ANNUAL REPORT 2018

BRINGING OUT THE BEST IN YOU

EIG
esthetics international group

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

vision

- the leading beauty and wellness company in ASEAN and HK

mission

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

core values

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

the
#1 choice
of skin care
professionals
worldwide

EIG

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ASTERSPRING

1

1. Our new AsterSpring at Melawati Mall, Malaysia
2. AsterSpring event reaching out to new consumers
3. AsterSpring featured in the media
4. AsterSpring receiving the Sunway Pyramid Experiential Brand Award
5. Our AsterSpring Gala Night


2

3

4


5

clinelle® WHITENup

Radiant White skin starts from within.

See visible results after 2 days!*

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

Advanced Anti-Photoaging Technology

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

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

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

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

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

ELLA Chen
International Artiste

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

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

EIG A trusted skincare brand by EIG Berhad (408841-P) Hotline: +603-7809 6636 myclinellle clinelle www.clinelle.com

clinelle® happy skin, happy face

Nurish® ORGANIQ

PHYSICIANS FORMULA

1

2

3

4

1. Clinelle new WhitenUp launch with Clinelle Superstar Brand Ambassador Ella Chen
2. Launching Clinelle and the Clinelle PureSwiss HydraCalm range in Indonesia
3. Photo with fans during Clinelle new WhitenUp Launch
4. Launch of the new Physicians Formula products with Watsons
5. Photo with consumers during the Clinelle Hot Body Shaper Cream challenge

5

dermalogica®
professional-grade skin care by The International Dermal Institute

davines

Bio-Therapeutic
Skin Care for life inside and out®

YOUNGBLOOD®
MINERAL COSMETICS

1

2

3

4

6

1. Sharing with our customers for business growth at our EIG Business Communication Session
2. EIG Incentive Trip with our Tribe
3. Launching the new Dermalogica UltraCalming Duo
4. Launching the new Davines NaturalTech Renewing range
5. Launching the new Davines Circle Chronicles in Malaysia

NOTICE OF ANNUAL GENERAL MEETING

21st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-First 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, 28 August 2018 at 2.30 p.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Auditors' Reports thereon.	Please refer to Explanatory Note A
2. To approve the payment of a final single-tier dividend of 1.75 sen per ordinary share in respect of the financial year ended 31 March 2018.	Resolution 1
3. To re-elect the following Directors who are retiring pursuant to Article 87 of the Company's Articles of Association:	
a) Mr Roderick Chieng Ngee Kai	Resolution 2
b) Mr Lee Cheow Fui	Resolution 3
c) Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan	Resolution 4
4. To approve the payment of Directors' fees of RM185,000 for the financial year ended 31 March 2018.	Resolution 5
5. To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM288,000 from 28 August 2018 until the next AGM of the Company.	Resolution 6
6. 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
7. To consider any other business that can be transacted in an annual general meeting of which due notice shall have been received.	

AS SPECIAL BUSINESS

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

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

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

Please refer to Explanatory Notes to the Special Business

9. Continuing in office as Independent Non-Executive Director — Resolution 9

"THAT approval be and is hereby given to Dr. Chu Siew Mun, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company."

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 2018

NOTICE OF ANNUAL GENERAL MEETING
21st Annual General Meeting

NOTES:

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

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

3. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

4. *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.*

5. *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.*

6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 August 2018 ("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

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

8. *Resolution 6 – Directors' Remuneration*
   Section 230(1) of the Act requires that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM for the payment of benefits payable to Non-Executive Directors ("NEDs") for the period from 28 August 2018 up to the next AGM. The estimated amount of Directors' Remuneration for the period from 28 August 2018 up to the next AGM amounts to RM288,000. The remuneration comprise Directors' fees, meetings allowance and service vouchers. In the event that the proposed Directors' fees and benefits payable to NEDs are insufficient due to an enlarged size of the board of directors, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS

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

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

   The mandate sought is a renewal of the mandate given by the Shareholders of the Company at the Twentieth Annual General Meeting held on 22 August 2017.

   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.

10. ***Resolution 9 - Continuing in office as Independent Non-Executive Director***

    Ordinary Resolution 9 proposed under Item No. 9 of the Notice of AGM relates to the approval by shareholders for the named director to continue in office as an Independent Non-Executive Director. The Nominating Committee and the Board have assessed the independence of the director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that the director has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements. The length of his service does not interfere with his ability and exercise of independent judgement as an Independent Director. Therefore, the Board has recommended that the approval of the shareholders be sought for the continuing in office of Dr Chu Siew Mun as an Independent Non-Executive Director of the Company.

