

ONE OF THE LEADING **SKINCARE + BEAUTY + WELLNESS** COMPANIES IN ASIA

ANNUAL REPORT 2014





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



vision

- the leading skincare 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

distributor
for the
NO.1

choice of skin care
professionals worldwide



1 vision

9 regional countries in Asia

73 corporate outlets

700 employees

2500 distribution points

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A call to the 17th Annual General Meeting on Wednesday, 27 August 2014

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EIG annual report 2014

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promise

our hands are committed to your skin health



ASTER  SPRING

believe

the solutions is in our hands



trust

the hands you can trust



result

the best hands deliver results

Celebrating

30  years
of inspiration

An Amazing Journey of Love

Because of your trust and loyalty, we have grown, hand in hand.

This year, we are celebrating our friendship with you. Thank you for being part of us, and for making us, a part of you. Thank you for believing in our promise that every solution that we deliver is the best for your skin, and for trusting yourselves in our skincare therapists' hands. You are AsterSpring's inspiration to continue to deliver results that you need. Thank you for saying that AsterSpring is "The Hands I Can Trust."

ASTER SPRING



1



2



3



4



5



6

1. Celebrating with our FY 13/14 award winners for good performance.
2. AsterSpring Celebrating its 30th Anniversary in June 2014.
3. AsterSpring Advent Calendar Beauty Box launching in November 2013.
4. AsterSpring FY13/14 Q2 Sales Kick-Off event in Penang with all our centre managers.
5. The working team in front of the brand new AsterSpring at Pavilion, KL.
6. Datin Roselyna Latiff, AsterSpring loyal customer for 24 years.



7



8

7. AsterSpring Singapore once again clinched the service excellence awards, our 4th consecutive win!
8. Opening of AsterSpring Bedok, Singapore.

clinelle®

Clinelle Purifying Cleanser
VOTED NUMBER

1



In Face Care category by **2,000 consumers** through an independent study conducted by Nielsen Malaysia.



6 Nos

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

June 24, 2014: The internationally acclaimed Product of The Year (POY) event, hold its inaugural Winners Ceremony on June 24 In Kuala Lumpur.



Ingenius Relaunch with 1000 People Challenge Concourse Event



1. 1,000 consumers have testified and proven that with just 1 application their face is lifted, firmer and hydrated.

2. Satisfied consumers with Clinelle products.

3. Celebrities joined in to witness the instant skin test event.

WhitenUp & PureSwiss Product Launch Event with Clinelle Superstar Brand Ambassador Ella Chen



4. Ella signing on backdrop during product launch event.

5. Clinelle celebrated its 10th anniversary of creating "Happy Skin, Happy Face" with Ella Chen.

6. Overwhelming response from the public.

THIS



IS NOT A LUXURY

THIS IS YOUR SKIN'S FUTURE

Healthy skin shouldn't be a luxury. That's why we're not about pampering, indulgence or frills. We're about a smart solution to skin care that delivers proven results – the kind that keeps skin healthy, for life. Your skin.

we are **dermalogica**[®]

The number one choice of professional skin therapists, even for their own skin.

dermalogica®

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

1.

Global Dermalogica Tribe Members Unite in Malaysia!

EIG proudly hosted the Dermalogica 'Power of One' Symposium in KL attended by over 430 attendees from the region and Jane Wurwand, the founder of Dermalogica.



1

2.

EIG reveals its 10 bestselling 'Naked' stars

In 2013, 'naked' celebrity faces, Steve Yap, Joanne Yew, Thanuja Ananthan, Atilia Haron, Jentzen Lim and Jane Tan revealed Dermalogica's 10 bestselling products that kept consumers' skin naked and healthy all year long.



2



3

3.

Dermalogica's 'Naked Crew' goes on the road again!

The race for more Malaysians to have healthy 'naked' skin goes nationwide.

davines



Discover Davines at Bridge Bar, G-Tower Kuala Lumpur

In October 2013, Davines International Master Trainer Mr Brian Suhr kicked off the regional trade launch for Davines, A New Colour in Malaysia graced by Mr Billy Lim and Ms Winnie Loo, President and Vice President of the Malaysian Hair Association respectively.



Davines – A New Color Launch with Hair Show by Brian Suhr in Siam Discovery Bangkok and Singapore – October 2013

NOTICE OF ANNUAL GENERAL MEETING

17th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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, 27 August 2014 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 2014 together with the Directors' and Auditors' Reports thereon. [Please refer to Explanatory Note A](#)
2. To approve the payment of a final single-tier dividend of 1.5 sen (3.0%) per share in respect of the financial year ended 31 March 2014. [Resolution 1](#)
3. To re-elect the following Director who is retiring pursuant to Article 87 of the Company's Articles of Association:
 - a) Mr Brian Chieng Ngee Wen [Resolution 2](#)
4. 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, 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 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 Dr Chu Siew Mun, 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 approve the payment of Directors' fees of RM145,000 for the financial year ended 31 March 2014. [Resolution 5](#)
7. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. [Resolution 6](#)
8. To consider any other business that can be transacted in an annual general meeting of which due notice shall have been received.

As Special Business

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

Ordinary Resolution

9. **Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares** [Resolution 7](#)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued Share Capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

[Please refer to Explanatory Notes to the Special Business](#)

BY ORDER OF THE BOARD

LEE WAI NGAN (LS 00184)
Secretary
Shah Alam, Malaysia
23 July 2014

NOTICE OF ANNUAL GENERAL MEETING

17th 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.
5. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 August 2014 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting".

EXPLANATORY NOTE A

6. This Agenda item is meant for discussion only as the provision of Section 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

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

Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten percentum (10%) of the issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The mandate sought is a renewal of the mandate given by the Shareholders of the Company at the Sixteenth Annual General Meeting held on 28 August 2013. 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



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
T : +603 7809 6688
F : +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
- Aeon Metro Prima, Kepong
- Ampang Point, Ampang
- Bangi
- Metro Point Kajang
- Aeon Taman Maluri
- Pavilion Kuala Lumpur*
- Suria KLCC*

Perak

- Taiping Mall

Selangor

- 1 Utama Shopping Centre
- Sunway Pyramid Shopping Centre
- IOI Mall, Puchong
- SACC Mall, Shah Alam
- Bukit Tinggi, Klang
- Setia Alam Mall
- Paradigm Mall, Kelana Jaya
- Empire Gallery Subang
- Jaya Shopping Centre
- Empire Gallery Subang*

Penang

- Greenlane
- Gurney Plaza
- Queensbay Mall
- Gurney Paragon
- Seberang Jaya, Bukit Mertajam
- Sunway Carnival*

Kedah

- Alor Setar Mall

Kota Baru

- KB Mall

Johor

- Tebrau, Johor Baru
- Jusco Tebrau City Shopping Centre*

Melaka

- Dataran Pahlawan Shopping Centre
- Aeon Bandaraya Melaka
- Dataran Pahlawan Shopping Centre*

Seremban

- Palm Mall

SINGAPORE

EIG GLOBAL PTE LTD

371 Beach Road
04-06 Key Point
Singapore 199597
T : +65 6271 4733
F : +65 6274 4889

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
- Junction 8 Shopping Centre, Bishan Place
- Bedok Mall

HONG KONG

EIG DERMAL WELLNESS (HK) LTD

Suite 1808, 22 Hung To Road
Elite Centre
Kwun Tong, Kowloon
Hong Kong
T : +852 3900 1400
F : +852 2881 7612

ASTERSPRING OUTLET LOCATION

- Henry House, Causeway Bay
- Hong Kong Pacific Centre, Tsim Sha Tsui
- Century Square Central
- Hysan Place, Causeway Bay*
- Langham Place, Mongkok*
- Manning House, Central*

THAILAND

EIG (THAILAND) CO LTD

217/2, Asoke Tower
Sukhumvit 21 Road (Soi Asoke)
North Klongtoey, Wattana
Bangkok 10110
Thailand
T : +662 2600 140
F : +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 Chaengwattana*
- Central Rama 3*
- The Mall Bangkae*
- The Mall Bangkok*
- Emporium*
- The Mall Ngamwongwan*
- Central Chitlom*

* Kiosks

clinelle®

“ My skin turns
spotless in

3X WHITENING
POWER

**Japanese
Purple Rice Extract**

Lighten pigmentation
& dark spots

Daisy Flower Extract

Suppress melanin formation
& even out skin tone

Hydrolyzed Black Pearl

Prevent skin darkening



6 Nos

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

• Dermatologically Tested • No Paraben
Formulated & Manufactured in USA

Steps



1 Whitening Cleanser

A gentle and non-drying foaming cleanser that effectively removes impurities, whitens and soothes skin.



2 Whitening Toner

A hydrating toner that refines pores and increases the skin's absorbency of subsequent skin care products.



3 Whitening Serum

A refining whitening serum that lightens pigmentation, prevents melanin formation and improves skin fairness.



4 Whitening Spot Corrector Essence

A silky-rich essence that reduces pigmentation, lightens dark spots/scars and fights against discoloration.

WHITEN^{up}

fairer,

just **3** days! ^{**}

Ella Chen
International Artist



5 Whitening Day Cream SPF20

A lightweight moisturizing day cream that brightens and evens out skin tone while keeping skin hydrated.



1 Whitening Night Cream

A nourishing night repair cream to restore damaged cells and neutralize existing melanin.



*Individual results may vary. Suggested to use full range for optimal result.

DIRECTORS' PROFILE



Eddy Chieng Ing Huong

Executive Chairman

Eddy Chieng Ing Huong, Malaysian, aged 56, 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 (ICAA). 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 OrotonGroup Limited, which is listed on the Australian Securities Exchange. He was previously a Director of Nationwide Express Courier Services Berhad, OSK Holdings Berhad, Ancom Berhad, Nylex (Malaysia) Berhad and Chairman of Asia Poly Holdings Berhad. In addition to these notable achievements, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

DIRECTORS' PROFILE
(cont'd)

Roderick Chieng Ngee Kai

Group Managing Director
And Chief Executive Officer

Roderick Chieng Ngee Kai, Malaysian, aged 30, 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 (ICAA).

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

DIRECTORS' PROFILE

(cont'd)



Dato' Mohd Ismail Bin Che Rus

Senior Independent Non-Executive Director

Dato' Mohd Ismail Bin Che Rus, Malaysian, aged 71, 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 71, 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 Subang Jaya Medical Centre (formerly known as Sime Darby Medical Centre Subang Jaya) since 1985 and also at BP Specialist Centre Taman Megah (formerly known as Sime Darby Specialist Centre Megah) since 1997, of which he was a past member of the Board of Directors. He has written papers and presentations in Dermatology conferences and was the President of Dermatological Society of Malaysia from 1988 to 1989.

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

DIRECTORS' PROFILE

(cont'd)



Brian Chieng Ngee Wen

Non Independent Non-Executive Director

Brian Chieng Ngee Wen, Malaysian, aged 28, 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 (ICAA) and holds a Diploma in Financial Services from the Securities Institute of Australia (FINSIA).

Mr Brian Chieng has over 8 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 Affin-Hwang Investment Bank Berhad and was formerly an Independent Non-Executive Director of Asia Poly Holdings Berhad.



Tony Lee Cheow Fui

Independent Non-Executive Director

Tony Lee Cheow Fui, Malaysian, aged 57, is an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and Nominating Committee.

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

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

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

Mr Lee also serves on the Board of Apex Equity Holdings Berhad and Tien Wah Press Holdings Berhad.

NOTES:

- 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
- Conflict of Interest*
None of the Directors has any conflict of interest with the Company.
- 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 30 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 choice of skin care professionals worldwide, in Malaysia, Indonesia, Hong Kong, Singapore, Thailand, Brunei and Philippines, and is also the exclusive supplier to Vietnam and Cambodia.

EIG is also 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 73 corporate outlets comprising 56 AsterSpring skin care salons and 17 retail kiosks strategically located in key shopping malls and retail locations in Malaysia, Singapore, Hong Kong and Thailand. AsterSpring is today one of the leaders in professional skin care salons in Asia with millions of faces treated over 30 years.

