987	-	14,751
Amount due from associates	1,901	-	-	-	-	-	-	2,340	4,241
Other receivables	59	51	1,344	-	-	-	1,174	-	2,628
Deposits	-	2,370	930	56	-	-	2,606	-	5,962
Cash and bank balances	617	3,617	927	390	17	121	5,646	45	11,380
Total	3,115	11,152	6,213	546	17	121	15,413	2,385	38,962

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

	United States Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Indonesian Rupiah RM'000	Australian Dollar RM'000	Ringgit Malaysia RM'000	Thai Baht RM'000	Total RM'000
The Group 2011									
Financial Liabilities									
Trade payables	3,772	-	-	-	-	-	334	-	4,106
Other payable	833	3,087	277	-	-	-	682	-	4,879
Accrued expenses	-	1,757	856	133	445	4	4,156	5	7,356
Short-term borrowings	-	-	-	-	-	-	5,300	-	5,300
Bank overdraft	-	-	-	-	-	-	541	-	541
Total	4,605	4,844	1,133	133	445	4	11,013	5	22,182
Net financial assets/(liabilities)	(1,490)	6,308	5,080	413	(428)	117	4,400	2,380	16,780
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	-	2,243	(3,752)	(413)	428	(117)	1,491	(2,380)	(2,500)
Currency exposure	(1,490)	-	-	-	-	-	-	-	(1,490)

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

	United States Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Indonesian Rupiah RM'000	Australian Dollar RM'000	Ringgit Malaysia RM'000	Thai Baht RM'000	Total RM'000
The Group 2010									
Financial Assets									
Trade receivables	506	6,472	13,204	-	-	-	10,627	-	30,809
Amount due from associates	261	-	-	-	-	-	-	2,209	2,470
Other receivables	84	43	337	118	62	-	1,219	15	1,878
Deposits	-	1,830	788	-	-	-	3,985	-	6,603
Cash and bank balances	1,136	1,951	789	76	451	101	6,709	49	11,262
Total	1,987	10,296	15,118	194	513	101	22,540	2,273	53,022

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

	United States Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	Indonesian Rupiah RM'000	Australian Dollar RM'000	Ringgit Malaysia RM'000	Thai Baht RM'000	Total RM'000
The Group 2010									
Financial Liabilities									
Hire purchases payables	-	58	-	-	-	-	-	-	58
Trade payables	9,274	508	-	-	-	-	892	-	10,674
Other payables	3	25	366	18	-	-	2,453	-	2,865
Accrued expenses	-	1,130	348	-	137	4	3,862	4	5,485
Dividend payables	-	-	-	-	-	-	990	-	990
Total	9,277	1,721	714	18	137	4	8,197	4	20,072
Net financial assets/(liabilities)	(7,290)	8,575	14,404	176	376	97	14,343	2,269	32,950
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	-	(6,725)	(13,925)	(176)	(376)	(97)	(8,312)	(2,269)	(31,880)
Currency exposure	(7,290)	-	-	-	-	-	-	-	(7,290)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

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:-

**The Group
2011
RM'000**

Effects on loss for the year/equity

United States Dollar:

- strengthened by 5%	(75)
- weakened by 5%	75

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:-

**The Group
2011 2010
RM'000 RM'000**

Fixed rate instruments

Hire purchase payables	-	58
------------------------	---	----

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Exposure to interest rate risk (cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were (cont'd) :-

	The Group	
	2011	2010
	RM'000	RM'000
<hr/>		
Floating rate instruments		
Bank overdrafts	541	-
Revolving credit	5,300	-
	5,841	-

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	The Group 2011 RM'000
<hr/>	
Effects on loss for the year/equity	
Increase of 100 basis points	(58)
Decrease of 100 basis points	58

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(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.

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.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by the associates which constituted approximately 15% 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:-

	The Group	
	2011	2010
	RM'000	RM'000
Malaysia	6,525	11,133
Singapore	5,114	6,472
Hong Kong	3,012	13,204
China	100	-
Total	14,751	30,809

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 March 2011 is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
The Group			
2011			
Not past due	10,913	(300)	10,613
Past due:			
- less than 3 months	2,074	(328)	1,746
- 3 to 6 months	2,857	(628)	2,229
- over 6 months	476	(313)	163
	16,320	(1,569)	14,751

