



BRINGING OUT THE BEST IN YOU

ANNUAL REPORT 2015





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



vision

- the leading beauty and wellness company in ASEAN and HK

mission

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

core values

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

1 vision

31
years' history

9
countries reached
in ASEAN and HK

Hong Kong

74
corporate outlets

Thailand

700
employees

Malaysia

Singapore

over
2500
distribution points

Indonesia
(coming soon)



ASTER SPRING

“ I don't have to worry because they only use products that are harmless to my skin and the environment. ”

Roselyna Latiff

Director

AsterSpring customer for 24 years



“ The Hands I Can Trust ”

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”.



We bring you the best for your skin health

dermalogica

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ASTER SPRING

“ My skin care therapist
knows my skin best. ”

Stephanie Tan
Bank Officer
AsterSpring customer for 22 years



“ The Hands I Can Trust ”

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”.



We bring you the best for your skin health
dermalogica

ASTER SPRING



1



2



3



4



5



6

1. Opening of AsterSpring Seletar Mall, Singapore
2. Opening of our Dermalogica retail kiosk at Sogo Tsim Sha Tsui, Hong Kong
3. Celebrating with our FY14/15 award winners
4. Opening of our new AsterSpring at IOI City Mall Malaysia
5. Stephanie Tan, AsterSpring loyal customer for 22 years
6. Our AsterSpring Singapore team receiving the Service Excellence Award for the 5th consecutive year

clinelle® CaviarGold Eye Love CaviarGold

"Firmer & Lifted 5 eyes in just 5 days!"*

ELLA Chen 陈嘉桦
International Artists

Discover the **Clinelle CaviarGold** with its revolutionary **Triple-Gold Lifting & Firming Complex** that combines the extravagant ingredient, Caviar with precious **24K Nano Gold** & plant **PhytoGold**. It firms, lifts, hydrates & nourishes the eye zone. Fine lines & wrinkles fade away. Dark circles, puffiness & eye bags are minimise. The luxury is touchable, affordable & remarkable.

Caviar Black Gold

Human like cell structure to boost skin's **firmness, hydration & nutrition.**



24K Nano Gold

Boosts collagen production by **300%** to increase skin's elasticity.



Phyto Plant Gold

Proven **80X** more effective than Arbutin in Whitening effect.



3
Triple-Gold
**LIFTING & FIRMING
Complex**



No Parabens
Dermatologically Tested

1. Firming Cleanser

• Remove impurities, dryness, & firm skin

2. Firming Lotion

• Smoothen
• Firm & tone
• Fast absorption to hydrate skin
• Light & non sticky

3. Firming Eye Serum

• Firm & lift eyelids
• Reduce fine lines & wrinkles
• Reduce dark circles, puffiness & eye bags

4. Firming Serum

• Increase skin regeneration
• Shape V contour
• Increase elasticity & firming
• Boost collagen production & brighten

5. Firming Cream

• Firm & hydrate
• Repair & revitalize
• Reduce fine lines & wrinkles



*Clinical trial result after 5 days

clinelle®

happy skin, happy face



1

1. Clinelle Consumer Winners with Superstar Brand Ambassador Ella Chen

2. Clinelle WhitenUp and PureSwiss Launch in Melaka with Clinelle Superstar Brand Ambassador Ella Chen

3. Ella signing backdrop during launch event in Melaka

4. Photo with fans during launch event with Ella Chen in Penang

5. Ella recommending her favourite WhitenUp to fans during launch event in Penang

6. Receiving the Product of the Year Award 2014/15 (Face Care Category) for the Clinelle Purifying Cleanser

7. Clinelle Kick-Start 2015



2



3



4



5



6



7

special
cleansing
gel

dermalogica[®]

...re system... researched and developed by The Inte...

dermalogica[®]
EMBRACE
— THE —
CHANGE

CHANGES IN LIFE = CHANGES IN SKIN

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

davines



1



2

1. Building strength with the launch of the new Dermalogica Expert Strength BioSurface Peel
2. Launching the Dermalogica BioSurface Peel with our Dermalogica Expert-level professional skin therapists
3. Sharing the EIG Difference in our EIG Business Communication Session
4. Industry leading education with the International Dermal Institute
5. Launching Davines More Inside at the HairWorld Festival in Bangkok, Thailand
6. Featuring Davines at the HairWorld Festival in Bangkok, Thailand



3



4



5



6

NOTICE OF ANNUAL GENERAL MEETING

18th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 25 August 2015 at 2.30 p.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2015 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 2 sen per ordinary share in respect of the financial year ended 31 March 2015. Resolution 1
3. To re-elect the following Director who is retiring pursuant to Article 87 of the Company's Articles of Association: Resolution 2
 - a) Mr Chieng Ing Huong
4. To re-elect the following Director who is retiring pursuant to Article 94 of the Company's Articles of Association: Resolution 3
 - a) Dr Noor Zalmy Azizan binti Mohd. Ali Azizan
5. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965: Resolution 4

"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".
6. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965: Resolution 5

"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".
7. To approve the payment of Directors' fees of RM145,000.00 for the financial year ended 31 March 2015. Resolution 6
8. 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 7
9. To consider any other business that can be transacted in an annual general meeting of which due notice shall have been received.



NOTICE OF ANNUAL GENERAL MEETING

18th Annual General Meeting (cont'd)

As Special Business

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

Ordinary Resolution

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

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten 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
30 July 2015

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 19 August 2015 ("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

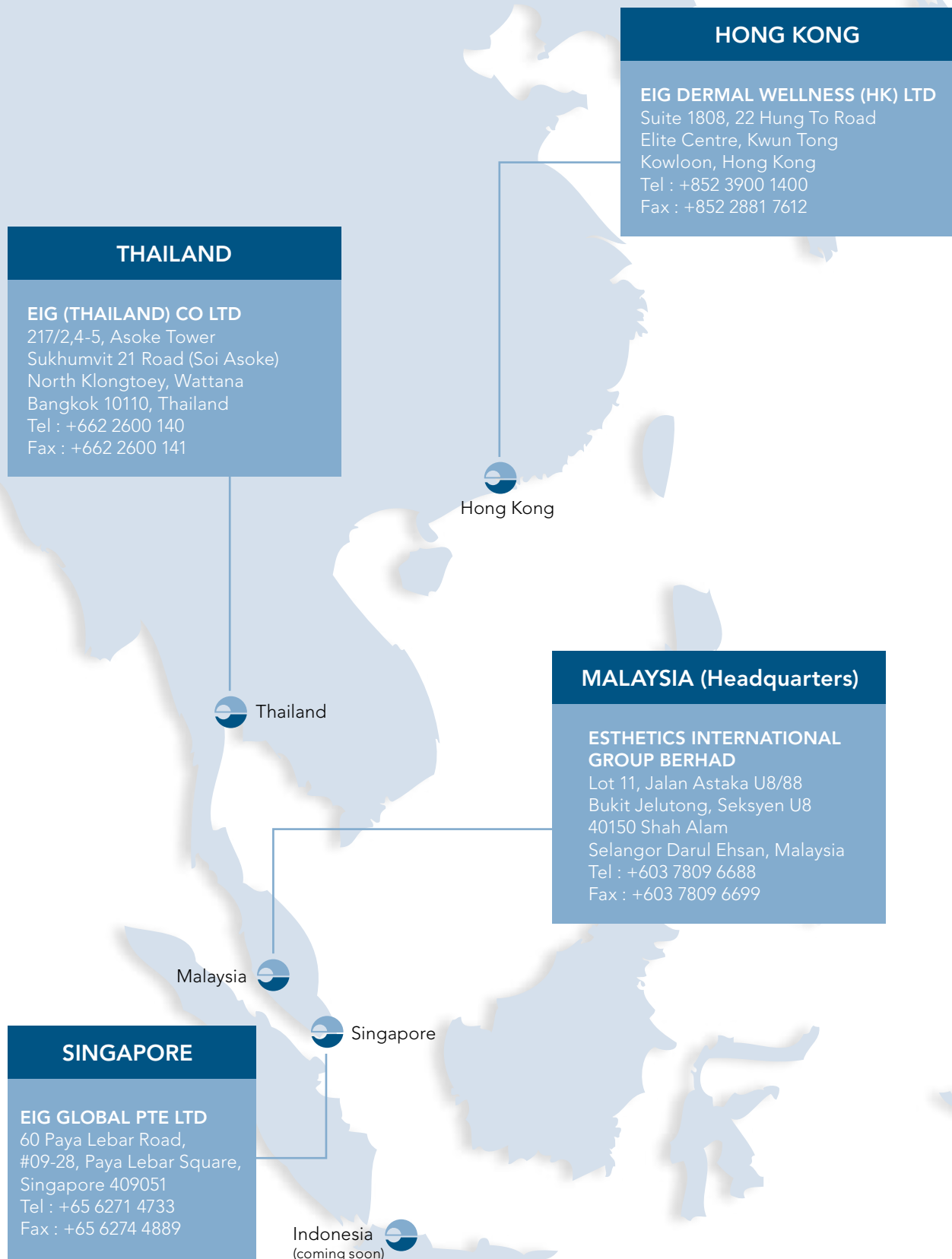
7. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

Ordinary Resolution 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The mandate sought is a renewal of the mandate given by the Shareholders of the Company at the Seventeenth Annual General Meeting held on 27 August 2014. 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)

ASTERSPRING OUTLET LOCATION

MALAYSIA

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*

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 • IOI City Mall • Atria Shopping Gallery

Perak | Taiping Mall

Penang | Greenlane • Gurney Plaza • Queensbay Mall • Gurney Paragon • Seberang Jaya, Bukit Mertajam • Straits Quay

Kedah | Alor Setar Mall

Kelantan | KB Mall, Kota Baru

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

Melaka | Aeon Bandaraya Melaka

Negeri Sembilan | Palm Mall, Seremban

SINGAPORE

The Centrepoint • Century Square • Compass Point • Harbour Front Centre • Parkway Parade • Plaza Singapura • White Sands • AMK Hub • NEX • Sembawang Shopping Centre • The Clementi Mall • JEM • Junction 8 • Bedok Mall • The Seletar Mall • Suntec City

HONG KONG

Henry House, Causeway Bay • Hong Kong Pacific Centre, Tsim Sha Tsui • Century Square, Central • Hysan Place, Causeway Bay* • Langham Place, Mongkok* • Manning House, Central* • Sogo, Tsim Sha Tsui* • Citylink Plaza, Shatin* • Maritime Square, Tsing Yi*

THAILAND

Siam Square One • Life Centre, Sathorn • Esplanade Ratchada, Bangkok • Fashion Island • Future Park Rangsit • Terminal 21 • Siam Paragon* • Central Chaengwattana* • Central Rama 3* • The Mall Bangkae* • Emporium* • Central Chitlom*

* Kiosks

CORPORATE INFORMATION

PRINCIPAL BUSINESS

With 31 years of industry experience, EIG is one of the market leaders in the beauty and wellness industry in ASEAN and Hong Kong focused on the following business lines:

(a) Product Distribution

EIG is one of the leaders in building and distributing professional beauty and wellness brands in ASEAN and Hong Kong with an extensive distribution network to more than 1,000 independent professional salons across the region. EIG is the exclusive distributor for a number of leading international brands such as Dermalogica professional skincare, Davines professional haircare, Tisserand Aromatherapy and Bio-Therapeutic professional skin care equipment; as well as new brands such as Youngblood, one of the leading natural mineral cosmetic brands from USA and evo, one of the leading professional haircare brands from Australia.

EIG also develops and distributes our own Fast Moving Consumer Goods (FMCG) skin care brand, Clinelle, which is distributed through over 2,500 pharmacies and high traffic retail outlets throughout Malaysia and Hong Kong. Clinelle focuses on safe, efficacious and affordable skincare products which achieves real results and are manufactured in countries such as USA, France and Korea. EIG is also the exclusive distributor for Physicians Formula, one of the leading FMCG cosmetic brands from USA, and will be distributing Physicians Formula through this channel.

(b) Corporate Salons

EIG owns and operates a leading network of 74 corporate outlets across Malaysia, Singapore, Hong Kong and Thailand, comprising of 59 AsterSpring professional skin care salons and 15 retail kiosks which are strategically located in key shopping malls and retail locations in the region.

AsterSpring is one of the leaders in professional skin care salons and skin health management in Asia with millions of faces treated over 31 years, and is differentiated by our strategic locations, our team of more than 300 professionally certified skincare therapists and world-leading products, such as Dermalogica.