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

Tel : +603-7809 6688

Fax : +603-7809 6699

Website : www.estheticsgroup.com

AUDITORS

Baker Tilly Monteiro Heng

Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

Tel : +603-2297 1000

Fax : +603-2282 9980

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : +603-7849 0777 (Helpdesk)

Fax : +603-7841 8151

: +603-7841 8152

COMPANY SECRETARY

Lee Wai Ngan (LS 00184)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Board, Trading/Services Sector

Date of Listing : 11 March 2004

Stock Code : 5081

PRINCIPAL BANKERS

CIMB Bank Berhad

DBS Bank Limited

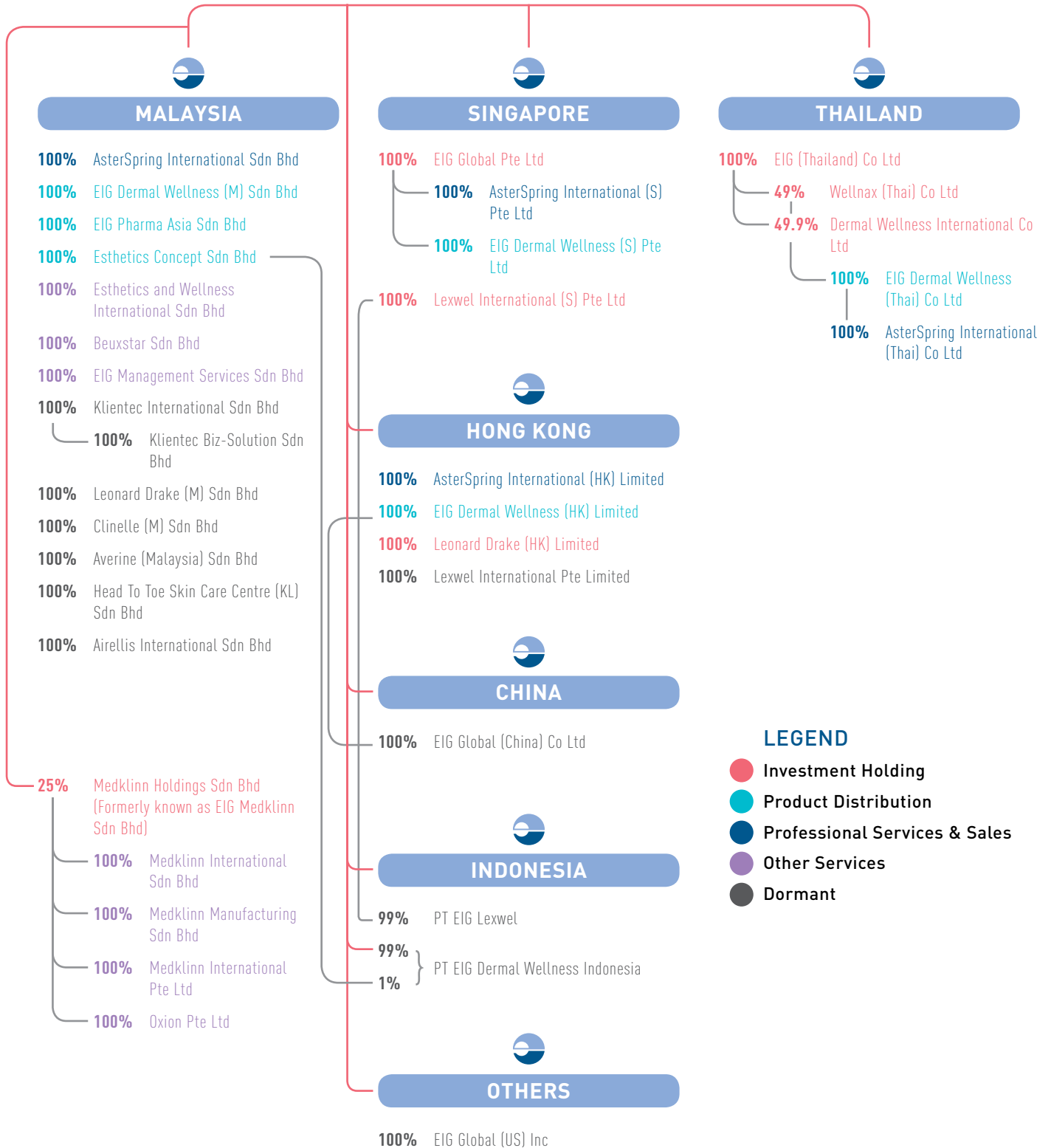
HSBC Bank

Malayan Banking Berhad

OCBC Bank Malaysia Berhad

RHB Bank Berhad

CORPORATE STRUCTURE



avines



MOTHER_{or}PEARL

STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2014)

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 organization 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 which include management oversight, strategic planning, succession planning, performance evaluation, resource allocation, setting standards of conduct reflected in the Group’s Code of Conduct, identifying principal risks and reviewing internal control systems. The Board seeks to ensure

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

that the 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.

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 and approves the Group’s Budget and business plan on an annual basis and carries out periodic review of the progress made by the various business units so as to align the business direction and goals with the objective of delivering long-term shareholder value.

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

Prior to each Board meeting, all Directors receive an agenda and a full set of Board papers for the agenda items to be discussed. At each Board meeting, the relevant Executive Directors and Management provide an explanation of pertinent issues. All proceedings from the Board meetings are minuted by the Company

Secretary, who attends all board meetings and ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of EIG.

In the intervals between scheduled

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



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.

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

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 also considers the importance of gender diversity in its Board composition and intends to appoint one woman independent director with appropriate experience, skills and background to add value to the Board and the Group.

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

(i) The Audit Committee

The Audit Committee comprises 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

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

(ii) The Remuneration Committee

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

- Eddy Chieng Ing Huong - Chairman
- 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.



STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. During the financial year ended 31 March 2014, the Remuneration Committee held one formal meeting on 22 May 2013 which was attended by all members except for Dato' Mohd Ismail Bin Che Rus, as well as ad-hoc meetings to deliberate and consider the remuneration of the Directors for the financial year ended 31 March 2014.

(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

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

The Nominating Committee ensures that the Board has an appropriate balance of relevant skills, expertise and experience and oversees the overall composition of the Board in terms of the appropriate size and balance between Executive Directors, Non-Executive Directors and Independent Directors. For this purpose, the Committee

assesses the effectiveness of the Board as a whole and performance of the Directors on an on-going basis. Terms of reference of the Committee are clearly defined.

Meetings of the Nominating Committee are held as and when required, and at least once a year. During the financial year ended 31 March 2014, the Nominating Committee held one formal meeting on 22 May 2013, which was attended by all members except for Dato' Mohd Ismail bin Che Rus, as well as other ad-hoc meetings to deliberate and consider the reappointment of Directors pursuant to Articles 87 and 94 of the Company's Articles of Association and in accordance with Section 129(6) of the Companies Act, 1965.

INDEPENDENCE AND CONFLICT OF INTEREST

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

In this respect, the Directors are required to declare their respective shareholdings in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or

proposed contract with the Company or any of its related companies. Where issues involve conflict of interest, the Directors will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

The Directors are expected to commit sufficient time and attention to the affairs of the Company to enable the effective discharge of their responsibilities as Directors. Any Director shall notify the Chairman

before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Directors were absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2014, complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

	22.05.2013	26.08.2013	20.11.2013	24.02.2014
Eddy Chieng Ing Huong	✓	✓	✓	✓
Roderick Chieng Ngee Kai	✓	✓	✓	✓
Dato' Mohd Ismail bin Che Rus	x	✓	✓	✓
Dr Chu Siew Mun	✓	✓	x	✓
Brian Chieng Ngee Wen	✓	✓	✓	✓
Tony Lee Cheow Fui	✓	✓	✓	✓

STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2014) (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.

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 reappointment 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 five directorships in public listed companies.

CONTINUING EDUCATION OF THE DIRECTORS

The Directors are encouraged to attend relevant seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which the Group operates, as well as wider economic, financial and governance issues. All Directors

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.



DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective of attracting, retaining, motivating and incentivising Directors of the calibre needed to lead EIG successfully. The remuneration of Directors is recommended by the Remuneration Committee with consideration given to the Group's performance, Directors'

responsibilities and complexity of the company's activities, but undertaken by the Board as a whole to ensure that the aforementioned objective is met.

The Group Managing Director and Chief Executive Officer's remuneration consists of basic

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

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

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

RM'000	Salaries & Other Emoluments ⁽¹⁾	Benefits In Kind ⁽²⁾	Fees ⁽³⁾	Total
Executive Directors	644	77	60	781
Non-Executive Directors ⁽¹⁾	150	25	85	260

Notes:

(1) Other emoluments include bonuses, employer contribution to the Employees' Provident Fund

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

(3) Fees include directors fees 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
Below RM100,000		4
RM150,000 to RM200,000		1
RM650,000 to RM700,000	1	

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

The Board also reviews and oversees compliance with the Group's Risk Management Framework, central to

which is the Group's Internal Audit function which reports directly to and supports the Audit Committee. Further details of which are set out in the Audit Committee Report and the Group's Statement of Risk Management and Internal Control in this Annual Report.

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

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

General Meetings represent the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, the Group's corporate developments, the resolutions being proposed and the business of the Group in general at every General Meeting of the Company.

The notice of the General Meetings and Circular to Shareholders are sent to shareholders in accordance with the stipulated period set out in the Listing Requirements and Companies Act 1965. The Notice of 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 EIG's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

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

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

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

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

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

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

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



STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Group considers corporate social responsibility and good corporate citizenship as a critical management initiative and seeks to improve corporate value by engaging in conscientious activities, especially in consideration of the Group's presence and ties with the community and environment. The Company supports a precautionary approach to environmental challenges. Initiatives to promote greater environmental

The Company supports a precautionary approach to environmental challenges.

responsibility and to encourage the development of environmentally friendly technology play an important role in the daily activities of the Group. Together with our strategic partners, we have undertaken active efforts to minimize the negative impact on the environment throughout the entire production chain. We have also raised the awareness of employees with regards to corporate social responsibility.

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 2014, 118,900 warrants were exercised which resulted in the issuance of 118,900 new ordinary shares of RM0.50 each and thereafter listed on the Main Market of Bursa Malaysia Securities Berhad.

(C) American Depository Receipt (ADR)/Global Depository 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 2014 or entered into since the end of the previous financial year.

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2014)
(cont'd)

(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 proceeds arising from the above were fully utilized during the financial year ended 31 March 2014 as below:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Timeframe for utilisation of proceeds
Capital Expenditure ⁽¹⁾	15,000	15,000	-	Within two (2) years
Working Capital ⁽²⁾	10,800	10,758	42	Within one (1) year
Rights Issue Expenses ⁽³⁾	600	642	(42)	Within one (1) month
Total	26,400	26,400	-	

Notes:

- (1) As at 31 March 2014, the amount allocated for capital expenditure totaling RM15.0 million has been utilised as follows:-
- Renovation of 6 new outlets, namely Paradigm Mall, Setia Alam Mall, Dataran Pahlawan Shopping Centre and Sunway Carnival Mall in Malaysia; Hysan Place in Hong Kong and JEM (Jurong East Mall) in Singapore;
 - Refurbishment of aged outlets;
 - Payment of the first 30% of the purchase consideration, together with GST and stamping fees, in respect of the acquisition of new office units in Singapore; and
 - Payment of 60% of the purchase consideration, together with stamping fees, in respect of the acquisition of a new office unit in Hong Kong.
- (2) 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.
- (3) 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, dispatch and advertising expenses as well as other miscellaneous costs.
- (4) The deviation in the defraying of expenses in relation to the Rights Issue mainly resulted from higher printing costs.

(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 79 of this Annual Report.

(J) Non-Audit Fees

During the financial year ended 31 March 2014, the External Auditors acted as scrutineers at the Company's Annual General Meeting held on 28 August 2013. 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 2014.

(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 25 to the Financial Statements section of this Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 29 May 2014.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (for the Financial Year Ended 31 March 2014)

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 2014. This Statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and taking into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).



BOARD RESPONSIBILITIES

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

The Board regards risk management

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

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

During the financial year under review and up to the date of approval

of this statement for inclusion in annual report, the Board was supported by the Management and Internal Auditors in the on-going process of identifying, assessing and managing the business risks faced by the Group.

The Board has also obtained assurance from the Group Managing Director and CEO and the Group CFO that the Group’s risk management and internal control system is operating adequately and effectively, in all material respects, for the financial year ended 31 March 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(for the Financial Year Ended 31 March 2014)

(cont'd)

RISK MANAGEMENT

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

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

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

- the nature and extent of risks facing the Group;
- the extent and categories of risk which it regards as acceptable for the Group to bear;
- the likelihood of the risks concerned materialising;

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

In its function of overseeing the Group's risk management and assessment, the Board is assisted by Risk Management Committee (RMC), which reports 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.

During the financial year under review, the Group updated its risk assessments and implemented measures to address areas identified

for improvement. The outsourced Internal Auditors also conducted a review and assessment of the Group's risk management and internal control system and presented the findings of its review to the Audit Committee. The Internal Audit plan was then proposed based on the findings of this review. During the financial year, some areas of improvement to the internal controls were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material losses and/or require further disclosure in this Statement.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

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

During the financial year under review, the Group also commenced a significant upgrade of its warehouse operations and front-end systems to further enhance and improve the control environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(for the Financial Year Ended 31 March 2014)
(cont'd)



INTERNAL AUDIT FUNCTION

The Internal Audit function was undertaken by an in-house Internal Audit Department before being outsourced to an independent professional firm with suitable experience and capabilities approved by the Audit Committee and appointed by the Board on 20 November 2013. The Internal Audit function independently assesses and reviews the Group's risk management and internal controls

framework and assists the Audit Committee in providing the Board with the assurance it requires on the adequacy and effectiveness of the risk management and internal controls.