GROUP DIRECTORY

CORPORATE OFFICE

1

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

2

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

3

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

4

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

5

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

GROUP DIRECTORY (cont'd)

ASTERSPRING OUTLET LOCATION
As at 30 June 2018

MALAYSIA

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

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

Penang
- Greenlane
- Gurney Plaza
- Queensbay Mall
- Straits Quay
- Seberang Jaya

Kedah
- Aman Central

Kelantan
- KB Mall
- Aeon Mall, Kota Baru

Johor
- Aeon Tebrau City Shopping Centre
- Aeon Bukit Indah

Melaka
- Aeon Bandaraya Melaka

** Kiosks / department store counters*

SINGAPORE

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

HONG KONG

- Hong Kong Pacific Centre, Tsim Sha Tsui
- Sogo, Tsim Sha Tsui*
- Century Square, Central
- Manning House, Central*
- Aeon Style, Kornhill*
- Citistore, Tuen Mun*

THAILAND

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

INDONESIA

- Lippo Mall Puri *
- Kelapa Gading Mall *
- Alam Sutera Mall*
- Plaza Senayan *
- Seibu Grand Indonesia *
- Tunjungan Plaza IV *
- Emporium Mall Pluit *
- Galaxy Mall*
- Lippo Karawaci *
- Paris Van Java Bandung *
- Pondok Indah Mall *
- Central Park *
- Discovery Mall Bali *

clinelle®

Happy & Healthy Skin with 7 NO's

100% No Harmful Ingredients in our skincare.

Our skin is the largest organ in the body, and it is exposed to various harmful products and environmental aggression daily that may cause serious skin irritation. Hence, choosing the right products with **effective natural ingredients** is essential to keep **skin healthy**.

Clinelle products are all **dermatologically tested** and suitable for even the most **sensitive skin**. As we care for your skin, the brand ensures of its quality to **repair**, **refine** and **reshield** the skin while staying away from all the harmful ingredients to protect skin. The products are **safe and gentle to nourish and hydrate the skin at all times**.

ELLA Chen
International Artiste

NO

- **Artificial Fragrance** — Contains allergen that may cause irritation to skin.
- **Artificial Colouring** — Increases the risk of skin sensitivity & clog pores.
- **Comedogenic Ingredients** — Clog pores & cause acne.
- **Mineral Oil** — Causes acne.
- **SD-alcohol** — Strips of skin's moisture layer & causes dryness.
- **Lanolin** — Causes irritation & allergy reaction to skin.
- **Paraben** — May link to health risks.

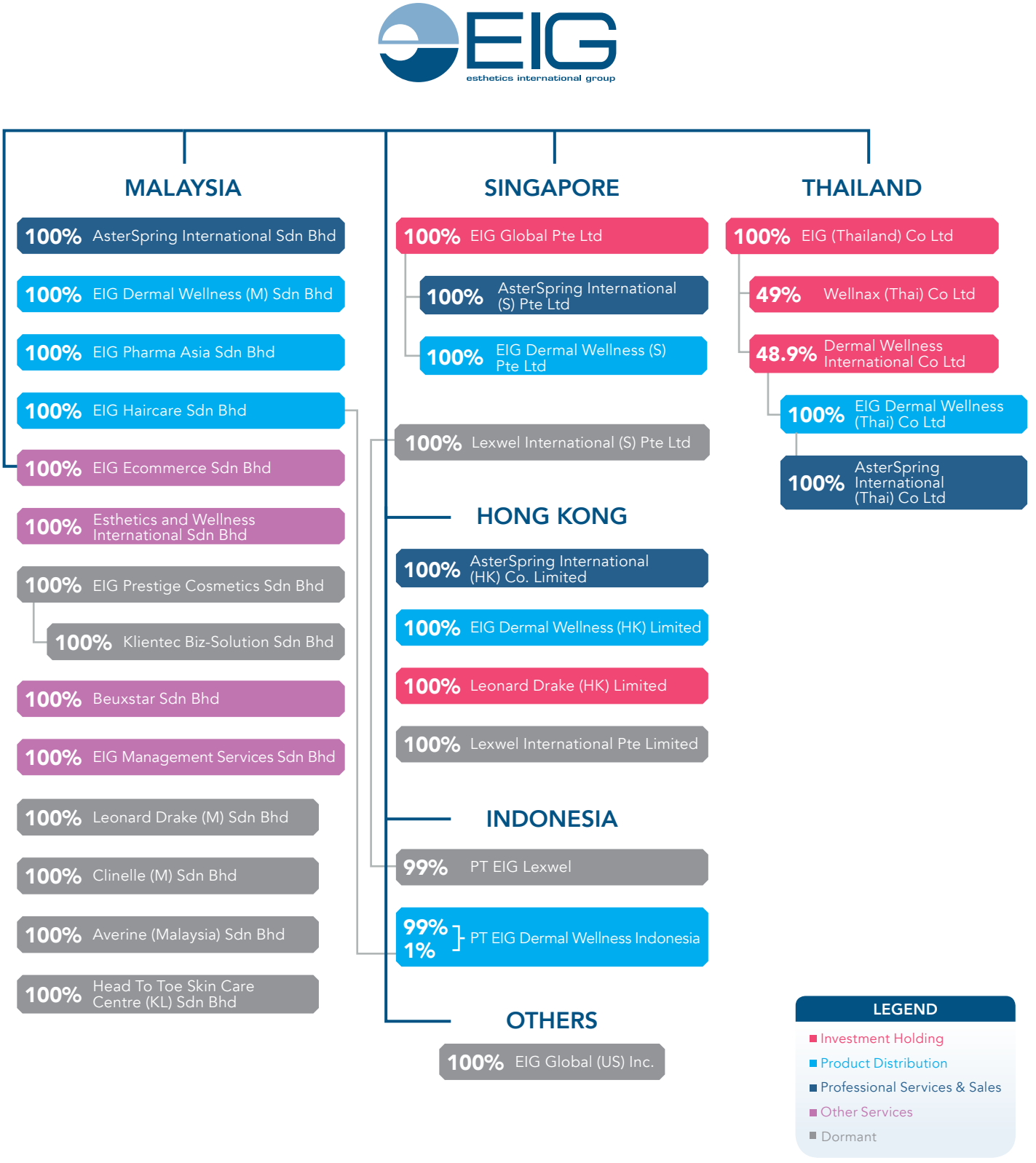
Dermatologically Tested
Imported products