BOARD OF DIRECTORS

Eddy Chieng Ing Huong
(Executive Chairman)
Roderick Chieng Ngee Kai
(Group Managing Director and Chief Executive Officer)
Dato' Mohd Ismail Bin Che Rus
(Senior Independent Non-Executive Director)
Dr Chu Siew Mun
(Independent Non-Executive Director)
Tony Lee Cheow Fui
(Independent Non-Executive Director)
Brian Chieng Ngee Wen
(Non Independent Non-Executive Director)
Dr. Noor Zalmi Azizan binti Mohd. Ali Azizan
(Independent Non-Executive Director)*

AUDIT COMMITTEE

Chairman:
Dato' Mohd Ismail Bin Che Rus

Members:
Dr Chu Siew Mun
Tony Lee Cheow Fui
Dr. Noor Zalmi Azizan binti Mohd. Ali Azizan*

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

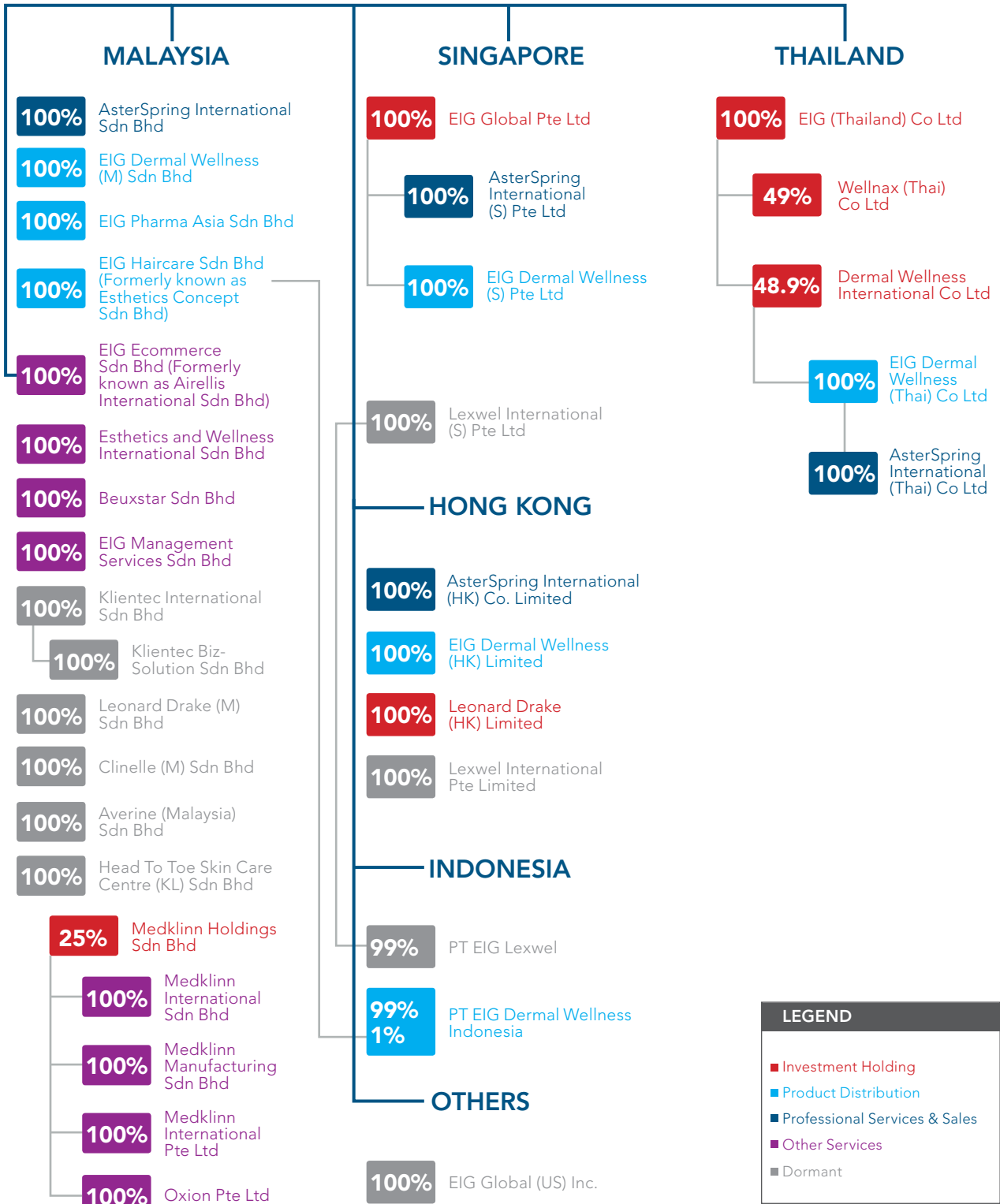
Bursa Malaysia Securities Berhad
Main Board, Trading/Services Sector
Date of Listing: 11 March 2004
Stock Code: 5081

PRINCIPAL BANKERS

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

*(Appointed with effect from 26 May 2015)

CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

		31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015
Revenue	(RM'000)	141,090	132,340	134,414	142,984	150,779
EBITDA	(RM'000)	(31,059)	11,481	15,940	24,720	26,811
Profit Before Tax	(RM'000)	(42,002)	5,231	11,021	20,383	20,972
Profit After Tax	(RM'000)	(41,149)	1,549	7,251	15,485	16,162
Net Profit Attributable To Equity Holders	(RM'000)	(40,492)	1,751	7,253	15,485	16,162
Total Assets	(RM'000)	125,441	143,754	153,571	178,791	212,797
Total Liabilities	(RM'000)	38,563	33,320	36,000	52,121	73,412
Shareholders' Equity	(RM'000)	82,971	110,391	117,530	126,670	139,385
Cash And Cash Equivalent	(RM'000)	11,380	49,140	62,748	59,917	63,905
Number Of Shares*	('000)	132,000	184,800	184,800	184,919	185,501
Earnings per Share	(Sen)	(30.68)	1.22**	3.92	8.38***	8.73^
Net Assets per Share	(RM)	0.63	0.60	0.64	0.69	0.75
Return On Equity	(%)	-48.8%	1.6%	6.2%	12.2%	11.6%
Return On Total Assets	(%)	-32.3%	1.2%	4.7%	8.7%	7.6%
Gearing Ratio	(times)	0.1	-	-	0.0	0.1
Gross Dividend per Share	(Sen)	-	-	2.5	3.0	3.5
Gross Dividend Yield per Share	(%)	-	-	5.0%	2.5%	3.5%
Share Price As At Financial Year End	(RM)	0.48	0.38	0.50	1.21	1.00

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

^ Based on weighted average number of ordinary shares of 185,143,000

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

BUILDING FOR THE LONG TERM

I am pleased to present to you this annual report for Esthetics International Group Berhad (EIG) for the financial year ended 31 March 2015 (FY2015).

Our vision at EIG is to be the leading beauty and wellness company in ASEAN and Hong Kong. During the year in review, we continued to strategically invest and build towards this vision despite a more challenging economic backdrop as regional economies experienced a period of fiscal consolidation.



In Malaysia, the Consumer Sentiment Index fell to 83 points in the quarter ended 31 December 2014 from 100 points in June 2014. Correspondingly, retail sales declined by 0.8% in the December quarter with certain segments reporting a 6.7% decline in sales. Cautious consumer sentiment continued until March 2015 amidst inflated consumer spending prior to the commencement of the Goods and Services Tax (GST) on 1 April 2015.

In Hong Kong, the retail market was negatively impacted by the Occupy Central and anti-parallel trade protests, while the strengthening of the Singapore dollar and property cooling measures also resulted in weaker tourist arrivals and more subdued consumer sentiment in Singapore. In Thailand, the economy has yet to gain full traction despite a more peaceful political situation.

Due to the weaker consumer sentiment, there has been more aggressive discounting and promotions in the industry and therefore we have similarly been forced to offer more promotions in order to remain competitive while continuing to focus on differentiating ourselves through innovative marketing and brand-building strategies.

Tapering of the US Federal Reserve's quantitative easing program also saw the US Dollar strengthen by more than 10% during the year against regional currencies such as the Malaysian ringgit, resulting in higher inventory costs as the majority of the Group's products are imported from the USA.

Against this difficult backdrop, the Group reported revenue of RM150.8 million and net profit after tax of RM16.2 million for FY2015, representing growth of 5.5% and 4.4% over the prior year respectively. More information on the performance by division is outlined further in this report.

As to our balance sheet, EIG continues to be in a strong financial position with net cash of RM46.5 million, equivalent to 25 sen per share as at 31 March 2015. The Group generated positive net cashflow from operations of RM31.5 million during the year, which funded RM2.4 million for the renovation of 6 new AsterSpring salons in Malaysia and Singapore and 1 retail kiosk in Hong Kong, as well as RM3.5 million for the refurbishment of another 12 aged outlets.

Pleasingly, the Group's net cash of RM46.5 million is after payments for key infrastructure to further grow our presence in the region over the long term. This includes final progress payments of SG\$4.7 million (RM12.2 million) for our new corporate office in Singapore at Paya Lebar Square which was handed over in January 2015 and funding for the purchase of EIG Thailand's own office building in central Bangkok.

During the year, we also secured the exclusive distribution rights for three leading international brands to strategically expand our portfolio of leading international beauty and wellness brands in ASEAN and Hong Kong, namely Youngblood, Physicians Formula and evo. In each case, the exclusive distribution agreements

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

are for a period of ten (10) years with the option to renew for a further 10 years and we anticipate that these will contribute positively to the top-line and bottom-line of the Group in the future.

Youngblood is a leading natural mineral cosmetics brand from USA with more than 18 years of history, sold in 48 countries worldwide and more than 2,800 salons, spas and retail outlets in USA alone. EIG has the exclusive rights to sell and distribute Youngblood cosmetic products through professional salons and select retail outlets in 13 countries, namely Malaysia, Singapore, Hong Kong, Macau, Thailand, Indonesia, Brunei, Vietnam, Cambodia, Philippines, Myanmar, Laos and Taiwan. This is the first brand for which EIG has been appointed as the exclusive distributor for Taiwan and highlights the Group's intention to expand its regional presence

Established in 1937, Physicians Formula is one of the leading FMCG 'mass prestige' cosmetic brands from USA which focuses on innovative, solution-based cosmetic products which are sold in more than 17 countries worldwide and more than 25,000 stores in USA alone. EIG has the exclusive rights to sell and distribute Physicians Formula cosmetic products in 9 countries, namely Malaysia, Singapore, Indonesia, Philippines, Vietnam, Brunei, Cambodia, Myanmar and Laos with a first right of refusal for Thailand. This will leverage on EIG's FMCG distribution network and expand our presence to the FMCG cosmetics category, alongside our own FMCG skin care brand, Clinelle.

Evo is one of the leading innovative professional hair care brands from Australia which is distributed in 22 countries worldwide and more than 1,000 professional hair salons in Australia alone. Evo is our second core professional hair care brand and will enable us to expand our offering of innovative professional hair care products and broaden our market reach. For evo, we

have the exclusive distribution rights for 11 countries, namely Hong Kong, Macau, Malaysia, Brunei, Singapore, Indonesia, Philippines, Cambodia, Thailand, Laos and Myanmar.

DIVISIONAL PERFORMANCE

(a) PRODUCT DISTRIBUTION

i) Professional Distribution

Professional Distribution is our distribution network for our leading international professional brands to more than 1,000 independent professional salons across ASEAN and Hong Kong, and accounted for 31% of our Group's revenue in FY2015.

Since 1989, we have been the exclusive distributor of Dermalogica skin care products, the leading professional skin care brand worldwide, for seven (7) countries, namely Malaysia, Indonesia, Hong Kong, Singapore, Thailand, Brunei and Philippines. Our Group is also the authorised and designated supplier of Dermalogica to Vietnam and 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 which was founded in United Kingdom in 1974.



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



We are also the exclusive distributor 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. BT is one of the leaders in professional skin care equipment from USA which was established in 1974 and has distribution in over 30 countries worldwide.

For FY2015, Professional Distribution's revenue of RM47.2 million was 0.9% higher than the prior year while operating profit of RM10.5 million was RM3.3 million lower as compared to FY2014. The lower operating profit was due to non-recurring net foreign exchange gains of RM0.7 million in FY2014, higher inventory costs in the current year due to the stronger US Dollar, as well as more competitive promotional activities which were required in view of the challenging trading conditions.

During the year, we continued to focus on brand building and recruiting new customers through innovative marketing and education programs, including many in-salon consumer events to support our independent salons.