Any areas for improvement identified during the course of the internal audit review are brought to the attention of the Audit Committee. Four (4)

internal audit and risk management reports were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Baker Tilly Monteiro Heng, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2014 and

reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not

prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls is adequate and effective and that the monitoring, reviewing, and reporting arrangements in place

give reasonable assurance that the structure and operation of controls are appropriate for the Group's operations and that risks are 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.

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REPORT OF THE AUDIT COMMITTEE

(for the Financial Year Ended 31 March 2014)

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 2014. 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

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 29 May 2014.

Duties

The Audit Committee shall discharge the following functions:

- to review, with the External Auditors, the audit plan, audit report and the assistance given by the Company's officers to the Auditors;
- to review, with the External Auditors, the adequacy of the internal control systems;
- to assess the risks and control environment;
- to review the quarterly reports and annual financial statements prior to submission to the Board, focusing particularly on:
 - o any change in accounting policies and practices;
 - o significant adjustments arising from the audit; and
 - o compliance with accounting standards and other legal and statutory requirements;

REPORT OF THE AUDIT COMMITTEE

(for the Financial Year Ended 31 March 2014)

(cont'd)

- to discuss any issues and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss (in the absence of the Management where necessary);
- to review the External Auditors' management letter and the Management's response;
- to do the following, in relation to the Internal Audit function:
 - o review the adequacy of the scope, functions, competency and resources of the Internal Audit function and the system of internal controls within the Group and that it has the necessary authority to carry out its work;
 - o review the Internal Audit planning memorandum, processes, investigations and results of the Internal Audit processes, and where necessary ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
 - o review any appraisal or assessment of the performance of the Internal Audit function;
 - o approve any appointment or dismissal of Internal Auditors; and
 - o take cognisance of resignations of Internal Auditors and provide the Internal Auditors an opportunity to submit reasons for resigning;
- to review the resignation, dismissal, appointment or reappointment of Internal Auditors and External Auditors of the Group and to consider the nomination of Auditors and the related fees;
- to review any related party transactions and conflict of interest that may arise within the Company or Group;
- to consider other topics as defined by the Board from time to time.

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 the Internal Auditors;
- have the right to obtain independent professional or other advice at the Company's expense;
- have the right to convene meetings with the External Auditors and/or Internal Auditors or both, excluding the attendance of the other Directors and the Management, whenever deemed necessary; and
- promptly report to Bursa Malaysia

matters which have not been satisfactorily resolved by the Board resulting in a breach of the Listing Requirements.

Meetings

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

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

INTERNAL AUDIT FUNCTION

The Internal Audit function reports independently to the Audit Committee and its role is to examine and provide reasonable assurance to the members of the Audit Committee regarding the adequacy, existence and effectiveness of the internal control systems, risk management framework and

governance systems of the Group. The role, authority and terms of reference of the Internal Audit function is set out in the Group's Internal Audit Charter.

The Internal Audit function was undertaken by an in-house Internal Audit Department before it was outsourced to an independent

professional firm with suitable experience and capabilities approved by the Audit Committee and appointed by the Board on 20 November 2013. The Audit Committee is of the opinion that the Internal Audit function is appropriate to its size and the nature and scope of its activities.

REPORT OF THE AUDIT COMMITTEE

(for the Financial Year Ended 31 March 2014)
(cont'd)

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

During the financial year ended 31 March 2014, the activities of the Internal Audit function included the following:

- development of the annual Internal Audit plan and submission to the Audit Committee for review and approval;

- conducted scheduled Internal Audit assignments focusing on effectiveness of risk management, internal controls and corporate governance and recommended improvements where necessary;
- engaged in an enterprise risk assessment review to identify and evaluate key risks and mitigation plans;
- conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports; and

- presented audit findings including recommendations to the Audit Committee for consideration.

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

The total cost incurred in managing the Internal Audit function for the financial year under review was RM117,000.

MEETINGS AND ATTENDANCE

The Audit Committee held four meetings during the financial year ended 31 March 2014 and details of the attendance of the Audit Committee members are as follows:

Name of Members	Total Meetings Attended
Dato' Mohd Ismail bin Che Rus	3/4
Dr Chu Siew Mun	3/4
Tony Lee Cheow Fui	4/4

The Company Secretary as Secretary to the Audit Committee was present by invitation together with representatives of the External Auditors, Internal Auditors and certain members of the Management. Out of the four meetings held, the Audit Committee held two (2) meetings with the External Auditors without the presence of 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:
 - o any change in accounting policies and practices;
 - o significant adjustments arising from the audit; and
 - o compliance with accounting standards and other legal and statutory requirements;
- reviewed the quarterly financial results and annual audited financial statements of the Group before recommending them for approval to the Board, focusing on:
 - o any change in accounting policies and practices;
 - o significant adjustments arising from the audit; and
 - o compliance with accounting standards and other legal and statutory requirements;
- reviewed the Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report;
- reviewed the appointment 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 2014;
- reviewed the External Auditors' management letter and the Management's response following the conclusion of the audit for the financial year ended 31 March 2014;
- discussed any issues and reservations arising from the audit and other matters with the External Auditors in the absence of the Management;
- reviewed and approved the appointment of an independent professional firm to undertake the Group's Internal Audit function;
- 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 Auditors.

ROBERT TISSERAND

Tisserand Professional Range

100% NATURAL



STATEMENT OF DIRECTORS' RESPONSIBILITIES

(In respect of the Audited Financial Statements for the
Financial Year Ended 31 March 2014)



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 Malaysia Securities Berhad.

The Directors are responsible to ensure the financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the financial performance and cash flows for the financial year then ended.

In preparing the annual audited financial statements, the Directors have:

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 29 May 2014.

GROUP FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

		31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014
Revenue	(RM'000)	169,991	141,090	132,340	134,414	142,984
EBITDA	(RM'000)	12,399	(31,059)	11,481	15,940	24,720
Profit Before Tax	(RM'000)	3,805	(42,002)	5,231	11,021	20,383
Profit After Tax	(RM'000)	(152)	(41,149)	1,549	7,251	15,485
Net Profit Attributable To Equity Holders	(RM'000)	(656)	(40,492)	1,751	7,253	15,485
Total Assets	(RM'000)	159,851	125,441	143,754	153,571	178,791
Total Liabilities	(RM'000)	31,144	38,563	33,320	36,000	52,121
Shareholders' Equity	(RM'000)	124,143	82,971	110,391	117,530	126,670
Cash And Cash Equivalent	(RM'000)	11,262	11,380	49,140	62,748	59,917
Number Of Shares*	('000)	132,000	132,000	184,800	184,800	184,919
Earnings Per Share	(Sen)	(0.50)	(30.68)	1.22**	3.92	8.38***
Net Asset Per Share	(RM)	0.94	0.63	0.60	0.64	0.69
Return On Equity	(%)	-0.5%	-48.8%	1.6%	6.2%	12.2%
Return On Total Assets	(%)	-0.4%	-32.3%	1.2%	4.7%	8.7%
Gearing Ratio	(times)	0.0	0.1	-	-	0.0
Gross Dividend Per Share	(Sen)	1.5	-	-	2.5	3.0
Gross Dividend Yield Per Share	(%)	2.5%	-	-	5.0%	2.5%
Share Price As At Financial Year End	(RM)	0.60	0.48	0.38	0.50	1.21

Notes

* Ordinary shares of RM0.50 each.

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

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

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS



Dear Valued Shareholders,

BUILDING A STRONG FOUNDATION FOR GROWTH

It is my pleasure to present you this annual report for Esthetics International Group Berhad (EIG) for the financial year ended 31 March 2014 (FY2014).

For FY2014, our Group reported revenue of RM143.0 million which, excluding revenue from the sale of certain discontinued equipment in the prior year of RM3.0 million, represented growth of RM11.6 million or 8.8%. This was contributed by revenue growth across our reporting segments of Professional Services and Sales (representing our Corporate Salons business unit) and Product Distribution, which comprises of our Professional Distribution and Fast Moving Consumer Goods (FMCG) business units.

This result was achieved against a



backdrop where regional economies are transitioning into a period of consolidation with various measures put in place to moderate asset speculation and reinforce fiscal

positions as the US Federal Reserve commenced tapering its asset repurchase 'quantitative easing' program.

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS



With the growth in our Group's revenue and improvement in performance across each of our three business units, we recorded net profit after tax of RM15.5 million for FY2014, an increase of RM8.2 million or 113.6% compared to net profit of RM7.3 million for the prior year.

While this is a positive result, we certainly believe that there is still much ahead for us to do as we continue to put in place the building blocks to grow each of our business units and pursue our vision to become the leading beauty and wellness company in Asia.

I am pleased to report that EIG continues to be in a strong financial position with net cash of RM53.8 million, equivalent to 29 sen per share as at 31 March 2014. The Group generated positive net cashflow from operations of RM26.5 million during the year, which funded RM4.2

million for the renovation of 7 new AsterSpring salons in Malaysia and Singapore and 4 retail kiosks in Malaysia and Hong Kong, as well as RM1.3 million for the refurbishment of 4 aged outlets.

Pleasingly, the Group's net cash of RM53.8 million is also after the purchase of our own Hong Kong corporate office which is strategically located in the Kwun Tong, Kowloon area for HK\$37.3 million [RM14.7 million], of which 40% or HK\$14.9 million [RM6 million] was funded from onshore bank borrowings for capital efficiency, as well as a further progress payment of SG\$1.8 million [RM4.7 million] for our new corporate office in Singapore at Paya Lebar Square which we expect to be completed by 2015. In both cases, these purchases are not only in strategic locations but also demonstrate our long-term commitment to these markets while

eliminating the risk of unfavourable tenancy renewal terms and minimising future relocation costs in these high rental markets.

On the geographic expansion front, during the year we received approval for the incorporation of a wholly-owned subsidiary to commence our direct professional distribution in Indonesia where we already have the exclusive distributorship for Dermalogica, Tisserand and Averine. Barring any unforeseen circumstances, we aim to commence physical operations in Jakarta, Indonesia in the second half of this new fiscal year.

As mentioned in last year's report, in addition to growing our existing brands such as Dermalogica, one of our strategies to grow our professional distribution business is to add world-leading complimentary brands to expand the categories of products we are able to offer through our extensive distribution network. To this end, we recently announced in June 2014 that we have secured the exclusive distributorship for Bio-Therapeutic ('BT') professional skin care equipment in Malaysia, Singapore, Brunei and Thailand, with a first right of refusal for Hong Kong, Indonesia and the Philippines. Established in 1974, BT is one of the leaders in professional skin care equipment from the USA with worldwide distribution in over 30 countries.

DIVISIONAL PERFORMANCE

a) Product Distribution

i) Professional Distribution

Professional Distribution is our distribution network to more than 1,000 independent professional salons across

ASEAN and Hong Kong, and accounted for 33% of our Group's revenue in FY2014.

Since 1989, we have been the exclusive distributor of Dermalogica skin care products, the #1 choice of skin

care professionals 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 to Vietnam and

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Cambodia.

We are also the exclusive distributor for Davines professional hair care products in Malaysia, Singapore, Brunei, and Thailand as well as Tisserand aromatherapy and beauty products in 10 countries across ASEAN and Hong Kong. Davines is one of the leading professional hair care brands which was founded in Italy in 1983 and sold in more than 80 countries worldwide, while Tisserand is one of the leading aromatherapy brands in the world which was founded in the United Kingdom in 1974.

For the year under review, Professional Distribution reported revenue of RM46.8 million, which was 6.4% higher than RM44.0 million for FY2013 as we continued to focus on expanding and upgrading our distribution network while also growing our existing accounts through innovative marketing and education for our brands. With the growth in revenue, our Professional Distribution division also reported a higher profit before tax, increasing by 10.3% from RM12.6 million to RM13.9 million.

During the year, we proudly welcomed Jane Wurwand, the founder of Dermalogica, and Dr Diana Howard, Vice President of Research and Development as well as other members of the Dermalogica tribe for the Dermalogica 'Power of One' Symposium in Kuala Lumpur, Malaysia, in conjunction with the launch of the new Dermalogica Multi-Vitamin Power Serum in our markets. This event was attended by over 430



professional skin care therapists from around Asia Pacific and provided valuable education and insights for participating therapists and salon owners.

We also rolled out Phase II of our successful 'Get Naked with Dermalogica' campaign, with 6 local celebrities to further build brand awareness and recruit new Dermalogica customers across more regions. Highlighting Dermalogica's focus on skin health and that 'great skin has nothing to hide', this innovative campaign again brought new customers in-store, delivered value to participating salons and increased our press and social media following.

