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## ASTER SPRING

Leaders in professional skin care salons in Asia with millions of faces treated over 29 years

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## dermalogica®

Exclusive distributor and designated supplier for the NO. 1 Professional Skin Care Brand Worldwide for 9 countries in Asia

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## clinelle®

Bringing Happy Skin to the FMCG market. Repair, Refine, Reshield with Clinelle for clearly, visible and long term results

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## AVERINE®

A skin caring® cosmetic brand that offers a full range of age defying makeup with radiant colours.



**BRINGING  
OUT THE  
BEST IN YOU**



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



## **vision**

- the leading beauty and wellness company in Asia

## **mission**

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

## **core values**

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

the **#1** choice of  
skin care  
professionals  
worldwide



meet  
**dermalogica**<sup>®</sup>

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PROXY FORM



01

## ASTER SPRING

- 01 Group photo of AsterSpring's team and the children of Yayasan Sunbeams Home.
- 02 Mr Roderick Chieng (Group MD and CEO of Esthetics International Group Berhad) giving a speech of love and joy at this meaningful event.



02



03

- 03 Cheque giving ceremony from AsterSpring to Yayasan Sunbeams Home.

From left : Pastor Alvin Tan, Founder and Chairman of Yayasan Sunbeams Home and Mr Eddy Chieng, Executive Chairman of Esthetics International Group Berhad.



01

## AVERINE®

- 01 Group MD and CEO of Esthetics International Group Berhad, Mr Roderick Chieng giving a speech during the Averine AGE DEFY MAKE-UP Launch.
- 02 From left to right : Genevieve Sambhi, Roderick Chieng, Anita Aziz (Averine brand ambassador 12/13) and Jo Moo.



02

# clinelle®

01 Mr Roderick Chieng, Group MD and CEO of Esthetics International Group Berhad and Lisa Lee, creator and founder of art brand LISELLE in collaboration with CLINELLE's "Beauty Is Inspiring" campaign who hopes to inspire creativity and positive action to women of all ages through a series of marine themed illustrations.



01



02



03

- 02 All bloggers were invited to take a photo with their art jamming picture of Ingenius after kick-off ceremony in Hong Kong.
- 03 Gleaming with joy are Clinelle's team holding up their personal definition of beauty during the "Beauty Is Inspiring" launch at EIG.



01



- 01 Tisserand Launch during EIG Business Communication session.

Jennie Harding (Product Technical Adviser, Formulator and Trainer) and the Professional Distribution team.

# dermalogica®

- 01 Dermalogica tribe get together for EIG Congress 2012!
- 02 A memorable 'Naked in New York Gala Nite' for Dermalogica dealers.
- 03 Mr Roderick Chieng, Group MD and CEO giving opening speech during the Get Naked Launch Event on 19 June 2012.
- 04 Face Mapping activity during EIG Congress.
- 05 Our skin health celebrities who kicked off the brandcruit campaign.



01



02



03



04



05



ASTER  SPRING

trust  
the hands you can trust

You can always trust a pair of AsterSpring therapist's hands.

For more than 29 years now, our qualified and experienced skincare therapists' hands have treated over millions of faces regionally and successfully helped our customers to achieve their skin health goals.

We understand how skin works and our treatment programs are designed to focus 100% on managing skin problems and optimizing skin health. To ensure every skin treatment we deliver is safe and effective, our skincare therapists are certified and we use products that are made of harmless ingredients and are trusted by skin professionals around the world. Coupled with personalized consultation, our skincare therapists deliver customized treatments with a smart combination of our unique hand techniques and advanced skin treating equipment.

A trusted name with more than 60 skincare centres in four countries around the region, you can always trust us to help you achieve optimum skin health.




**SIGNATURE** Suria KLCC 03-2181 3750 • Paradigm Mall 03-7887 1851 • Green Lane Penang 04-657 6255 • Empire Gallery Coming Soon  
**KUALA LUMPUR** Pavilion KL 03-2141 9129 • Bangsar Shopping Centre 03-2093 2168 • Mid Valley Megamall 03-2287 3033 • Hartamas Shopping centre 03-6201 583 • Ampang Point 03-4252 6078 • Leisure Mall 03-9132 5322 • Aeon Taman Maluri 03-9200 2388 **SELANGOR** One Utama 03-7726 2433 • Damansara Jaya 03-7729 6129 • Sunway Pyramid 03-5611 9918 • Subang Parade 03-5621 1330 • IOI Mall 03-8082 2599 • SACC Mall Shah Alam 03-5512 9088 • Setia City Mall 03-3358 4325 • Bukit Tinggi Klang 03-3323 1402 • Metro Prima Kepong 03-6252 9220 • Metro Point Kajang 03-8737 6316 • Bandar Baru Bangi 03-8925 6023 **PENANG** Gurney Plaza 04-227 9266 • Queensbay Mall 04-640 2688 • Bayan Indah 04-642 8679 • Seberang Jaya 04-390 3341 • Gurney Paragon 019-382 3069 **KELANTAN** KB Mall 09-7478 630 **JOHOR** Taman Desa Tebrau 07-351 3719  
**DERMLOGICA CONSULTATION POD** Suria KLCC 03-2166 9998 • Pavilion KL 03-2141 9369 • Sunway Carnival Mall, Seberang Jaya 04-390 5807 • Dataran Pahlawan Melaka 06-281 9561 • Aeon Tebrau City JB 07-354 2098

[www.asterspring.com](http://www.asterspring.com)

 AsterSpring Malaysia

customer service careline 603 7809 6777

more than 80 centres in Malaysia • Singapore • Hong Kong • Thailand wholly owned and managed by 



# Notice of Annual General Meeting

# 16<sup>th</sup>

Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Sixteenth 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, 28 August 2013 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 2013 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*
2. To approve the payment of a final franked dividend of 2.5 sen per share in respect of the financial year ended 31 March 2013. *(Resolution 1)*
3. To re-elect the following Director who is retiring by rotation pursuant to Article 87 of the Company's Articles of Association:
  - a) Mr Roderick Chieng Ngee Kai *(Resolution 2)*
4. To re-elect the following Director who is retiring pursuant to Article 94 of the Company's Articles of Association:
  - a) Mr Lee Cheow Fui *(Resolution 3)*
5. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT Dato' Mohd Ismail bin Che Rus, who has attained the age of seventy years and retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting". *(Resolution 4)*

6. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT Dr Chu Siew Mun, who has attained the age of seventy years and retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting".

*(Resolution 5)*

7. To approve the payment of Directors' fees of RM91,250 for the financial year ended 31 March 2013. *(Resolution 6)*
8. To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 7)*
9. To consider any other ordinary business of the Company of which due notice shall have been received.

### As Special Business

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

#### Ordinary Resolution

10. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares *(Resolution 8)*

"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 percentum (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."

*(Please refer to Explanatory Notes to the Special Business)*

BY ORDER OF THE BOARD

**LEE WAI NGAN (LS 00184)**

Secretary

Shah Alam, Malaysia  
6 August 2013

## Notice of Annual General Meeting (cont'd)

### Notes

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company 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 per centum (10%) of the issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The mandate sought is a renewal of the mandate given by the Shareholders of the Company at the Fifteenth Annual General Meeting held on 28 August 2012. 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.



# Group Directory

**ESTHETICS  
INTERNATIONAL GROUP BERHAD**

Tel : +603 7809 6688

Fax : +603 7809 6699

Website : [www.estheticsgroup.com](http://www.estheticsgroup.com)



## Group Directory (cont'd)

### MALAYSIA (HEADQUARTERS)

#### ESTHETICS INTERNATIONAL GROUP BERHAD

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

#### ASTERSPRING 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 • Bangi • Metro Point Kajang  
• Jaya Jusco Taman Maluri • Pavilion Kuala Lumpur\*  
• Suria KLCC\*

**Selangor** | I-Utama Shopping Centre • Subang Parade  
Shopping Centre • Sunway Pyramid Shopping Centre  
• Damansara Jaya • IOI Mall, Puchong • SACC Mall, Shah  
Alam • Bukit Tinggi, Klang • Setia City Mall • Paradigm  
Mall, Kelana Jaya

**Penang** | Greenlane • Gurney Plaza • Queensbay Mall  
• Bayan Bay • Seberang Jaya, Bukit Mertajam  
• Sunway Carnival\*

**Kota Baru** | KB Mall

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

**Melaka** | Dataran Pahlawan Shopping Centre\*

### SINGAPORE

#### EIG GLOBAL PTE LTD

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

#### ASTERSPRING OUTLET LOCATION

Centrepont, 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 • NEX @ Serangoon Central  
• Sembawang Shopping Centre • Clementi Mall  
• JEM, Jurong East

\* Kiosk

### HONG KONG

#### EIG DERMAL WELLNESS (HK) LTD

Unit 3505-09, 35th Floor  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong  
Tel : +852 2881 6169  
Fax : +852 2881 7612

#### ASTERSPRING OUTLET LOCATION

Henry House, Causeway Bay • Hong Kong Pacific  
Centre, Tsim Sha Tsui • Central Shop, Century Square  
• Harbour City, Tsim Sha Tsui\* • Hysan Place,  
Causeway Bay \*

### THAILAND

#### EIG (THAILAND) CO LTD

217/2, Asoke Tower,  
Sukhumvit 21 Road (Soi Asoke),  
North Klongtoey, Wattana,  
Bangkok 10110, Thailand  
Tel : +662 2600 140  
Fax : +662 2600 141

#### ASTERSPRING OUTLET LOCATION

Siam Discovery Centre, Bangkok • Life Centre, Sathorn  
• Esplanade Ratchada, Bangkok • Fashion Island  
• Future Park Rangsit • All Seasons Place • Terminal 21  
• Siam Paragon\* • Central World\* • Central Ladprao\*  
• Central Chaengwattana\* • Central Rama 3\*  
• The Mall Bangkai\* • The Mall Bangkok\*  
• Emporium\* • The Mall Ngamwongwan\*



## Directors' Profile



**Eddy  
Chieng Ing Huong**  
Executive Chairman

**Eddy Chieng Ing Huong, Malaysian, aged 55, was redesignated as the Executive Chairman of EIG on 28 February 2012. Prior to this, Mr Eddy Chieng was the Executive Chairman and Group Chief Executive Officer from 3 September 2010, Executive Chairman (redesignated on 2 September 2009) and Non-Independent Non-Executive Chairman (redesignated on 21 November 2006). He was appointed to the Board of the Company on 4 February 2004 and is also the Chairman of the Remuneration Committee.**

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

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

Mr Eddy Chieng is also the Chairman of Selangor Dredging Berhad, Senior Independent Non-Executive Director of QL Resources Berhad and an Independent Non-Executive Director of Oroton Group Limited, which is listed on the Australian Securities Exchange. He was previously a Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Director of 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.

## Directors' Profile (cont'd)



## Roderick Chieng Ngee Kai

Group Managing Director  
and Chief Executive Officer

**Roderick Chieng Ngee Kai, Malaysian, aged 29, was redesignated as the Group Managing Director and Chief Executive Officer of EIG on 28 February 2012. Prior to the redesignation, Mr Roderick Chieng was an Executive Director of EIG since 3 September 2010.**

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

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

## Directors' Profile (cont'd)



### Dato' Mohd Ismail Bin Che Rus

#### Senior Independent Non-Executive Director

Dato' Mohd Ismail Bin Che Rus, Malaysian, aged 70, is the Senior Independent Non-Executive Director. He is also the Chairman of the Audit Committee and Chairman of the Nominating Committee and a member of the Remuneration Committee. He was appointed to the Board of the Company on 2 September 2009.

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

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



### Dr Chu Siew Mun

#### Independent Non-Executive Director

Dr Chu Siew Mun, Malaysian, aged 70, is an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was appointed to the Board of the Company on 22 February 2008.

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

He lectured in Medicine and Dermatology at University of Malaya from 1973 to 1977 and was a Consultant Dermatologist at Assunta Hospital till 1987. He 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.

## Directors' Profile (cont'd)

### Brian Chieng Ngee Wen

#### Non-Independent Non-Executive Director

Brian Chieng Ngee Wen, Malaysian, aged 27, was appointed as a Non-Independent Non-Executive Director of the Company on 28 February 2012.

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

Mr Brian Chieng has over 7 years' experience in the investment banking and securities industry, including over 4 years' experience in corporate finance with Macquarie Group Limited in Sydney, Australia where he was involved in transactions in Australia, the United States and Asia. He is currently Vice President, Business Development at Hwang DBS Investment Bank Berhad and was formerly an Independent Non-Executive Director of Asia Poly Holdings Berhad.



### Tony Lee Cheow Fui

#### Independent Non-Executive Director

Tony Lee Cheow Fui, Malaysian, aged 56, is the Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and Nominating Committee.

Mr Tony Lee graduated with a Bachelor of Commerce from the University of New South Wales, Sydney majoring in Accounting, Finance and Systems. He is a Fellow of the Institute of Chartered Accountants, Australia (ICAA) and member of CPA Australia, ICPAS Singapore, Malaysian Institute of Accountants and the Malaysian Alliance of Corporate Directors.

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

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

Mr Lee is currently an Independent Non-Executive Director of Apex Equity Holdings Berhad.



#### NOTES:

**1. Family Relationship with Director and/or Major Shareholder**

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

- Mr Eddy Chieng, is the father of Mr Roderick Chieng and Mr Brian Chieng; and
- Mr Roderick Chieng and Mr Brian Chieng are brothers

**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 Information

## PRINCIPAL BUSINESS

With close to 29 years of experience in the beauty and wellness industry, EIG is one of the market leaders in ASEAN and Hong Kong focused on the following business lines:

### (a) Product Distribution

EIG has an extensive distribution network of more than 1,000 independent professional salons across ASEAN and Hong Kong. EIG is the exclusive distributor of Dermalogica, the number one professional skin care brand worldwide, in Malaysia, Indonesia, Hong Kong, Singapore, Thailand, Brunei and Philippines, and is also the exclusive supplier to Vietnam and Cambodia.

During the year under review, EIG was also appointed as the exclusive distributor for Davines professional hair care products in Thailand, Malaysia, Singapore and Brunei, as well as Tisserand aromatherapy and beauty products in 10 countries across ASEAN and Hong Kong. Founded in Parma, Italy in 1983, Davines is one of the leading professional hair care brands worldwide while Tisserand is one of the leading aromatherapy brands in Europe which was founded in the United

Kingdom in 1974. We also develop and distribute our Averine skin-caring and age-defying cosmetic range through this channel.

EIG also develops and distributes our own Fast Moving Consumer Goods (FMCG) skin care brand, Clinelle, which is distributed through pharmacies and high traffic retail outlets throughout Malaysia and Hong Kong such as Guardian, Watsons and SaSa. Clinelle focuses on safe, efficacious and affordable skin care products which achieves real results and are manufactured in countries such as USA and France.