In addition, we launched the Dermalogica BioSurface Peel, a new "Expert" strength professional product for use by professional skin therapists to deliver enhanced results in the treatment room. To ensure that the new Expert

strength products are safely and effectively delivered to consumers, we rolled out the Dermalogica Expert Program through which we trained more than 1,000 therapists over FY2015.

Given the business potential of the professional haircare industry, we established the professional hair care distribution business as another core business unit within the Group. To this end, we invested in building our professional hair care team as a standalone business unit under a dedicated subsidiary named as EIG Haircare Sdn Bhd. We also continued to build brand awareness in the professional hair salon market with numerous 'Discover Davines' events in Kuala Lumpur, Bangkok and Singapore, including a successful launch of the Davines More Inside styling range at the 2014 Thailand Hair World Festival in Bangkok.

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 11% of the Group's revenue during the year.

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

The year in review was a positive year for our FMCG team, as we continue to position Clinelle to be one of the key growth brands in the mass market. During the year, we successfully launched exciting new products such as the Clinelle WhitenUP whitening range and Clinelle PureSwiss Thermal Spring Water. We launched these new product ranges with international superstar, Ms Ella Chen of S.H.E from Taiwan as our celebrity brand ambassador, including three consumer events in Kuala Lumpur, Melaka and Penang to build brand awareness among consumers.

Clinelle also won the inaugural Product of the Year Award for the Face Care category with the Clinelle Purifying Cleanser. The Product of the Year Award is the largest consumer product award globally that rewards innovation and is based on an extensive survey conducted by Nielsen of over 2,000 consumers in Malaysia.

FMCG reported revenue of RM16.0 million for FY2015, an increase of RM2.5 million over FY2014. FMCG also reported a marginally lower loss of RM1.3 million compared to RM1.5 million in FY2014, in spite of the additional investment in brand building and impact of the Occupy Central and anti-parallel trade demonstrations on the FMCG market in Hong Kong.

b) Professional Services and Sales (Corporate Outlets)

As at 31 March 2015, the Group owns and manages 74 Corporate Outlets comprising of 57 AsterSpring skin care salons and 17 retail kiosks in Malaysia, Singapore, Hong Kong and Thailand, with a net further 5 upcoming AsterSpring salons and one kiosk in the pipeline.

AsterSpring is one of the leaders in professional skincare salons in Asia with 31 years of experience and is differentiated by our strategic locations, our team of more than 300 professionally certified skincare therapists and world-leading products, such as Dermalogica.

For the year under review, our Corporate Outlets business unit reported revenue of RM87.3 million, an increase of 5.8% compared to RM82.5 million for FY2014. This represents 58% of Group revenue, which arose from higher product sales as well as contributions from new AsterSpring salons and kiosks during the year in locations such as at IOI City Mall in Malaysia, The Seletar Mall in Singapore as well as Sogo Tsim Sha Tsui in Hong Kong.



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



In total, we strategically invested a total of RM5.9 million in opening 7 new outlets and refurbishing another 12 established outlets to provide our customers with a refreshed and upgraded salon experience. We have also consolidated 2 outlets where the business potential was not as expected.

During the past year, we celebrated AsterSpring's 30th anniversary with a brand building and customer recruitment campaign which included testimonials from customers who have been our loyal customers of AsterSpring for as long as 24 years, media events and in-salon consumer events. We also introduced 3 new innovative treatments to provide our customers with a new, refreshed experience and deliver effective skin health results, incorporating leading equipment from countries such as Germany.

To provide the infrastructure for the future growth of our Corporate Outlets, we also completed the implementation of a new leading integrated point-of-sales system for our Corporate Outlets in Hong Kong, Malaysia and Thailand to improve the efficiency of our salon operations, with Singapore to be the final phase of implementation.

With the increase in net revenue, our Corporate Outlets division reported a higher profit before tax of RM9.5 million in FY2015, an increase of 8.6% over the profit of RM8.7 million in FY2014.

CORPORATE SOCIAL RESPONSIBILITY

During the year, our voluntary charitable group comprising of EIG staff volunteers called the EIG Helping Hands led a donation drive which raised over RM15,000 from EIG staff and family for families and victims affected by the East Coast floods in Malaysia. In addition, our Helping Hands held a Chinese New Year Celebration for the residents of the Lovely Nursing Home with food and various activities such as ang pow distribution, hamper opening, lucky draw games and sharing of stories and laughter to bring joy to the residents of the Nursing Home during the festive period.

MOVING FORWARD

As noted above, trading conditions continue to be challenging while the macroeconomic outlook remains uncertain. Should economic conditions in our regional markets deteriorate further, then the broader retail and consumer market, including the typically more resilient beauty and wellness segment, may be impacted as well.

As such, we will remain vigilant while focusing on executing our strategic long-term priorities to bring EIG to next level of growth. These include expanding our distribution channels, building our network of Corporate Outlets in a disciplined and measured manner, and growing our leading international and beauty and wellness brands including Clinelle, our own FMCG mass brand.

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

In addition, we will continue to invest in our people, systems and processes to set the proper foundation for growth. With our people being the most important asset, we continue to focus on investing in our culture and people with the aim of recruiting and retaining the best talent possible.

DIVIDEND

To reward our shareholders for their ongoing support for the Company, it is my pleasure to report that the Board has recommended a final single-tier dividend of 4% (2.0 sen) (RM3.7 million) for the year ended 31 March 2015 for shareholder approval at the upcoming Annual General Meeting.

Combined with the interim single-tier dividend of 3% (1.5 sen) (RM2.8 million) which was paid on 12 January 2015, this equates to a net dividend of 7% (3.5 sen) amounting to RM6.5 million for FY2015, compared to the full-year dividend of 6% (3.0 sen) (RM4.9 million) for FY2014. Barring any unforeseen circumstances in the macroeconomic environment, we intend to continue a steady and increasing dividend payment over time.

APPRECIATION

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

I would like to also extend a warm welcome to Dr Noor Zalmy Azizan binti Mohd. Ali Azizan who joined the Board as an independent non-executive director on 26 May 2015 pending re-election by shareholders at the upcoming Annual General Meeting.

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 ASEAN and Hong Kong.

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

YOURS TRULY,

EDDY CHIENG ING HUONG
Executive Chairman



DIRECTORS' PROFILE

**EDDY CHIENG ING HUONG***Executive Chairman*

Eddy Chieng Ing Huong, Malaysian, aged 57, 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 and Senior Independent Non-Executive Director of QL Resources Berhad. He was previously the Founder/Managing Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Non-Independent Non-Executive Director of Ancom Berhad, Nylex (Malaysia) Berhad, Independent Non-Executive Director of Oroton Group Limited (ASX listed), and Chairman of Asia Poly Holdings Berhad. In addition, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

DIRECTORS' PROFILE (cont'd)



RODERICK CHIENG NGENG KAI

Group Managing Director and Chief Executive Officer

Roderick Chieng Ngee Kai, Malaysian, aged 31, 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.



DATO' MOHD ISMAIL BIN CHE RUS

Senior Independent Non-Executive Director

Dato' Mohd Ismail Bin Che Rus, Malaysian, aged 72, 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.

DIRECTORS' PROFILE (cont'd)

DR CHU SIEW MUN

Independent Non-Executive Director

Dr. Chu Siew Mun, Malaysian, aged 72, is an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was appointed to the Board of the Company on 22 February 2008.

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

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

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



TONY LEE CHEOW FUI

Independent Non-Executive Director

Tony Lee Cheow Fui, Malaysian, aged 58, was appointed as an Independent Non-Executive Director of the Company on 27 February 2013. 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.



DIRECTORS' PROFILE (cont'd)



BRIAN CHIENG NGEE WEN

Non Independent Non-Executive Director

Brian Chieng Ngee Wen, Malaysian, aged 29, 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 9 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 AffinHwang Investment Bank Berhad and was formerly an Independent Non-Executive Director of Asia Poly Holdings Berhad.



DR NOOR ZALMY AZIZAN BINTI MOHD. ALI AZIZAN

Independent Non-Executive Director

Dr Noor Zalmy Azizan binti Mohd. Ali Azizan, Malaysian, aged 47, was appointed as an Independent Non-Executive Director of the Company on 26 May 2015.

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

Dr Zalmy is currently the Head of the Laser and Dermatosurgery Unit at Hospital Kuala Lumpur where she has been a qualified consultant dermatologist since 2004, and is also a Visiting Consultant Dermatologist at Sunway Medical Centre. Dr Zalmy is also an Honorary Lecturer at National University of Malaysia Medical Centre (PPUKM), University Malaya Medical Centre (UMMC) and adjunct professor at MAHSA University Malaysia.

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

NOTES:

1. Family Relationship with Director and/or Major Shareholder

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

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

2. Conflict of Interest

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

3. Conviction of Offences

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

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2015)

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

Role and Responsibilities of the Board

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

EIG is led by an experienced Board with a wide and varied range of academic and professional qualifications and business and financial experience relevant to lead the Group's business activities and as such are able to effectively discharge their duties and responsibilities 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 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 2015) (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 seven (7) members:

- One (1) Executive Chairman
- One (1) Group Managing Director and Chief Executive Officer
- One (1) Non Independent Non-Executive Director
- Four (4) Independent Non-Executive Directors, one of whom is a lady.

The Independent Directors make up more than one half (1/2) of the board membership, thus exceeding the requirements of the Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher be independent, and is in line with Recommendation 3.5 of the Code.

The Independent 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 conduct and integrity are maintained, as well as to safeguard the interest of other stakeholders, thereby fulfilling an independent, pivotal role in corporate accountability.

The Board recognizes the recommendation of the Code that the Chair should be a non-executive member of the Board, and considers that Mr Eddy Chieng is the most appropriate person to lead the Board and Group as Executive Chairman given his wealth of successful entrepreneurial experiences, Board-level experience



across numerous publicly listed companies in Australia and Malaysia, business acumen and track record in various business ventures both in Malaysia and overseas.

The Board also considers the importance of gender diversity in its Board composition and is pleased to welcome Dr Noor Zalmy Azizan binti Mohd. Ali Azizan, who is an established and well qualified dermatologist, as the latest addition to the Board.

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

(i) The Audit Committee

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

- Dato' Mohd Ismail Bin Che Rus – Chairman
- Dr Chu Siew Mun – Member
- Tony Lee Cheow Fui – Member
- Dr Noor Zalmy Azizan binti Mohd. Ali Azizan (appointed with effect from 26 May 2015)

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.

STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2015) (cont'd)

(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.

Meetings of the Remuneration Committee are held as and when required, and at least once a year. The Remuneration Committee held one formal meeting on 26 May 2015 which was attended by all members, as well as ad-hoc meetings to deliberate and consider the remuneration of the Directors for the financial year ended 31 March 2015.

(iii) The Nominating Committee

The 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. The Nominating Committee held one formal meeting on 26 May 2015, which was attended by all members as well as other ad-hoc meetings to deliberate and consider the appointment of Dr Noor Zalmi Azizan binti Mohd. Ali Azizan as an Independent Non-Executive Director of EIG as well as 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



STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2015) (cont'd)

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

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

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

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Director was absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2015, complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

	29.05.2014	25.08.2014	19.11.2014	24.2.2015
Eddy Chieng Ing Huong	✓	✓	✓	✓
Roderick Chieng Ngee Kai	✓	✓	✓	✓
Dato' Mohd Ismail bin Che Rus	✓	✓	✓	✓
Dr Chu Siew Mun	✓	✓	✓	✓
Brian Chieng Ngee Wen	✓	✓	✓	✓
Tony Lee Cheow Fui	✓	✓	✓	✓

Note : Dr Noor Zalmy Azizan binti Mohd. Ali Azizan was appointed to the Board on 26 May 2015.

APPOINTMENT AND RE-ELECTION TO THE BOARD

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

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every AGM. Further, all the Directors of the Company shall retire at least once every three (3) years. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandate. The election of every Director is voted on separately. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. 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 are required to complete the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis. Throughout the financial year under review, the Directors attended various briefings, conferences, seminar programmes and speaking engagements covering areas that included corporate governance, leadership, relevant industry updates and global business developments.

STATEMENT ON CORPORATE GOVERNANCE

(for the Financial Year Ended 31 March 2015) (cont'd)



DIRECTORS' REMUNERATION

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

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

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

RM'000	Salaries & Other Emoluments ⁽¹⁾	Benefits In Kind ⁽²⁾	Fees ⁽³⁾	Total
Executive Directors	668	77	65	810
Non-Executive Directors ⁽¹⁾	290	20	95	405

Notes:

- ⁽¹⁾ Other emoluments include bonuses, employer contribution to the Employees' Provident Fund
- ⁽²⁾ Benefits in-kind are in respect of motor vehicles, product and service allowances for Executive Directors and gift certificates for treatment services for Non-Executive Directors.
- ⁽³⁾ Fees include directors fees and meeting allowances paid to 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	1	3
RM300,000 to RM350,000		1
RM700,000 to RM750,000	1	

Note : Dr Noor Zalmy Azizan binti Mohd. Ali Azizan was appointed to the Board on 26 May 2015.

STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2015) (cont'd)

INTEGRITY IN FINANCIAL REPORTING AND RISK MANAGEMENT

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

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

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

The Board is satisfied that an adequate framework on whistleblowing 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.

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. Annual General Meetings and the Annual Report are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 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.



STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2015) (cont'd)



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 one-on-one 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 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:

STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2015) (cont'd)



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

CORPORATE SOCIAL RESPONSIBILITY

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

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 2015, 581,700 warrants were exercised which resulted in the issuance of 581,700 new ordinary shares of RM0.50 each and thereafter listed on the Main Market of Bursa Malaysia Securities Berhad.

STATEMENT ON CORPORATE GOVERNANCE (for the Financial Year Ended 31 March 2015) (cont'd)

(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 2015 or entered into since the end of the previous financial year.

(H) UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The Company raised a total of RM26,400,000 from its renounceable rights issue of 52,800,000 new EIG

shares together with 52,800,000 free detachable warrants at an issue price of RM0.50 per share ("Rights Issue"). The Rights Issue was completed on 10 January 2012. The proceeds arising from the above were fully utilized during the previous financial year ended 31 March 2014 as set out in the Group's 2014 Annual Report.

(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 2015, the External Auditors acted as scrutineers at the Company's Annual General Meeting held on 27 August 2014. In addition, the Company also incurred expenses in relation to the review by the External Auditors of the Statement of Risk Management and Internal Controls included in the Annual Report. The 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 2015.

(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.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(for the Financial Year Ended 31 March 2015)

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 2015. This Statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and taking into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITIES

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

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

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

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

The Board has also obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material respects, for the financial year ended 31 March 2015.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (for the Financial Year Ended 31 March 2015) (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 materializing;
- the Group's ability to reduce the risks that may materialize and their impact on the business; and
- the cost of operating particular controls relative to the benefit thereby obtained in managing and the related risks.

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

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 with consideration to the findings of this review. During the financial year, some areas of improvement to internal control were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material losses and/or require further disclosure in this Statement.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (for the Financial Year Ended 31 March 2015) (cont'd)

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 completed a significant upgrade of its front-end systems for its corporate outlets in Hong Kong and Malaysia, to be followed by Thailand and Singapore, to further enhance and improve the control environment.

INTERNAL AUDIT FUNCTION

The Internal Audit function was undertaken by an independent professional firm with suitable experience and capabilities approved by the Audit Committee and appointed by the Board 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 reports and a risk management report were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Baker Tilly Monteiro Heng, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2015 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

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

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

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REPORT OF THE AUDIT COMMITTEE

(for the Financial Year Ended 31 March 2015)

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 2015. 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
- Dr Noor Zalmi Azizan binti Mohd. Ali Azizan, Independent Non-Executive Director (appointed with effect from 26 May 2015).

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;

REPORT OF THE AUDIT COMMITTEE (for the Financial Year Ended 31 March 2015) (cont'd)

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

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

REPORT OF THE AUDIT COMMITTEE (for the Financial Year Ended 31 March 2015) (cont'd)

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

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

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

During the financial year ended 31 March 2015, the activities of the Internal Audit function included the following:

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

The total cost incurred in managing the Internal Audit function for the financial year under review was RM51,000.

MEETINGS AND ATTENDANCE

The Audit Committee held four meetings during the financial year ended 31 March 2015 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	4/4
Dr Chu Siew Mun	4/4
Tony Lee Cheow Fui	4/4

**Dr Noor Zalmy Azizan binti Mohd. Ali Azizan was appointed to the Board and Audit Committee on 26 May 2015.*

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.

ACTIVITIES OF THE AUDIT COMMITTEE

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

- reviewed the quarterly financial results and annual audited financial statements of the Group before recommending them for approval to the Board, focusing on:
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit; and
 - compliance with accounting standards and other legal and statutory requirements;
- reviewed the Audit Committee Report and Statement of 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 2015;
- reviewed the External Auditors' management letter and the Management's response following the conclusion of the audit for the financial year ended 31 March 2015;
- discussed any issues and reservations arising from the audit and other matters with the External Auditors in the absence of the Management;
- reviewed the Internal Audit reports tabled, audit recommendations made and the Management's response to the recommendations, and where necessary, ensured that appropriate and prompt actions are taken on the recommendations of the Internal Auditors.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

(in respect of the Audited Financial Statements
for the Financial Year Ended 31 March 2015)



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 2015, 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.

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12
herbs

36
vegetables



48
fruits

24 mushrooms, algae,
flower, beans

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

for the Financial Year Ended 31 March 2015

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 2015.

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	16,162	4,901
Attributable to:-		
Owners of the Company	16,162	

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 single tier dividend of 3.0% (1.5 sen) per ordinary share in respect of financial year ended 31 March 2014 as reported in the directors' report of that financial year, amounting to RM2,775,000, declared on 2 September 2014 and paid on 10 October 2014; and
- (ii) interim single tier dividend of 3.0% (1.5 sen) per ordinary share in respect of financial year ended 31 March 2015, amounting to RM2,782,000, declared on 19 November 2014 and paid on 12 January 2015.

At the forthcoming Annual General Meeting, a final single tier dividend of 4.0% (2.0 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 2016.

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
 Dr. Noor Zalmy Azizan binti Mohd Ali Azizan (Appointed on 26 May 2015)

DIRECTORS' REPORT

for the Financial Year Ended 31 March 2015 (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 1.4.2014	Bought	Sold	At 31.3.2015
Shareholdings in the holding company				
- Providence Capital Sdn. Bhd.				
Direct interests:				
Roderick Chieng Ngee Kai	1,250,000	–	–	1,250,000
Brian Chieng Ngee Wen	1,250,000	–	–	1,250,000
Shareholdings in the Company				
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 *	112,635,676	385,300	–	113,020,976
Roderick Chieng Ngee Kai **	112,635,676	385,300	–	113,020,976
Brian Chieng Ngee Wen ***	112,799,076	432,300	–	113,231,376

	Number of warrants 2012/2017			
	At 1.4.2014	Bought	Sold	At 31.3.2015
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	50,000	–	44,815,576

* 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 2015 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 2015 (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	581,700	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 1.4.2014	Number of warrants		At 31.3.2015
		Allotted	Exercised	
Number of warrants	52,681,100	–	581,700	52,099,400

DIRECTORS' REPORT

for the Financial Year Ended 31 March 2015 (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 no provision for doubtful debts was required; 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 as bad debts inadequate to any substantial extent or render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company; 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 2015 (cont'd)

ULTIMATE HOLDING COMPANY

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

SIGNIFICANT EVENTS

The details of significant events during the financial year are disclosed in Note 28 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:

.....
Roderick Chieng Ngee Kai

.....
Brian Chieng Ngee Wen

Shah Alam

Date: 30 June 2015

STATEMENT BY DIRECTORS

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

We, Roderick Chieng Ngee Kai and Brian Chieng Ngee Wen, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 59 to 118, 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 119 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

.....
Roderick Chieng Ngee Kai

.....
Brian Chieng Ngee Wen

Shah Alam

Date: 30 June 2015

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 118 and the supplementary information set out on page 119 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 2015.

.....
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 2015 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 118.

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 2015 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 the subsidiaries of which we have not acted as auditors as indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the 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.

INDEPENDENT AUDITORS' REPORT

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 119 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

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 2015

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	85,761	66,375	–	–
Intangible assets	4	3,612	3,552	–	–
Investment properties	5	1,055	1,055	–	–
Investments in subsidiaries	6	–	–	82,908	113,686
Investments in associates	7	2,995	3,186	2,000	2,000
Receivables	10	10,680	–	30,018	–
Deferred tax assets	8	1,020	635	–	–
Total non-current assets		105,123	74,803	114,926	115,686
Inventories	9	23,021	22,422	–	–
Receivables, deposits and prepayments	10	20,668	21,579	2	42
Tax recoverable		80	70	–	70
Cash and cash equivalents	11	63,905	59,917	4,791	4,325
Total current assets		107,674	103,988	4,793	4,437
Total assets		212,797	178,791	119,719	120,123
Equity					
Share capital	12	92,750	92,459	92,750	92,459
Reserves	13	10,769	8,950	10,207	10,207
Retained earnings	13	35,866	25,261	15,622	16,278
Total equity attributable to owners of the Company		139,385	126,670	118,579	118,944
Non-controlling interests		–	–	–	–
Total equity		139,385	126,670	118,579	118,944
Liabilities					
Borrowings	15	10,491	–	–	–
Deferred tax liabilities	8	179	165	–	–
Total non-current liabilities		10,670	165	–	–
Deferred revenue		27,423	23,123	–	–
Payables and accruals	14	25,658	21,056	1,132	1,179
Borrowings	15	6,895	6,085	–	–
Derivative financial liabilities	16	–	8	–	–
Tax payable		2,766	1,684	8	–
Total current liabilities		62,742	51,956	1,140	1,179
Total liabilities		73,412	52,121	1,140	1,179
Total equity and liabilities		212,797	178,791	119,719	120,123

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 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	17	150,779	142,984	4,770	18,900
Cost of sales/services		(59,925)	(57,539)	–	–
Gross profit		90,854	85,445	4,770	18,900
Other income		2,930	1,840	–	–
Distribution expenses		(16,968)	(14,562)	–	–
Administrative expenses		(51,776)	(48,297)	(395)	(381)
Other expenses		(5,420)	(5,345)	–	(125)
Results from operating activities		19,620	19,081	4,375	18,394
Finance income		1,719	1,532	546	485
Finance costs		(198)	(75)	–	–
Operating profit	18	21,141	20,538	4,921	18,879
Share of loss after tax of equity accounted associates		(169)	(155)	–	–
Profit before tax		20,972	20,383	4,921	18,879
Tax expense	19	(4,810)	(4,898)	(20)	(4,905)
Profit for the financial year		16,162	15,485	4,901	13,974
Other comprehensive expenses, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		1,819	(901)	–	–
Total comprehensive income		17,981	14,584	4,901	13,974

	Note	Group	
		2015 RM'000	2014 RM'000
Profit for the financial year attributable to:			
Owners of the Company		16,162	15,485
Total comprehensive income attributable to:			
Owners of the parent		17,981	14,584
Earnings per ordinary share (sen):			
Basic	20	8.73	8.38
Diluted	20	7.53	7.45

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 2015

	←	Non-distributable		→	Distributable		Attributable		Non-	Total
Group	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Company RM'000	Of The Company RM'000	controlling Interests RM'000	Non-	Total Equity RM'000
At 1 April 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	92,400	5,571	4,636	(1,257)	30,764	132,114		41		132,155
Issuance of ordinary shares pursuant to exercise of warrant	59	10	(10)	-	-	59		-		59
Dividends paid	-	-	-	-	(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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2015 (cont'd)

Group	Note	← Non-distributable →			Distributable	Attributable To Owners Of The Company/ Total Equity RM'000	
		Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Translation Reserve RM'000		Retained Earnings RM'000
At 1 April 2014		92,459	5,581	4,626	(1,257)	25,261	126,670
Profit for the financial year		–	–	–	–	16,162	16,162
Other comprehensive income, net of tax - Exchange differences on translation of the financial statements of foreign entities		–	–	–	1,819	–	1,819
Total comprehensive income for the financial year		–	–	–	1,819	16,162	17,981
Transactions with owners							
Issuance of ordinary shares pursuant to exercise of warrant		291	51	(51)	–	–	291
Dividends paid	21	–	–	–	–	(5,557)	(5,557)
Total transactions with owners		291	51	(51)	–	(5,557)	(5,266)
At 31 March 2015		92,750	5,632	4,575	562	35,866	139,385

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2015

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 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 exercise of warrant		59	10	(10)	–	59
At 31 March 2014		92,459	5,581	4,626	16,278	118,944
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	4,901	4,901
Dividends paid	21	–	–	–	(5,557)	(5,557)
Issuance of ordinary shares pursuant to exercise of warrant		291	51	(51)	–	291
At 31 March 2015		92,750	5,632	4,575	15,622	118,579