During the year, we also commenced penetrating into the professional hair salon market and held 'Discover Davines' events in Kuala Lumpur, Bangkok and Singapore which were attended by more than 200 professional hair stylists, including numerous

members of the Malaysian Hair Association in Kuala Lumpur, to build brand awareness of Davines amongst the professional hair salon industry in our markets.

ii) FMCG Division

Our Fast Moving Consumer Goods (FMCG) division focuses on the production, marketing and distribution of our wholly-owned Clinelle range of skin care products to pharmacies and high traffic outlets throughout Malaysia and Hong Kong such as Guardian, Watsons, SaSa and independently owned pharmacies, and accounted for approximately 10% of the Group's revenue during the year.

The year in review was an exciting year for our FMCG team, as we continue to build momentum in repositioning Clinelle to be one of the growing brands in the mass brand category. During the

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

year, we relaunched the Clinelle Ingenius anti-ageing range where Clinelle became the first FMCG skincare brand in Malaysia to successfully secure 1,000 independent testimonials from consumers across 4 locations in Malaysia. Recently, we also successfully launched our exciting new Clinelle WhitenUP whitening range and Clinelle PureSwiss Thermal Spring Water with international superstar, Ms Ella Chen of S.H.E from Taiwan as our celebrity brand ambassador.

With the product range expansion and increase in trade and consumer awareness, FMCG reported revenue of RM13.5 million for FY2014, which was 9.0% higher than FY2013 excluding the sale of certain discontinued equipment of RM3.0 million in the prior year. FMCG also

reported a lower loss of RM1.5 million in FY2014, compared to a loss of RM4.2 million in FY2013, primarily resulting from higher Clinelle sales.

b) Professional Services and Sales (Corporate Salons)

Our Group owns and manages 73 corporate outlets comprising of 56 AsterSpring skin care salons and 17 retail kiosks in Malaysia, Singapore, Hong Kong and Thailand, with a further 7 upcoming AsterSpring salons in the pipeline.

AsterSpring is one of the leaders in professional skincare salons in Asia with 30 years of experience and is differentiated by our strategic locations, our team of professionally certified skincare therapists and our world-leading products, such as Dermalogica.

For the year under review, our Corporate Salons business unit reported revenue for RM82.5 million, an increase of 10.3% compared to RM74.8 million for FY2013. This represents 58% of Group revenue and arose from higher services rendered as well as contributions from new and relaunched AsterSpring salons and kiosks during the year in locations such as at Empire Gallery Subang, Alor Setar Mall, Gurney Paragon and Dataran Pahlawan in Malaysia, JEM @ Jurong East, Bedok Mall and Junction8

Shopping Centre at Bishan Place in Singapore as well as Manning House, Central and Langham Place, Mongkok in Hong Kong.

Importantly, these new outlets help to extend our footprint into new geographic markets and reinforce AsterSpring's position as one of the leaders in professional skin care salons in our markets. We also refurbished and renovated 4 outlets to provide our customers with a refreshed and upgraded salon experience.

We also introduced innovative new treatments such as our V-Lift signature treatment using leading equipment from countries such as Germany to provide safe, non-invasive treatments which meet current market trends and demands.

To provide a platform for the future growth of our Corporate Salons, we also invested in implementing and upgrading to a new integrated point-of-sales system for our Corporate Salons, first in Hong Kong and then Malaysia to improve the efficiency of our salon operations.

With the increase in net revenue, our Corporate Salons division reported a higher profit before tax of RM8.7 million in FY2014 compared to a profit of RM3.0 million in FY2013.



CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

CORPORATE SOCIAL RESPONSIBILITY

During the year, a voluntary charitable group comprising of EIG staff volunteers called EIG Helping Hands was set up to contribute to the community through loving and caring activities. The first project of EIG Helping Hands were to raise funds for Old Folks/Senior Citizen homes that need assistance where every dollar collected from staff was matched by EIG and the Chieng family. The funds raised were contributed to 4 old folks homes as the beneficiaries of the funds. They are Lovely Nursing Home, Petaling Jaya, Joyhaven Home,

Petaling Jaya, Glad Tidings Assembly of God Elderly Home, Petaling Jaya and Pusat Jagaan Orang Tua Udiyana Sri Perumal Devi, Klang.

I am also pleased to share that during the year, AsterSpring was chosen by MarieClaire Malaysia as one of the Top 20 Extraordinary Labels in recognition of its corporate social responsibility commitment through the years, highlighting AsterSpring's "Touch a Life" campaign which focused on the orphans of the Yayasan Sunbeams Home.



INVESTOR RELATIONS

I am pleased to share that EIG was awarded by the Malaysian Investor Relations Association (MIRA) with the award for Best CEO for IR – Micro Cap and was also nominated for Best Company for IR – Micro Cap at the Malaysian Investor Relations Awards 2013. This was based on the Malaysia IR Survey 2013 by MIRA where over 800 investment professionals were invited to take part in the survey.

EIG was also featured by DBS Group Research as one of "The Emerging 8: Asia's Top Retail Brands" where the selection criteria focussed on Asian 'home-grown' companies which are brand owners, have a presence in at least three countries with more than 20% of total revenues derived outside its home market, be profitable and have a clear direction for growth. In addition, during the year, RHB Research initiated research coverage

on EIG and featured EIG as one of the 'Top 30 Jewels' / Top 30 Malaysia Small Cap Companies for 2014.

To increase awareness of the Group, we have also actively engaged with the investment community and participated in roadshows, conferences and meetings with analysts and investors from Malaysia, Singapore, Hong Kong and the United States over this past year.

MOVING FORWARD

As noted above, with our regional economies going through a transitional period of prudent fiscal consolidation, the operating environment may present additional challenges going forward. Therefore, we will continue to focus on executing our strategic long-term priorities to bring EIG to next level of growth.

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. As mentioned above, barring any unforeseen circumstances, we plan to commence operations in Indonesia in 2015.

For Corporate Salons, we will continue to build our leading 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 skin care brands in the mass market initially in Malaysia and Hong Kong and then regionally in Asia by reviewing and expanding our product portfolio to ensure that we remain relevant in the dynamic FMCG market.

In addition, to bring the business to the next level, we will also continue to invest 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.

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

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 single-tier dividend of 3% (1.5 sen)

(RM2.8 million) for the year ended 31 March 2014 for shareholders' approval at the upcoming Annual General Meeting.

Combined with the interim franked dividend of 3% (1.5 sen) amounting to RM2.1 million which was paid on 31 December 2014, this would equate to a net dividend of 6% (3.0 sen) (RM4.9 million) for FY2014, compared to the franked dividend of 5% (2.5 sen) (RM3.5 million) for FY2013.

Going forward, barring any unforeseen circumstances in the macroeconomic environment, we intend to continue a steady and increasing payout over time with our dividends 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.

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

YOURS TRULY,

EDDY CHIENG ING HUONG
Executive Chairman

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DIRECTORS' REPORT

For The Financial Year Ended 31 March 2014

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	15,485	13,974
Attributable to:-		
Owners of the Company	15,485	13,974

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- (i) final franked dividend of 5.0% (2.5 sen) less 25% tax per ordinary share in respect of financial year ended 31 March 2013 as reported in the directors' report of that financial year, declared on 28 August 2013 and paid on 10 October 2013; and
- (ii) interim franked dividend of 3.0% (1.5 sen) less 25% tax per ordinary share in respect of financial year ended 31 March 2014, declared on 20 November 2013 and paid on 31 December 2013.

At the forthcoming Annual General Meeting, a final single tier exempt dividend of 3.0% (1.5 sen) per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted in equity as an appropriation of retained earnings in the financial year ending 31 March 2015.

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

DIRECTORS' REPORT

for the financial year ended 31 March 2014 (cont'd)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	At 1.4.2013	Bought	Sold	At 31.3.2014
Direct interests:				
Roderick Chieng Ngee Kai	-	2,700,000	-	2,700,000
Lee Cheow Fui	154,000	-	-	154,000
Indirect/Deemed interests:				
Chieng Ing Huong *	114,218,176	417,500	(2,000,000)	112,635,676
Roderick Chieng Ngee Kai **	114,218,176	417,500	(2,000,000)	112,635,676
Brian Chieng Ngee Wen ***	114,352,676	446,400	(2,000,000)	112,799,076

	Number of warrants 2013/2017			
	At 1.4.2013	Bought	Sold	At 31.3.2014
Direct interests:				
Lee Cheow Fui	44,000	-	-	44,000
Indirect/Deemed interests:				
Chieng Ing Huong *	44,765,576	-	-	44,765,576
Roderick Chieng Ngee Kai **	44,765,576	-	-	44,765,576
Brian Chieng Ngee Wen ***	44,765,576	-	-	44,765,576

* 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 financial year to the extent that the Company has an interest.

The other directors holding office at 31 March 2014 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

for the financial year ended 31 March 2014 (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 25 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year:-

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

Class	Number	Term of issue	Purpose of issue
Ordinary share of RM0.50 each	118,900	Exercise of warrants	Exercise of warrants by warrant holders

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

- (ii) there were no changes in the authorised capital of the Company; and

- (iii) 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.

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

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

	At 1.4.2013	Number of warrants		At 31.3.2014
		Allotted	Exercised	
Number of warrants	52,800,000	-	118,900	52,681,100

DIRECTORS' REPORT

for the financial year ended 31 March 2014 (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

In the opinion of the directors:

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

DIRECTORS' REPORT

for the financial year ended 31 March 2014 (cont'd)

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENT

The details of significant event after the financial year end are disclosed in Note 29 to the financial statements.

AUDITORS

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

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

.....
Chieng Ing Huong

.....
Roderick Chieng Ngee Kai

Shah Alam

Date: 30 June 2014

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Chieng Ing Huong and Roderick Chieng Ngee Kai, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 59 to 117, are drawn up in accordance with the 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 financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 118 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

.....
Chieng Ing Huong

.....
Roderick Chieng Ngee Kai

Shah Alam

Date: 30 June 2014

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, to the best of my knowledge and belief, the financial statements as set out on pages 59 to 117 and the supplementary information set out on page 118 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at Petaling Jaya on 30 June 2014.

.....
Roderick Chieng Ngee Kai

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Esthetics International Group Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Esthetics International Group Berhad, which comprise the statements of financial position as at 31 March 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 117.

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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are 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 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 controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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 at 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors as indicated in Note 6 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Esthetics International Group Berhad (cont'd)
(Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

- (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 purpose 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 auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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

The financial statements of the Group and of the Company for the financial year ended 31 March 2013 were audited by another firm of chartered accountants whose report dated 10 July 2013 expressed an unmodified opinion on those financial statements.

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 contents of this report.

BAKER TILLY MONTEIRO HENG

AF 0117

Chartered Accountants

LEE KONG WENG

2967/07/15(J)

Chartered Accountant

Kuala Lumpur

Date: 30 June 2014

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Property, plant and equipment	3	66,375	35,329	-	-
Intangible assets	4	3,552	3,876	-	-
Investment properties	5	1,055	1,055	-	-
Investments in subsidiaries	6	-	-	112,721	99,581
Investments in associates	7	3,186	3,437	2,000	2,000
Deferred tax assets	8	635	648	-	-
Total non-current assets		74,803	44,345	114,721	101,581
Inventories	9	22,422	17,385	-	-
Receivables, deposits and prepayments	10	21,579	28,724	42	42
Tax recoverable		70	369	70	275
Cash and cash equivalents	11	59,917	62,748	4,325	8,697
Total current assets		103,988	109,226	4,437	9,014
Total assets		178,791	153,571	119,158	110,595
Equity					
Share capital	12	92,459	92,400	92,459	92,400
Reserves	13	8,950	9,851	10,207	10,207
Retained earnings	13	25,261	15,279	16,278	7,848
Total equity attributable to owners of the Company		126,670	117,530	118,944	110,455
Non-controlling interests		-	41	-	-
Total equity		126,670	117,571	118,944	110,455
Liability					
Deferred tax liabilities	8	165	-	-	-
Total non-current liabilities		165	-	-	-
Deferred revenue		23,123	20,478	-	-
Payables and accruals	14	21,056	15,013	214	140
Borrowings	15	6,085	-	-	-
Derivative financial liabilities	16	8	-	-	-
Tax payable		1,684	509	-	-
Total current liabilities		51,956	36,000	214	140
Total liabilities		52,121	36,000	214	140
Total equity and liabilities		178,791	153,571	119,158	110,595