### (b) Corporate Salons

EIG owns and operates 70 corporate outlets comprising 52 AsterSpring skin care salons and 18 retail kiosks in Malaysia, Singapore, Hong Kong and Thailand, including 1 new AsterSpring salon in Singapore and a further 3 upcoming AsterSpring salons in Malaysia and Singapore and 2 kiosks in Malaysia and Hong Kong. Today, AsterSpring is one of the leaders in professional skin care salons in Asia with millions of faces treated over 29 years.

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## INVESTOR RELATIONS

Email : investorrelations@estheticsgroup.com

## 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

## SHARE REGISTRARS

### Symphony Share Registrars Sdn Bhd

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

## COMPANY SECRETARY

Lee Wai Ngan (LS 00184)

## STOCK EXCHANGE LISTING Bursa Malaysia Securities Berhad

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

## PRINCIPAL BANKERS

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad  
OCBC Bank Malaysia Berhad  
DBS Bank Limited

## BOARD OF DIRECTORS

### Executive Chairman:

Eddy Chieng Ing Huong

### Group Managing Director and Chief Executive Officer:

Roderick Chieng Ngee Kai

### Senior Independent

### Non-Executive Director:

Dato' Mohd Ismail Bin Che Rus

### Independent

### Non-Executive Director:

Dr Chu Siew Mun  
Tony Lee Cheow Fui

### Non-Independent

### Non-Executive Director:

Brian Chieng Ngee Wen

## AUDIT COMMITTEE

### Chairman:

Dato' Mohd Ismail Bin Che Rus

### Members:

Dr Chu Siew Mun  
Tony Lee Cheow Fui

## NOMINATING COMMITTEE

### Chairman:

Dato' Mohd Ismail Bin Che Rus

### Members:

Dr Chu Siew Mun  
Tony Lee Cheow Fui

## REMUNERATION COMMITTEE

### Chairman:

Eddy Chieng Ing Huong

### Members:

Dato' Mohd Ismail Bin Che Rus  
Dr Chu Siew Mun

# clinelle®

happy skin, happy face

## For beautiful skin that glows from within

At Clinelle, we collaborate with strategic partners from around the world, such as **France** and **USA**, to provide safe, efficacious and affordable products that garner real results. We source the world for the most effective ingredients. We work with the best scientists and we use the latest technological advancements in skincare in laboratories worldwide.

We do all this because we believe that everyone deserves happy skin and happy face.

The image displays four product ranges from Clinelle, each presented in a circular frame with a callout bubble highlighting a key feature:

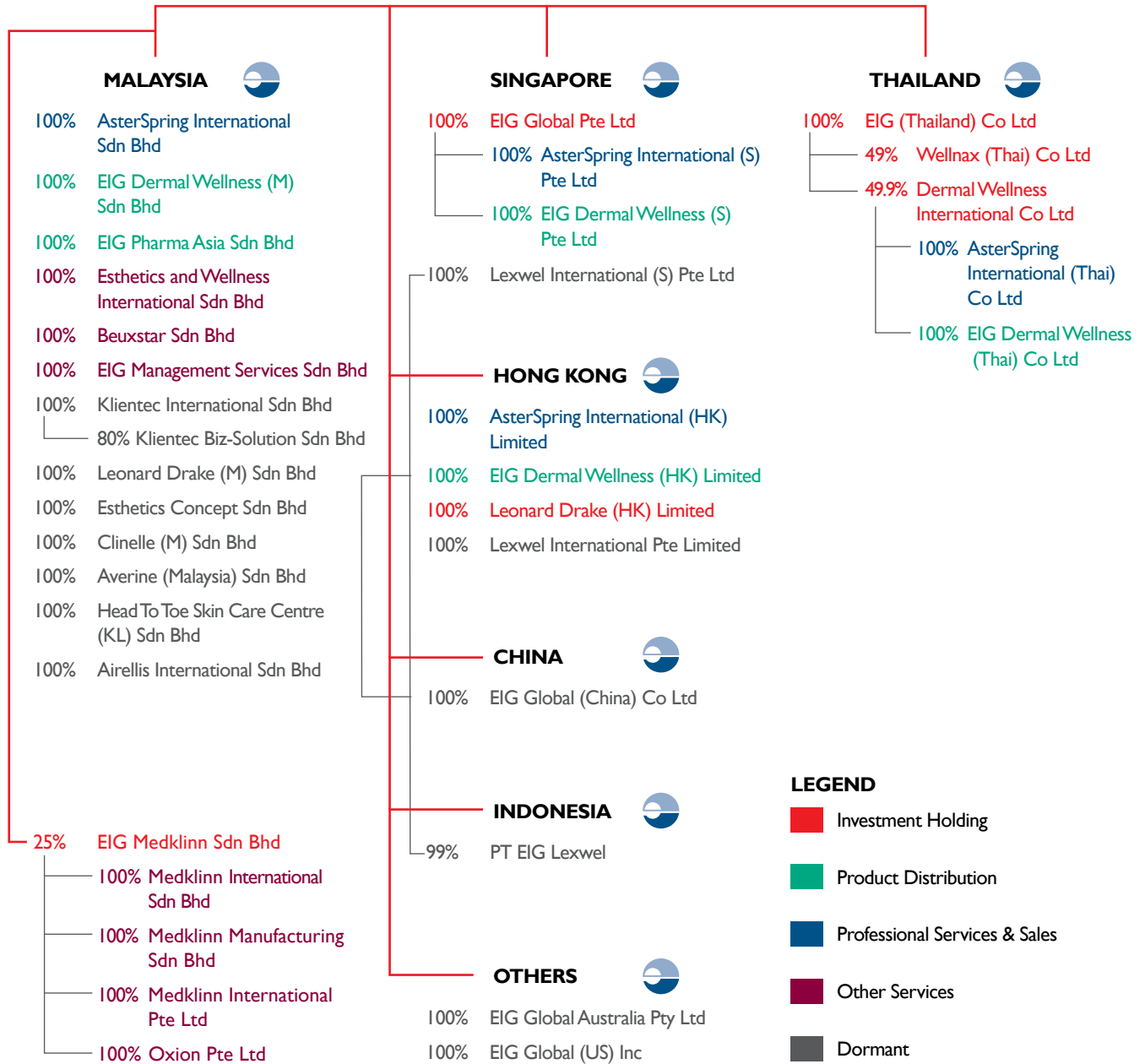
- Essential Range:** Basic care for oily & dry skin. Callout: "Scrub & Mask 8 Powerful Ingredients Powerful Actions".
- Purifying Range:** Blemish care for acne prone skin. Callout: "360° Action".
- Ingenius Range:** Anti Aging care for aging skin. Callout: "Visible results with just 1 application".
- UV Suncare:** UV protection care for all skin type. Callout: "Non-greasy, light weight with encapsulated technology".

### Free Skin from 6 harmful ingredients

- No artificial coloring
- No artificial fragrance
- No comedogenic ingredients
- No lannolin
- No mineral oil
- No SD-alcohol



# Corporate Structure



<sup>®</sup>  
AVERINE



AGE DEFY MAKEUP  
TRUE NUDES COLLECTION

# Statement on Corporate Governance

## STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2013)

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

## ROLE AND RESPONSIBILITIES OF THE BOARD

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

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

The Board Charter clearly sets out the Board’s role, powers, duties and functions. Matters which are reserved for decision by the Board include, amongst others:

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

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

**...led by an experienced Board  
with a wide and varied range  
of academic and professional  
qualifications and business and  
financial experience...**

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

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

Prior to each Board meeting, all Directors will receive an agenda and a full set of Board papers for the agenda items to be discussed. At each Board meeting, the relevant Executive Directors and 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.

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

## Statement on Corporate Governance (cont'd)



### BOARD COMPOSITION AND BALANCE

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

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

- One (1) Executive Chairman
- One (1) Group Managing Director and Chief Executive Officer
- One (1) Non-Independent and Non-Executive Director
- Three (3) Independent and Non-Executive Directors

The Independent Non-Executive Directors make up one half (1/2) of the board membership, complying 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 by bringing informed and independent judgment to many aspects of the Group's strategy and decisions so as to ensure that the highest standards of conducts and integrity are maintained, as well as to safeguard the interest of other stakeholders, thereby fulfilling an independent, pivotal role in corporate accountability.

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

The Board also notes the recommendation of Code that the board should comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. In this regard, while the Independent Non-Executive Directors represent one half (1/2) of the composition of the Board rather than a majority of the Board, the Board considers that the Board is able to function effectively with objective priorities in the best interests of the Group's shareholders.

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

## Statement on Corporate Governance (cont'd)

### (i) The Audit Committee

The Company's Audit Committee comprises three (3) Independent Non-Executive Directors in compliance with the Listing Requirements. The members of the Audit Committee during the financial year are as follows:

- Dato' Mohd Ismail Bin Che Rus – Chairman
- Dr Chu Siew Mun – Member
- Tony Lee Cheow Fui – Member  
(appointed on 27 February 2013)
- Felicia Lim Chang Ching – Member  
(resigned on 5 December 2012)

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

### (ii) The Remuneration Committee

The Company's Remuneration Committee comprises the Executive Chairman and two Independent 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 and to ensure that such policies support its corporate objectives and strategies for enhancing shareholder value. The Director concerned will not be present when matters affecting his/her own remuneration arrangement are considered.

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 31 March 2013, the Remuneration Committee held one (1) meeting on 22 May 2012 which was attended by all members, to deliberate and consider the remuneration of the Directors for the financial year ended 31 March 2013.



**The Board has delegated certain responsibilities to the Board Committees with clearly defined terms of reference to assist in discharging their duties.**

### (iii) The Nominating Committee

The Company's Nominating Committee comprises of three Independent Non-Executive Directors:

- Dato' Mohd Ismail Bin Che Rus – Chairman
- Dr Chu Siew Mun – Member
- Tony Lee Cheow Fui – Member  
(appointed on 27 February 2013)
- Felicia Lim Chang Ching – Member  
(resigned on 5 December 2012)

## Statement on Corporate Governance (cont'd)

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

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

Meetings of the Nominating Committee are held as and when required, and at least once a year. During the financial year ended 31 March 2013, the Nominating Committee held two (2) meetings on 22 May 2012 and 27 February 2013, which was attended by all members, to deliberate and consider the re-appointment of Directors pursuant to Articles 87 and 94 of the Company's Articles of Association and the appointment of Mr Tony Lee Cheow Fui as an Independent Non-Executive Director of EIG respectively.

### INDEPENDENCE AND CONFLICT OF INTEREST

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

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

## The Board assesses the independence of the Directors annually by taking into consideration of their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board assessment.

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

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Directors were absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2013, complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

	22.05.12	27.08.12	21.11.12	27.02.13
Eddy Chieng Ing Huong	√	√	√	√
Roderick Chieng Ngee Kai	√	√	√	√
Dato' Mohd Ismail bin Che Rus	√	√	√	√
Dr Chu Siew Mun	√	√	√	√
Brian Chieng Ngee Wen	√	√	√	√
Tony Lee Cheow Fui <sup>(1)</sup>	n/a	n/a	n/a	√
Felicia Lim Chang Ching <sup>(2)</sup>	√	√	√	n/a

#### Notes:

(1) Appointed on 27 February 2013

(2) Resigned on 5 December 2012

## Statement on Corporate Governance (cont'd)

### APPOINTMENT AND RE-ELECTION TO THE BOARD

The appointment of Directors is undertaken by the Board as a whole. The Nominating Committee considers candidates suitable for appointment to the Board, and the final endorsement lies with the entire Board to ensure that the required mix of skills, experience and expertise of members of the Board is sufficient to address the issues affecting the Group. During the financial year under review, Mr Tony Lee Cheow Fui was appointed to the Board as an Independent Non-Executive Director following the resignation of Ms Felicia Lim Chang Ching from 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 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 re-appointment by shareholders annually in accordance with Section 129 of the Companies Act 1965.

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 the Group thereby enabling them to discharge their duties effectively.

### CONTINUING EDUCATION OF THE DIRECTORS

The Directors are encouraged to attend relevant seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which Group operates, as well as wider economic, financial and governance issues. 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 briefings, conferences, seminar programmes and speaking engagements covering areas that included corporate governance, leadership, relevant industry updates and global business developments.

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every AGM.

### DIRECTORS' REMUNERATION

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



## Statement on Corporate Governance (cont'd)



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

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

RM'000	Salaries & Other Emoluments <sup>(2)</sup>	Benefits In Kind <sup>(3)</sup>	Fees	Total
Executive Directors	525	89	35	649
Non-Executive Directors <sup>(1)</sup>	-	19	56	75

### Notes:

- (1) Included in the remuneration of Non-Executive Directors is the remuneration paid to Ms Felicia Lim Chang Ching from 1 April 2012 up to the date she ceased to be a Director on 5 December 2012 and remuneration paid to Mr Tony Lee Cheow Fui from his appointment on 27 February 2013.
- (2) Other emoluments include bonuses and employer contribution to the Employees' Provident Fund.
- (3) Benefits in-kind are in respect of motor vehicles, product and service allowances for Executive Directors and gift certificates for treatment services for Non-Executive Directors.
- (4) Fees include directors fees and meeting allowances paid to Non-Executive Directors.

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	Non-Executive Directors <sup>(1)</sup>
Below RM50,000	-	5
RM400,000 to RM450,000	1	-

### Notes:

- (1) Included in the remuneration of Non-Executive Directors is the remuneration paid to Ms Felicia Lim Chang Ching from 1 April 2012 up to the date she ceased to be a director on 5 December 2012 and remuneration paid to Mr Tony Lee Cheow Fui from his appointment on 27 February 2013.

## INTEGRITY IN FINANCIAL REPORTING AND RISK MANAGEMENT

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

The Audit Committee recognizes the importance of selecting suitable and independent external auditors in promoting good corporate governance. Accordingly, the Audit Committee assesses the suitability and independence of external auditors, giving

## Statement on Corporate Governance (cont'd)

consideration to relevant industry experience. In compliance with the Malaysian Institute of Accountants, EIG rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of audit opinions.

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

### IALOGUE WITH SHAREHOLDERS AND INVESTORS

General Meetings represent the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, the Group's corporate developments, the resolutions being proposed and the business of the Group in general at every General Meeting of the Company. The notice of the General Meetings, and Circular to Shareholders are sent to shareholders in accordance with the stipulated period set out in the Listing Requirements and Companies Act 1965. Annual General Meetings 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 the Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

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

EIG has and will adopt poll voting if there is/are substantive resolution(s) put forth for shareholders' approval at the general meetings.

The Board encourages the Company to leverage on information technology for effective dissemination of information. The Company also maintains a website ([www.estheticsgroup.com](http://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 Associates Sdn Bhd  
Plaza 138, Suite 18.03, 18th Floor  
138 Jalan Ampang  
50450 Kuala Lumpur  
Tel : +603-2161 5466  
Fax : +603-2163 6968

### 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. The Group has also raised the awareness of employees with regard to corporate social responsibility.

## Statement on Corporate Governance (cont'd)

### The Company supports a precautionary approach to environmental challenges.

#### OTHER INFORMATION IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA

##### (A) Share Buy Back

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

##### (B) Options, Warrants or Convertible Securities

During the financial year ended 31 March 2012, the Company issued 52,800,000 free detachable warrants in conjunction with the rights issue of 52,800,000 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share ("Rights Issue"). The Rights Issue was completed on 10 January 2012 with the listing of the new shares and warrants on Bursa Malaysia Securities Berhad. During the financial year ended 31 March 2013, none of the said warrants had been exercised.