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 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash Flows from Operating Activities					
Profit before tax		20,972	20,383	4,921	18,879
Adjustments for:-					
Amortisation of development cost		26	49	-	-
Bad debts written off		15	-	-	-
Write back of amount owing to a former subsidiary		(1,644)	-	-	-
Depreciation of property, plant and equipment		7,334	5,745	-	-
Fair value (gain)/loss on derivative financial instruments		(8)	8	-	-
Impairment loss on investments in subsidiaries		-	-	-	125
Impairment loss on investments in associate		-	12	-	-
Inventories written off		1,376	2,310	-	-
Property, plant and equipment written off		377	82	-	-
Development costs written off		-	275	-	-
Dividend income		-	-	(4,770)	(18,900)
Gain on disposal of property, plant and equipment		(76)	(215)	-	-
Income from short term money market		(1,310)	(1,345)	(137)	(120)
Interest income		(409)	(187)	(409)	(365)
Interest expense		198	75	-	-
Share of loss of equity accounted associates		169	155	-	-
Unrealised gain on foreign exchange		(1,277)	(138)	-	-
Operating profit/(loss) before working capital changes		25,743	27,209	(395)	(381)
Changes in working capital					
Inventories		(1,975)	(7,347)	-	-
Receivables		(738)	869	40	-
Payables		6,594	5,109	(47)	74
Deferred revenue		4,300	2,645	-	-
Cash generated from/(used in) operations		33,924	28,485	(402)	(307)
Interest and short term money market income received		1,719	1,532	546	485
Tax paid		(4,124)	(3,545)	-	(4,700)
Tax refunded		15	299	58	-
Net cash from/(used in) operating activities, balance carried down		31,534	26,771	202	(4,522)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2015 (cont'd)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net cash from/(used in) operating activities, balance brought down		31,534	26,771	202	(4,522)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(24,878)	(30,434)	–	–
Acquisition of intangible assets		(86)	–	–	–
Dividend received		–	–	4,770	18,900
Subscription of shares in a subsidiary		–	–	–	(966)
Repayments from/(Advances to) subsidiaries		–	–	6,849	(12,299)
Advances to associates		(7,820)	(43)	(6,089)	–
Proceeds from disposal of property, plant and equipment		76	215	–	–
Net cash (used in)/ from investing activities		(32,708)	(30,262)	5,530	5,635
Cash flows from financing activities					
Proceeds from issuance of ordinary shares pursuant to warrant		291	59	291	59
Dividends paid		(5,557)	(5,544)	(5,557)	(5,544)
Drawdown of term loans		10,962	6,264	–	–
Repayment of term loans		(601)	(179)	–	–
Interest paid		(198)	(75)	–	–
Net cash from/(used in) financing activities		4,897	525	(5,266)	(5,485)
Net increase/(decrease) in cash and cash equivalents		3,723	(2,966)	466	(4,372)
Effect of exchange rates changes		265	135	–	–
Cash and cash equivalents at beginning of the financial year		59,917	62,748	4,325	8,697
Cash and cash equivalents at end of the financial year	11	63,905	59,917	4,791	4,325

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 2015 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 2015 do not include other entities.

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

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

The financial statements were approved by the Board of Directors on 30 June 2015.

1. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 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 MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

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

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

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies
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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

The adoption of the above amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company.

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs 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 MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<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 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs 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 MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

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

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

Impairment

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

Hedge accounting

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

MFRS 15 Revenue from Contracts with Customers

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

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

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

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

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

Amendments to MFRS 13 Fair Value Measurement (cont'd)

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 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

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.

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. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

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

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

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements - the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities - the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures - the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(v) *Classification between Investment Properties and Owner-occupied Properties (Note 5) (cont'd)*

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

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

(vi) *Impairment of Goodwill (Note 4)*

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

(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 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

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

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

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

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

(i) Business Combinations

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(ii) *Non-controlling Interests (cont'd)*

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

(iii) *Acquisitions of Non-controlling Interests*

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

(iv) *Loss of Control*

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

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

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

(c) Investments

(i) *Subsidiaries*

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

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

(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 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments (cont'd)

(ii) Associates (cont'd)

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

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

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

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

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

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

(d) Functional and Foreign Currencies

(i) Transactions and Balances

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Foreign Operations

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

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

(e) Financial Instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Buildings	50 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (cont'd)

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;
- iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

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

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

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

(k) Cash and cash equivalents

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

(l) Impairment

(i) *Impairment of Financial Assets*

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

(ii) Impairment of Non-Financial Assets

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

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

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

(m) Loans and borrowings

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

(n) Employee benefits

(i) Short-term employee benefits

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Contingent liabilities**

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

(q) **Financial guarantee**

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

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

(r) **Revenue and other income**

(i) **Goods sold**

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

(ii) **Services rendered**

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

(iii) **Rental income**

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

(iv) **Dividend income**

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) **Deferred revenue**

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

(t) **Interest income and borrowing costs**

(i) **Interest income**

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

(ii) **Borrowing costs**

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

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

(u) **Tax expense**

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Earnings per share

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

(w) Operating segments

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

(x) Related parties

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

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

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

(y) Warrant reserve

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Fair value measurement

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

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
At 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/1 April 2014	11,053	36,230	2,077	11,854	17,703	22,308	11,275	112,500
Additions	–	15,251	83	1,080	617	7,847	–	24,878
Transfer	–	10,819	–	234	–	–	(11,053)	–
Disposals	–	–	(228)	(127)	–	–	–	(355)
Written off	–	–	–	(1,169)	(5)	(4,725)	–	(5,899)
Translation differences	–	2,432	–	223	398	619	(222)	3,450
At 31 March 2015	11,053	64,732	1,932	12,095	18,713	26,049	–	134,574

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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
At 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/1 April 2014	-	3,071	1,660	9,882	15,443	16,069	-	46,125
Charge for the financial year	-	617	145	1,166	741	4,665	-	7,334
Disposals	-	-	(228)	(127)	-	-	-	(355)
Written off	-	-	-	(1,169)	(5)	(4,348)	-	(5,522)
Translation differences	-	77	-	228	392	534	-	1,231
At 31 March 2015	-	3,765	1,577	9,980	16,571	16,920	-	48,813
Carrying amounts								
At 31 March 2015	11,053	60,967	355	2,115	2,142	9,129	-	85,761
At 31 March 2014	11,053	33,159	417	1,972	2,260	6,239	11,275	66,375

(a) The net carrying amount of property, plant and equipment pledged as security for banking facilities granted to subsidiaries as disclosed in Note 15 are amounting to RM44,703,000 (2014: RM16,925,000).

(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:

	2015 RM'000	2014 RM'000
Additions of property, plant and equipment	24,878	36,585
Less: Transfer from deposits	-	(6,151)
Cash payments on purchase of property, plant and equipment	24,878	30,434

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost			
At 1 April 2013	3,477	548	4,025
Written off	–	(300)	(300)
At 31 March/1 April 2014	3,477	248	3,725
Additions	–	86	86
At 31 March 2015	3,477	334	3,811
Accumulated Amortisation			
At 1 April 2013	–	149	149
Amortisation for the financial year	–	49	49
Written off	–	(25)	(25)
At 31 March/1 April 2014	–	173	173
Amortisation for the financial year	–	26	26
At 31 March 2015	–	199	199
Carrying amounts			
At 31 March 2015	3,477	135	3,612
At 31 March 2014	3,477	75	3,552

Goodwill

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

Impairment testing for cash-generating units containing goodwill

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

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

	2015 RM'000	2014 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INTANGIBLE ASSETS (CONT'D)

Goodwill (cont'd)

Impairment testing for cash-generating units containing goodwill (cont'd)

- There will be no material changes in the structure and principal activities of the respective subsidiaries.
- Gross margins are based on the average gross margin achieved in the past years.
- There will not be any significant increase in labour costs, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the respective companies.
- Growth rate used to extrapolate cash flows for fourth and fifth year is based on expected growth rate.
- Statutory income tax rates – the rate for Singapore and Hong Kong are 17% (2014: 17%) and 16.5% (2014: 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% (2014: 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.

5. INVESTMENT PROPERTIES

	Group	
	2015 RM'000	2014 RM'000
At fair value		
At beginning/end of financial year	1,055	1,055

- (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

	Company	
Note	2015 RM'000	2014 RM'000
Unquoted shares in Malaysia, at cost		
At 1 April 2014/2013	55,909	54,943
Additions	–	966
At 31 March	55,909	55,909
Accumulated impairment losses		
At 1 April 2014/2013	(16,530)	(16,405)
Addition during the financial year	–	(125)
At 31 March	(16,530)	(16,530)
Quasi loans	43,529	74,307
	82,908	113,686

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (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.

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	
			2015 %	2014 %
Interest held by the Company				
EIG Dermal Wellness (M) Sdn. Bhd.	Malaysia	Distribution of beauty and wellness products	100	100
Leonard Drake (M) Sdn. Bhd.	Malaysia	Dormant	100	100
AsterSpring International Sdn. Bhd.	Malaysia	Operating of beauty and wellness 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
EIG Haircare Sdn. Bhd. (formerly known as Esthetics Concept Sdn. Bhd.)	Malaysia	Distribution of haircare, beauty and wellness products	100	100
Clinelle (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Beuxstar Sdn. Bhd.	Malaysia	Agent for trade marks and patents application	100	100
Esthetics and Wellness International Sdn. Bhd.	Malaysia	Offering education and training in beauty and wellness	100	100
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
EIG Ecommerce Sdn. Bhd. (formerly known as Airellis International Sdn. Bhd.)	Malaysia	Retailing of skin care and wellness products via e-commerce	100	100
EIG (Thailand) Co. Ltd.*	Thailand	Investment holding	100	100
EIG Dermal Wellness (HK) Ltd.*	Hong Kong	Distribution of skin care and wellness products	100	100
EIG Global (China) Co. Ltd.^	China	Dormant	100	100
Leonard Drake (HK) Limited*	Hong Kong	Property investment holding	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	
			2015 %	2014 %
Interest held by the Company (cont'd)				
AsterSpring International (HK) Co. Ltd.*	Hong Kong	Operating of beauty and wellness centers, providing beauty and wellness services and retailing of products	100	100
Lexwel International Pte. Limited*	Hong Kong	Dormant	100	100
EIG Global Australia Pty. Ltd. Δ	Australia	Dormant	-	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 beauty and wellness centers, providing beauty and wellness services and retailing of products	100	100
EIG Dermal Wellness (S) Pte. Ltd.*	Singapore	Distribution of beauty and wellness products	100	100
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	99
Interest held through Klientec International Sdn. Bhd.				
Klientec Biz-Solution Sdn. Bhd.	Malaysia	Dormant	100	100
Interest held through EIG Haircare Sdn. Bhd. (formerly known as Esthetics Concept Sdn. Bhd.)				
PT EIG Dermal Wellness Indonesia	Indonesia	Dormant	1	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 7 May 2015.

Δ The subsidiary was deregistered on 21 May 2014.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	6,286	6,286	2,000	2,000
Accumulated impairment loss	(12)	(12)	–	–
	6,274	6,274	2,000	2,000
Share of results in associates	(3,171)	(3,002)	–	–
Elimination of unrealised profits	(108)	(86)	–	–
	2,995	3,186	2,000	2,000

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	
			2015 %	2014 %
Interest held through EIG (Thailand) Co. Ltd.				
Wellnax (Thai) Co. Ltd.*	Thailand	Investment holding	49	49
Dermal Wellness International Co. Ltd. ("DWI")* ^	Thailand	Investment holding	48.9	49.9
Interest held through Wellnax (Thai) Co. Ltd.				
Dermal Wellness International Co. Ltd. ("DWI")* ^	Thailand	Investment holding	46	45
Interest held through Dermal Wellness International Co. Ltd.				
EIG Dermal Wellness (Thai) Co. Ltd.* ^	Thailand	Distribution of beauty and wellness products	48.9	49.9
Interest held through EIG Dermal Wellness (Thai) Co. Ltd.				
AsterSpring International (Thai) Co. Ltd.* ^	Thailand	Operating of beauty and wellness centers, providing beauty and wellness services and retailing of products	48.9	49.9
Interest held by the Company				
Medklinn Holdings Sdn. Bhd. ("MHSB")*	Malaysia	Investment holding	25	25

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENTS IN ASSOCIATES (CONT'D)

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

Name of associate	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting rights	
			2015 %	2014 %
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

^ During the financial year, EIG (Thailand) Co. Ltd. transferred 1% of its shareholding in Dermal Wellness International Co. Ltd. to Wellnax (Thai) Co. Ltd.

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 RM169,000 (2014: RM155,000). Therefore, the summarised financial information of the associates are not presented.