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk

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

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
The Group					
2011					
Trade payables	N/A	4,106	4,106	4,106	-
Other payables and accruals	N/A	12,235	12,235	12,235	-
Revolving credit	4.51%	5,300	5,300	5,300	-
Bank overdraft	7.85%	541	541	541	-
		22,182	22,182	22,182	-
The Group					
2010					
Hire purchases payables	2.5%	58	68	30	38
Trade payables	N/A	10,674	10,674	10,674	-
Other payables and accruals	N/A	8,350	8,350	8,350	-
Dividend payables	N/A	990	990	990	-
		20,072	20,082	20,044	38
The Company					
2011					
Other payables and accruals	N/A	2,098	2,098	2,098	-
2010					
Other payables and accruals	N/A	3,079	3,079	3,079	-

27. FINANCIAL INSTRUMENTS (cont'd)

(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 is calculated as total interest bearing debts divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	The Group	
	2011	2010
	RM'000	RM'000
Hire purchases payables	-	58
Revolving credit	5,300	-
Bank overdraft	541	-
Total Debt	5,841	58
Total Equity	86,897	128,707
Debt-to-equity ratio	0.07	-

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

(c) Classification of Financial Instruments

	The Group	The Company
	2011	2011
	RM'000	RM'000
Financial assets		
<u>Loans and receivables financial assets</u>		
Trade receivables	14,751	-
Amount due from associates	4,241	-
Other receivables	2,628	-
Deposits	5,962	2
Cash and bank balances	11,380	115
	38,962	117

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments (cont'd)

	The Group 2011 RM'000	The Company 2011 RM'000
Financial liabilities		
<u>Other financial liabilities</u>		
Trade payables	4,106	-
Other payables and accruals	12,235	2,098
Revolving credit	5,300	-
Bank overdraft	541	-
	22,182	2,098

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their 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 approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the short-term borrowings approximated their fair values as these instruments bear interest at variable rates.
- (iii) The fair value of certain hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

28. SIGNIFICANT EVENTS

During the year, the Group undertook the following:

- (i) On 5 October 2010, EIG Medklinn Sdn Bhd a 50% owned subsidiary of the Company acquired 2 ordinary shares of RM1.00 each fully paid representing 100% equity interest in Medklinn Manufacturing Sdn Bhd (MMSB) for a cash consideration of RM2.00. MMSB is a private company limited by shares incorporated in Malaysia and has an authorised share capital of RM100,000 consisting of 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and are fully paid-up. The principal activities of MMSB are manufacturing of health, wellness and consumer products.
- (ii) On 1 Dec 2010, Oxion Pte Ltd a wholly-owned subsidiary of EIG Medklinn Sdn Bhd. which in turn is a 50% owned subsidiary of the Company, acquired 1 ordinary share of SGD1.00 fully paid representing 100% equity interest in Medklinn International Pte Ltd (MIPL) for a cash consideration of SGD1.00. MIPL is a private company limited by shares incorporated in Singapore with an issued and paid-up capital of SGD1.00. The principal activities of MIPL are manufacturing and trading of health, wellness and consumer products.
- (iii) On 25 February 2011, Lexwel International Sdn Bhd (LISB), a wholly-owned subsidiary, has made a declaration that LISB cannot, by reason of its liabilities, continue its business and the said declaration has been lodged with the Companies Commission of Malaysia. Pursuant to Section 255 of the Companies Act, 1965, the directors of LISB have on 25 February 2011 appointed Mr Mak Kum Choon and Mr Ng Meng Kwai of Deloitte Corporate Solutions Sdn Bhd as Provisional Liquidators of LISB to take control of the company's affairs until the convening of the EGM of LISB to pass a special resolution to wind up LISB under Creditors' Voluntary Liquidation and the appointment of Joint and Several Liquidators which shall be determined at the Creditors' Meeting.

On 22 March 2011, the Creditors' meeting of LISB was held and Mr. Mak Kum Choon and Mr. Ng Meng Kwai of Deloitte Corporate Solutions Sdn Bhd were appointed as Joint and Several Liquidators in the winding up of LISB.

LISB was incorporated on 26 February 2005 as a private company limited by shares in Malaysia under the Companies Act, 1965 and has an authorised capital of RM25,000,000 divided into 25,000,000 ordinary shares of RM1.00 each. The issued and paid-up capital of LISB is RM13,703,961 comprising 13,703,961 ordinary shares of RM1.00 each. The previous principal activity of LISB is the direct selling of personal health care and skin care products.

The creditors' voluntary winding up of LISB resulted in a charge to the Group's income statement of approximately RM5.3 million (involving writeoff of properties, plant and equipment, inventories, receivables, deposits and prepayments, reversal of deferred tax assets, employees' compensation costs and other anticipated direct costs involved).