##### (C) American Depositary Receipt (ADR)/Global Depositary Receipt (GDR)

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

##### (D) 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.

##### (E) Variation in Results

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

##### (F) Profit Guarantee

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

##### (G) 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 2013 or entered into since the end of the previous financial year.

##### (H) Utilisation of Proceeds From Corporate Proposals

The Company raised a total of RM26,400,000 from its renounceable rights issue of 52,800,000 new EIG shares together with 52,800,000 free detachable warrants at an issue price of RM0.50 per share ("Rights Issue"). The Rights Issue was completed on 10 January 2012. The status of utilisation as at 31 March 2013 is as set out below:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Timeframe for utilisation of proceeds
Capital expenditure <sup>(1)</sup>	15,000	7,958	7,042	Within two (2) years
Working capital <sup>(2)</sup>	10,800	10,758	42	Within one (1) year
Rights Issue Expenses <sup>(3)</sup>	600	642	(42)	Within one (1) month
<b>Total</b>	<b>26,400</b>	<b>19,358</b>	<b>7,042</b>	

##### Notes:

- The amount allocated for capital expenditure shall be utilised for the opening of new Corporate Salons and Kiosks locally and/or overseas as well as potential acquisition of office space in countries such as Singapore and Hong Kong where our Group is currently operating at prices deemed appropriate by our Group. As at 31 March 2013, a total of RM7.96 million has been utilised as follows:-
  - Renovation of 4 new outlets, namely Paradigm Mall, Setia City Mall, Dataran Pahlawan Shopping Centre and Sunway Carnival Mall.
  - Refurbishment of aged outlets, including AEON Taman Maluri, Ampang Point and KLCC.
  - Payment of the first 20% of the purchase consideration, together with GST and stamping fees, in respect of the acquisition of new office units in Singapore.
- The amount allocated for working capital has been used for payment to suppliers, payment of salaries and operating expenses and production of skin care products.
- The expenses relating to the Rights Issue comprise of, amongst others, the professional fees and fees payable to the relevant authorities, expenses to convene the EGM, printing, despatch and advertising expenses as well as other miscellaneous cost.
- The balance of unutilised proceeds has been placed in short term money market funds with investment management companies.

## Statement on Corporate Governance (cont'd)

### (I) Revaluation Policy on Landed Properties

Revaluation policy on landed properties is disclosed in Note 2f – Significant Accounting Policies of Notes to the Financial Statement on page 72 of this Annual Report.

### (J) Non-Audit Fees

During the financial year ended 31 March 2013, the External Auditors acted as scrutineers at the Company's Annual General Meeting held on 28 August 2012. In addition, the Company also incurred expenses in relation to review of the Statement of Internal Controls included in the Annual Report. The total fees paid to the External Auditors amounted to RM5,000 excluding service taxes.

Apart from the above, there were no non-audit fees paid to the External Auditors for the financial year ended 31 March 2013.

### (K) Related Party Transactions

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 22 May 2013.



ROBERT TISSERAND

*Tisserand*

Tisserand Professional Range

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# Statement on Risk Management and Internal Control

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(for the Financial Year Ended 31 March 2013)

### INTRODUCTION

The Board of Directors (“the Board”) of Esthetics International Group Berhad (“EIG” or “the Group”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal controls of the Group for the financial year ended 31 March 2013. This Statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and taking into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

### BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control and its effectiveness. The system of risk management and internal control is designed to safeguard shareholders’ 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, 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 regards risk management as an integral part of business operations and considers that the Group’s risk management and internal control system should provide reasonable assurance regarding the achievement of the Group’s objectives in the:

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

During the year under review, the Board was supported in the ongoing process of identifying, assessing and managing the business risks faced by the Group by the Internal Audit Department and Management.

### RISK MANAGEMENT

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.

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 materialize 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 Group has in place a Risk Management Framework which includes the establishment of a Risk Management Committee (RMC) to assist and report to the Audit Committee and the Board with respect to review and monitoring of the Group’s major risk exposures, key guidelines and policies for risk assessment and management, and steps taken by Management to monitor and control such exposures.

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.

### OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

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

## Statement on Risk Management and Internal Control (cont'd)



### INTERNAL AUDIT FUNCTION

A key component of the Group's risk management and internal controls framework is the in-house Internal Audit Department, which assists the Audit Committee in providing the Board with the assurance it requires on the adequacy and effectiveness of the risk management and internal controls. Details on the terms of reference of the internal audit charter and roles and responsibilities of the Internal Audit Department are set out in the Report of 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. 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 action. The Management is responsible for ensuring that a written action plan is sent to the Internal Auditors and that corrective actions are taken.

### REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Crowe Horwath, have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2013, 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 risk management and internal controls.

### CONCLUSION

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 22 May 2013.

# Report of The Audit Committee

## REPORT OF THE AUDIT COMMITTEE

(for the Financial Year Ended 31 March 2013)

The Board of Directors of Esthetics International Group Berhad ("EIG") is pleased to present the Audit Committee Report for the financial year ended 31 March 2013. This Audit Committee Report is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and the Malaysian Code of Corporate Governance 2012 ("Code").

### MEMBERS

- Dato' Mohd Ismail Bin Che Rus (Chairman), Senior Independent Non-Executive Director
- Dr Chu Siew Mun, Independent Non-Executive Director
- Tony Lee Cheow Fui, Independent Non-Executive Director (appointed on 27 February 2013)
- Felicia Lim Chang Ching, Non-Independent Non-Executive Director (resigned on 5 December 2012)

### TERMS OF REFERENCE

#### Objectives

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

#### Composition

The Audit Committee shall be appointed by the Board from amongst their numbers and shall:

- consist of no less than three (3) members;
- consist exclusively of Non-Executive Directors with a majority being Independent Directors; and
- have at least one (1) member who is a member of the Malaysian Institute of Accountants or who fulfils such other requirements as prescribed in the Listing Requirements.

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

The terms of office and performance of the Audit Committee and its members shall be reviewed by the Board no less than every three (3) years. The terms of office and performance of the Audit

Committee and its members have last been reviewed and renewed by the Board on 30 May 2011.

#### Duties

The Audit Committee shall discharge the following functions:

- to review, with the External Auditors, the audit plan, audit report and the assistance given by the Company's officers to the Auditors;
- to review, with the External Auditors, the adequacy of the internal control systems;
- to review the quarterly results reports and annual financial statements prior to submission to the Board, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit; and
  - compliance with accounting standards and other legal and statutory requirements;
- to discuss problems and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss (in the absence of the Management where necessary);
- to review the External Auditors' management letter and the Management's response;
- to do the following, in relation to the Internal Audit functions:
  - review the adequacy of the scope, functions, competency and resources of the Internal Audit Department 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, investigations and results of the Internal Audit programmes, and whether or not appropriate actions are taken on the recommendations of the Internal Audit Department;
  - review any appraisal or assessment of the performance of members of the Internal Audit Department;
  - approve any appointment or termination of senior staff members of the Internal Audit Department; and
  - take cognisance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- to review the resignation, dismissal, appointment or reappointment of Internal Auditors and External Auditors of the Group and to consider the nomination of a person or person(s) as Auditors and the related fees;
- to review any related party transactions and conflict of interest that may arise within the Company or Group;
- to consider other topics as defined by the Board from time to time.

## Report of The Audit Committee (cont'd)

### 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 functions or activities;
- have the right to obtain independent professional or other advice at the Company's expense;
- have the right to convene meetings with the External Auditors and/or Internal Auditors or both, excluding the attendance of the other Directors and the Management, whenever deemed necessary; and
- promptly report to Bursa Malaysia matters which have not been satisfactorily resolved by the Board resulting in a breach of the Listing Requirements.

### Meetings

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

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

### INTERNAL AUDIT FUNCTION

The main roles of the Internal Audit Department encompass the examination and evaluation of the adequacy, existence and effectiveness of the internal control systems, 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.

The Internal Audit Charter of the Internal Audit Department that has been approved by the Board empowers it with unrestricted access to all records of the Group and full cooperation from all staff of the Group.

The Charter governs that the Internal Audit Department is to be independent by not being involved in any activities that it audits and that all its audit findings are directly forwarded to the Audit Committee.

During the financial year ended 31 March 2013, the activities of the Internal Audit Department focused on inventory management and planning, which included:

- development of the annual Internal Audit plan and submission to the Audit Committee for review and approval;
- conducted scheduled Internal Audit assignments focussing on effectiveness of risk management, internal controls and corporate governance and recommended improvements where necessary;
- conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports;

## Report of The Audit Committee (cont'd)

- presented audit findings including recommendations to the Audit Committee for consideration; and
- developed the Group's Risk Management Framework.

In addition, the Internal Audit Department also carries out follow-up reviews to ensure the previously reported issues have been adequately addressed by the Management and the results of such reviews are also periodically reported to the Audit Committee.

All the Internal Audit activities were performed in-house and no activities were outsourced.

### MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2013, there were four (4) Audit Committee meetings held and members of the Audit Committee attended all the Audit Committee meetings held with 100% attendance.

The Company Secretary as Secretary to the Audit Committee was present by invitation together with representatives of the External Auditors, the Head of Internal Audit, the Group Chief Financial Officer and certain members of the Management. Out of the four meetings held, the Audit Committee held two (2) meetings with the External Auditors without the presence of any Management including the Executive Directors.

### ACTIVITIES OF THE AUDIT COMMITTEE

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

- reviewed the quarterly financial results and annual audited financial statements of the Group before recommending them for approval to the Board, focusing on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit; and
  - compliance with accounting standards and other legal and statutory requirements;
- reviewed the Audit Committee Report and Statement of Internal Control for inclusion in the Annual Report;
- 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 2013;
- reviewed the External Auditors' management letter and the Management's response following the conclusion of the audit for the financial year ended 31 March 2013;
- discussed problems and reservations arising from the audit and other matters with the External Auditors in the absence of the Management;
- reviewed the Internal Audit reports tabled, audit recommendations made and the Management's response to the recommendations, and where necessary, ensured that appropriate and prompt actions are taken on the recommendations of the Internal Audit Department; and
- reviewed and approved the Risk Management Framework and the formation of Risk Management Committee.

This Report is made in accordance with the resolution of the Board of Directors dated 22 May 2013.



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## Statement of Directors' Responsibilities



### STATEMENT OF DIRECTORS' RESPONSIBILITIES

(In respect of the Audited Financial Statements for the Financial Year Ended 31 March 2013)

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with applicable Financial Reporting Standards, the Companies Act 1965 and the Main Market Listing Requirements of Bursa Securities Berhad so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2013 and of the results and cash flows of the Group and Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Adopted suitable accounting policies and then applied them consistently;
- Made judgment and estimates that are prudent and reasonable;
- Ensured applicable Financial Reporting Standards have been applied, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on a going concern basis.

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

This Statement is made in accordance with the resolution of the Board of Directors dated 22 May 2013.

# Group Financial Highlights and Five-Year Financial Summary

		31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Revenue	(RM'000)	183,330	169,991	141,090	132,340	<b>134,414</b>
EBITDA	(RM'000)	23,038	12,547	(30,839)	11,925	<b>17,322</b>
Profit Before Tax	(RM'000)	14,823	3,805	(42,002)	5,231	<b>11,021</b>
Profit After Tax	(RM'000)	10,644	(152)	(41,149)	1,549	<b>7,251</b>
Net Profit Attributable						
To Equity Holders	(RM'000)	10,644	(656)	(40,492)	1,751	<b>7,253</b>
Total Assets	(RM'000)	161,163	159,851	125,441	143,754	<b>153,571</b>
Total Liabilities	(RM'000)	29,770	31,144	38,563	33,320	<b>36,000</b>
Shareholders' Equity	(RM'000)	131,393	124,143	82,971	110,391	<b>117,530</b>
Cash And Cash Equivalent	(RM'000)	12,175	11,262	11,380	49,140	<b>62,748</b>
Number Of Shares*	('000)	132,000	132,000	132,000	184,800	<b>184,800</b>
Earnings Per Share	(Sen)	8.01	(0.50)	(30.68)	1.22**	<b>3.92</b>
Net Assets Per Share	(RM)	1.00	0.94	0.63	0.60	<b>0.64</b>
Return On Equity	(%)	8.1%	-0.5%	-48.8%	1.6%	<b>6.2%</b>
Return On Total Assets	(%)	6.6%	-0.4%	-32.3%	1.2%	<b>4.7%</b>
Gearing Ratio	(times)	-	-	0.1	-	-
Gross Dividend Per Share	(Sen)	3.0	1.5	-	-	<b>2.5</b>
Gross Dividend Yield Per Share	(%)	6.0%	2.5%	-	-	<b>5.0%</b>
Share Price As At						
Financial Year End	(RM)	0.50	0.60	0.48	0.38	<b>0.50</b>

## Notes:

\* Ordinary shares of RM0.50 each.

\*\* Based on weighted average number of ordinary shares of 143,685,000.

# Chairman's Report and Management Discussion & Analysis

DEAR VALUED SHAREHOLDERS,

## BUILDING MOMENTUM

As noted in last year's Report, the Group had begun to turn the corner since the strategic change in leadership in August 2010. Since then, EIG has continued to build momentum and achieved a net profit after tax of RM7.2 million for the financial year ended 31 March 2013, as compared to a profit of RM1.5 million in FY2012. While this is an encouraging result, we believe and recognise that there is still significant potential for growth and we are committed to invest in building the strong foundations necessary to achieve our vision of becoming the leading beauty and wellness company in Asia.

During the year, we continued to focus our efforts and resources on growing our three core business units – Professional Distribution, Corporate Salons and Fast Moving Consumer Goods (FMCG). For Professional Distribution, we focused on growing our Dermalogica product sales and dealer network, while also introducing complementary and well-established leading brands to cater to the needs of our dealers. For Corporate Salons, we focused on strategically and prudently growing our geographic coverage and investing in our salon teams. For FMCG, we renamed the business unit from Consumer Care Products Division to FMCG to better reflect our market focus and expanded our product range to provide a more complete range within the Clinelle brand and deepen our position in our markets.

The Group's financial position also strengthened further during the year, with net cash of RM62.7 million as at 31 March 2013, which is equivalent to 34 sen per share based on the number of shares on issue as at the same date. This increase was driven by positive net cashflow from operations of RM15.8 million during



## Chairman's Report and Management Discussion & Analysis (cont'd)

the year as we continued to be disciplined in our inventory management and is after funding RM1.2 million out of cash for the renovation of 4 new outlets, RM0.6 million for the refurbishment of 3 aged outlets and RM6.2 million as deposit for the acquisition of new office units in Singapore.