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

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

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 2013	(226)	350	(73)	597	648
Recognised in profit or loss (Note 19)	282	(350)	41	14	(13)
At 31 March/1 April 2014	56	–	(32)	611	635
Recognised in profit or loss (Note 19)	851	–	(33)	(433)	385
At 31 March 2015	907	–	(65)	178	1,020
Liabilities					
At 1 April 2013	–	–	–	–	–
Recognised in profit or loss (Note 19)	(165)	–	–	–	(165)
At 31 March/1 April 2014	(165)	–	–	–	(165)
Recognised in profit or loss (Note 19)	(14)	–	–	–	(14)
At 31 March 2015	(179)	–	–	–	(179)

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	
	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	2,141	1,871
Unutilised tax losses	37,911	34,873
Others	156	156
	<u>40,208</u>	<u>36,900</u>

9. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
At cost		
Raw materials and consumables	358	1,046
Goods in transit	4,081	2,662
Trading goods	18,582	18,714
	<u>23,021</u>	<u>22,422</u>

(i) None of the inventories is carried at net realisable value.

(ii) Inventories recognised as cost of sales amounted to RM34,141,000 (2014: RM31,515,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	a	–	–	23,929	–
Amount due from associates	b	10,680	–	6,089	–
		<u>10,680</u>	<u>–</u>	<u>30,018</u>	<u>–</u>

- (a) The non-trade amount due from subsidiaries of the Company is unsecured, bears interest at 5% per annum and repayable in year 2030. The amount owing is to be settled in cash.
- (b) The non-trade amount due from associates of the Group and the Company is unsecured, bears interest at 6% per annum and not expected to be repayable within the next 12 months. The amount owing is to be settled in cash.

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Trade					
External parties	c	10,718	9,463	–	–
Amount due from associates	d	–	112	–	–
		<u>10,718</u>	<u>9,575</u>	<u>–</u>	<u>–</u>
Non-trade					
Amount due from associates	d	–	2,860	–	–
Other receivables		42	44	–	–
Deposits	e	7,958	7,212	2	2
Prepayments		1,950	1,888	–	40
		<u>20,668</u>	<u>21,579</u>	<u>2</u>	<u>42</u>

- (c) The normal trade credit terms granted are as follows:-
- Beauty and wellness products: 30 to 90 days
 - Beauty equipment: case-by-case basis
- (d) 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.
- (e) Included in deposits of the Group was an amount of RM6,376,000 (2014: RM6,155,000) and RM655,563 (2014: RM nil) representing rental deposit and deposit on purchased of property respectively as disclosed in Note 28(v).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash management fund investments with investment management companies	40,007	39,696	4,286	4,149
Cash and bank balances	23,898	20,221	505	176
	<u>63,905</u>	<u>59,917</u>	<u>4,791</u>	<u>4,325</u>

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	
	2015 RM'000	2015 Unit	2014 RM'000	2014 Unit
Ordinary shares of RM0.50 each				
Authorised				
At 1 April/31 March	<u>250,000</u>	<u>500,000</u>	<u>250,000</u>	<u>500,000</u>
Issued and fully paid-up				
At 1 April 2014/2013	92,459	184,919	92,400	184,800
Issued during the financial year – exercise of warrants	291	582	59	119
At 31 March 2015/2014	<u>92,750</u>	<u>185,501</u>	<u>92,459</u>	<u>184,919</u>

(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.

(b) Ordinary shares issued upon exercise of warrants

During the financial year, the Company issued 581,700 (2014: 118,900) ordinary shares at issue price of RM0.50 (2014: RM0.50) per ordinary share for cash, pursuant to the exercise of warrants by shareholders. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

13. RESERVES

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Share premium	13.1	5,632	5,581	5,632
Warrant reserve	13.2	4,575	4,626	4,626
Translation reserve	13.3	562	(1,257)	–
		<u>10,769</u>	<u>8,950</u>	<u>10,207</u>
Distributable				
Retained earnings		<u>35,866</u>	<u>25,261</u>	<u>15,622</u>
			<u>15,622</u>	<u>16,278</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. RESERVES (CONT'D)

13.1 Share Premium

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

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:

	Number of warrants			At 31.3.2015
	At 1.4.2014	Allotted	Exercised	
Number of warrants	52,681,100	–	581,700	52,099,400

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

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

13.3 Translation reserve

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

13.4 Retained earnings

The 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 was able to distribute dividends out of its retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade payables	a	8,077	7,117	–	–
Non-trade					
Other payables	b	5,445	3,756	–	–
Amount owing to a subsidiary	c	–	–	965	965
Accrued expenses	d	12,136	10,183	167	214
		17,581	13,939	1,132	1,179
		25,658	21,056	1,132	1,179

- (a) The normal trade credit terms granted to the Group range from 30 to 90 days.
- (b) Included in other payables of the Group is an amount of RM2,537,779 (2014: RM nil) being final settlement for the Company's new office in Singapore.
- (c) Amount owing to a subsidiary is non-trade in nature, unsecured, interest-free, and repayable on demand and is expected to be settled in cash.
- (d) Included in accrued expenses of the Group is staff expenses of RM6,346,775 (2014: RM4,718,026).

15. BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Term loan I - Hong Kong Dollar		
Repayable over 15 years with monthly installment of RM40,600 (equivalent to HKD96,668) each commencing on October 2013 or on demand and bears interest at 3.15% per annum below Hong Kong Prime Lending Rate.	6,539	6,085
Term loan II - Singapore Dollar		
Repayable over 25 years with monthly installment of RM46,435 (equivalent to SGD17,198) each commencing on November 2014 and bears interest at 1.88% per annum for the first three years and subsequently at 3.0% per annum above prevailing Singapore Interbank Offered Rate ("SIBOR").	10,847	–
	17,386	6,085
Less: Repayable within 1 year included in current liabilities	(6,895)	(6,085)
Repayable after 1 year	10,491	–

Term loans bear interest at rates ranging from 1.85% to 1.88% (2014: 2.10%) per annum and are secured by legal charges over the properties as disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. DERIVATIVE FINANCIAL LIABILITIES

	Company	
	2015	2014
	RM'000	RM'000
Non-hedging derivative		
Contract notional amount		
Forward currency contracts	–	3,003
	<hr/>	
Carrying amount		
Current liabilities		
Forward currency contracts	–	8
	<hr/>	

The Group uses forward currency contracts to hedge the Group's projected trade payables and purchases denominated in United States Dollar ("USD") as deemed appropriate. 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.

In the previous financial year, the Group recognised an unrealised loss of RM8,000 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Product distribution	63,230	60,279	–	–
Professional services and sales	87,330	82,506	–	–
Others	219	199	–	–
Dividends	–	–	4,770	18,900
	<hr/>		<hr/>	
	150,779	142,984	4,770	18,900

18. OPERATING PROFIT

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) Operating profit is arrived at after charging:				
Auditors' remuneration:				
- Audit services:				
- for the current financial year	225	210	17	16
- Non-audit services	5	5	5	5
Amortisation of development cost	26	49	–	–
Bad debts written off / (recovered)	15	(54)	–	–
Depreciation of property, plant and equipment	7,334	5,745	–	–
Direct operating expense –generating rental income	46	18	–	–
Fair value loss on derivative financial instruments	–	8	–	–
Impairment loss on investment in subsidiaries	–	–	–	125
Intangible assets written off	–	275	–	–
Interest expense in respect of term loans	198	75	–	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. OPERATING PROFIT (CONT'D)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) Operating profit is arrived at after charging (cont'd):				
Inventories written off	1,376	2,310	–	–
Loss on deregistration of a subsidiary	2	–	–	–
Personnel expenses (including key management personnel)				
- Wages, salaries and others	40,706	41,136	145	156
- Contribution to defined contribution plan	4,171	4,295	–	–
Property, plant and equipment written off	377	82	–	–
Rental of premises	20,008	18,995	–	–
and after crediting:				
Gain on disposal of property, plant and equipment	76	215	–	–
Fair value gain on derivative financial instruments	8	–	–	–
Income from short term money market deposits	1,310	1,345	137	120
Interest income	409	187	409	365
Rental income from investment properties	69	72	–	–
Write back of amount owing to a former subsidiary	1,644	–	–	–
Realised gain on foreign exchange	37	1,154	–	–
Unrealised gain on foreign exchange	1,277	138	–	–
(b) Directors' remuneration				
Directors of the Company				
- Fees	145	156	145	156
- Other emoluments	972	794	15	–
- Estimated monetary value of benefits-in-kind	97	102	73	78
	1,214	1,052	233	234

19. TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current financial year	5,460	4,878	28	4,725
- (over)/under provision in prior financial year	(279)	(158)	(8)	180
	5,181	4,720	20	4,905
Deferred tax (Note 8):				
Origination and reversal of temporary differences	(371)	178	–	–
	4,810	4,898	20	4,905

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. TAX EXPENSE (CONT'D)

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	20,972	20,383	4,921	18,879
Tax at the statutory tax rate of 25%	5,243	5,096	1,230	4,720
Effect of different tax rates in foreign jurisdictions	(713)	(652)	-	-
Non-deductible expenses	1,622	1,072	98	80
Non-taxable income	(853)	(533)	(1,300)	(75)
Deferred tax assets not recognised during the financial year	260	506	-	-
Utilisation of tax losses and unabsorbed capital allowances not recognised previously	(470)	(433)	-	-
	5,089	5,056	28	4,725
(Over)/under provision in prior financial years - current tax	(279)	(158)	(8)	180
Tax expense	4,810	4,898	20	4,905

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 March 2015 has reflected these changes.

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 RM935,000 (2014: RM1,964,000).

As at 31 March 2015, the Group has estimated unutilised tax losses of RM37,911,000 (2014: RM34,873,000), and unabsorbed capital allowances of RM2,141,000 (2014: RM1,871,000) 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	
	2015	2014
Profit attributable to owners of the Company (RM'000)	16,162	15,485
Number of shares in issue at beginning of the financial year ('000)	184,919	184,800
Effect of exercise of warrants ('000)	224	21
Weighted average number of ordinary shares in issue ('000)	185,143	184,821
Basic earnings per ordinary shares of RM0.50 each (sen)	8.73	8.38

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

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

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

	Group	
	2015	2014
Profit attributable to owners of the Company (RM'000)	16,162	15,485
Weighted average number of ordinary shares in issue ('000)	185,143	184,821
Effect of dilutive potential ordinary shares – Warrants ('000)	29,513	23,071
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	214,656	207,892
Diluted earnings per ordinary shares of RM0.50 each (sen)	7.53	7.45

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
2015		
Final single tier dividend of 3.0% (1.5 sen) per ordinary share in respect of financial year ended 31 March 2014	1.50	2,775
Interim single tier dividend of 3.0% (1.5 sen) per ordinary share in respect of financial year ended 31 March 2015	1.50	2,782
		<u>5,557</u>
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
		<u>5,544</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final single tier exempt dividend of 4.0% (2.0 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 2016.

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. 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

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		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments										
Revenue from external customers	87,330	82,506	63,230	60,279	219	199	-	-	150,779	142,984
Inter-segment revenue	-	-	20,790	21,192	11,305	24,493	(32,095)	(45,685)	-	-
Total revenue	87,330	82,506	84,020	81,471	11,524	24,692	(32,095)	(45,685)	150,779	142,984
Segment results	9,555	8,838	8,294	11,256	1,771	(1,013)	-	-	19,620	19,081
Interest income	-	-	1,183	1,057	536	475	-	-	1,719	1,532
Finance costs	-	-	(71)	-	(127)	(75)	-	-	(198)	(75)
Share of result of equity accounted associates									(169)	(155)
Profit before tax									20,972	20,383
Tax expense									(4,810)	(4,898)
Profit for the financial year									16,162	15,485

	Professional services and sales		Product distribution		Others		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	37,443	29,544	137,214	120,446	34,045	24,910	208,702	174,900
Investments in associates							2,995	3,186
Unallocated assets							1,100	705
Total assets							212,797	178,791
Segment liabilities	35,041	28,470	16,387	12,370	1,653	3,347	53,081	44,187
Unallocated liabilities							20,331	7,934
Total liabilities							73,412	52,121

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. OPERATING SEGMENTS (CONT'D)

	Professional services and sales		Product distribution		Others		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortisation of development cost	–	24	24	25	2	–	26	49
Bad debts written off	–	–	15	–	–	–	15	–
Gain on dissolution of a subsidiary	–	–	–	–	(1,644)	–	(1,644)	–
Additions in capital expenditure	7,218	6,468	17,629	2,245	31	27,872	24,878	36,585
Depreciation of property, plant and equipment	5,070	4,174	1,838	1,320	426	251	7,334	5,745
Inventories written off	26	114	1,350	2,196	–	–	1,376	2,310
Gain on disposal of property, plant and equipment	(76)	(197)	–	(18)	–	–	(76)	(215)
Property, plant and equipment written off	377	54	–	28	–	–	377	82
Unrealised foreign exchange gain	(474)	–	(298)	(138)	(505)	–	(1,277)	(138)

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

	2015	2014
	RM'000	RM'000
Malaysia	91,173	83,284
Singapore	35,859	36,920
Hong Kong	17,283	16,849
Others*	6,464	5,931
	<u>150,779</u>	<u>142,984</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:-

	2015	2014
	RM'000	RM'000
Malaysia	37,797	35,437
Singapore	32,324	17,278
Hong Kong	20,307	18,267
	<u>90,428</u>	<u>70,982</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:-

	2015	2014
	RM'000	RM'000
Property, plant and equipment	85,761	66,375
Intangible assets	3,612	3,552
Investment properties	1,055	1,055
	<u>90,428</u>	<u>70,982</u>

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:

	2015	2014
	RM'000	RM'000
Less than one year	15,998	16,558
Between one and five years	11,795	16,104
	<u>27,793</u>	<u>32,662</u>

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

Contingent rent recognised as an expense amounted to RM817,909 (2014: RM459,710).