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	17	142,984	134,414	18,900	6,000
Cost of sales/services		(57,539)	(56,292)	-	-
Gross profit		85,445	78,122	18,900	6,000
Other income		1,840	890	-	-
Distribution expenses		(14,562)	(15,266)	-	-
Administrative expenses		(48,297)	(48,195)	(381)	(692)
Other expenses		(5,345)	(6,095)	(125)	-
Results from operating activities		19,081	9,456	18,394	5,308
Finance income		1,532	1,382	485	305
Finance costs		(75)	-	-	-
Operating profit	18	20,538	10,838	18,879	5,613
Share of (loss)/profit after tax of equity accounted associates		(155)	183	-	-
Profit before tax		20,383	11,021	18,879	5,613
Tax expense	19	(4,898)	(3,770)	(4,905)	(1,454)
Profit for the financial year		15,485	7,251	13,974	4,159
Other comprehensive expenses, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		(901)	(114)	-	-
Total comprehensive income		14,584	7,137	13,974	4,159
Profit for the financial year attributable to:					
Owners of the Company		15,485	7,253	13,974	4,159
Non-controlling interests		-	(2)	-	-
		15,485	7,251	13,974	4,159
Total comprehensive income attributable to:					
Owners of the Company		14,584	7,139	13,974	4,159
Non-controlling interests		-	(2)	-	-
		14,584	7,137	13,974	4,159
Earnings per ordinary share (sen):					
Basic	20	8.38	3.92		
Diluted	20	7.45	3.92		

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2014

Group	Note	← Non-distributable →				Distributable Retained Earnings	Attributable		Total Equity
		Share Capital	Share Premium	Warrant Reserve	Translation Reserve		To Owners Of The Company	Non- Controlling Interests	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2012		92,400	5,571	4,636	(242)	8,026	110,391	43	110,434
Profit for the financial year		-	-	-	-	7,253	7,253	(2)	7,251
Other comprehensive income, net of tax									
- Exchange differences on translation of the financial statements of foreign entities		-	-	-	(114)	-	(114)	-	(114)
Total comprehensive income for the financial year		-	-	-	(114)	7,253	7,139	(2)	7,137
At 31 March 2013		92,400	5,571	4,636	(356)	15,279	117,530	41	117,571
Profit for the financial year		-	-	-	-	15,485	15,485	-	15,485
Other comprehensive income, net of tax									
- Exchange differences on translation of the financial statements of foreign entities		-	-	-	(901)	-	(901)	-	(901)
Total comprehensive income for the financial year		-	-	-	(901)	15,485	14,584	-	14,584
Transactions with owners									
Issuance of ordinary shares pursuant to warrant		59	10	(10)	-	-	59	-	59
Dividends paid	21	-	-	-	-	(5,544)	(5,544)	-	(5,544)
Total transactions with owners		59	10	(10)	-	(5,544)	(5,485)	-	(5,485)
Changes of equity interest in a subsidiary		-	-	-	-	41	41	(41)	-
At 31 March 2014		92,459	5,581	4,626	(1,257)	25,261	126,670	-	126,670

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2014

Company	Note	Non-distributable		Distributable		Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	
At 1 April 2012		92,400	5,571	4,636	3,689	106,296
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	4,159	4,159
At 31 March 2013		92,400	5,571	4,636	7,848	110,455
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	13,974	13,974
Dividends paid	21	-	-	-	(5,544)	(5,544)
Issuance of ordinary shares pursuant to warrant		59	10	(10)	-	59
At 31 March 2014		92,459	5,581	4,626	16,278	118,944

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2014

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities				
Profit before tax	20,383	11,021	18,879	5,613
Adjustments for:				
Amortisation of development cost	49	25	-	-
Bad debts written off	-	153	-	-
Other receivables written off	-	239	-	-
Depreciation of property, plant and equipment	5,745	6,276	-	-
Fair value loss on derivative financial instruments	8	-	-	-
Impairment loss on investments in subsidiaries	-	-	125	-
Impairment loss on investments in associate	12	-	-	-
Inventories written off	2,310	2,348	-	-
Goodwill written off	-	91	-	-
Property, plant and equipment written off	82	358	-	-
Development costs written off	275	-	-	-
Dividend income	-	-	(18,900)	(6,000)
Gain on disposal of property, plant and equipment	(215)	(175)	-	-
Loss on disposal of investment property	-	8	-	-
Decrease in fair value of investment property	-	102	-	-
Interest income	(1,532)	(1,382)	(485)	(305)
Interest expense	75	-	-	-
Share of loss/ (profit) of equity accounted associates	155	(183)	-	-
Unrealised gain on foreign exchange	(138)	(591)	-	-
Operating profit/(loss) before working capital changes	27,209	18,290	(381)	(692)
Changes in working capital				
Inventories	(7,347)	684	-	-
Receivables	826	953	-	(20)
Payables	4,848	317	74	40
Deferred revenue	2,645	2,625	-	-
Cash generated from/(used in) operations	28,181	22,869	(307)	(672)
Interest received	1,532	1,382	485	305
Tax paid	(3,545)	(3,989)	(4,700)	-
Tax refunded	299	1,707	-	331
Net cash from/(used in) operating activities	26,467	21,969	(4,522)	(36)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2014 (cont'd)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(30,434)	(3,097)	-	-
Deposits paid on purchase of property, plant and equipment		-	(6,151)	-	-
Dividend received		-	-	18,900	6,000
Subscription of shares in a subsidiary		-	-	(966)	-
(Advances to)/repayments from subsidiaries		-	-	(12,299)	2,516
Proceeds from disposal of investment property		-	540	-	-
Proceeds from disposal of property, plant and equipment		215	198	-	-
Net cash (used in)/ from investing activities		(30,219)	(8,510)	5,635	8,516
Cash flows from financing activities					
Proceeds from issuance of ordinary shares pursuant to warrant		59	-	59	-
Dividends paid		(5,544)	-	(5,544)	-
Drawdown of term loan		6,264	-	-	-
Repayment of term loan		(179)	-	-	-
Interest paid		(75)	-	-	-
Net cash from/(used in) financing activities		525	-	(5,485)	-
Net (decrease)/increase in cash and cash equivalents		(3,227)	13,459	(4,372)	8,480
Effect of exchange rates changes		396	149	-	-
Cash and cash equivalents at beginning of the financial year		62,748	49,140	8,697	217
Cash and cash equivalents at end of the financial year	11	59,917	62,748	4,325	8,697

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

NOTES TO THE FINANCIAL STATEMENTS

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

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

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

The consolidated financial statements as at and for the financial year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the financial year ended 31 March 2014 do not include other entities.

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

The financial statements were approved by the Board of Directors on 30 June 2014.

1. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

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

(a) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(i) *Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int*

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

New MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

(i) *Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)*

Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
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Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
----------	----------------------------------------------------------------

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation- Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single entity control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(i) *Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)*

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised) (cont'd)

The Group adopted MFRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2(b). The adoption of MFRS 10 has no significant impact to the Group's financial position and performance.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardized and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries and associates. MFRS 12 disclosures are provided in Notes 6 and 7.

MFRS 13 Fair Value Measurement

MFRS 13 defined fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell participants at the measurement date. As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 27.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

(iii) ***New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted***

The Group and the Company have not adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 9	Financial Instruments	To be announced by the MASB
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1 January 2014

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

(iii) ***New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)***

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

- (a) **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)**

- (ii) *New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)*

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

- (b) **Basis of Measurement**

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

- (c) **Functional and Presentation Currency**

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

2. SIGNIFICANT ACCOUNTING POLICIES

- (a) **Critical Accounting Estimates And Judgements**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates And Judgements (cont'd)*****(i) Depreciation of Property, Plant and Equipment (Note 3) (cont'd)***

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

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

(ii) Income Taxes (Note 19)

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) Amortisation of Development Costs (Note 4)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vi) Impairment of Goodwill (Note 4)

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

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

The measurement of the fair value for investment properties performed by management is with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.

(viii) Deferred tax assets (Note 8)

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

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2014.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (cont'd)

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

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

(i) *Business Combinations*

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

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

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 2014. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of profit or loss and other comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained earnings and reserves.

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Investments (cont'd)*****(ii) Associates (cont'd)***

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

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

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

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

(d) Functional and Foreign Currencies***(i) Transactions and Balances***

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

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

(ii) Foreign Operations

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Foreign Operations (cont'd)

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- 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.

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

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

(iii) Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(iii) Equity Instruments (cont'd)

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

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

(f) Property, Plant and Equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

(h) Intangible Assets

(i) Goodwill

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

- i) The fair value of the consideration transferred; plus
- ii) The recognised amount of any non-controlling interests in the acquired; plus;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible Assets (cont'd)

(i) Goodwill (cont'd)

- iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(ii) Development costs

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

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

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

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

The estimated useful life is 5 years.

(iii) Trademark

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Investment Properties*****(i) Investment properties carried at fair value***

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

(ii) Determination of fair value

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

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

(j) Inventories

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

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

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

(k) Cash and Cash Equivalents

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

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

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.

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

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

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

(ii) *Impairment of Non-Financial Assets*

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**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 profit or loss over the period of the loans and borrowings using the effective interest method.

(n) Employee Benefits**(i) Short-term employee benefits**

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

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

(ii) Defined Contribution Plans

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

(o) Provisions

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

(p) Contingent Liabilities

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

(q) Financial Guarantee

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and Other Income

(i) Goods sold

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

(ii) Services rendered

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

(iii) Rental income

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

(iv) Dividend income

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

(v) Interest income

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

(vi) Income from short term money market deposits

Income from short term money market deposits is recognised when the right to receive payment is established.

(s) Deferred Revenue

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

(t) Interest Income and Borrowing Costs

(i) Interest income

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

(ii) Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Interest Income and Borrowing Costs (cont'd)

(iii) *Borrowing costs (cont'd)*

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

(u) Tax Expense

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

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

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

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

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

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

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

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

(v) Earnings per Share

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Operating Segments

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

(x) Related Parties

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

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

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

(y) Warrant Reserve

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

(z) Fair Value Measurement

From 1 January 2013, the Group adopted MFRS 13 Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Fair Value Measurement (cont'd)

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

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. PROPERTY, PLANT AND EQUIPMENT

Group	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	Construction- in-progress RM'000	Total RM'000
Cost								
At 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)
Written off	-	-	(24)	(6,353)	(3,008)	(2,089)	-	(11,474)
Translation differences	-	-	-	80	114	194	-	388
At 31 March/ 1 April 2013	11,053	19,082	2,586	10,550	16,636	18,856	-	78,763
Additions	-	17,148	147	1,256	836	6,145	11,053	36,585
Disposals	-	-	(656)	(3)	-	-	-	(659)
Written off	-	-	-	(94)	(3)	(3,015)	-	(3,112)
Translation differences	-	-	-	145	234	322	222	923
At 31 March 2014	11,053	36,230	2,077	11,854	17,703	22,308	11,275	112,500

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Group	Freehold			Office			Construction-	Total
	land	Buildings	Motor	equipment	Tools and	Renovation	in-progress	
	RM'000	RM'000	vehicles	and fittings	equipment	RM'000	RM'000	RM'000
Accumulated depreciation								
At 1 April 2012	-	2,056	2,149	14,236	15,752	14,319	-	48,512
Charge for the financial year	-	410	169	957	1,335	3,405	-	6,276
Disposals	-	-	(145)	(10)	(28)	(358)	-	(541)
Written off	-	-	(24)	(6,190)	(2,922)	(1,980)	-	(11,116)
Translation differences	-	-	-	68	99	136	-	303
At 31 March/ 1 April 2013	-	2,466	2,149	9,061	14,236	15,522	-	43,434
Charge for the financial year	-	605	167	771	1,006	3,196	-	5,745
Disposals	-	-	(656)	(3)	-	-	-	(659)
Written off	-	-	-	(74)	(3)	(2,953)	-	(3,030)
Translation differences	-	-	-	127	204	304	-	635
At 31 March 2014	-	3,071	1,660	9,882	15,443	16,069	-	46,125
Carrying amounts								
At 31 March 2014	11,053	33,159	417	1,972	2,260	6,239	11,275	66,375
At 31 March 2013	11,053	16,616	437	1,489	2,400	3,334	-	35,329

- (a) The net carrying amount of property, plant and equipment pledged as security for banking facilities granted to a subsidiary as disclosed in Note 15 is amounting to RM16,925,000 (2013: RM nil).
- (b) Construction-in-progress is in respect of progress billings for properties under construction.
- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2014 RM'000	2013 RM'000
Additions of property, plant and equipment	36,585	3,097
Less: Transfer from deposits	6,151	-
Cash payments on purchase of property, plant and equipment	30,434	3,097

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INTANGIBLE ASSETS

Group	Development			Total RM'000
	Goodwill RM'000	cost RM'000	Trademark RM'000	
Cost				
At 1 April 2012	3,568	548	-	4,116
Written off	(91)	-	-	(91)
<hr/>				
At 31 March/1 April 2013	3,477	548	-	4,025
Additions	-	-	-	-
Written off	-	(300)	-	(300)
<hr/>				
At 31 March 2014	3,477	248	-	3,725
<hr/>				
Accumulated Amortisation				
At 1 April 2012	-	124	*	124
Amortisation for the financial year	-	25	*	25
<hr/>				
At 31 March/1 April 2013	-	149	*	149
Amortisation for the financial year	-	49	-	49
Written off	-	(25)	-	(25)
<hr/>				
At 31 March 2014	-	173	-	173
<hr/>				
Carrying amounts				
At 31 March 2014	3,477	75	-	3,552
<hr/>				
At 31 March 2013	3,477	399	-	3,876
<hr/>				

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 in the previous 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 consolidated statement of profit or loss and other comprehensive income and subsequent reversal is not allowed.