As a sign of commitment and belief in the prospects and potential of the Group, my family via Providence Capital Sdn Bhd ("PCSB") increased its shareholding in EIG from 35.97% to 59.66% on 19 October 2012 and accordingly made an unconditional mandatory take-over offer in compliance with the Malaysian Code on Take-Overs and Mergers to acquire all the remaining EIG shares and warrants at RM0.50 per share and RM0.12 per warrant. Following the closing of the Offer on 30 November 2012, PCSB subsequently completed a series of off-market placements to ensure compliance with the public shareholding spread under the Main Market Listing Requirements. With the exercise completed, PCSB currently has a shareholding of 60.75% as at 3 July 2013, thereby providing a firm long-term anchor for EIG.

### MANAGEMENT DISCUSSION AND ANALYSIS

Against a challenging backdrop with the Eurozone debt crisis and concerns about the pace of global economic growth, the Group recorded revenue of RM134.4 million for FY2013, an increase of RM2.1 million from RM132.3 million in FY2012. However, excluding RM1.9 million generated from discontinued businesses and third party brands in FY2012, the Group's core business revenue increased by RM4 million or 3%.

With the increase in revenue, the Group reported a profit after tax of RM7.2 million for FY2013, compared to a profit of RM1.5 million for FY2012. Also contributing to this improved result was a continued focus on cost management as well as a reduction in the amount of inventory written-off of RM2.3 million compared to FY2012 for discontinued and slow-moving SKUs, more than offsetting the impact of lower unrealised foreign exchange gains in the current year, which was higher by RM1.2 million in FY2012.

As mentioned, one of our strategies for Professional Distribution is to introduce complementary leading brands to our markets to provide a more complete offering to our dealers and AsterSpring customers. In doing so, our focus is to work with well established, world-class brands which can add further value to our distribution channels.

To this end, during the year we announced that we had secured the exclusive distributorship for Davines professional hair care products in Thailand for a period of ten (10) years and six (6) months from 1 July 2012 followed by Malaysia, Singapore and Brunei for a period of 10 years with the option to renew for a further 10 years from 1 January 2013. Founded in Parma, Italy in 1983, Davines is one of the leading professional hair care brands which is sold in more than 70 countries worldwide.

In addition, we also secured the exclusive distributorship for Tisserand aromatherapy and beauty products in Malaysia, Singapore, Thailand, Brunei, Indonesia, Philippines, Vietnam, Cambodia, Myanmar and Hong Kong for a period of ten (10) years, with the option to renew for a further 10 years from 21 November 2012. Established by Robert Tisserand, one of the world's leading experts in aromatherapy in the United Kingdom in 1974, Tisserand is one of the leading aromatherapy brands in Europe.

During the year, we also announced the discontinuation of our Guangzhou-based skin care product distribution as a result of the decision by Dermalogica Inc., the brand principal for Dermalogica, to suspend distribution in China due to challenges with Dermalogica's product registration and related challenges with product registration for Clinelle products. Nevertheless, we continue to actively support the Chinese market via Hong Kong, and are focussed on building our presence in ASEAN and Hong Kong, a region with more than 600 million people.



## Chairman's Report and Management Discussion & Analysis (cont'd)

We also announced in May 2013 the signing of a provisional sale and purchase agreement to acquire an office unit in the Kwun Tong area of Kowloon, Hong Kong. Strategically located in a new building within walking distance of two MRT stations, the acquisition will help to reduce the risk of unfavourable rental increases in a high-rental market like Hong Kong, minimise relocation costs going forward and most importantly signifies our long-term commitment to the market. With this acquisition, we will fully own our own corporate offices in Malaysia, Singapore and Hong Kong.

### DIVISIONAL PERFORMANCE

#### a) Product Distribution

##### i) Professional Distribution

Professional Distribution is our distribution arm to more than 1,000 independent professional salons across ASEAN and Hong Kong, and accounted for 33% of the Group's revenue in FY2013.

Since 1989, we have been the exclusive distributor of Dermalogica skin care products, the leading professional skin care brand worldwide, for seven (7) countries, namely Malaysia, Indonesia, Hong Kong, Singapore, Thailand, Brunei and Philippines. Our Group is also the authorised and designated supplier of Dermalogica Products to Vietnam and Cambodia.

During the year under review, we launched our 'Get Naked with Dermalogica' campaign, an innovative campaign aimed at building brand awareness and recruiting new Dermalogica customers. Highlighting Dermalogica's focus on skin health and that 'great skin has nothing to hide', this unique and innovative campaign successfully brought new customers in-store, delivered value to participating salons and increased our press and social media following.

We also relaunched our Averine cosmetics brand as a full, skin-caring cosmetics range of age-defying makeup with radiant colours designed to help delay the effects of skin aging with safe and advanced ingredient formulations.



For the year under review, Professional Distribution reported revenue of RM44.0 million, marginally lower by 2.9% compared to RM45.3 million for FY2012, mainly due to lower export sales to Vietnam and the termination of sales to unauthorised sub-distributors in Hong Kong and Singapore as we took steps to rebuild a more sustainable business in those markets. However, profit before tax for the unit increased by 29.9% from RM9.7 million to RM12.6 million due to a reduction in inventories written off of RM1.7 million and a continued focus on cost management.

##### ii) FMCG Division

Fast Moving Consumer Goods (FMCG), which focuses on the production and distribution of our wholly-owned Clinelle range of skin care products to pharmacies and high traffic outlets throughout Malaysia and Hong Kong such as Guardian, Watsons, SaSa and independently owned pharmacies, accounted for approximately 12% of the Group's revenue during the year.

## Chairman's Report and Management Discussion & Analysis (cont'd)



While continuing to clear inventory, this year we introduced some new exciting products under the Clinelle brand such as the Ingenius anti-ageing line in May 2012, UV Defense SPF50 in July 2012 and our Blemish Care series in February 2013 to build-out the Clinelle product range and increase our share of the retailing shelf-space.

FMCG recorded revenue of RM15.4 million for FY2013, compared to RM13.7 million in FY 2012. FMCG also reported a lower loss of RM4.2 million in FY2013, compared to a loss of RM7.0 million in FY2012, resulting from the higher revenue and reduction in inventory written off of RM0.9 million.

### b) Professional Services and Sales (Corporate Salons)

The Group owned and managed 70 corporate outlets comprising 52 AsterSpring skin care salons and 18 retail kiosks in Malaysia, Singapore, Hong Kong and Thailand, including 1 new AsterSpring salon in Singapore, with a further 3 upcoming AsterSpring salons in Malaysia and Singapore and 2 kiosks in Malaysia and Hong Kong.

For the year under review, the business unit reported revenue of RM74.8 million, an increase of 4.3% compared to RM71.7 million for FY2012. This represents a contribution of 56% of the Group revenue and arose from higher services rendered and contributions from new and relaunched AsterSpring salons and kiosks during the year in exciting locations such as at Setia City Mall and Paradigm Mall in Malaysia, Life Centre in Bangkok, Thailand and Hysan Place in Causeway Bay, Hong Kong. The prior year also saw the temporary closure of certain key salons including KLCC and I Utama for renovation and/or relocation during part of FY2012.

During the year, in conjunction with the launch of AsterSpring's new Signature Touch treatments, we launched our 'AsterSpring Hands' brand campaign highlighting AsterSpring's expertise, experience and focus on skin health in delivering professional skin care services to millions of customers over 29 years to date. Each of our AsterSpring salon therapists are professionally certified and trained and therefore are the 'hands' customers can trust with their skin health.

As a result of the increased revenue performance and the closure of certain loss making salons in Hong Kong as part of the restructuring of our operations, Corporate Salons reported a higher profit before tax of RM3.03 million in FY2013 compared to a profit of RM1.3 million in FY2012.

On the "corporate social responsibility" front, during the year, AsterSpring Malaysia organized the "Touch a Life" Charity Campaign, the start of a long-term effort to contribute to and create awareness on touching the lives of the children in the community. Starting with the orphans of the Yayasan Sunbeams Home, this fund raising program was conducted for 3 months across more than 30 corporate outlets in Malaysia, with the children also receiving "Touch a Life" postcards that were hand written by AsterSpring's customers.

### MOVING FORWARD

Looking ahead, while asset markets remain buoyed by the significant amounts of liquidity being injected into markets by central banks globally, there continues to be concerns about the pace of global economic growth. For EIG, we will therefore continue to be prudent and disciplined while remaining focussed on executing our key strategic long-term priorities to bring EIG to the next level of growth.

## Chairman's Report and Management Discussion & Analysis (cont'd)

For Professional Distribution, we will continue to focus on expanding our network of quality, independent dealers and providing more product education and sharing of best practices with our dealers to increase product sales across our brand portfolio, such as Dermalogica. Barring any unforeseen circumstances, we also intend to commence our expansion into Indonesia in the second half of this fiscal year.

For Corporate Salons, we will continue to build our network and regional footprint for our AsterSpring salons and kiosks in a selective, disciplined and measured manner, while continuing to invest in building up our Salon teams and improving salon performance and productivity.

For FMCG, our focus will be on continuing to build Clinelle into one of the leading FMCG skin care brands initially in Malaysia and Hong Kong and then regionally in Asia by reviewing our product portfolio to ensure that we remain relevant in the dynamic FMCG market. We will continue to increase and improve our Clinelle range of products and aggressively grow our pool of repeat consumers. We aim to achieve our goal soon to sell sufficient number of products to enable us to have the economies of scale to make Clinelle a profitable and valuable house brand.

Given the external macro uncertainties, we will also continue to focus on effectively and efficiently managing our inventory while also investing in our systems and processes to set the proper foundation for growth. With our people being the most important asset, we also continue to focus on investing in our culture and people in the aim of recruiting and retaining the best talent possible.

### DIVIDEND

To reward our shareholders for their ongoing support for the Company, it is my pleasure to report that the Board has recommended a final franked dividend of 5% (2.50 sen) for the year ended 31 March 2013 for shareholders' approval at the upcoming Annual General Meeting.

Going forward, barring any unforeseen circumstances in the macroeconomic environment, we intend to maintain a steady and increasing payout over time with dividends to be paid in two components as an interim and final dividend.

### APPRECIATION

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

I would also like to appreciate and thank the management team and each of the 700 members of the EIG family around the region for their professionalism, enthusiasm and efforts in building EIG as we strive towards our vision of being the leading beauty and wellness company in Asia and bringing to life our tagline 'Bringing Out the Best in You'.

On behalf of the Board, I would also like to thank Felicia Lim Chang Ching, who resigned as a Non-Independent Non-Executive Director during the year, for her contributions to the Board, and extend a warm welcome to Tony Lee Cheow Fui who joined the Board as an Independent Non-Executive Director pending re-election by shareholders at the coming Annual General Meeting.

In closing, I would like to extend another warm acknowledgement and appreciation to our valued shareholders for your continued confidence and support as EIG continues building momentum towards the exciting future ahead.

Yours truly,

**Eddy Chieng Ing Huong**  
Executive Chairman



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# Directors' Report

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2013.

### Principal activities

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

### Results

	Group RM'000	Company RM'000
Profit for the year	7,251	4,159
Attributable to:-		
Owners of the Company	7,253	4,159
Non-controlling interests	(2)	-
	7,251	4,159

### Reserves and provisions

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

### Dividends

No dividend was paid since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final franked dividend of 2.50 sen per ordinary share less 25% tax in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 March 2014.

### Directors of the Company

The directors who served since the date of the last report are:

Chieng Ing Huong  
 Roderick Chieng Ngee Kai  
 Dr. Chu Siew Mun  
 Dato' Mohd Ismail bin Che Rus  
 Brian Chieng Ngee Wen  
 Lee Cheow Fui (Appointed on 27.2.2013)  
 Lim Chang Ching (Resigned on 5.12.2012)

## Directors' Report (cont'd)

### 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 1.4.2012/ 27.2.2013 (date of appointment)	Bought	Sold	At 31.3.2013
<b>Indirect/Deemed interests:</b>				
Chieng Ing Huong *	66,469,798	96,908,378	(49,160,000)	114,218,176
Roderick Chieng Ngee Kai **	66,469,798	96,908,378	(49,160,000)	114,218,176
Brian Chieng Ngee Wen ***	66,469,798	97,042,878	(49,160,000)	114,352,676
Lee Cheow Fui	154,000	-	-	154,000

	Number of warrants 2013/2017			
	At 1.4.2012/ 27.2.2013 (date of appointment)	Bought	Sold	At 31.3.2013
<b>Indirect/Deemed interests:</b>				
Chieng Ing Huong *	24,271,298	20,494,278	-	44,765,576
Roderick Chieng Ngee Kai **	24,271,298	20,494,278	-	44,765,576
Brian Chieng Ngee Wen ***	24,271,298	20,494,278	-	44,765,576
Lee Cheow Fui	44,000	-	-	44,000

\* Deemed interest by virtue 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 his interest in Providence 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. and Cornerstone Holdings 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, Roderick Chieng Ngee Kai and Brian Chieng Ngee Wen 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 2013 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 except as disclosed in Note 24 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.

## Directors' Report (cont'd)

### Issue of shares and debentures

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up capital of the Company; and
- (b) there were no issues of debentures by the Company.

### Warrants

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

As at 31 March 2013, the entire 52,800,000 Warrants remained unexercised.

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

The ordinary shares issued from the exercise of Warrants shall rank *pari passu* in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions, rights, allotments and/or any other forms of distribution where the entitlement date of which precedes the relevant date of the allotment and issuance of the new shares arising from the exercise of Warrants.

### 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 no allowance for impairment losses on receivables is required, 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 provide for any 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.

## Directors' Report (cont'd)

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### Other statutory information (cont'd)

The contingent liability is disclosed in Note 23 to the financial statements. At the date of this report, there does not exist:

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

No contingent liability or other liability of the Group and of the Company 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 2013 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 the significant amount of inventories written off due to discontinued products as disclosed in Note 16 to the financial statements.

### Significant events

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

### Subsequent event

The subsequent event after the year is disclosed in Note 28 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:

.....  
**Chiang Ing Huong**

.....  
**Roderick Chieng Ngee Kai**

Shah Alam,

Date: 10 July 2013

# Statement by Directors

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## **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 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2013 and of their results and cash flows for the year ended on that date.

The supplementary information set out in Note 29, 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: 10 July 2013

# Statutory Declaration

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## **STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Roderick Chieng Ngee Kai, being the Director primarily responsible for the financial management of Esthetics International Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 119 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 10 July 2013.

.....  
**Roderick Chieng Ngee Kai**

Before me:

# 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 2013 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 119.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 judgement, 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### 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 6 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.