24. CAPITAL COMMITMENTS

	Group	
	2015	2014
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	9,269	16,628
Approved but not contracted for	3,447	6,822
	<u>12,716</u>	<u>23,450</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. RELATED PARTIES (CONT'D)

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	
	2015 RM'000	2014 RM'000
Dividend received from:-		
- EIG Dermal Wellness (M) Sdn. Bhd.	-	18,900
- EIG Global Pte Ltd	4,770	-
	4,770	-
Interest income received from:-		
- EIG Dermal Wellness (Thai) Co. Ltd.	189	178
- Dermal Wellness International Co. Ltd.	103	-
	292	178

Transactions with associates

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

	Group	
	2015 RM'000	2014 RM'000
Sales to:-		
- EIG Dermal Wellness (Thai) Co. Ltd.	2,603	1,359
- Medklinn International Sdn. Bhd.	1	10
	2,604	1,369

Transaction with holding company

	Group	
	2015 RM'000	2014 RM'000
Providence Capital Sdn. Bhd.		
- Management services fees paid	1,008	1,079
	1,008	1,079

Related party balances

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. RELATED PARTIES (CONT'D)

Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
- Fees	145	156	145	156
- Other emoluments	870	709	15	-
- Estimated monetary value of benefits-in-kind	97	102	73	78
Total short-term employee benefits	1,112	967	233	234
Post-employment benefits	102	85	-	-
	1,214	1,052	233	234

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 as determined appropriate to reduce exposure to fluctuations and adverse volatility in foreign currency risk.

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

United States Dollar ("USD")	2015 RM'000	2014 RM'000
Trade receivables	477	353
Amount due from associates	1,067	96
Cash and cash equivalents	4,192	1,975
Trade payables	(7,532)	(6,661)
	(1,796)	(4,237)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

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

	Group	
	2015 RM'000	2014 RM'000
Effects on profit/loss for the financial year		
United States Dollar:		
- strengthened by 5%	(67)	(159)
- weakened by 5%	67	159

(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 RM17,386,000 (2014: RM6,085,000) relating to the purchase of the Group's corporate offices in Singapore and Hong Kong (2014: 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 2015 would decrease/increase by RM72,300 (2014: RM25,400) as a result of exposure to floating rate borrowings.

(iii) Equity price risk

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

(ii) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit risk (cont'd)

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by the associates which constituted approximately 34% (2014: 14%) of its receivables as at the end of the reporting period.

Exposure to credit risk

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

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

	Group	
	2015 RM'000	2014 RM'000
Malaysia	8,081	6,777
Singapore	872	1,000
Hong Kong	1,765	1,686
Thailand	-	112
Total	10,718	9,575

Ageing analysis

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

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2015			
Not past due	10,064	-	10,064
Past due:			
- less than 3 months	594	-	594
- 3 to 6 months	35	-	35
- over 6 months	25	-	25
	10,718	-	10,718
2014			
Not past due	9,473	-	9,473
Past due:			
- less than 3 months	31	-	31
- 3 to 6 months	32	-	32
- over 6 months	39	-	39
	9,575	-	9,575

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit risk (cont'd)

Trade receivables that is impaired

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April 2014/2013	–	(88)	–	–
Written off	–	88	–	–
At 31 March	–	–	–	–

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.

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

In the previous financial year, the Company provided 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 previous year 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 and the Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity risk (cont'd)

2015

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

	Carrying amount RM'000	Contractual cash flow RM'000	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
Financial liabilities:						
Term loans - secured	17,386	20,284	7,096	557	1,672	10,959

2014

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.

Group	Carrying amount RM'000	Contractual cash flows RM'000	1-6 months RM'000
2015 - Nil			
2014			
Financial liabilities			
Net settled:			
Forward currency contracts		8	8

(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 2014.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	10,718	9,463	–	–
Amount due from subsidiaries	–	–	23,929	–
Amount due from associates	10,680	2,972	6089	–
Other receivables	42	44	–	–
Deposits	7,958	7,212	2	2
Cash and cash equivalents	63,905	59,917	4,791	4,325
	<u>93,303</u>	<u>79,608</u>	<u>34,811</u>	<u>4,327</u>
Financial liabilities				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative financial liabilities	–	8	–	–
<u>Other financial liabilities</u>				
Trade payables	8,077	7,117	–	–
Other payables and accruals	17,581	13,939	167	214
Amount owing to a subsidiary	–	–	965	965
Borrowings	17,386	6,085	–	–
	<u>43,044</u>	<u>27,141</u>	<u>1,132</u>	<u>1,179</u>

(d) Fair values of financial instruments

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

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

- (i) The financial assets and financial liabilities maturing within the next 12 months are reasonable approximation of fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the long-term amount due from subsidiaries and borrowings approximate fair values as these instruments bear interest at variable rates.
- (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).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values of financial instruments (cont'd)

The carrying amounts and fair value of financial instruments, other than those with carrying amounts are reasonable approximate of fair values or carried at fair value are as follows:-

2015	Carrying Amount RM'000	Fair Value RM'000
Group		
Financial Asset		
Amount due from associates	10,680	10,680
Financial liability		
Term loans	10,491	10,491
Company		
Financial Assets		
Amount due from subsidiaries	23,929	23,929
Amount due from associates	6,089	6,089
2014		
- Nil		

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).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. FAIR VALUE HIERARCHY (CONT'D)

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

Assets and liabilities carried at fair value:-

	Fair Value RM'000	Fair value measurement using		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2015				
Assets Group				
Investment properties	1,055	–	1,055	–
2014				
Assets Group				
Investment properties	1,055	–	1,055	–
Liabilities Group				
Derivative financial liabilities - foreign currency forward contracts	8	–	8	–

Assets and liabilities for which fair values are disclosed:-

	Fair Value RM'000	Fair value measurement using		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2015				
Assets Group				
Amount due from associates	10,680	–	10,680	–
Company				
Amount due from subsidiaries	23,929	–	23,929	–
Amount due from associates	6,089	–	6,089	–
Liabilities Group				
Term loans	10,491	–	10,491	–
2014				
- Nil				

During the financial year ended 31 March 2015 and 2014, 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 EVENTS DURING THE FINANCIAL YEAR

- (i) On 16 June 2014, EIG Haircare Sdn Bhd (formerly known as Esthetics Concept Sdn Bhd ("EIGH")), 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 EIG 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 the 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.
- (ii) On 20 January 2015, EIG Pharma Asia Sdn Bhd ("EIGP"), a wholly-owned subsidiary of the Group signed a Distributor Agreement (the "Agreement") with Physicians Formula, Inc ("PFI"). The Agreement grants EIGP the exclusive rights to sell and distribute Physicians Formula cosmetic products in Malaysia, Singapore, Indonesia, Philippines, Vietnam, Brunei, Cambodia, Myanmar and Laos with a first right of refusal for Thailand. The term of the Agreement is for a period of ten (10) years commencing from 1 January 2015 to 31 December 2024 with the option to renew for a further period of ten (10) years. Established in 1937, Physicians Formula is one of the leading FMCG cosmetic brands from the USA focusing on innovative, solution-based cosmetic products which is sold in more than 17 countries worldwide and which is sold in more than 25,000 stores in the USA alone.
- (iii) On 28 January 2015, EIG Dermal Wellness (M) Sdn Bhd ("EIGDW"), a wholly-owned subsidiary of the Group signed a Distribution Agreement (the "Agreement") with Youngblood Skin Care Products, LLC ("YSP"). The Agreement grants EIGDW the exclusive rights to sell and distribute Youngblood cosmetic products in Malaysia, Singapore, Hong Kong, Taiwan, Macau, Thailand, Indonesia, Brunei, Vietnam, Cambodia, Philippines, Myanmar and Laos. The term of the Agreement is for a period of ten (10) years commencing from 1 February 2015 to 31 January 2025 with the option to renew for a further period of ten (10) years. Youngblood is one of the leading mineral cosmetic brands from the USA with more than 18 years of history which is sold in 48 countries worldwide and in more than 2,800 salons, spas and retail outlets in the USA alone.
- (iv) On 4 February 2015, EIG Haircare Sdn Bhd (formerly known as Esthetics Concept Sdn. Bhd.) ("EIGH") signed a Distribution Agreement (the "Agreement") with Privity Pty Limited and EA Holland Pty Limited (together to be referred to as Hair Care Australia Group ("HCA Group")). The Agreement grants EIGH the exclusive rights to distribute the evo range of professional hair care products in Hong Kong, Macau, Malaysia, Brunei, Singapore, Indonesia, Philippines, Cambodia, Thailand, Laos and Myanmar. The term of the Agreement is for a period of ten (10) years commencing from 1 April 2015 to 31 March 2025 with the option to renew for a further period of ten (10) years. The Agreement will enable the Group to further leverage its professional hair care distribution network and expand its portfolio of professional hair care products which are sold through professional hair salons and select retail outlets. Evo is one of the leading innovative professional hair care brands from Australia which is distributed in 22 countries worldwide and more than 1,000 professional hair salons in Australia alone.
- (v) On 3 March 2015, EIG Global Pte. Ltd ("EIGPL"), a wholly-owned subsidiary of the Group entered into an Option to Purchase Agreement ("OTP") with Aquila Hotel & Resorts Pte. Ltd. ("the Vendor"), for the purpose of acquiring one unit of office space with approximately 1,356 square feet of floor area at Paya Lebar Square, 60 Paya Lebar Road, Singapore (the "Property") for a consideration of S\$3,102,528. The Property is adjacent to EIGPL's existing four units and will be integrated to form EIG's corporate office in Singapore.

The Property is 99 years' leasehold commencing from 25 July 2011 and construction of Paya Lebar Square was completed in November 2014.