Impairment Testing for Cash-Generating Units Containing Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INTANGIBLE ASSETS (CONT'D)

Impairment Testing for Cash-Generating Units Containing Goodwill (cont'd)

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

	2014 RM'000	2013 RM'000
Singapore product distribution	1,632	1,632
Singapore professional services and sales	1,455	1,455
Hong Kong professional services and sales	390	390
	3,477	3,477

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

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

- There will be no material changes in the structure and principal activities of the respective subsidiaries.
- Gross margins are based on the average gross margin achieved in the past years.
- There will not be any significant increase in labour costs, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the respective companies.
- Growth rate used to extrapolate cash flows for fourth and fifth year is 10%.
- Statutory income tax rates - the rate for Singapore and Hong Kong are 17% (2013: 17%) and 16.5% (2013: 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% (2013: 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	
	2014 RM'000	2013 RM'000
At fair value		
At 1 April 2013/2012	1,055	1,705
Decrease in fair value	-	(102)
Disposal during the financial year	-	(548)
	<hr/>	<hr/>
At 31 March	1,055	1,055
	<hr/>	<hr/>

- (i) The above completed investment properties comprise apartment unit and commercial retail unit.
- (ii) Information on the fair value hierarchy is disclosed in Note 27.
- (iii) 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	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost			
At 1 April 2013/2012		54,943	54,943
Additions		966	-
		<hr/>	<hr/>
At 31 March		55,909	54,943
		<hr/>	<hr/>
Accumulated impairment losses			
At 1 April 2013/2012		(16,405)	(16,405)
Addition during the financial year		(125)	-
At 31 March		(16,530)	(16,405)
		<hr/>	<hr/>
Quasi loans	a	73,342	61,043
		<hr/>	<hr/>
		112,721	99,581
		<hr/>	<hr/>

- (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	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights	
			2014 %	2013 %
<i>Interest held by the Company</i>				
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	Distribution of beauty equipment	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
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
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. Δ	China	Dormant	100	100
Leonard Drake (HK) Limited*	Hong Kong	Property investment	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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights	
			2014	2013
			%	%
Interest held by the Company (cont'd)				
EIG Global Australia Pty. Ltd.^	Australia	Dormant	100	100
EIG Global (US) Inc. @	United States of America	Investment holding	100	100
PT EIG Lexwel	Indonesia	Dormant	100	100
PT EIG Dermal Wellness Indonesia#	Indonesia	Dormant	99	-
Interest held through Klientec International Sdn. Bhd.				
Klientec Biz-Solution Sdn. Bhd. **	Malaysia	Dormant	100	80
Interest held through Esthetics Concept Sdn. Bhd.				
PT EIG Dermal Wellness Indonesia #	Indonesia	Dormant	1	-

* Not audited by Messrs. Baker Tilly Monteiro Heng

@ Not required to be audited under the local laws and regulations

^ The subsidiary was deregistered on 21 May 2014.

Δ The subsidiary was in the process of deregistration.

During the financial year, the Company incorporated a new subsidiary as disclosed in Note 28.

** During the financial year, the Group acquired additional equity interest in the subsidiary as disclosed in Note 28.

There is no non-controlling interest which is material to the Group in the previous financial year.

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

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	6,286	6,286	2,000	2,000
Accumulated impairment loss	(12)	-	-	-
	6,274	6,286	2,000	2,000
Share of results in associates	(3,088)	(2,849)	-	-
	3,186	3,437	2,000	2,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of associate	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting rights	
			2014 %	2013 %
Interest held through EIG (Thailand) Co. Ltd.				
Wellnax (Thai) Co. Ltd.*	Thailand	Investment holding	49	49
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	49.9	49.9
Interest held through Wellnax (Thai) Co. Ltd.				
EIG Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	45	45
Interest held through Dermal Wellness International Co. Ltd.				
Dermal Wellness (Thai) Co. Ltd.*	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
Interest held by the Company				
Medklinn Holdings Sdn. Bhd. ("MHSB")*	Malaysia	Investment holding	25	25
Interest held through MHSB				
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

* Not audited by Messrs. Baker Tilly Monteiro Heng

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

The Group's associates are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group. The aggregate amount of the Group share of associates loss for the financial year representing total comprehensive income for the financial year amounting to RM155,000 (2013: profit RM183,000).

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES)**Recognised Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities are attributable to the following:

Group	Property, plant and equipment RM'000	Unutilised tax losses RM'000	Unrealised foreign exchange gain RM'000	Others RM'000	Total RM'000
Assets					
At 1 April 2012	(338)	691	(4)	-	349
Recognised in profit or loss (Note 19)	112	(341)	(69)	597	299
At 31 March/1 April 2013	(226)	350	(73)	597	648
Recognised in profit or loss (Note 19)	282	(350)	41	14	(13)
At 31 March 2014	56	-	(32)	611	635
Liabilities					
At 1 April 2013	-	-	-	-	-
Recognised in profit or loss (Note 19)	(165)	-	-	-	(165)
At 31 March 2014	(165)	-	-	-	(165)

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

Unrecognised Deferred Tax Assets

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

	Group	
	2014 RM'000	2013 RM'000
Unabsorbed capital allowances	1,871	1,947
Unutilised tax losses	34,873	35,229
Others	156	(222)
	36,900	36,954

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
At cost		
Raw materials and consumables	1,046	523
Goods in transit	2,662	1,768
Trading goods	18,714	15,094
	22,422	17,385

- (i) None of the inventories is carried at net realisable value.
- (ii) Inventories recognised as cost of sales amounted to RM31,515,000 (2013: RM 33,089,000).

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current					
Trade					
Trade receivables	a	9,463	11,453	-	-
Less: Allowance for impairment loss		-	(88)	-	-
		9,463	11,365	-	-
Amount due from associates	b	112	891	-	-
Non-trade					
Amount due from associates	b	2,860	2,903	-	-
Other receivables		44	145	-	-
Deposits	c	7,210	12,322	-	-
Prepayments		1,890	1,098	42	42
		21,579	28,724	42	42

- (a) The normal trade credit terms granted are as follows:-
- Beauty and wellness products: 30 to 90 days
 - Beauty equipment: case-by-case basis
- (b) The normal trade credit terms granted to associates are 60 to 90 days. The non-trade amount due from associates of the Group is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(c) Included in deposits of the Group are:

- (i) an amount of RM6,155,000 (2013: RM5,553,000) representing rental deposit; and
- (ii) an amount of RM Nil (2013: RM6,151,000) representing down payments for a property.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash management fund investments with investment management companies	39,696	40,002	4,149	-
Cash and bank balances	20,221	22,746	176	8,697
	59,917	62,748	4,325	8,697

The directors regard the cash management fund investments as cash and cash equivalents in view of their high liquidity and insignificant changes in value.

12. SHARE CAPITAL

	Group/Company		Number of shares 2013	Number of shares 2013
	2014 RM'000	Number of shares 2014 '000		
Ordinary shares of RM0.50 each				
Authorised				
At 1 April / 31 March	250,000	500,000	250,000	500,000
Issued and fully paid-up				
At 1 April 2013/2012	92,400	184,800	92,400	184,800
Issued during the financial year				
– exercise of warrants	59	119	-	-
At 31 March	92,459	184,919	92,400	184,800

(a) Ordinary Shares

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. SHARE CAPITAL (CONT'D)

(b) Ordinary Shares Issued Upon Exercise of Warrants

During the financial year, the Company issued 118,900 (2013: Nil) ordinary shares at issue price of RM0.50 (2013: Nil) per ordinary share for cash, pursuant to the exercise of warrants by shareholders. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

13. RESERVES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable					
Share premium	13.1	5,581	5,571	5,581	5,571
Warrant reserve	13.2	4,626	4,636	4,626	4,636
Translation reserve	13.3	(1,257)	(356)	-	-
		8,950	9,851	10,207	10,207

13.1 Share Premium

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

13.2 Warrant Reserve

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

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

	At 1.4.2013	Number of warrants		At 31.3.2014
		Allotted	Exercised	
Number of warrants	52,800,000	-	118,900	52,681,100

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:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. RESERVES (CONT'D)

13.2 Warrant Reserve (cont'd)

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

13.3 Translation Reserve

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

13.4 Retained Earnings

The credit in the Section 108 balance as at 31 December 2013 expired in accordance with the Finance Act 2007. With effect from 1 January 2014, the Company will be able to distribute dividends out of its retained earnings under the single tier system.

14. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade					
Trade payables	a	7,117	4,425	-	-
Non-trade					
Other payables		3,756	3,149	-	-
Accrued expenses	b	10,183	7,439	214	140
		13,939	10,588	214	140
		21,056	15,013	214	140

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

(b) Included in accrued expenses of the Group is staff expenses of RM3,097,652 (2013 : RM1,481,315)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. BORROWINGS

	Group	
	2014 RM'000	2013 RM'000
Current		
Secured:		
Term loan-Hong Kong dollar	6,085	-

Term loan bears effective interest at 2.10% (2013: Nil) per annum, repayable over 15 years with monthly installments of RM40,600 (equivalent to HKD96,668) each commencing 6 October 2013 or on demand and is secured by the subsidiary's property as disclosed in Note 3.

16. DERIVATIVE FINANCIAL LIABILITIES

	Company	
	2014 RM'000	2013 RM'000
Non-hedging derivative		
Contract notional amount		
Forward currency contracts	3,003	-
Carrying amount		
Current liabilities		
Forward currency contracts	8	-

The Group uses forward currency contracts to hedge the Group's projected trade payables and purchases denominated in United States Dollar ("USD"). These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

During the financial year, the Group recognised an unrealised loss of RM8,000 (2013: Nil) arising from fair value changes of forward currency contracts. The method and assumption applied in determining the fair value of derivatives is disclosed in Note 26 (d) (iii).

17. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Product distribution	60,279	59,449	-	-
Professional services and sales	82,506	74,804	-	-
Others	199	161	-	-
Dividends	-	-	18,900	6,000
	142,984	134,414	18,900	6,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. OPERATING PROFIT

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Operating profit is arrived at after charging:				
Auditors' remuneration:				
- Audit services:				
- for the current financial year	210	310	16	54
- under/(over)provision for the previous financial year	-	3	-	(2)
- Non-audit services	5	5	5	5
Amortisation of development cost	49	25	-	-
Bad debts (recovered) / written off	(54)	153	-	-
Decrease in fair value of investment property	-	102	-	-
Depreciation of property, plant and equipment	5,745	6,276	-	-
Direct operating expense –generating rental income	18	21	-	-
Fair value loss on derivative financial instruments	8	-	-	-
Goodwill written off	-	91	-	-
Impairment loss on:				
- trade receivables	-	88	-	-
- investment in subsidiaries	-	-	125	-
Intangible assets written off	275	-	-	-
Interest expense in respect of term loan	75	-	-	-
Inventories written off	2,310	2,348	-	-
Loss on disposal of investment property	-	8	-	-
Other receivables written off	-	239	-	-
Personnel expenses (including key management personnel)				
- Wages, salaries and others	41,136	38,006	156	116
- Contribution to defined contribution plan	4,295	3,863	-	-
Property, plant and equipment written off	82	358	-	-
Realised loss on foreign exchange	-	346	-	-
Rental of premises	18,995	18,658	-	-
and after crediting:				
Dividend income from:				
- subsidiaries (unquoted)	-	-	18,900	6,000
Gain on disposal of property, plant and equipment	215	175	-	-
Income from short term money market deposits	1,345	1,274	120	29
Interest income	187	108	187	108
Rental income from investment properties	72	93	-	-
Unrealised gain on foreign exchange	138	591	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. OPERATING PROFIT (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(b) Directors' Remuneration				
Directors of the Company				
- Fees	156	116	156	116
- Other emoluments	794	525	-	-
- Estimated monetary value of benefits-in-kind	102	108	78	87
	1,052	749	234	203

19. TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax:				
- current financial year	4,878	4,077	4,725	1,454
- (over)/under provision in prior financial year	(158)	(8)	180	-
	4,720	4,069	4,905	1,454
Deferred tax (Note 8):				
Origination and reversal of temporary differences	178	(299)	-	-
	4,898	3,770	4,905	1,454

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	20,383	11,021	18,879	5,613
Tax at the statutory tax rate of 25%	5,096	2,755	4,720	1,403
Effect of different tax rates in foreign jurisdictions	(652)	(32)	-	-
Non-deductible expenses	1,072	1,156	80	127
Non-taxable income	(533)	(403)	(75)	(76)
Deferred tax assets not recognised during the financial year	506	302	-	-
Utilisation of tax losses and unabsorbed capital allowances not recognised previously	(433)	-	-	-
	5,056	3,778	4,725	1,454
(Over)/under provision in prior financial years				
- current tax	(158)	(8)	180	-
Tax expense	4,898	3,770	4,905	1,454

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic statutory tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

During the financial year, the Group utilised its brought forward unutilised tax losses to set off against its chargeable income resulting in a tax saving of RM1,964,000 (2013: RM2,025,000).