## Independent Auditors' Report (cont'd)

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### Other Reporting Responsibilities

The supplementary information set out in Note 29 on page 119 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

1. As stated in Note 1(a) to the financial statements, Esthetics International Group Berhad adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 March 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the financial year then ended.
2. 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: 10 July 2013  
Kuala Lumpur

**Ngiam Mia Teck**  
Approval No: 3000/07/14 (J)  
Chartered Accountant

# Statements of Financial Position

## STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2013

	Note	31.3.2013 RM'000	Group 31.3.2012 RM'000	1.4.2011 RM'000	31.3.2013 RM'000	Company 31.3.2012 RM'000	1.4.2011 RM'000
<b>Assets</b>							
Property, plant and equipment	3	35,329	38,804	41,238	-	-	-
Intangible assets	4	3,876	3,992	7,883	-	-	-
Investment properties	5	1,055	1,705	1,705	-	-	-
Investments in subsidiaries	6	-	-	-	99,581	102,097	77,445
Investments in associates	7	3,437	3,445	1,360	2,000	2,000	-
Deferred tax assets	8	648	691	1,718	-	-	-
<b>Total non-current assets</b>		<b>44,345</b>	<b>48,637</b>	<b>53,904</b>	<b>101,581</b>	<b>104,097</b>	<b>77,445</b>
Inventories	9	17,385	20,226	28,097	-	-	-
Receivables, deposits and prepayments	10	28,724	23,675	28,698	42	22	22
Tax recoverable		369	2,076	3,362	275	2,060	2,055
Cash and cash equivalents	11	62,748	49,140	11,380	8,697	217	115
<b>Total current assets</b>		<b>109,226</b>	<b>95,117</b>	<b>71,537</b>	<b>9,014</b>	<b>2,299</b>	<b>2,192</b>
<b>Total assets</b>		<b>153,571</b>	<b>143,754</b>	<b>125,441</b>	<b>110,595</b>	<b>106,396</b>	<b>79,637</b>

## Statements of Financial Position (cont'd)

### STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2013 (cont'd)

	Note	31.3.2013 RM'000	Group 31.3.2012 RM'000	1.4.2011 RM'000	31.3.2013 RM'000	Company 31.3.2012 RM'000	1.4.2011 RM'000
<b>Equity</b>							
Share capital	12	92,400	92,400	66,000	92,400	92,400	66,000
Reserves	13	9,851	9,965	5,944	10,207	10,207	6,097
Retained earnings	13	15,279	8,026	11,027	7,848	3,689	5,442
<b>Total equity attributable to owners of the Company</b>		<b>117,530</b>	<b>110,391</b>	<b>82,971</b>	<b>110,455</b>	<b>106,296</b>	<b>77,539</b>
<b>Non-controlling interests</b>		<b>41</b>	<b>43</b>	<b>3,907</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>117,571</b>	<b>110,434</b>	<b>86,878</b>	<b>110,455</b>	<b>106,296</b>	<b>77,539</b>
<b>Liability</b>							
Deferred tax liabilities	8	-	342	572	-	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>342</b>	<b>572</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred revenue		20,478	17,853	15,770	-	-	-
Payables and accruals	14	15,013	14,696	16,341	140	100	2,098
Borrowings		-	-	5,841	-	-	-
Taxation		509	429	39	-	-	-
<b>Total current liabilities</b>		<b>36,000</b>	<b>32,978</b>	<b>37,991</b>	<b>140</b>	<b>100</b>	<b>2,098</b>
<b>Total liabilities</b>		<b>36,000</b>	<b>33,320</b>	<b>38,563</b>	<b>140</b>	<b>100</b>	<b>2,098</b>
<b>Total equity and liabilities</b>		<b>153,571</b>	<b>143,754</b>	<b>125,441</b>	<b>110,595</b>	<b>106,396</b>	<b>79,637</b>

The notes on pages 62 to 119 are an integral part of these financial statements.

# Statements of Comprehensive Income

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	15	134,414	132,340	6,000	3,050
Cost of sales/services		(56,292)	(54,566)	-	-
<b>Gross profit</b>		78,122	77,774	6,000	3,050
Other income		890	2,277	-	-
Distribution expenses		(15,266)	(16,668)	-	-
Administrative expenses		(48,195)	(48,789)	(692)	(263)
Other expenses		(6,095)	(9,730)	-	-
<b>Results from operating activities</b>		9,456	4,864	5,308	2,787
Interest income		1,382	444	305	212
Finance costs		-	(130)	-	-
<b>Operating profit</b>	16	10,838	5,178	5,613	2,999
Share of profit after tax of equity accounted associates		183	53	-	-
<b>Profit before tax</b>		11,021	5,231	5,613	2,999
Tax expense	17	(3,770)	(3,682)	(1,454)	-
<b>Profit for the year</b>		7,251	1,549	4,159	2,999
<b>Other comprehensive expenses, net of tax</b>					
Foreign currency translation		(114)	(89)	-	-
<b>Total comprehensive income</b>		7,137	1,460	4,159	2,999

## Statements of Comprehensive Income (cont'd)

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (cont'd)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Profit for the year attributable to:</b>					
Owners of the Company		7,253	1,751	4,159	2,999
Non-controlling interests		(2)	(202)	-	-
		7,251	1,549	4,159	2,999
<b>Total comprehensive income/(expenses) attributable to:</b>					
Owners of the Company		7,139	1,662	4,159	2,999
Non-controlling interests		(2)	(202)	-	-
		7,137	1,460	4,159	2,999
<b>Earnings per ordinary share (sen):</b>					
• Basic	18	3.92	1.22		
• Diluted	18	N/A	N/A		

The notes on pages 62 to 119 are an integral part of these financial statements.

# Statements of Changes in Equity

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

Group	Note	Share Capital RM'000	Share Premium RM'000	Non-distributable		Distributable Retained Earnings RM'000	Attributable To Owners Of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
				Warrant Reserve RM'000	Translation Reserve RM'000				
<b>At 31 March/1 April 2011</b>		66,000	6,097	-	(153)	11,027	82,971	3,907	86,878
Net profit for the year		-	-	-	-	1,751	1,751	(202)	1,549
Other comprehensive expenses, net of tax									
- Exchange differences on translation of the financial statements of foreign entities		-	-	-	(89)	-	(89)	-	(89)
<b>Total comprehensive income for the year</b>		-	-	-	(89)	1,751	1,662	(202)	1,460
Contributions by and distributions to owners of the Company									
- Rights issue		26,400	(526)	4,636	-	(4,752)	25,758	-	25,758
- Disposal of subsidiaries		-	-	-	-	-	-	(3,662)	(3,662)
<b>At 31 March/1 April 2012</b>		92,400	5,571	4,636	(242)	8,026	110,391	43	110,434

## Statements of Changes in Equity (cont'd)

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

Group	Note	Share Capital RM'000	Share Premium RM'000	Non-distributable		Distributable Retained Earnings RM'000	Attributable To Owners Of The Company		Non-controlling Interests RM'000	Total Equity RM'000
				Warrant Reserve RM'000	Translation Reserve RM'000		RM'000	RM'000		
<b>At 31 March/1 April 2012</b>		92,400	5,571	4,636	(242)	8,026	110,391	43	110,434	
Net profit for the year		-	-	-	-	7,253	7,253	(2)	7,251	
Other comprehensive expenses, net of tax										
- Exchange differences on translation of the financial statements of foreign entities		-	-	-	(114)	-	(114)	-	(114)	
<b>Total comprehensive income for the year</b>		-	-	-	(114)	7,253	7,139	(2)	7,137	
<b>At 31 March 2013</b>		92,400	5,571	4,636	(356)	15,279	117,530	41	117,571	

## Statements of Changes in Equity (cont'd)

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

Company	Note	Share	Non-distributable	Warrant	Distributable	Total
		Capital	Share	Reserve	Retained	Equity
		RM'000	Premium	RM'000	Earnings	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 March/1 April 2011</b>		66,000	6,097	-	5,442	77,539
Net profit for the year/ Total comprehensive income for the year		-	-	-	2,999	2,999
Contribution by and distribution to owners of the Company						
- Rights issue		26,400	(526)	4,636	(4,752)	25,758
<b>At 31 March/1 April 2012</b>		92,400	5,571	4,636	3,689	106,296
Net profit for the year/ Total comprehensive income for the year		-	-	-	4,159	4,159
<b>At 31 March 2013</b>		92,400	5,571	4,636	7,848	110,455

The notes on pages 62 to 119 are an integral part of these financial statements.

# Statements of Cash Flows

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows generated from/(used in) operating activities</b>				
Profit before tax	11,021	5,231	5,613	2,999
Adjustments for:				
Amortisation of development cost	25	25	-	-
Bad debts written off	153	1,465	-	-
Other receivables written off	239	-	-	-
Depreciation of property, plant and equipment	6,276	6,539	-	-
Finance costs	-	130	-	-
Inventories written off	2,348	5,009	-	-
Goodwill written off	91	-	-	-
Property, plant and equipment written off	358	66	-	-
Dividend income	-	-	(6,000)	(3,050)
Gain on disposal of property, plant and equipment	(175)	(87)	-	-
Gain on disposal of subsidiaries	-	(159)	-	-
Loss on disposal of investment property	8	-	-	-
Decrease in fair value of investment property	102	-	-	-
Interest income	(1,382)	(444)	(305)	(212)
Share of profit of equity accounted associates	(183)	(53)	-	-
Unrealised gain on foreign exchange	(591)	(1,764)	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>18,290</b>	<b>15,958</b>	<b>(692)</b>	<b>(263)</b>
Changes in working capital				
Inventories	684	2,487	-	-
Receivables	(5,198)	2,144	(20)	(5,332)
Payables	317	1,884	40	(1,998)
Deferred revenue	2,625	2,083	-	-
<b>Cash generated from/(used in) operations</b>	<b>16,718</b>	<b>24,556</b>	<b>(672)</b>	<b>(7,593)</b>
<b>Balance carried forward</b>	<b>16,718</b>	<b>24,556</b>	<b>(672)</b>	<b>(7,593)</b>

## Statements of Cash Flows (cont'd)

### STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows generated from/(used in) operating activities</b>					
<b>Balance brought forward</b>		16,718	24,556	(672)	(7,593)
Interest received		1,382	444	305	212
Tax paid/(refunded)		(2,282)	(1,209)	331	(5)
<b>Net cash generated from/(used in) operating activities</b>		<b>15,818</b>	<b>23,791</b>	<b>(36)</b>	<b>(7,386)</b>
<b>Cash flows (used in)/generated from investing activities</b>					
Acquisition of property, plant and equipment		(3,097)	(5,561)	-	-
Disposal of subsidiaries, net of cash	25	-	(362)	-	-
Dividend received		-	-	6,000	3,050
Net decrease/(increase) in investments in subsidiaries		-	-	2,516	(21,320)
Proceeds from disposal of investment property		540	-	-	-
Proceeds from disposal of property, plant and equipment		198	289	-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(2,359)</b>	<b>(5,634)</b>	<b>8,516</b>	<b>(18,270)</b>

## Statements of Cash Flows (cont'd)

### STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows generated from financing activities</b>					
Rights issues		-	26,400	-	26,400
Rights issues expenses		-	(642)	-	(642)
Repayment of borrowings		-	(5,300)	-	-
Interest paid		-	(130)	-	-
<b>Net cash generated from financing activities</b>		-	20,328	-	25,758
Net increase in cash and cash equivalents		13,459	38,485	8,480	102
Effect of exchange rate fluctuations on cash held		149	(184)	-	-
Cash and cash equivalents at beginning of the year		49,140	10,839	217	115
<b>Cash and cash equivalents at end of the year</b>	11	62,748	49,140	8,697	217

The notes on pages 62 to 119 are an integral part of these financial statements.

# Notes to the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

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

### Registered office/Principal place of business

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

The consolidated financial statements as at and for the year ended 31 March 2013 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 2013 do not include other entities.

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

The financial statements were approved by the Board of Directors on 10 July 2013.

### 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

- a) These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 1965 in Malaysia.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

## Notes to the Financial Statements (cont'd)

### I. Basis of preparation (cont'd)

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

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

## Notes to the Financial Statements (cont'd)

### 1. Basis of preparation (cont'd)

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

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no material impact on the financial statements of the Group upon its initial application.

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no material impact on the financial statements of the Group upon its initial application.

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no material impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no material impact on the financial statements of the Group upon its initial application.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

## Notes to the Financial Statements (cont'd)

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### 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) *Amortisation of Development Costs*

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

##### (v) *Write-down of 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.

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (a) Critical Accounting Estimates and Judgements (cont'd)

##### (vi) *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.

##### (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.

##### (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.

## Notes to the Financial Statements (cont'd)

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### 2. Significant accounting policies (cont'd)

#### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2013.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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

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

#### (i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

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

#### (ii) Non-controlling Interests

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

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

#### (iii) Acquisitions of Non-controlling Interests

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

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (b) Basis of consolidation (cont'd)

##### (iv) *Loss of Control*

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

#### (c) Investments

##### (i) *Subsidiaries*

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

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

##### (ii) *Associates*

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

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 March 2013. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

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

When the Group's share of losses exceed its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

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

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (d) 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 ("RM"), 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:

	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Australian Dollar	3.2208	3.1900
Chinese Renminbi	0.4981	0.4870
Hong Kong Dollar	0.3985	0.3951
Indonesian Rupiah	0.0003	0.0003
Singapore Dollar	2.4958	2.4400
Thai Baht	0.1000	0.0994
United States Dollar	3.0935	3.0600

##### (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.

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (e) 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.

#### (i) Financial Assets

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

- Financial Assets at Fair Value Through Profit or Loss

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

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

- Held-to-maturity Investments

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

- 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.

## Notes to the Financial Statements (cont'd)

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### 2. Significant accounting policies (cont'd)

#### (e) 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.

##### (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

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

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

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

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (f) Property, plant and equipment

##### (i) *Recognition and measurement*

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

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

The cost of property, plant and equipment recognised as a result of a business combination is based on the fair value at the acquisition date. The fair value of the property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in a mutually agreed terms 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.

##### (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.

##### (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.

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

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

##### (iii) Depreciation (cont'd)

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	Over the initial lease term of 2 to 5 years

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

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

#### (g) Leased assets

##### (i) Finance lease

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

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

##### (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.

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (h) 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.

##### (ii) Development costs

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

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

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

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

The estimated useful life is as follows:

- capitalised development costs 5 years

## Notes to the Financial Statements (cont'd)

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### 2. Significant accounting policies (cont'd)

#### (h) Intangible assets (cont'd)

##### (iii) Trademark

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

#### (i) Investment properties

##### (i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. 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 based on mutually agreed terms 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 5 to the financial statements.

#### (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.

#### (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.

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (l) Impairment

##### (i) *Impairment of Financial Assets*

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

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

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

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.

##### (ii) *Impairment of Non-Financial Assets*

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

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.

## Notes to the Financial Statements (cont'd)

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### 2. Significant accounting policies (cont'd)

#### (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.

#### (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.

## Notes to the Financial Statements (cont'd)

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### 2. Significant accounting policies (cont'd)

#### (q) Revenue and other income

(i) *Goods sold*

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

(ii) *Services rendered*

Revenue from services rendered is recognised in 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.

(v) *Interest income*

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

#### (r) Deferred revenue

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

#### (s) 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.

## Notes to the Financial Statements (cont'd)

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### 2. Significant accounting policies (cont'd)

#### (t) Tax expense

Income tax for the year comprises current and deferred tax.