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

	Group	
	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	35,118	24,209
- unrealised	1,832	388
	36,950	24,597
Share of accumulated losses from associates		
- realised	(3,291)	(3,100)
	33,659	21,497
Less: Consolidation adjustments	2,207	3,764
Total retained earnings of the Group	35,866	25,261

	Company	
	2015 RM'000	2014 RM'000
Total retained earnings of the Company		
- realised	15,622	16,278
- unrealised	-	-
Total retained earnings	15,622	16,278

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 2015

Authorised Share Capital :	RM100,000,000
Issued & Paid-Up Capital :	RM92,750,300
Class of Shares :	Ordinary Shares of RM0.50 each
Voting Rights :	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

as at 30 June 2015

Size of Shareholdings	No. of Shareholders		No. of Shares	
		%		%
less than 100	70	8.40	1,362	0.00
100 to 1,000	265	31.81	170,060	0.09
1,001 to 10,000	327	39.26	1,441,242	0.78
10,001 to 100,000	112	14.65	3,923,420	2.12
100,001 to less than 5% of issued shares	48	5.76	66,943,540	36.08
5% and above of issued shares	1	0.12	113,020,976	60.93
	833	100.00	185,500,600	100.00

SUBSTANTIAL SHAREHOLDERS

as at 30 June 2015

Name of Shareholders	Direct		No. of Shares held Indirect		Total	
		%		%		%
1. Providence Capital Sdn Bhd	113,020,976	60.93	–	–	113,020,976	60.93
2. Chieng Ing Huong	–	–	113,020,976 ⁽¹⁾	60.93	113,020,976	60.93
3. Roderick Chieng Ngee Kai	2,700,000	1.46	113,020,976 ⁽²⁾	60.93	115,720,976	62.39
4. Brian Chieng Ngee Wen	–	–	113,627,376 ⁽³⁾	61.25	113,627,376	61.25

⁽¹⁾ Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd

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

⁽³⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

DIRECTORS' SHAREHOLDING

as at 30 June 2015

Name of Shareholders	Direct		No. of Shares held Indirect		Total	
		%		%		%
1. Chieng Ing Huong	–	–	113,020,976 ⁽¹⁾	60.93	113,020,976	60.93
2. Roderick Chieng Ngee Kai	2,700,000	1.46	113,020,976 ⁽²⁾	60.93	115,720,976	62.39
3. Brian Chieng Ngee Wen	–	–	113,627,376 ⁽³⁾	61.25	113,627,376	61.25
4. Lee Cheow Fui	154,000	0.08	–	–	154,000	0.08

⁽¹⁾ Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd

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

⁽³⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2015 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

as at 30 June 2015

	Name of Shareholders	No. of Shares	%
1.	Providence Capital Sdn Bhd	113,020,976	60.93
2.	Teh Wan Sang & Sons Sdn Berhad	6,800,000	3.67
3.	CBG Holdings Sdn Bhd	6,000,000	3.23
4.	Teh Lip Kim	4,322,500	2.33
5.	Hung Hin Cheong	4,000,000	2.16
6.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Susy Ding (CEB)	4,000,000	2.16
7.	Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (Par-220082)	3,049,100	1.64
8.	Attractive Features Sdn Bhd	3,000,000	1.62
9.	Roderick Chieng Ngee Kai	2,700,000	1.46
10.	Maybank Nominees (Tempatan) Sdn Bhd Exempt An for Affin Hwang Asset Management Berhad (TST AC/CLT-MB-T)	2,130,000	1.15
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi Fund II	2,105,400	1.13
12.	Chow Shuk Wah Karen	2,000,000	1.08
13.	Kong Chong Soon @ Chi Suim	2,000,000	1.08
14.	Subur Rahmat Sdn Bhd	1,990,000	1.07
15.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged securities account for Kan Yow Kheong	1,980,000	1.07
16.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt an for Affin Hwang Asset Management Berhad	1,908,600	1.03
17.	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA FOR Fidelity Asian Smaller Companies Pool (Fidelity Funds)	1,531,900	0.83
18.	Abdul Hamid Bin Sh Mohamed	1,400,000	0.75
19.	Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for Malaysian Agents Provident Fund (AIA LTD)	1,376,200	0.74
20.	Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (Non-Par 220017)	1,226,300	0.66
21.	Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (Non-Par 220016)	1,199,300	0.65
22.	Lee Chee Beng	1,003,000	0.54

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2015 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

as at 30 June 2015 (cont'd)

	Name of Shareholders	No. of Shares	%
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Peter Ling Ee Kong	1,000,000	0.54
24.	Chow Shuk Wah Karen	1,000,000	0.54
25.	Hung Hin Cheong	1,000,000	0.54
26.	DB (Malaysia) Nominees (Tempatan) Sendirian Berhad - Affin Hwang Asset Management Berhad for Affin Hwang Absolute Return Fund II	908,600	0.49
27.	Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for Progressive Insurance Bhd	906,900	0.49
28.	Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for HLA Shareholders' Non Par Fund	866,900	0.47
29.	Cornerstone Holdings Sdn Bhd	606,400	0.33
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Nonadiah Binti Abdullah	601,000	0.32

ANALYSIS OF WARRANT HOLDINGS as at 30 June 2015

Number of Outstanding Warrants	:	52,099,400
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 2015

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	6	4.03	220	0.00
100 to 1,000	60	40.27	31,400	0.06
1,001 to 10,000	51	34.23	277,464	0.53
10,001 to 100,000	17	11.41	635,740	1.22
100,001 to less than 5% of issued warrants	14	9.40	6,389,000	12.27
5% and above of issued warrants	1	0.67	44,765,576	85.92
	149	100.0	52,099,400	100.00

SUBSTANTIAL WARRANT HOLDERS as at 30 June 2015

Name of Warrant Holders	No. of Warrants held		No. of Warrants held		Total	%
	Direct	%	Indirect	%		
1. Providence Capital Sdn Bhd	44,765,576	85.92	–	–	44,765,576	85.92
2. Chieng Ing Huong	–	–	44,765,576 ⁽¹⁾	85.92	44,765,576	85.92
3. Roderick Chieng Ngee Kai	–	–	44,765,576 ⁽²⁾	85.92	44,765,576	85.92
4. Brian Chieng Ngee Wen	–	–	44,815,576 ⁽³⁾	86.02	44,815,576	86.02

⁽¹⁾ Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd

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

⁽³⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

DIRECTORS' WARRANT HOLDING as at 30 June 2015

Name of Shareholders	No. of Warrants held		No. of Warrants held		Total	%
	Direct	%	Indirect	%		
1. Chieng Ing Huong	–	–	44,765,576 ⁽¹⁾	85.92	44,765,576	85.92
2. Roderick Chieng Ngee Kai	–	–	44,765,576 ⁽²⁾	85.92	44,765,576	85.92
3. Brian Chieng Ngee Wen	–	–	44,815,576 ⁽³⁾	86.02	44,815,576	86.02
4. Lee Cheow Fui	44,000	0.08	–	–	44,000	0.08

⁽¹⁾ Deemed interest by virtue of his sons through their shareholdings in Providence Capital Sdn Bhd

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

⁽³⁾ Deemed interest by virtue of interest in Providence Capital Sdn Bhd and Cornerstone Holdings Sdn Bhd

ANALYSIS OF WARRANT HOLDINGS

as at 30 June 2015 (cont'd)

LIST OF THIRTY LARGEST WARRANT HOLDERS

as at 30 June 2015

	Name of Warrant Holders	No. of Warrants	%
1.	Providence Capital Sdn Bhd	44,765,576	85.92
2.	Teh Lip Kim	1,235,000	2.37
3.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank AG Singapore for IAM Traditional Asian Growth Fund	1,075,900	2.07
4.	Teh Wan Sang & Sons Sdn Berhad	800,000	1.54
5.	Tee Keng Hoon	775,000	1.49
6.	Dan Yoke Pyng	512,500	0.98
7.	Teh Bee Gaik	428,000	0.82
8.	Abdul Hamid Bin Sh Mohamed	400,000	0.77
9.	Teo Ah Seng	320,000	0.61
10.	Woo Yew Ming	200,800	0.39
11.	Hans Peter Holst	150,000	0.29
12.	Tan Yu Wei	150,000	0.29
13.	Lim Siew Heong	130,000	0.25
14.	Lau Yi Yean @ Low Yee Wan	110,000	0.21
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tan Poay Wan	101,800	0.20
16.	Kwong Ming Kwei	81,900	0.16
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ting Siew Pin	80,000	0.15
18.	Leyu Chong Hua @ Leo Chong Hua	64,040	0.12
19.	Lim Yau Chong	60,000	0.12
20.	Cornerstone Holdings Sdn Bhd	50,000	0.10
21.	Public Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ling Choo Kong	50,000	0.10
22.	Lee Cheow Fui	44,000	0.08
23.	Koo Hang Eng @ Koo Hang Chong	40,000	0.08
24.	Ong Yen Yern	28,000	0.05
25.	Susy Ding	23,400	0.04
26.	Ding Chu Mee	22,000	0.04
27.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lau Ah Kau	22,000	0.04
28.	Ian Ong Chye Heng	20,000	0.04
29.	Beh Lee Fong	16,000	0.03
30.	Soi Ah Ngau @ See Poo Hoi	12,000	0.02

LIST OF PROPERTIES

As at 31 March 2015

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 31.03.15 (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	9	Freehold	Land - 10,032 Building - 13,649
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	20	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	14.5	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	46.00	8.5	99 years lease expiring in 01.12.2095	378
H.S.(D) 10015 PT 4671 Mukim 12, District of Barat Daya, Pulau Pinang						
GF-12B, Ground Floor Queensbay Mall Penang	Retail lot - Occupied by owner	N/A	46.00	8.5	99 years lease expiring in 01.12.2095	378
H.S.(D) 10015 PT 4671 Mukim 12, District of Barat Daya, Pulau Pinang						

LIST OF PROPERTIES

As at 31 March 2015 (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 31.03.15 (RM' 000)
AsterSpring International Sdn Bhd						
No 26-R, Jalan Masjid Negeri 11600 Penang	Double Storey Semi Detached Corner House - Occupied by owner	440.53	322.76	7	Freehold land Building	- 1,021 - 1,448
Individual title No. Geran 17897 Lot No. 593, Sek 5 Mukim of Bandar George Town District of Timur Laut State of Pulau Pinang						
The above properties are located in Malaysia and have not been revalued and do not have any breach of land use conditions.						
Leonard Drake (HK) Limited						
Suite 1808, 18/F, Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong	Industrial and office building - Occupied by owner	N/A	394	4	50 years lease expiring 12.02.2058	18,908
EIG Global Pte Ltd						
#09-28 to #09-31, Paya Lebar Square 60 Paya Lebar Road Singapore	Office building	N/A	505	0.5	99 years lease expiring 24.07.2110	25,933

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 Eighteenth Annual General Meeting of the Company to be held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 25 August 2015 at 2.30 p.m. and at any adjournment thereof in respect of my/our shareholdings in the manner indicated below:

No.	Resolution	For	Against
Resolution 1	Approval of Final Dividend for the financial year ended 31 March 2015		
Resolution 2	Re-election of Chieng Ing Huong as Director		
Resolution 3	Re-election of Dr Noor Zalmy Azizan binti Mohd. Ali Azizan as Director		
Resolution 4	Re-appointment of Dato' Mohd Ismail Bin Che Rus as Director		
Resolution 5	Re-appointment of Dr Chu Siew Mun as Director		
Resolution 6	Approval of payment of Directors' fees for the financial year ended 31 March 2015		
Resolution 7	Re-appointment of Messrs Baker Tilly as Auditors		
Resolution 8	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		

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

Dated this.....day of.....2015

.....
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 19 August 2015 ("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."

Then Fold here

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

Then Fold here

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AsterSpring's skin treatments are not marketed as miracle cures, but personalised skin treatments paired with cutting-edge technology to handle various skin issues that deliver results for every individual customer. All skin treatments are incorporated with AsterSpring signature skilful hand techniques to create synergetically optimised quality.

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SIGNATURE Atria Shopping Gallery 03-7731 9546 • Empire Shopping Gallery 03-5612 3853 • Paradigm Mall 03-7887 1851 • Suria KLCC 03-2181 3750 • GreenLane Penang 04-657 6255
KUALA LUMPUR Aeon Taman Maluri 03-9200 2398 • Ampang Point 03-4252 6078 • Bangsar Shopping Centre 03-2093 2168 • Harsamas Shopping Centre 03-6201 3835 • LeSuite Mall 03-9132 5323
• Mid Valley Megamall 03-2287 3033 • Pavilion KL 03-2141 9129 **SELANGOR** Bandar Baru Bangi 03-8925 6023 • Bukit Tinggi Klang 03-3323 1402 • ICI City Mall 03-8959 6846 • ICI Mall 03-8082 2599
• Jaya Shopping Centre 03-7931 8797 • Metro Prima Kepong 03-6252 9220 • Metro Point Kajang 03-8737 6316 • One Utama 03-7726 2433 • SACC Mall Shah Alam 03-5512 9088 • Setia City Mall 03-3058 4325
• Sunway Pyramid 03-5611 9918 **PERAK** Taiping Mall 05-005 1733 **PENANG** Gurney Paragon Mall 04-218 9170 • Gurney Plaza 04-227 9286 • Queensbay Mall 04-640 2688 • Seberang Jaya 04-390 3341
• Straits Quay 04-890 9084 **KELANTAN** KB Mall 09-747 8630 **KEDAH** Alor Star Mall 04-771 3076 **SEREMBAN** Palm Mall 06-765 6179 **MELAKA** Aeon Bandaraya Melaka Shopping Centre 06-281 8433
JOHOR Taman Desa Tebrau 07-351 3719 • Aeon Tebrau City 07-254 2098 **DERMALOGICA CONSULTATION POO** Pavilion KL 03-2141 9369 • Suria KLCC 03-2166 9998 **YOUNGBLOOD STUDIO BY ASTERSPRING** Pavilion KL 03-2141 9369 • Suria KLCC 03-2166 9998

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Selangor Darul Ehsan

Malaysia

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