- (iv) On 25 February 2011, the Company entered into a Memorandum of Understanding (MOU) with Sassicaia Strategic Holdings Sdn Bhd (SSH) for the restructuring of Shareholders' Agreement and Distribution Agreement in respect of EIG Medklinn Sdn Bhd (EMS B). Pursuant to the MOU, SSH and/or a party nominated by SSH will purchase 25% of all the outstanding shares of EMS B from the Company and be given an option by the Company to purchase the remaining 25% of all outstanding shares of EMS B from now until 31 March 2013. According to the terms of the MOU, the Distribution Agreement with Medklinn International Sdn Bhd (MIS B) is to be discontinued on an effective date to be mutually agreed upon whereby the Company will stop selling Medklinn products and progressively hand over the distribution channels to SSH. The MOU is in line with the Group's strategic plan to refocus on its core business which is expected to contribute positively to the future profits, earnings per share and net assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

29. SUBSEQUENT EVENTS

- (i) On 4 May 2011, Medklinn International Sdn Bhd (“MISB”) and the Company have entered into a Termination Agreement to terminate the Global Distributorship Agreement. No compensation is payable by either party for the termination of the Global Distributorship Agreement. The Company’s distribution rights shall be terminated progressively in the following manner:
- (a) The exclusive distribution rights of the Medklinn Products in Malaysia and in the international markets except for Hong Kong, Singapore and Thailand, shall be terminated effective from 4 May 2011; and
 - (b) The exclusive distribution rights of the Medklinn Products in Hong Kong, Singapore and Thailand, shall be terminated on a date to be mutually agreed by both the parties and shall be at a date not later than 30 September 2011.
- (ii) On 30 May 2011, the Company proposes to undertake a renounceable rights issue of 52,800,000 new ordinary shares of RM0.50 each in Esthetics International Group Berhad (“EIG”) (“Rights Shares”) together with 52,800,000 free detachable warrants (“Warrants”) on the basis of two (2) Rights Share and two (2) free Warrants for every five (5) existing ordinary shares of RM0.50 each (“EIG Shares”) held in EIG on an entitlement date to be determined (“Proposal Right Issue”).

Pursuant to the Undertaking to be furnished by Providence Capital Sdn Bhd (“Providence”), a major shareholder of EIG, Providence and parties acting in concert with it (“PACs”) may potentially trigger a mandatory offer to acquire the remaining EIG Shares and convertible securities not already held by Providence and its PACs upon completion of the Proposed Rights Issue as prescribed under Part III of the Malaysian Code on Take-overs and Mergers 2010 (“Code”). In this respect, Providence and its PACs will be seeking an exemption under Practice Note 9, Paragraph 16.1 of the Code.

For illustrative purposes only, based on the five (5)-day volume weighted average market price (“WAMP”) of EIG Shares up to 27 May 2011 (being the last market day prior to the date of this announcement) of RM0.46, the indicative issue price per Rights Share and the indicative exercise price of the Warrants of RM0.50 represents a premium of RM0.04 or 8.7% to the five (5)-day WAMP of RM0.46.

The Proposed Rights Issue, based on the indicative issue price of RM0.50 per share, is expected to raise an estimated gross proceeds of RM26.4 million which shall be utilised in the following manner:-

	RM'000
<hr/>	
Proposed Utilisation	
Capital expenditure	15,000
Working capital	10,800
Defray expenses relating to the Proposed Rights Issue	600
	<hr/>
	26,400
<hr/>	

The Proposed Rights Issue will enable the Company to raise immediate gross proceeds for capital expenditure, working capital requirements and defraying of expenses incidental to the Proposals. Moreover, if and when the Warrants are exercised, such funds will be used to finance the Group’s working capital such as the Group’s operating and administrative expenses and further strengthen the capitalisation of the Company as well as improve the liquidity of the EIG Shares.

29. SUBSEQUENT EVENTS (cont'd)

The Proposed Rights Issue is conditional upon the approval of:

- (a) Bursa Securities, for admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares with Warrants and new EIG Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities;
- (b) Securities Commission (SC), for the Proposed Exemption. Under the Code, SC's approval for the Proposed Exemption is to be sought only after shareholders' approval for the Proposed Exemption has been obtained;
- (c) Bank Negara Malaysia, for the issue of the Warrants and any adjustment thereof to non-resident shareholders and/or renounces pursuant to the Foreign Exchange Administration Rule;
- (d) the shareholders of EIG at an Extraordinary General Meeting to be convened for the Proposals; and
- (e) any other relevant authorities/ parties (if applicable).

30. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the adoption of the amendments to FRS 117 Leases as disclosed in Note 1(a)(v) to the financial statements:-

	As Previously Reported RM'000	Group Effects Of Adoption Of Amendments To FRS 117 RM'000	As Restated RM'000
Statements of Financial Position (Extract):-			
Property, plant and equipment	50,093	873	50,966
Prepaid land lease payments	873	(873)	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. PRIOR YEAR ADJUSTMENT

The following comparative figures have been restated due to the sale of membership packages which were fully recognised as revenue prior to 1 April 2010. During the financial year, revenue from sale of membership packages is recognised based on the utilisation of the product and services credit attached to the membership packages. In accordance with FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors, the change is to be applied retrospectively. The effect of changes in the consolidated financial statements is as follows:

	As Previously Reported RM'000	Effect Of Prior Year Adjustment RM'000	As Restated RM'000
Statements of Financial Position (Extract):-			
Current liabilities			
- Deferred revenue	4,776	3,584	8,360
Equity (Extract):			
- Retained earnings	55,598	(3,584)	52,014
Statements of Comprehensive Income (Extract):			
- Revenue	170,699	(708)	169,991
- Profit before tax	4,513	(708)	3,805
- Profit/(Loss) for the year	556	(708)	(152)
Statements of Cash Flows (Extract):			
- Changes in working capital			
- Deferred revenue	(1,850)	708	(1,142)

32. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	The Group 2011 RM'000	The Company 2011 RM'000
Total retained profits		
- realised	12,279	5,442
- unrealised	31	-
	12,310	5,442
Total share of accumulated losses from associated companies:		
- realised	(1,283)	-
- unrealised	-	-
	(1,283)	-
At 31 March	11,027	5,442

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 1 JULY 2011

Authorised Share Capital	:	RM100,000,000
Issued & Paid-Up Capital	:	RM66,000,000
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

as at 1 July 2011

Size of Shareholdings	No. of shareholders	%	No. of shares	%
less than 100	27	2.91	692	0.00
100 to 1,000	243	26.16	186,910	0.14
1,001 to 10,000	478	51.45	2,184,198	1.66
10,001 to 100,000	146	15.72	4,007,100	3.04
100,001 to 6,599,999	32	3.44	32,965,100	24.97
6,600,000 and above	3	0.32	92,656,000	70.19
	929	100.00	132,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

as at 1 July 2011

Name of Shareholders	Direct	No. of shares held		%
		%	Indirect	
1. Providence Capital Sdn Bhd	42,198,500	31.97	-	-
2. Chieng Ing Huong	-	-	42,198,500	31.97
3. Roderick Chieng Ngee Kai	-	-	42,198,500	31.97
4. Brain Chieng Ngee Wen	-	-	42,198,500	31.97
5. Lim Yee Soon	32,557,500	24.66	-	-
6. Gambir Capital Sdn Bhd	23,340,200	17.68	-	-
7. Lim Chang Ching	-	-	23,340,200	17.68

DIRECTORS' SHAREHOLDING

as at 1 July 2011

Name of Directors	Direct	No. of shares held		%
		%	Indirect	
1. Chieng Ing Huong	-	-	42,198,500*	31.97
2. Roderick Chieng Ngee Kai	-	-	42,198,500*	31.97
3. Lim Chang Ching	-	-	23,340,200#	17.68
4. Lim Yee Soon	32,557,500	24.66	-	-

* Deemed interested through Providence Capital Sdn Bhd

Deemed interested through Gambir Capital Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

(cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

as at 1 July 2011

Name of Shareholders	No. of shares	%
1. Providence Capital Sdn Bhd	42,198,500	31.97
2. Lim Yee Soon	32,557,500	24.66
3. OSK Nominees (Tempatan) Sdn Bhd - Pledged securities account for Gambir Capital Sdn Bhd	17,900,000	13.56
4. Gambir Capital Sdn Bhd	5,440,200	4.12
5. Er Kok Leong @ Er Chai Tuan	4,521,200	3.43
6. OSK Nominees (Tempatan) Sdn Bhd - Pledged securities account for Pang Hee Kin	3,800,000	2.88
7. Teh Lip Kim	3,087,500	2.34
8. Teh Wan Sang & Sons Sdn Bhd	2,000,000	1.52
9. Peter Ling Ee Kong	1,361,300	1.03
10. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Peter Ling Ee Kong	1,324,300	1.00
11. Abdul Hamid Bin Sh Mohamed	1,100,000	0.83
12. Cimsec Nominees (Asing) Sdn Bhd - CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,100,000	0.83
13. Berjaya Sompo Insurance Berhad	1,000,000	0.76
14. Nonadiah Binti Abdullah	960,000	0.73
15. Hans Peter Holst	888,000	0.67
16. Cimsec Nominees (Tempatan) Sdn Bhd - Peter Ling Ee Kong	880,700	0.67
17. Cheong Kok Fong	787,100	0.60
18. Ng Ming Le	600,000	0.45
19. Cheong Shih Ian	558,500	0.42
20. Ng Poh Chuan	512,100	0.39
21. Ho Seow Foon	340,100	0.26
22. Cartaban Nominees (Asing) Sdn Bhd - For MAAKL – HDBS Shariah Progress Fund	322,200	0.24
23. Lim Yee Kheong	315,000	0.24
24. MIDF Amanah Investment Nominees (Asing) Sdn Bhd - Pledged securities account for Thaliman Capital Pty Ltd	300,000	0.23
25. Lau Yi Yean @ Low Yee Wan	290,000	0.22
26. Dermalogica Inc	250,000	0.19
27. Kea Leong Meng	200,000	0.15
28. Tan Thiam Hock	164,900	0.12
29. Quek Siew Hau	150,000	0.11
30. Chung Sow Leng	137,800	0.10

LIST OF PROPERTIES

LIST OF PROPERTIES AS AT 31 MARCH 2011

Location	Description/ Existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value at 31.03.11 RM'000
Dermal Esthetica 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	13,330.00	8,933.49	5	Freehold	Land - 10,032 Building - 14,815
H.S.(D) 142705 PT 17650 Mukim of Damansara District of Petaling, Selangor						
D'Village Condominium (Villa Putra) Unit 33B-9-1 Jalan Tun Ismail Kuala Lumpur	Condominium unit with 3 bedrooms & 2 bathrooms - Tenanted	N/A	151.24	16	Freehold	479
Master title held under: GRN 41990 Lot No. 46 Bandar Kuala Lumpur Wilayah Persekutuan						
Lot No. LG47 The Summit Subang USJ Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan	Retail Lot - Tenanted	N/A	54.19	10.5	Freehold	613
Master title held under: H.S.(D) 118886, PT 5 Pekan Subang Jaya District of Petaling Selangor						

LIST OF PROPERTIES

(cont'd)

LIST OF PROPERTIES AS AT 31 MARCH 2011 (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 at 31.03.11 RM'000
Derma Esthetica Sdn Bhd (cont'd)						
Lot No. G30, The Summit Subang USJ Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan	Retail Lot - Vacant	N/A	54.19	10.5	Freehold	613
Master title held under: H.S.(D) 118886, PT 5 Pekan Subang Jaya District of Petaling Selangor						
GF-15, Ground Floor Queensbay Mall Penang	Retail Lot - Occupied by owner	N/A	43.01	4.5	99 years lease expiring in 01.12.2095	427
H.S.(D) 10015 PT 4671 Mukim 12, District of Barat Daya, Pulau Pinang						
GF-12B, Ground Floor Queensbay Mall Penang	Retail Lot - Occupied by owner	N/A	43.38	4.5	99 years lease expiring in 01.12.2095	427
H.S.(D) 10015 PT 4671 Mukim 12, District of Barat Daya, Pulau Pinang						
Asterspring International Sdn Bhd						
No 26-R, Jalan Masjid Negeri 11600 Penang	Double Storey Semi Detached Corner House - Occupied by owner	440.53	322.76	3	Freehold	Land -1,021 Building -1,769
Individual title No. Geran 17897 Lot No. 593, Sek 5 Mukim of Bandar George Town District of Timur Laut State of Pulau Pinang						

The above properties are located in Malaysia and have not been revalued and do not have any breach of land use conditions.

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Proxy Form

No. of shares



I/We, _____

of _____

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

of _____

or failing him, _____

of _____

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth 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 Wednesday, 10 August 2011 at 9.30 a.m. and at any adjournment thereof in respect of my/our shareholdings in the manner indicated below:

No.	Resolution	For	Against
Resolution 1	Re-election of Lim Yee Soon as Director		
Resolution 2	Re-election of Dr Chu Siew Mun as Director		
Resolution 3	Re-election of Roderick Chieng Ngee Kai as Director		
Resolution 4	Approval of payment of Directors' fees for the financial year ended 31 March 2011		
Resolution 5	Re-appointment of Messrs Crowe Horwath as Auditors		
Resolution 6	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
Special Resolution 1	Proposed amendments to the Articles of Association of the Company		

(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 _____ 2011

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 and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.
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 authorized 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.

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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

www.estheticsgroup.com