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

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

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

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

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

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

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

#### (u) 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.

#### (v) 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.

## Notes to the Financial Statements (cont'd)

### 2. Significant accounting policies (cont'd)

#### (w) Related parties

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

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
  
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

## Notes to the Financial Statements (cont'd)

## 3. Property, plant and equipment

Group	Freehold land	Buildings	Motor vehicles	Office equipment and fittings	Tools and equipment	Renovation	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2011	11,053	19,120	2,422	15,950	19,354	17,907	85,806
Additions	-	179	145	572	757	3,908	5,561
Disposals	-	-	(332)	(11)	(3)	(277)	(623)
Disposals of subsidiaries	-	-	-	(45)	(1,018)	-	(1,063)
Write-offs	-	-	-	(147)	(54)	(1,902)	(2,103)
Transfers	-	(254)	-	(7)	-	(311)	(572)
Effect of movements in exchange rates	-	-	-	63	88	159	310
At 31 March/1 April 2012	11,053	19,045	2,235	16,375	19,124	19,484	87,316
Additions	-	37	520	461	454	1,625	3,097
Disposals	-	-	(145)	(13)	(48)	(358)	(564)
Write-offs	-	-	(24)	(6,353)	(3,008)	(2,089)	(11,474)
Effect of movements in exchange rates	-	-	-	80	114	194	388
<b>At 31 March 2013</b>	<b>11,053</b>	<b>19,082</b>	<b>2,586</b>	<b>10,550</b>	<b>16,636</b>	<b>18,856</b>	<b>78,763</b>

## Notes to the Financial Statements (cont'd)

## 3. Property, plant and equipment (cont'd)

Group Accumulated depreciation	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
At 1 April 2011	-	1,682	2,214	13,106	14,053	13,513	44,568
Charge for the year	-	374	251	1,281	1,962	2,671	6,539
Disposals	-	-	(316)	(3)	-	(102)	(421)
Disposals of subsidiaries	-	-	-	(62)	(290)	-	(352)
Write-offs	-	-	-	(131)	(35)	(1,871)	(2,037)
Effect of movements in exchange rates	-	-	-	45	62	108	215
At 31 March/1 April 2012	-	2,056	2,149	14,236	15,752	14,319	48,512
Charge for the year	-	410	169	957	1,335	3,405	6,276
Disposals	-	-	(145)	(10)	(28)	(358)	(541)
Write-offs	-	-	(24)	(6,190)	(2,922)	(1,980)	(11,116)
Effect of movements in exchange rates	-	-	-	68	99	136	303
<b>At 31 March 2013</b>	-	2,466	2,149	9,061	14,236	15,522	43,434
<b>Carrying amounts</b>							
At 1 April 2011	11,053	17,438	208	2,844	5,301	4,394	41,238
At 31 March/1 April 2012	11,053	16,989	86	2,139	3,372	5,165	38,804
<b>At 31 March 2013</b>	11,053	16,616	437	1,489	2,400	3,334	35,329

## Notes to the Financial Statements (cont'd)

## 4. Intangible assets

Group Cost	Goodwill RM'000	Development cost RM'000	Trademark RM'000	Total RM'000
At 1 April 2011	7,424	548	10	7,982
Disposal of subsidiaries	(3,856)	-	(10)	(3,866)
At 31 March/1 April 2012	3,568	548	-	4,116
Goodwill write off	(91)	-	-	(91)
<b>At 31 March 2013</b>	<b>3,477</b>	<b>548</b>	<b>-</b>	<b>4,025</b>
<b>Amortisation</b>				
At 1 April 2011	-	99	*	99
Amortisation for the year	-	25	*	25
At 31 March/1 April 2012	-	124	*	124
Amortisation for the year	-	25	*	25
<b>At 31 March 2013</b>	<b>-</b>	<b>149</b>	<b>*</b>	<b>149</b>
<b>Carrying amounts</b>				
At 1 April 2011	7,424	449	10	7,883
At 31 March/1 April 2012	3,568	424	-	3,992
<b>At 31 March 2013</b>	<b>3,477</b>	<b>399</b>	<b>-</b>	<b>3,876</b>

Note:

\* - Amount below RM1,000

An impairment loss on goodwill amounting to RM91,000 relating to a subsidiary, Klientec International Sdn. Bhd., has been recognised during the financial year due to cessation of its information communication technology business.

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.

## Notes to the Financial Statements (cont'd)

### 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:

	<b>RM'000</b>
Singapore product distribution	1,632
Singapore professional services and sales	1,455
Hong Kong professional services and sales	390
	<b>3,477</b>

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

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

- There will be no material changes in the structure and principal activities of the respective subsidiaries.
- 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.
- Discount rate of 8% was applied on the projected cash flows in determining the recoverable amounts of the Units.

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

## Notes to the Financial Statements (cont'd)

### 5. Investment properties

	Group	
	2013 RM'000	2012 RM'000
Fair value:		
As at 1 April	1,705	1,705
Decrease in fair value	(102)	-
Disposal during the financial year	(548)	-
At 31 March	1,055	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.

### 6. Investments in subsidiaries

	Note	Company	
		2013 RM'000	2012 RM'000
At cost:			
Unquoted shares		54,943	35,623
Add: Increase in investments		-	23,320
Less: Disposal		-	(4,000)
		54,943	54,943
Less: Accumulated impairment losses			
At 1 April		(16,405)	(16,405)
Addition during the year		-	-
At 31 March		(16,405)	(16,405)
Quasi loan	a	61,043	63,559
		99,581	102,097

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)

## 6. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2013 %	2012 %
EIG Dermal Wellness (M) Sdn. Bhd.	Malaysia	Distribution of beauty and wellness products	100	100
Leonard Drake (M) Sdn. Bhd.	Malaysia	Dormant	100	100
AsterSpring International Sdn. Bhd.	Malaysia	Operating of beauty and wellness centers, providing beauty and wellness services and retailing of products	100	100
EIG Pharma Asia Sdn. Bhd.	Malaysia	Development and distribution of fast moving consumer goods	100	100
Esthetics Concept Sdn. Bhd.	Malaysia	Dormant	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	Dormant	100	100
Klientec Biz-Solution Sdn. Bhd.	Malaysia	Dormant	80	80
Averine (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
Head To Toe Skin Care Centre (KL) Sdn. Bhd.	Malaysia	Dormant	100	100
EIG Management Services Sdn. Bhd.	Malaysia	Management services	100	100
Airellis International Sdn. Bhd.	Malaysia	Dormant	100	100

## Notes to the Financial Statements (cont'd)

### 6. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2013 %	2012 %
EIG (Thailand) Co. Ltd.*	Thailand	Investment holding	100	100
EIG Dermal Wellness (HK) Ltd.*	Hong Kong	Distribution of skin care and wellness products	100	100
EIG Global (China) Co. Ltd.*	China	Dormant	100	100
Leonard Drake (HK) Limited*	Hong Kong	Investment holding	100	100
AsterSpring International (HK) Ltd.*	Hong Kong	Operating of skin care centers, providing skin care services and retailing of skin care products	100	100
Lexwel International Pte. Limited*	Hong Kong	Dormant	100	100
EIG Global Pte. Ltd.*	Singapore	Investment holding	100	100
Lexwel International (S) Pte. Ltd.*	Singapore	Dormant	100	100
AsterSpring International (S) Pte. Ltd.*	Singapore	Operating of skin care centers, providing skin care services and retailing of skin care products	100	100
EIG Dermal Wellness (S) Pte. Ltd.*	Singapore	Distribution of skin care and wellness products	100	100
EIG Global Australia Pty. Ltd.*	Australia	Dormant	100	100
PT EIG Lexwel*	Indonesia	Dormant	100	100
EIG Global (US) Inc.*	United States of America	Investment holding	100	100

\* Not audited by Messrs. Crowe Horwath

## Notes to the Financial Statements (cont'd)

## 7. Investments in associates

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At cost:				
Unquoted shares	6,286	4,286	2,000	-
Increase in investments	-	2,000	-	2,000
	6,286	6,286	2,000	2,000
Share of results in associates	(2,849)	(2,841)	-	-
	3,437	3,445	2,000	2,000
Represented by:				
Group's share of net assets	3,437	3,445	2,000	2,000

## Summary financial information on associates:

	Effective ownership interest %	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
<b>2013</b>					
Wellnax (Thailand) Co. Ltd.	49.0	-	(134)	1,912	2,698
Dermal Wellness International Co. Ltd. and its subsidiaries	49.9	12,012	110	10,383	6,423
EIG Medklinn Sdn. Bhd. and its subsidiaries	25.0	4,692	47	5,367	1,150
<b>2012</b>					
Wellnax (Thailand) Co. Ltd.	49.0	-	220	1,863	2,515
Dermal Wellness International Co. Ltd. and its subsidiaries	49.9	1,301	855	12,159	8,399
EIG Medklinn Sdn. Bhd. and its subsidiaries	25.0	2,967	(1,158)	5,670	1,386

## Notes to the Financial Statements (cont'd)

### 7. Investments in associates (cont'd)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective ownership interest	
			2013 %	2012 %
Wellnax (Thailand) Co. Ltd.*	Thailand	Investment holding	49	49
Dermal Wellness International Co. Ltd.*	Thailand	Investment holding	49.9	49.9
EIG Dermal Wellness (Thai) Co. Ltd. and its subsidiary*	Thailand	Distribution of skin care and wellness products	49.9	49.9
AsterSpring International (Thai) Co. Ltd.*	Thailand	Operating of skin care centers, providing skin care services and retailing of skin care products	49.9	49.9
EIG Medklinn Sdn. Bhd. ("EMS B")*	Malaysia	Investment holding	25	25
Medklinn Manufacturing Sdn. Bhd. ^*	Malaysia	Manufacturing and trading of health, wellness products	25	25
Medklinn International Sdn. Bhd. ^*	Malaysia	Development and distribution of air and water related products	25	25
Oxion Pte. Ltd. ^*	Singapore	Development and distribution of air and water related products	25	25
Medklinn International Pte. Ltd. ^*	Singapore	Manufacturing and trading of health, wellness products	25	25

^ Wholly-owned subsidiaries of EMS B

\* Not audited by Messrs. Crowe Horwath

## Notes to the Financial Statements (cont'd)

**8. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property, plant and equipment	(226)	-	-	(338)	(226)	(338)
Unutilised tax losses	350	691	-	-	350	691
Unrealised foreign exchange gain	(73)	-	-	(4)	(73)	(4)
Others	597	-	-	-	597	-
Net tax assets/(liabilities)	648	691	-	(342)	648	349

**Unrecognised deferred tax assets**

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

	Group	
	2013 RM'000	2012 RM'000
Accelerated capital allowances	(110)	(156)
Unabsorbed capital allowances	918	624
Unutilised tax losses	33,122	32,140
Others	157	52
	34,087	32,660

Deferred tax assets of RM8,522,000 (2012: RM8,165,000) were not recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

## Notes to the Financial Statements (cont'd)

## 8. Deferred tax assets and liabilities (cont'd)

## Movements in temporary differences during the year

Group	At	Recognised	At	Recognised	At
	1.4.2011	in the	31.3.2012/	in the	31.3.2013
	RM'000	statements of	1.4.2012	statements of	RM'000
		comprehensive	RM'000	comprehensive	
		income		income	
		RM'000		RM'000	
Property, plant and equipment	(572)	234	(338)	112	(226)
Unutilised tax losses	970	(279)	691	(341)	350
Unrealised foreign exchange gain	205	(209)	(4)	(69)	(73)
Others	543	(543)	-	597	597
	1,146	(797)	349	299	648
		Note 17		Note 17	

## 9. Inventories

	Group	
	2013	2012
	RM'000	RM'000
<b>At cost:</b>		
Raw materials and consumables	523	342
Goods in transit	1,768	1,977
Finished goods	15,094	17,907
	17,385	20,226

None of the inventories is carried at net realisable value.

Inventories recognised as cost of sales amounted to RM33,089,000 (2012: RM31,494,000).

## Notes to the Financial Statements (cont'd)

## 10. Receivables, deposits and prepayments

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Current Trade</b>					
Trade receivables	a	11,365	9,176	-	-
Amount due from associates	b	891	2,272	-	-
<b>Non-trade</b>					
Amount due from associates	b	2,903	2,791	-	-
Other receivables		145	1,756	-	-
Deposits		12,322	6,103	-	2
Prepayments		1,098	1,577	42	20
		28,724	23,675	42	22

**Note a**

The normal trade credit terms granted are as follows:-

Skin care products	- 30 to 90 days
Beauty equipment	- case-by-case basis

**Note b**

The normal trade credit terms granted to associates are 60 to 90 days.

The non-trade amount due from the associates of the Group is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

## 11. Cash and cash equivalents

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term money market deposits with investment management companies	40,002	30,110	-	-
Cash and bank balances	22,746	19,030	8,697	217
	62,748	49,140	8,697	217

## Notes to the Financial Statements (cont'd)

### 12. Share Capital

Share capital

	Company		Company	
	2013 RM'000	Number of shares 2013 RM'000	2012 RM'000	Number of shares 2012 RM'000
<b>Authorised</b>				
Ordinary shares of RM0.50 each				
At 1 April 2012/2011	250,000	500,000	100,000	200,000
Increase during the year	-	-	150,000	300,000
At 31 March	250,000	500,000	250,000	500,000
<b>Issued and fully paid-up</b>				
At 1 April 2012/2011	92,400	184,800	66,000	132,000
Rights issue	-	-	26,400	52,800
At 31 March	92,400	184,800	92,400	184,800

In the previous financial year, the Company issued 52,800,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 each for the Company's renounceable rights issue on the basis of two (2) Rights Shares and two (2) free Warrants for every five (5) existing ordinary shares of RM0.50 each ("Rights Issue").

### 13. Reserves

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Non-distributable</b>					
Share premium	13.1	5,571	5,571	5,571	5,571
Warrant reserve	13.2	4,636	4,636	4,636	4,636
Translation reserve	13.3	(356)	(242)	-	-
		9,851	9,965	10,207	10,207

## Notes to the Financial Statements (cont'd)

### 13. Reserves (cont'd)

#### 13.1 Share Premium

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

The share premium has been applied for the expenses incurred for the issuance of the new shares. The movement of the share premium is as follows:

	Company	
	2013 RM'000	2012 RM'000
At 1 April 2012/2011	5,571	6,097
Applied for share issue expenses pursuant to the Rights Issue	-	(526)
At 31 March	5,571	5,571

#### 13.2 Warrant reserve

The movements in the warrant reserve of the Company are as follows:-

	Company	
	2013 RM'000	2012 RM'000
At 1 April 2012/2011	4,636	-
- Arising from Rights Issue with Warrants	-	4,752
- Applied for warrant issue expenses	-	(116)
At 31 March	4,636	4,636

In the previous financial year, the Company allotted a Rights Issue of 52,800,000 new ordinary shares at the par value of RM0.50, together with 52,800,000 free detachable warrants ("Warrants") to the holders on the basis of two (2) for every five (5) existing ordinary shares.

Each Warrant entitles the registered holder to subscribe for one new ordinary share in the Company at any time on or after 4 January 2012 up to the date of expiry on 3 January 2017 at an exercise price of RM0.50 per share or such adjusted price in accordance with the provisions in the Deed Poll. The Warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 10 January 2012.