As at 31 March 2014, the Group has estimated unutilised tax losses of RM34,873,000 (2013: RM36,629,000), and unabsorbed capital allowances of RM1,871,000 (2013: RM1,947,000) carried forward, available for set-off against future taxable profit.

20. EARNINGS PER SHARE

(a) Basic Earnings per Share

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

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

	Group	
	2014	2013
Profit attributable to owners of the Company (RM'000)	15,485	7,253
Number of shares in issue at beginning of the financial year ('000)	184,800	184,800
Effect of exercise of warrants ('000)	21	-
Weighted average number of ordinary shares in issue ('000)	184,821	184,800
Basic earnings per ordinary shares of RM0.50 each (sen)	8.38	3.92

(b) Diluted Earnings per Share

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. EARNINGS PER SHARE (CONT'D)

(b) Diluted Earnings per Share (cont'd)

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

	Group	
	2014	2013
Profit attributable to owners of the Company (RM'000)	15,485	7,253
Weighted average number of ordinary shares in issue ('000)	184,821	184,800
Effect of dilutive potential ordinary shares – Warrants ('000)	23,071	-*
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	207,892	184,800
Diluted earnings per ordinary shares of RM0.50 each (sen)	7.45	3.92

* The free warrants issued to all the subscribers of the Right Issue on 4 January 2012 does not have a dilutive effect to the earnings per ordinary share in the previous financial year as the average market price of ordinary shares as at the end of the reporting date was not higher than the exercise price of the warrants.

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

21. DIVIDENDS

Group / Company	Net dividend per share sen	Total amount RM'000
2014		
Final dividend of 5.0% (2.5 sen) less 25% tax per ordinary share in respect of financial year ended 31 March 2013	1.875	3,465
Interim dividend of 3.0% (1.5 sen) less 25% tax per ordinary share in respect of financial year ended 31 March 2014	1.125	2,079
		5,544
2013		

No dividend was paid during the previous financial year.

At the forthcoming Annual General Meeting, a final single tier exempt dividend of 3.0% (1.5 sen) per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted in equity as an appropriation of retained earnings in the financial year ending 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. OPERATING SEGMENTS

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

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

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

Business Segments

The Group comprises the following main segments:

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

Geographical Segments

During the financial year, both the professional services and sales segment and product distribution segment of the Group operated in Singapore and Hong Kong apart from its home country, Malaysia.

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. OPERATING SEGMENTS (CONT'D)

	Professional services and sales		Product distribution		Others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortisation of development cost	24	-	25	25	-	-	49	25
Bad debts written off	-	-	-	153	-	-	-	153
Other receivables written off	-	14	-	-	-	225	-	239
Additions in capital expenditure	6,468	2,303	2,245	794	27,872	-	36,585	3,097
Depreciation of property, plant and equipment	4,174	4,776	1,320	1,447	251	53	5,745	6,276
Inventories written off	114	81	2,196	2,267	-	-	2,310	2,348
Gain on disposal of property, plant and equipment	(197)	(64)	(18)	(111)	-	-	(215)	(175)
Property, plant and equipment written off	54	76	28	207	-	75	82	358
Unrealised foreign exchange loss/(gain)	-	55	(138)	(646)	-	-	(138)	(591)

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

	2014 RM'000	2013 RM'000
Malaysia	83,284	79,353
Singapore	36,920	32,235
Hong Kong	16,849	16,445
Others*	5,931	6,381
	<u>142,984</u>	<u>134,414</u>

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

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

	2014 RM'000	2013 RM'000
Malaysia	35,437	34,477
Singapore	17,278	5,001
Hong Kong	18,267	782
	<u>70,982</u>	<u>40,260</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. OPERATING SEGMENTS (CONT'D)

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

	2014 RM'000	2013 RM'000
Property, plant and equipment	66,375	35,329
Intangible assets	3,552	3,876
Investment properties	1,055	1,055
	70,982	40,260

Major Customer Information

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

23. OPERATING LEASES

The Group as Lessee

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

	2014 RM'000	2013 RM'000
Less than one year	16,558	13,002
Between one and five years	16,104	5,577
	32,662	18,579

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

24. CAPITAL COMMITMENTS

	Group	
	2014 RM'000	2013 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	16,628	19,282
Approved but not contracted for	6,822	350
	23,450	19,632

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. RELATED PARTIES

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

Controlling related party relationships are as follows:

- (a) its subsidiaries 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	
	2014 RM'000	2013 RM'000
EIG Dermal Wellness (M) Sdn. Bhd.		
Dividend received	18,900	6,000

Transactions with Associates

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

	Group	
	2014 RM'000	2013 RM'000
Sales to		
EIG Dermal Wellness (Thai) Co. Ltd.	1,359	2,038
Medklinn International Sdn. Bhd.	10	2,691

Transactions with a company in which certain Directors have financial interests

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Consultancy fees paid to:-				
Providence Capital Sdn. Bhd.*	1,079	854	-	-
Cornerstone Holdings Sdn. Bhd.**	-	23	-	23
	1,079	877	-	23

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. RELATED PARTIES (CONT'D)

Transactions with a company in which certain Directors have financial interests (cont'd)

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

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

Related Party Balances

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

Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
- Fees	156	116	156	116
- Other emoluments	709	469	-	-
- Estimated monetary value of benefits-in-kind	102	108	78	87
Total short-term employee benefits	967	693	234	203
Post-employment benefits	85	56	-	-
	1,052	749	234	203

26. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market risk

(i) Foreign currency risk

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

Forward foreign currency contracts are used by the Group to reduce exposure to fluctuations and adverse volatility in foreign currency risk.

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)

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

	2014 RM'000	2013 RM'000
United States Dollar ("USD")		
Trade receivables	353	360
Amount due from associates	96	656
Other receivables	-	39
Cash and cash equivalents	1,975	1,667
Trade payables	(6,661)	(4,366)
	(4,237)	(1,644)

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	
	2014 RM'000	2013 RM'000
Effects on profit/loss for the financial year		
United States Dollar:		
- strengthened by 5%	(159)	(62)
- weakened by 5%	159	62

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings at floating rate amounting to RM6,085,000 (2013: RM Nil) relating to the purchase of the Group's corporate office in Hong Kong where the borrowings were secured to maximise the Group's capital efficiency.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 March 2014 would decrease/increase by RM25,400 (2013: RM Nil) as a result of exposure to floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market risk (cont'd)

(iii) Equity price risk

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

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. 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% (2013: 13%) of its receivables as at the end of the reporting period.

Exposure to credit risk

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

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

	Group	
	2014	2013
	RM'000	RM'000
Malaysia	6,777	8,113
Singapore	1,000	1,498
Hong Kong	1,686	1,754
	<hr/>	<hr/>
Total	9,463	11,365
	<hr/>	<hr/>

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:-

Group	2014			2013		
	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	9,361	-	9,361	10,138	-	10,138
Past due:						
- less than 3 months	31	-	31	894	-	894
- 3 to 6 months	32	-	32	121	-	121
- over 6 months	39	-	39	300	(88)	212
	9,463	-	9,463	11,453	(88)	11,365

Trade receivables that is impaired

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 April 2013/2012	(88)	(519)	-	-
Provision for the financial year	-	(88)	-	-
Written off	88	519	-	-
At 31 March	-	(88)	-	-

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. The Group does not hold any collateral or other credit enhancement over these balances.

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 (cont'd)

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.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of credit facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

As at the reporting date, the subsidiaries have not utilised the credit facilities granted to the subsidiaries.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(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 Group's and the Company's financial liabilities at the reporting date either mature or payable within one year.

The table below summarises the maturity profile of the Company's derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Carrying amount RM'000	Contractual cash flows RM'000	1-6 months RM'000
Group 2014			
Financial liabilities			
Net settled:			
Forward currency contracts	8	8	8

2013 – Nil

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)**(b) Capital Risk Management**

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

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

There were no changes in the Group approach to capital management since the financial year ended 31 March 2013.

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

(c) Classification of Financial Instruments

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	9,463	11,365	-	-
Amount due from associates	2,972	3,794	-	-
Other receivables	44	145	-	-
Deposits	7,210	6,171	-	-
Cash and bank balances	59,917	62,748	4,325	8,697
	<hr/>	<hr/>	<hr/>	<hr/>
	79,606	84,223	4,325	8,697
	<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative financial liabilities	8	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other financial liabilities</u>				
Trade payables	7,117	4,425	-	-
Other payables and accruals	13,939	10,588	214	140
Borrowings	6,085	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	27,141	15,013	214	140
	<hr/>	<hr/>	<hr/>	<hr/>

(d) Fair Values of Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments (cont'd)

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

- (i) The financial assets and financial liabilities maturing within the next 12 months are reasonable approximation of fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the borrowings are reasonable approximation of fair values as these instruments bear interest at variable rates.
- (iii) Derivative financial instruments such as forward currency contracts are valued using a valuation technique with market observation inputs. The fair value of the forward currency contracts is determined by reference to discounting the difference between the contracted rate and the current forward price at the reporting date for the residual maturity of the contracts using risk-free interest rate (based on government bonds).

27. FAIR VALUE HIERARCHY

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

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

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

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

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

The Group held the following assets/(liabilities) carried at fair value on the statements of financial position:-

Group	Fair Value RM'000	Fair value measurement using		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2014				
Assets				
Investment properties	1,055	-	1,055	-
Liabilities				
Derivative financial liabilities				
- foreign currency forward contracts	8	-	8	-

During the financial year ended 31 March 2014 and 2013, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

- (i) On 21 June 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 transaction was completed during the financial year.
- (ii) On 26 August 2013, the Company and its wholly-owned subsidiary, Esthetics Concept Sdn. Bhd. incorporated a wholly-owned subsidiary, PT EIG Dermal Wellness Indonesia ("PT EIG DW Indonesia"), a company incorporated in the Republic of Indonesia, which intends to engage in the general trading, marketing, distribution and importation of skin care products, hair care products, cosmetics, essentials oils and other beauty and wellness products in Indonesia. The authorised and fully paid-up share capital of PT EIG DW Indonesia is USD1.2 million and USD300,000 respectively. The Company subscribed for 297,000 ordinary shares of USD1 each representing 99% equity interest in PT EIG DW Indonesia for a cash consideration of USD297,000 (equivalent to RM965,250). The remaining was subscribed by Esthetics Concept Sdn. Bhd. for cash consideration of USD3,000 (equivalent to RM9,750).
- (iii) On 30 May 2013, the Company through its wholly-owned subsidiary, Klientec International Sdn. Bhd. acquired the remaining 20% equity interest in Klientec Biz-Solution Sdn. Bhd. comprising of 60,000 ordinary shares of RM1 each for a total cash consideration of RM2. Consequently, Klientec Biz-Solution Sdn. Bhd. became a wholly-owned subsidiary of the Group held through Klientec International Sdn. Bhd..

29. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 16 June 2014, Esthetics Concept Sdn Bhd ("ECSB"), a wholly-owned subsidiary of the Group signed a Distributor Agreement (the "Agreement") with Micro Current Technology, Inc. ("MCT") / Bio-Therapeutic, Inc ("BTI"). The Agreement grants ECSB the exclusive rights to distribute Bio-Therapeutic ("BT") professional skin care equipment in Malaysia, Singapore, Brunei and Thailand, with a first right of refusal for Hong Kong, Indonesia and the Philippines. The term of the Agreement is for a period of ten (10) years commencing from 1 July 2014 to 30 June 2024 with the option to renew for a further period of ten (10) years. The Agreement will enable Group to further leverage its professional distribution network and product portfolio to the distribution of professional skin care equipment to all appropriate channels of distribution, including professional salons. Established in 1974, BT is one of the leading brands in professional skin care equipment with worldwide distribution in over 30 countries.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

The retained earnings of the Group and of the Company as at the reporting date are analysed as follows:-

	Group	
	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries		
- realised	24,113	13,109
- unrealised	388	892
	24,501	14,001
Share of retained earnings/(accumulated losses) from associates		
- realised	(3,100)	(2,849)
	21,401	11,152
Less: Consolidation adjustments	3,860	4,127
	25,261	15,279
	Company	
	2014 RM	2013 RM
Total retained earnings of the Company		
- realised	16,278	7,848
- unrealised	-	-
	16,278	7,848

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

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2014

Authorised Share Capital	:	RM250,000,000
Issued & Paid-Up Capital	:	RM92,492,300
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

as at 30 June 2014

Size of Shareholdings	No. of Shareholders		No. of Shares	
		%		%
less than 100	58	7.26	1,087	0.00
100 to 1,000	252	31.54	168,235	0.09
1,001 to 10,000	327	40.93	1,436,442	0.78
10,001 to 100,000	116	14.52	3,581,120	1.94
100,001 to less than 5% of issued shares	45	5.63	66,915,240	36.17
5% and above of issued shares	1	0.12	112,882,476	61.02
	799	100.00	184,984,600	100.00

SUBSTANTIAL SHAREHOLDERS

as at 30 June 2014

Name of Shareholders	No. of Shares held			
	Direct	%	Indirect	%
1. Providence Capital Sdn Bhd	112,882,476	61.02	-	-
2. Chieng Ing Huong			112,882,476 ⁽¹⁾	61.02
3. Roderick Chieng Ngee Kai	2,700,000	1.46	112,882,476 ⁽¹⁾	61.02
4. Brain Chieng Ngee Wen			113,092,876 ⁽²⁾	61.14

DIRECTORS' SHAREHOLDING

as at 30 June 2014

Name of Shareholders	No. of Shares held			
	Direct	%	Indirect	%
1. Chieng Ing Huong	-	-	112,882,476 ⁽¹⁾	61.02
2. Roderick Chieng Ngee Kai	2,700,000	1.46	112,882,476 ⁽¹⁾	61.02
3. Brain Chieng Ngee Wen	-	-	113,092,876 ⁽²⁾	61.14
4. Lee Cheow Fui	154,000	0.08	-	-

⁽¹⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd

⁽²⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2014 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

as at 30 June 2014

	Name of Shareholders	No. of Shares	%
1.	Providence Capital Sdn Bhd	112,882,476	61.02
2.	Teh Wan Sang & Sons Sdn Bhd	6,800,000	3.68
3.	CBG Holdings Sdn Bhd	6,000,000	3.24
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)	3,980,000	2.15
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.	Chow Shuk Wah Karen	2,000,000	1.08
12.	Kong Chong Soon @ Chi Suim	2,000,000	1.08
13.	Subur Rahmat Sdn Bhd	2,000,000	1.08
14.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged securities account for Kan Yow Kheong	1,980,000	1.07
15.	Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad for Tokio Marine Insurans (Malaysia) Berhad	1,838,700	0.99
16.	Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad for Malaysian Agents Provident Fund (AIA Ltd)	1,430,200	0.77
17.	Abdul Hamid Bin Sh Mohamed	1,400,000	0.76
18.	Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad for Hong Leong Assurance Berhad	1,264,300	0.68
19.	Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad for Hong Leong Assurance Berhad	1,236,300	0.67
20.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Hwang Investment Management Berhad for Hwang Absolute Return Fund II	1,116,300	0.60
21.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt An for Hwang Investment Management Berhad	1,096,600	0.59
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Peter Ling Ee Kong	1,045,000	0.56
23.	DB (Malaysia) Nominees (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hwang Flexi Fund II	1,007,100	0.54
24.	Chow Shuk Wah Karen	1,000,000	0.54
25.	Hung Hin Cheong	1,000,000	0.54

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2014 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

as at 30 June 2014

	Name of Shareholders	No. of Shares	%
26.	Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad for Progressive Insurance Bhd	936,900	0.51
27.	Maybank Nominees (Tempatan) Sdn Bhd - Hwang Investment Management Berhad for HLA Shareholders' Nonpar Fund	892,900	0.48
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Nonadiah Binti Abdullah	605,000	0.33
29.	Lee Chee Beng	503,000	0.27
30.	Hans Peter Holst	500,000	0.27

ANALYSIS OF WARRANT HOLDINGS

as at 30 June 2014

Number of Outstanding Warrants	:	52,615,400
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

as at 30 June 2014

Size of Warrant Holdings	No. of Warrant Holders		No. of Warrants	
		%		%
less than 100	6	3.95	220	0.00
100 to 1,000	63	41.45	33,300	0.06
1,001 to 10,000	51	33.55	272,364	0.52
10,001 to 100,000	16	10.52	615,340	1.17
100,001 to less than 5% of issued warrants	15	9.87	6,928,600	13.17
5% and above of issued warrants	1	0.66	44,765,576	85.08
	152	100.0	52,615,400	100.00

SUBSTANTIAL WARRANT HOLDERS

as at 30 June 2014

Name of Warrant Holders	No. of Warrants held		%
	Direct	Indirect	
1. Providence Capital Sdn Bhd	44,765,576	-	-
2. Chieng Ing Huong	-	44,765,576 ⁽¹⁾	85.08
3. Roderick Chieng Ngee Kai	-	44,765,576 ⁽¹⁾	85.08
4. Brain Chieng Ngee Wen	-	44,765,576 ⁽¹⁾	85.08

DIRECTORS' WARRANT HOLDING

as at 30 June 2014

Name of Shareholders	No. of Shares held		%
	Direct	Indirect	
1. Chieng Ing Huong	-	44,765,576 ⁽¹⁾	85.08
2. Roderick Chieng Ngee Kai	-	44,765,576 ⁽¹⁾	85.08
3. Brain Chieng Ngee Wen	-	44,765,576 ⁽¹⁾	85.08
4. Lee Cheow Fui	44,000	-	-

⁽¹⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd

ANALYSIS OF WARRANT HOLDINGS

as at 30 June 2014 (cont'd)

LIST OF THIRTY LARGEST WARRANT HOLDERS

as at 30 June 2014

	Name of Warrant Holders	No. of Warrants	%
1.	Providence Capital Sdn Bhd	44,765,576	85.08
2.	Teh Lip Kim	1,235,000	2.35
3.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank AG Singapore for IAM Traditional Asian Growth Fund	1,075,900	2.04
4.	Teh Wan Sang & Sons Sdn Berhad	800,000	1.52
5.	Tee Keng Hoon	775,000	1.47
6.	Dan Yoke Pyng	512,500	0.97
7.	Lee Chee Beng	500,000	0.95
8.	Teh Bee Gaik	455,200	0.87
9.	Abdul Hamid Bin Sh Mohamed	400,000	0.76
10.	Teo Ah Seng	320,000	0.61
11.	Woo Yew Ming	179,000	0.34
12.	Hans Peter Holst	150,000	0.29
13.	Tan Yu Wei	150,000	0.29
14.	Lim Siew Heong	130,000	0.25
15.	RHB Nominees (Tempatan) Sdn Bhd - Amara Investment Management Sdn Bhd for Lee Wat Yen @ Lui Wat Yen	130,000	0.25
16.	Lau Yi Yean @ Low Yee Wan	116,000	0.22
17.	Kwong Ming Kwei	81,900	0.16
18.	Lim Yau Chong	80,600	0.15
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ting Siew Pin	80,000	0.15
20.	Leyu Chong Hua @ Leo Chong Hua	64,040	0.12
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tan Poay Wan	62,000	0.12
22.	Public Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ling Choo Kong	50,000	0.10
23.	Lee Cheow Fui	44,000	0.08
24.	Bernard Edwin Capel	27,800	0.05
25.	Susy Ding	23,400	0.04
26.	Ian Ong Chye Heng	20,000	0.04
27.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Lee Wat Yen @ Lui Wat Yen	19,200	0.04
28.	Beh Lee Fong	16,000	0.03
29.	Beh Lee Seong	12,000	0.02
30.	Soi Ah Ngau @ See Poo Hoi	12,000	0.02

LIST OF PROPERTIES

As at 31 March 2014

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 31.03.14 (RM' 000)
EIG Dermal Wellness (M) Sdn Bhd						
Lot 11, Jalan Astaka U8/88 Bukit Jelutong, Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	Industrial and office building - Occupied by owner	13,330.00	8,933.49	8	Freehold	Land - 10,032 Building - 13,979
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	19	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	13.5	Freehold	576
Master title held under: H.S.(D) 118886, PT 5 Pekan Subang Jaya District of Petaling Selangor						
GF-15, Ground Floor Queensbay Mall Penang	Retail lot - Occupied by owner	N/A	43.01	7.5	99 years lease expiring in 01.12.2095	387
H.S.(D) 10015 PT 4671 Mukim 12, District of Barat Daya, Pulau Pinang						
GF-12B, Ground Floor Queensbay Mall Penang H.S.(D) 10015 PT 4671	Retail lot - Occupied by owner	N/A	43.38	7.5	99 years lease expiring in 01.12.2095	387
Mukim 12, District of Barat Daya, Pulau Pinang						

LIST OF PROPERTIES

As at 31 March 2014 (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 31.03.14 (RM' 000)
Asterspring International Sdn Bhd						
No 26-R, Jalan Masjid Negeri 11600 Penang	Double Storey Semi Detached Corner House	440.53	322.76	6	Freehold land Building	-1,021 -1,482
Individual title No. Geran 17897 Lot No. 593, Sek 5 Mukim of Bandar George Town District of Timur Laut State of Pulau Pinang	- Occupied by owner					

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

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ESTHETICS INTERNATIONAL GROUP BERHAD

(Company No. 408061-P)
(Incorporated in Malaysia)

PROXY FORM

CDS A/C No. :

No. of shares :

I/We,

NRIC/Company No.

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

.....

NRIC/Company No

and/or failing him,

NRIC/Company No.....

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth 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, 27 August 2014 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 Dividend for the financial year ended 31 March 2014		
Resolution 2	Re-election of Brian Chieng Ngee Wen as Director		
Resolution 3	Re-appointment of Dato' Mohd Ismail Bin Che Rus as Director		
Resolution 4	Re-appointment of Dr Chu Siew Mun as Director		
Resolution 5	Approval of payment of Directors' fees for the financial year ended 31 March 2014		
Resolution 6	Re-appointment of Messrs Baker Tilly as Auditors		
Resolution 7	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 thisday of 2014

.....
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.
5. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 August 2014 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting."

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AFFIX
STAMP

The Company Secretary

ESTHETICS INTERNATIONAL GROUP BERHAD (408061-P)

Lot 11 Jalan Astaka U8/88, Bukit Jelutong,

Seksyen U8, 40150 Shah Alam,

Selangor Darul Ehsan, Malaysia

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ESTHETICS INTERNATIONAL GROUP BERHAD (408061-P)

Lot 11, Jalan Astaka U8/88

Bukit Jelutong, Seksyen U8

40150 Shah Alam

Selangor Darul Ehsan

Malaysia

Tel: +603-7809 6688 | Fax: +603-7809 6699

www.estheticsgroup.com

celebrating

30

years

of Milestone

ASTER SPRING

For 30 years now, AsterSpring has devoted ourselves to deliver the best in skin health through the hands of our professional skin therapists. Today, beyond our awards and achievements, the most rewarding accomplishment for us is the relationships we have built with our customers, through our 70 centres in 4 countries. Thank you for trusting yourselves in our hands and saying that AsterSpring is "The Hands I Can Trust."



Begins our maiden journey with the first opening in Imbi Plaza, Kuala Lumpur

1984



AsterSpring opens its Flagship in Penang

2000



The group company EIG listed on the main board of Bursa Securities Malaysia

2004



AsterSpring qualified & experienced skincare therapists' hands have treated over 10 million faces regionally & successfully helped our customers achieved their skin health goals

2011



The opening of AsterSpring in Melaka & Alor Setar marks a great milestone for AsterSpring. To date, AsterSpring Malaysia has grown to a total of 38 centres, 24 in Klang Valley, 6 in Penang, 3 in Melaka, 2 in Johor, 1 in Kota Bahru, 1 in Alor Setar and 1 in Perak

2013

1994

AsterSpring grew across national border to Singapore with the 1st opening at Wisma Atria



2001

This year sees a lot of new additions and opening. We took the business a step further by expanded to Hong Kong & Thailand



2008

While AsterSpring grows steadily, we introduce the first Dermalogica Consultation Pod in Pavilion to provide a more convenient buying experience to customers



2012

This marks an exciting year for us as we launched our signature touch in AsterSpring facial treatment. In the same year, all Leonard Drake evolved to AsterSpring



2013

Wholly conceptualised by AsterSpring, the arrival of the Beauty Workshop shakes up the beauty landscape in the market. We curate the world's most progressive brands to bring you charismatic beauty



2014

Presence of 73 centres across 4 countries in Malaysia, Singapore, Hong Kong & Thailand. AsterSpring look forward to continue this journey together with you and we are grateful to all of you that have helped define who we are today



30% off on your facial treatment

+ FREE scalp tension relief worth RM48

* terms & conditions apply, for new customer only * voucher must be presented before making any order or payment * promotion valid until 31st Dec, 2014 * for further information, please call our customer service careline 603 7809 6777