## Notes to the Financial Statements (cont'd)

### 13. Reserves (cont'd)

#### 13.2 Warrant reserve (cont'd)

No Warrants were exercised during the financial year ended 31 March 2013. As at the end of the reporting date, 52,800,000 Warrants remain unexercised.

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

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

#### 13.3 Translation reserve

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

#### 13.4 Retained earnings

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 2013 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.

## Notes to the Financial Statements (cont'd)

## 14. Payables and accruals

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Trade</b>					
Trade payables	a	4,425	5,277	-	-
<b>Non-trade</b>					
Other payables		3,149	3,851	-	-
Accrued expenses		7,439	5,568	140	100
		10,588	9,419	140	100
		15,013	14,696	140	100

**Note a**

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

## 15. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Product distribution	59,449	60,375	-	-
Professional services and sales	74,804	71,594	-	-
Others	161	371	-	-
Dividends	-	-	6,000	3,050
	134,414	132,340	6,000	3,050

## Notes to the Financial Statements (cont'd)

## 16. Operating profit

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Operating profit is arrived at after charging:</b>				
Auditors' remuneration:				
Auditors of the Company:				
- for the current year	154	139	54	48
- under/(over)provision for the previous financial year	3	25	(2)	10
Other auditors:				
- for the current year	156	176	-	-
Amortisation of development cost	25	25	-	-
Bad debts written off	153	1,465	-	-
Decrease in fair value of investment property	102	-	-	-
Depreciation of property, plant and equipment	6,276	6,539	-	-
Directors of the Company (key management personnel)				
- Fees	116	45	116	45
- Remuneration	469	375	-	-
- Defined contribution plan	56	45	-	-
Finance costs on:				
- borrowings	-	130	-	-
Goodwill written off	91	-	-	-
Inventories written off	2,348	5,009	-	-
Loss on disposal of investment property	8	-	-	-
Other receivables written off	239	-	-	-
Personnel expenses				
- Wages, salaries and others	37,421	39,314	-	-
- Contribution to defined contribution plan	3,807	3,827	-	-
Property, plant and equipment written off	358	66	-	-
Realised loss on foreign exchange	346	988	-	-
Rental of premises	18,658	18,326	-	-
<b>and after crediting:</b>				
Dividend income from:				
- subsidiaries (unquoted)	-	-	6,000	3,050
Gain on disposal of property, plant and equipment	175	87	-	-
Gain on disposal of subsidiaries	-	159	-	-
Interest income	1,382	444	305	212
Rental income from investment properties	93	85	-	-
Unrealised gain on foreign exchange	591	1,764	-	-

The estimated monetary value of Directors' benefits-in-kind is RM108,000 (2012: RM75,000).

## Notes to the Financial Statements (cont'd)

## 17. Tax expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Current tax:</b>				
- for the year	4,077	3,107	1,454	-
- overprovision in prior years	(8)	(222)	-	-
	4,069	2,885	1,454	-
<b>Deferred tax (Note 8):</b>				
Reversal of temporary differences	(299)	797	-	-
	3,770	3,682	1,454	-
<b>Reconciliation of effective tax expense</b>				
Profit before tax	11,021	5,231	5,613	2,999
Tax at the statutory tax rate of 25%	2,755	1,308	1,403	750
Effect of different tax rates in foreign jurisdictions	(32)	724	-	-
Non-deductible expenses	1,156	546	127	13
Tax-exempt income	(403)	(186)	(76)	(763)
Deferred tax assets not recognised	302	1,512	-	-
	3,778	3,904	1,454	-
Overprovision of current tax in prior years	(8)	(222)	-	-
	3,770	3,682	1,454	-

## 18. Earnings per share

## Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of RM7,253,000 (2012: RM1,751,000) and the weighted average number of ordinary shares during the year of 184,800,000 (2012: 143,685,000).

The diluted earnings per ordinary share is not presented as there is no dilutive effect noted during the year. The issue of warrants does not have a dilutive effect to the earnings per ordinary share as the average market price of ordinary shares as at the end of the reporting period was not higher than the exercise price of the warrants.

## 19. Dividend

No dividend was paid since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final franked dividend of 2.50 sen per ordinary share less 25% tax in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 March 2014.

## Notes to the Financial Statements (cont'd)

### 20. 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, 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 skin care and wellness programs and sales of related products.
Product distribution	The distribution of skin care and wellness products and beauty equipment.
Others	Investment holding, investment in properties, education and training.

#### Geographical segments

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

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

## Notes to the Financial Statements (cont'd)

## 20. Operating segments (cont'd)

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Business segments</b>										
Revenue from external customers	74,804	71,594	59,449	60,375	161	371	-	-	134,414	132,340
Inter-segment revenue	-	246	16,680	7,412	11,289	8,387	(27,969)	(16,045)	-	-
<b>Total revenue</b>	<b>74,804</b>	<b>71,840</b>	<b>76,129</b>	<b>67,787</b>	<b>11,450</b>	<b>8,758</b>	<b>(27,969)</b>	<b>(16,045)</b>	<b>134,414</b>	<b>132,340</b>
<b>Segment result</b>	<b>3,034</b>	<b>1,295</b>	<b>9,942</b>	<b>3,038</b>	<b>4,963</b>	<b>3,161</b>	<b>(6,692)</b>	<b>(635)</b>	<b>11,247</b>	<b>6,859</b>
Unallocated expenses									(1,791)	(1,995)
<b>Operating profit/(loss)</b>									<b>9,456</b>	<b>4,864</b>
Interest income									1,382	444
Finance costs									-	(130)
Share of profit in associates									183	53
<b>Profit before tax</b>									<b>11,021</b>	<b>5,231</b>
Tax expense									(3,770)	(3,682)
<b>Profit for the year</b>									<b>7,251</b>	<b>1,549</b>

## Notes to the Financial Statements (cont'd)

## 20. Operating segments (cont'd)

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Segment assets</b>	41,056	45,508	142,677	133,758	15,508	72,274	(50,124)	(113,998)	149,117	137,542
Investments in associates									3,437	3,445
Unallocated assets									1,017	2,767
<b>Total assets</b>									153,571	143,754
<b>Segment liabilities</b>	37,097	42,638	95,984	90,158	11,693	13,014	(109,283)	(113,261)	35,491	32,549
Unallocated liabilities									509	771
<b>Total liabilities</b>									36,000	33,320

## Notes to the Financial Statements (cont'd)

## 20. Operating segments (cont'd)

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of development cost	-	-	25	25	-	-	-	-	25	25
Bad debts written off	-	34	153	1,431	-	-	-	-	153	1,465
Other receivables written off	14	-	-	-	225	-	-	-	239	-
Capital expenditure	2,303	4,461	794	1,089	-	11	-	-	3,097	5,561
Depreciation	4,771	4,822	1,428	1,727	53	62	24	(72)	6,276	6,539
Inventories written off	81	109	2,267	4,900	-	-	-	-	2,348	5,009
(Gain)/loss on disposal of property, plant and equipment	(64)	47	(111)	(134)	-	-	-	-	(175)	(87)
Property, plant and equipment written off	76	9	207	56	75	1	-	-	358	66
Unrealised foreign exchange loss/(gain)	55	-	(646)	(1,764)	-	-	-	-	(591)	(1,764)

## Notes to the Financial Statements (cont'd)

### 20. Operating segments (cont'd)

Geographical segments	Malaysia RM'000	Overseas* RM'000	Consolidated RM'000
<b>2013</b>			
Revenue from external customers by location of customers	79,353	55,061	134,414
Segment assets by location of assets	105,290	43,827	149,117
Capital expenditure by location of assets	2,700	397	3,097
<b>2012</b>			
Revenue from external customers by location of customers	72,748	59,592	132,340
Segment assets by location of assets	96,792	40,750	137,542
Capital expenditure by location of assets	4,157	1,404	5,561

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

### 21. 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	
	2013 RM'000	2012 RM'000
Less than one year	7,131	9,425
Between one and five years	1,604	8,491
At 31 March	8,735	17,916

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)

## 22. Capital commitments

	Group	
	2013 RM'000	2012 RM'000
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
<i>Contracted but not provided for and payable:</i>		
Within one year	19,282	23,677
<i>Approved but not contracted for:</i>		
Within one year	350	1,193
	19,632	24,870

## 23. 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	
	2013 RM'000	2012 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	25,500	28,500

The facilities utilised by the subsidiaries at the end of the year amounted to RM10,734,000 (2012: RM11,889,000).

## Notes to the Financial Statements (cont'd)

### 24. 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 and associates as disclosed in Notes 6 and 7;
- (b) company in which certain Directors have financial interests; and
- (c) the Directors of the Company.

#### Transactions with subsidiaries

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

	Company	
	2013 RM'000	2012 RM'000
EIG Dermal Wellness (M) Sdn. Bhd. Dividend received	6,000	-
Leonard Drake (M) Sdn. Bhd. Dividend received	-	1,100
AsterSpring International Sdn. Bhd Dividend received	-	1,950
	6,000	3,050

## Notes to the Financial Statements (cont'd)

## 24. Related parties (cont'd)

## Transactions with associates

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

	Group	
	2013 RM'000	2012 RM'000
Sales to		
EIG Dermal Wellness (Thai) Co. Ltd.	2,038	3,002
Medklinn International Sdn. Bhd.	2,691	271
Interest income from		
EIG Dermal Wellness (Thai) Co. Ltd.	167	158

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Consultancy fees paid to :-				
Providence Business Advisory Services Sdn. Bhd.*	854	881	-	-
Cornerstone Holdings Sdn. Bhd.**	23	-	23	-
	877	881	23	-

\* The company in which Chieng Ing Huong, Roderick Chieng Ngee Kai and Brian Chieng Ngee Wen have interests.

\*\* The company in which Brian Chieng Ngee Wen has an interest.

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)

### 25. Disposal of subsidiaries

In the previous financial year, the Group's interest in EIG Medklinn Sdn. Bhd. ("EMSB") was diluted from 50% to 25% pursuant to a restructuring exercise undertaken between the Company and Sassicaia Strategic Holdings Sdn. Bhd. ("SSH"). Under the restructuring exercise, the Company transferred its 4,000,000 partly paid up shares in EMSB to SSH, in exchange for 2,000,000 fully paid-up shares in EMSB. EMSB, which was previously accounted for as a subsidiary, became an associate upon completion of the restructuring exercise. The dilution is accounted for as a deemed disposal and the effects are shown below:-

	RM'000
Property, plant and equipment	711
Intangible assets	3,866
Inventories	184
Receivables, deposits and prepayments	3,178
Cash and cash equivalents	362
Payables and accruals	(2,957)
Non-controlling interests	(3,662)
Fair value of net assets	1,682
Share of net assets retained in investments in associates	(1,841)
Gain on disposal of subsidiaries	159
Consideration	-
Cash and cash equivalents of subsidiaries disposed of	(362)
Net cash outflow for disposal of subsidiaries	(362)

### 26. 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 and liquidity risk. 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.

## Notes to the Financial Statements (cont'd)

## 26. 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:-

The Group 2013	United States		Singapore		Hong Kong		Chinese Renminbi		Indonesian Rupiah		Australian Dollar		Ringgit Malaysia		Thai Baht		Total RM'000
	Dollar RM'000	Dollar RM'000	Dollar RM'000	Dollar RM'000	Dollar RM'000	Dollar RM'000	Renminbi RM'000	Renminbi RM'000	Rupiah RM'000	Rupiah RM'000	Dollar RM'000	Dollar RM'000	Malaysia RM'000	Malaysia RM'000	Baht RM'000	Baht RM'000	
<b>Financial Assets</b>																	
Trade receivables	360	1,498	1,754	-	-	-	-	-	-	-	-	-	7,753	-	-	-	11,365
Amount due from associates	656	-	-	-	-	-	-	-	-	-	-	-	444	2,694	-	-	3,794
Other receivables	39	4	-	-	-	-	-	-	-	-	-	-	92	10	-	-	145
Deposits	-	8,728	797	2	-	-	2	-	-	-	-	-	2,795	-	-	-	12,322
Cash and cash equivalents	1,667	5,522	1,168	70	17	106	17	17	17	106	106	54,153	45	45	45	45	62,748
<b>Total</b>	<b>2,722</b>	<b>15,752</b>	<b>3,719</b>	<b>72</b>	<b>17</b>	<b>106</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>106</b>	<b>106</b>	<b>65,237</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>90,374</b>



## Notes to the Financial Statements (cont'd)

## 26. Financial Instruments (cont'd)

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

## (i) Market Risk (cont'd)

## (i) Foreign Currency Risk (cont'd)

The Group 2012	United States		Singapore		Hong Kong		Chinese Renminbi		Indonesian Rupiah		Australian Dollar		Ringgit Malaysia		Thai Baht		Total RM'000
	Dollar RM'000	Dollar RM'000	Dollar RM'000	Dollar RM'000	Dollar RM'000	Dollar RM'000	Renminbi RM'000	Renminbi RM'000	Rupiah RM'000	Rupiah RM'000	Dollar RM'000	Dollar RM'000	Malaysia RM'000	Malaysia RM'000	Baht RM'000	Baht RM'000	
<b>Financial Assets</b>																	
Trade receivables	478	1,558	1,276				377						5,487				9,176
Amount due from associates	2,446	-	-										120		2,497		5,063
Other receivables	59	1,234	128										325		10		1,756
Deposits	-	2,226	914				60						2,903		-		6,103
Cash and cash equivalents	1,166	5,417	1,599				27		17		106		40,763		45		49,140
<b>Total</b>	<b>4,149</b>	<b>10,435</b>	<b>3,917</b>				<b>464</b>		<b>17</b>		<b>106</b>		<b>49,598</b>		<b>2,552</b>		<b>71,238</b>



## Notes to the Financial Statements (cont'd)

### 26. 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:-

	Group	
	2013 RM'000	2012 RM'000
<b>Effects on profit/loss for the year</b>		
United States Dollar:		
- strengthened by 5%	(82)	(54)
- weakened by 5%	82	54

###### (ii) Interest Rate Risk

The Group does not have any interest-bearing borrowings and hence is not exposed to interest rate risk.

###### (iii) Equity Price Risk

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

## Notes to the Financial Statements (cont'd)

### 26. Financial Instruments (cont'd)

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

##### (ii) Credit Risk

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

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

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by the associates which constituted approximately 14% 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:-

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	8,113	5,965
Singapore	1,498	1,558
Hong Kong	1,754	1,276
China	-	377
<b>Total</b>	<b>11,365</b>	<b>9,176</b>

## Notes to the Financial Statements (cont'd)

### 26. 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 at the end of the reporting period is as follows:-

The Group	2013			2012		
	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
Not past due	10,138	-	10,138	8,344	-	8,344
Past due:						
- less than 3 months	894	-	894	408	-	408
- 3 to 6 months	121	-	121	753	(519)	234
- over 6 months	300	(88)	212	190	-	190
	11,453	(88)	11,365	9,695	(519)	9,176

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)

### 26. 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):-

The Group	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
<b>2013</b>				
Trade payables	N/A	4,425	4,425	4,425
Other payables and accruals	N/A	10,588	10,588	10,588
		15,013	15,013	15,013
<b>2012</b>				
Trade payables	N/A	5,277	5,277	5,277
Other payables and accruals	N/A	9,419	9,419	9,419
		14,696	14,696	14,696

## Notes to the Financial Statements (cont'd)

### 26. Financial Instruments (cont'd)

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

##### (iii) Liquidity Risk (cont'd)

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) (cont'd):-

The Company	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
<b>2013</b>				
Other payables and accruals	N/A	140	140	140
<b>2012</b>				
Other payables and accruals	N/A	100	100	100

#### (b) Capital Risk Management

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

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

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) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

## Notes to the Financial Statements (cont'd)

### 26. Financial Instruments (cont'd)

#### (c) Classification of Financial Instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Financial assets</b>				
<u>Loans and receivables financial assets</u>				
Trade receivables	11,365	9,176	-	-
Amount due from associates	3,794	5,063	-	-
Other receivables	145	1,756	-	-
Deposits	12,322	6,103	-	2
Cash and bank balances	62,748	49,140	8,697	217
	90,374	71,238	8,697	219
	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Financial liabilities</b>				
<u>Other financial liabilities</u>				
Trade payables	4,425	5,277	-	-
Other payables and accruals	10,588	9,419	140	100
	15,013	14,696	140	100

#### (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.

## Notes to the Financial Statements (cont'd)

### 26. Financial Instruments (cont'd)

#### (e) Fair Value Hierarchy

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

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

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

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

As at 31 March 2013, there were no financial instruments carried at fair values.

### 27. Significant events

- (i) On 8 June 2012, EIG Dermal Wellness (Thai) Co. Ltd. ("EIGTH"), a 49.9% associate of the Group signed a distribution agreement with Davines SPA. Davines SPA, incorporated in Italy, is a company that specialises in the development of professional hair care products and is the brand owner of the Davines range of hair care products.

The Agreement granted EIGTH the exclusive rights to distribute Davines hair care products in Thailand. The term of the Agreement is for a period of ten (10) years and six (6) months, commencing from 1 July 2012 to 31 December 2022.

The distribution rights will enable EIG to diversify its product portfolio to the distribution of hair care products in professional salons.

- (ii) On 21 November 2012, EIG Dermal Wellness (M) Sdn. Bhd. ("EIGMY"), a wholly-owned subsidiary of the Group signed a distribution agreement with First Natural Brands Limited. First Natural Brands Limited, incorporated in the United Kingdom is a company that specialises in the development of aromatherapy and beauty products and is the brand owner of Tisserand which was established in 1974.

The Agreement granted EIGMY the exclusive rights to distribute Tisserand aromatherapy and beauty products in Malaysia, Singapore, Thailand, Brunei, Indonesia, Philippines, Vietnam, Cambodia, Myanmar and Hong Kong. The term of the Agreement is for a period of ten (10) years, commencing from 21 November 2012 to 21 November 2022 and is renewable for a further period of ten (10) years.

The distribution rights will enable EIG to diversify its product portfolio to the distribution of aromatherapy and beauty products in professional salons.

- (iii) On 1 January 2013, EIG Dermal Wellness (M) Sdn. Bhd. ("EIGMY") and EIG Dermal Wellness (S) Pte. Ltd. ("EIGSG"), two wholly-owned subsidiaries of the Group signed distribution agreements with Davines SPA. Davines SPA, incorporated in Italy, is a company that specialises in the development of professional hair care products and is the brand owner of the Davines range of hair care products.

The Agreement granted EIGMY the exclusive rights to distribute Davines hair care products in Malaysia and Brunei and to EIGSG the exclusive rights to distribute Davines hair care products in Singapore. The term of the Agreement is for a period of ten (10) years, commencing from 1 January 2013 to 31 December 2022, with the option to renew for a further period of ten (10) years.

The distribution rights will enable EIG to diversify its product portfolio to the distribution of hair care products in professional salons.

## Notes to the Financial Statements (cont'd)

### 28. Subsequent Event

On 29 May 2013, Leonard Drake (HK) Limited (“LDHK”), a wholly-owned subsidiary of the Group entered into a provisional Sale and Purchase Agreement (“PS&P”) with Remarkable Limited. (“the Vendor”), for the purpose of acquiring one unit of office space with approximately 4,237 square feet of floor area in Kowloon, Hong Kong (“the Property”) for a total consideration of HK\$37,285,600 (approximately RM14.74 million).

The Property comprises one parcel of commercial office space under office No. 8 on 18th Floor (#18-08), with a total floor area of 4,237 square feet at the building known as Elite Centre, No. 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Property has a 50 year leasehold period from 13 February 2008 and the construction of Elite Centre was completed in 2012.

The formal agreement was signed on 21 June 2013 in Hong Kong.

### 29. Supplementary Information - Disclosure Of Realised And Unrealised Profits/Losses

The breakdown of the retained profits 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:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits				
- realised	16,889	8,754	7,848	3,689
- unrealised	1,239	2,113	-	-
	18,128	10,867	7,848	3,689
Total share of accumulated losses from associated companies:				
- realised	(2,849)	(2,841)	-	-
- unrealised	-	-	-	-
	(2,849)	(2,841)	-	-
At 31 March	15,279	8,026	7,848	3,689

# Analysis of Shareholdings

## ANALYSIS OF SHAREHOLDINGS AS AT 3 JULY 2013

Authorised Share Capital	:	RM250,000,000
Issued & Paid-Up Capital	:	RM92,400,000
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One Vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	52	6.51	1,122	0
100 to 1,000	254	31.79	173,960	0.1
1,001 to 10,000	337	42.18	1,509,742	0.82
10,001 to 100,000	114	14.27	3,242,520	1.75
100,001 to 9,239,999 *	41	5.13	67,598,980	36.58
9,240,000 and above **	1	0.12	112,273,676	60.75
	<b>799</b>	<b>100</b>	<b>184,800,000</b>	<b>100</b>

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	%	No. of Shares held	
			Indirect	%
1. Providence Capital Sdn Bhd	112,273,676	60.75	-	-
2. Chieng Ing Huong	-	-	112,273,676*	60.75
3. Roderick Chieng Ngee Kai	2,700,000	1.46	112,273,676*	62.21
4. Brian Chieng Ngee Wen	-	-	112,437,076#	60.84

## DIRECTORS' SHAREHOLDING

Name of Directors	Direct	%	No. of Shares held	
			Indirect	%
1. Chieng Ing Huong	-	-	112,273,676*	60.75
2. Roderick Chieng Ngee Kai	2,700,000	1.46	112,273,676*	62.21
3. Brian Chieng Ngee Wen	-	-	112,437,076#	60.84
4. Lee Cheow Fui	154,000	0.08	-	-

\* Deemed interest through Providence Capital Sdn Bhd

# Deemed interest through Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

## Analysis of Shareholdings (cont'd)

### LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Providence Capital Sdn Bhd	112,273,676	60.75
2. Teh Wan Sang & Sons Sdn Berhad	6,800,000	3.68
3. CBG Holdings Sdn Bhd	6,000,000	3.25
4. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd For Hwang Select Balanced Fund	4,590,000	2.48
5. Teh Lip Kim	4,322,500	2.34
6. Hung Hin Cheong	4,000,000	2.16
7. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Susy Ding (CEB)	4,000,000	2.16
8. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For Hong Leong Assurance Berhad	3,142,100	1.70
9. Attractive Features Sdn Bhd	3,000,000	1.62
10. Roderick Chieng Ngee Kai	2,700,000	1.46
11. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Peter Ling Ee Kong	2,335,100	1.26
12. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt An For Hwang Investment Management Berhad	2,306,000	1.25
13. Chow Shuk Wah Karen	2,000,000	1.08
14. Kong Chong Soon @ Chi Suim	2,000,000	1.08
15. Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Kan Yow Kheong	2,000,000	1.08
16. Subur Rahmat Sdn Bhd	2,000,000	1.08
17. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For Tokio Marine Insurans (Malaysia) Berhad	1,783,800	0.97
18. Abdul Hamid Bin Sh Mohamed	1,540,000	0.83
19. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For Malaysian Agents Provident Fund (AIA LTD)	1,430,200	0.77
20. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For Hong Leong Assurance Berhad	1,264,300	0.68

## Analysis of Shareholdings (cont'd)

### LIST OF THIRTY LARGEST SHAREHOLDERS (cont'd)

Name of Shareholders	No. of Shares	%
21. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For Hong Leong Assurance Berhad	1,236,300	0.67
22. Chow Shuk Wah Karen	1,000,000	0.54
23. Hung Hin Cheong	1,000,000	0.54
24. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Nonadiah Binti Abdullah	955,000	0.52
25. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For Progressive Insurance Bhd	936,900	0.51
26. Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad For HLA Shareholders' NONPAR Fund	892,900	0.48
27. Lee Chee Beng	503,000	0.27
28. Hans Peter Holst	500,000	0.27
29. Cartaban Nominees (Tempatan) Sdn Bhd - OSK Trustees Berhad For MAAKL-HW Shariah Flexi Fund	420,500	0.23
30. Lau Yi Yean @ Low Yee Wan	406,000	0.22

# Analysis of Warrant Holdings

## ANALYSIS OF WARRANT HOLDINGS AS AT 3 JULY 2013

Number of outstanding Warrants	: 52,800,000
Exercise Period	: Maturity on 3 January 2017
Exercise Price	: RM0.50
Warrant entitlement	: Each warrant entitles the holder during the exercise period to subscribe for one new ordinary share of RM0.50 each at the exercise price

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	6	3.82	240	0.00
100 to 1,000	63	40.13	32,500	0.06
1,001 to 10,000	50	31.85	254,964	0.48
10,001 to 100,000	23	14.65	758,420	1.44
100,001 to 2,639,999*	14	8.92	6,988,300	13.24
2,640,000 and above **	1	0.63	44,765,576	84.78
	<b>157</b>	<b>100.00</b>	<b>52,800,000</b>	<b>100.00</b>

\* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## DIRECTORS' WARRANT HOLDING

Name of Directors	Direct	No. of Warrants held		%
		%	Indirect	
Chieng Ing Huong	-	-	44,765,576*	84.78
Roderick Chieng Ngee Kai	-	-	44,765,576*	84.78
Brian Chieng Ngee Wen	-	-	44,765,576*	84.78
Lee Cheow Fui	44,000	0.08	-	-

\* Deemed interest through Providence Capital Sdn Bhd

## LIST OF THIRTY LARGEST WARRANT HOLDERS

Name of Warrant Holders	Warrants	%
1. Providence Capital Sdn Bhd	44,765,576	84.78
2. Teh Lip Kim	1,235,000	2.34
3. Teh Bee Gaik	1,111,100	2.10
4. Teh Wan Sang & Sons Sdn Berhad	800,000	1.52
5. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Kwong Ming Kwei	665,000	1.26

## Analysis of Warrant Holdings (cont'd)

### LIST OF THIRTY LARGEST WARRANT HOLDERS (cont'd)

Name of Warrant Holders	No. of Warrants	%
6. Dan Yoke Pyng	596,000	1.13
7. Lee Chee Beng	500,000	0.95
8. Teo Ah Seng	450,000	0.85
9. Abdul Hamid Bin Sh Mohamed	440,000	0.83
10. Tan Yu Wei	360,000	0.68
11. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Koh Boon Poh	249,000	0.47
12. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Wong Cher Hua	216,100	0.41
13. Hans Peter Holst	150,000	0.28
14. Lau Yi Yean @ Low Yee Wan	116,000	0.22
15. Ang Yook Chu @ Ang Yoke Fong	100,100	0.19
16. AMSEC Nominees (Asing) Sdn Bhd - Exempt An For Celestial Securities Limited	100,000	0.19
17. Kwong Ming Kwei	81,900	0.16
18. RHB Capital Nominees (Tempatan) Sdn Bhd - Tung Yin Peng	64,000	0.12
19. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Bee Yook	51,500	0.10
20. Tan Yu Yeh	50,000	0.09
21. Leyu Chong Hua @ Leo Chong Hua	44,040	0.08
22. Lee Cheow Fui	44,000	0.08
23. Teh Yoke Wan @ Tee Yoke Wan	30,400	0.06
24. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Peter Ling Ee Kong	30,200	0.06
25. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tee Swee Wah	30,000	0.06
26. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chin Kok Woo	24,900	0.05
27. Eminent Benchmark Sdn Bhd	23,200	0.04
28. Bachulal A/L Ottamchand	20,000	0.04
29. Fatimah Binti Hassan	20,000	0.04
30. Foo Hong @ Woo Sai Hong	20,000	0.04

# List of Properties

## LIST OF PROPERTIES AS AT 31 MARCH 2013

Location	Description/existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.13 (RM' 000)
<b>EIG Dermal Wellness (M) Sdn Bhd</b>						
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	7	Freehold	Land - 10,032 Building - 14,308
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	18	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	12.5	Freehold	576
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 2013 (cont'd)

Location	Description/existing use	Land Area (sq. m.)	Built up area of building (sq. m.)	Age of building (years)	Tenure	Net book value as at 31.03.13 (RM' 000)
GF-15, Ground Floor Queensbay Mall Penang	Retail lot - Occupied by owner	N/A	43.01	6.5	99 years lease expiring in 01.12.2095	396
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	6.5	99 years lease expiring in 01.12.2095	396
H.S.(D) 10015 PT 4671 Mukim 12, District of Barat Daya, Pulau Pinang						
<b>AsterSpring International Sdn Bhd</b>						
No 26-R, Jalan Masjid Negeri 11600 Penang	Double Storey Semi Detached Corner House - Occupied by owner	440.53	322.76	5	Freehold	Land - 1,021 Building - 1,516
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.

ESTHETICS INTERNATIONAL GROUP BERHAD

(Company No. 408061-P)

(Incorporated in Malaysia)



# Proxy Form

CDSA/C No. : .....

No. of shares : .....

I/We, .....

NRIC/Company No. ....

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

.....

NRIC/Company No. ....

or failing him, .....

NRIC/Company No. ....

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixteenth 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, 28 August 2013 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	Approval of Final Franked Dividend for the financial year ended 31 March 2013		
Resolution 2	Re-election of Roderick Chieng Ngee Kai as Director		
Resolution 3	Re-election of Lee Cheow Fui as Director		
Resolution 4	Re-appointment of Dato' Mohd Ismail bin Che Rus as Director		
Resolution 5	Re-appointment of Dr Chu Siew Mun as Director		
Resolution 6	Approval of payment of Directors' fees for the financial year ended 31 March 2013		
Resolution 7	Appointment of Auditors of the Company		
Resolution 8	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		

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

Dated this ..... day of ..... 2013

.....  
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 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.

Then fold here

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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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**DERMALOGICA CONSULTATION POD** Suria KLCC 03-2166 9998 • Pavilion KL 03-2141 9369 • Sunway Carnival Mall, Seberang Jaya 04-390 5807 • Dataran Pahlawan Melaka 06-281 9561 • Aeon Tebrau City JB 07-354 2098

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