USA FRANCE KOREA

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

EIG A trusted skincare brand by EIG Berhad (408061-P) Hotline: +603-78096636 myclinellle facebook.com/clinelle www.clinelle.com

CORPORATE STRUCTURE



EIG

Drink a rainbow diet with VitalZyme daily!

VitalZyme is a refreshing and tasty enzyme drink for daily wellness. Made from 100% natural goodness of 120 fruits and plants, each 30mL bottle offers:

- ✓ Potent antioxidants to relieve stress and slow down body ageing
- ✓ Organic acids and phytonutrients for maximum health benefits
- ✓ Improves digestion and enhances nutrient absorption
- ✓ Up to **3,270,000 SOD* value**

36 vegetables

48 fruits

24 mushrooms, algae, flower, beans

12 herbs

NEW PACK
@ RM268/box

*Superoxide dismutases (SOD) are essential enzymes that eliminate superoxide radical (O2-) and protects cells from damage induced by free radicals.

Now available in a pack of 24x 30mL bottles for daily convenience and extra freshness!

No alcohol | No pesticides | No preservatives | No artificial colouring | No artificial flavouring | No added sugar

#FightForWellness

bioxil_innertreats

Bioxil Innertreats

bioxil innertreats

CORPORATE INFORMATION

PRINCIPAL BUSINESS

With 34 years of experience, EIG is one of the market leaders in the beauty and wellness industry in ASEAN and Hong Kong focused on the following business lines:

(a) Product Distribution

EIG is one of the leaders in building and distributing professional beauty and wellness brands in ASEAN and Hong Kong with an extensive distribution network to more than 1,700 independent professional salons across the region.

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

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

(b) Corporate Salons

EIG owns and operates 74 corporate outlets comprising 54 AsterSpring skin care salons and 20 retail stores and department store counters strategically located in key shopping malls and retail locations in Malaysia, Singapore, Hong Kong, Thailand and Indonesia. AsterSpring is today one of the leaders in professional skin care salons in Asia with millions of faces treated over 34 years.

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Chairman:
Tan Sri Dato' Mohd Ismail Bin Che Rus

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

NOMINATING COMMITTEE

Chairman:
Tan Sri Dato' Mohd Ismail Bin Che Rus

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

REMUNERATION COMMITTEE

Chairman:
Eddy Chieng Ing Huong

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

AUDITORS

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

SHARE REGISTRARS

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

COMPANY SECRETARY

Lee Wai Ngan (LS 00184)

STOCK EXCHANGE LISTING

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

PRINCIPAL BANKERS

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

GROUP FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

		31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
Revenue	(RM'000)	142,984	150,779	158,342	160,937	159,278
EBITDA	(RM'000)	24,720	26,811	28,664	26,039	9,796
Profit Before Tax	(RM'000)	20,383	20,972	21,523	18,875	4,292
Profit After Tax	(RM'000)	15,485	16,162	16,377	13,349	1,337
Net Profit Attributable To Equity Holders	(RM'000)	15,485	16,162	16,377	13,349	1,337
Total Assets	(RM'000)	178,791	212,797	251,177	256,454	241,602
Total Liabilities	(RM'000)	52,121	73,412	79,243	76,085	68,782
Shareholders' Equity	(RM'000)	126,670	139,385	171,934	180,369	172,820
Cash And Short Term Cash Investments	(RM'000)	59,917	63,905	63,021	73,946	73,877
Number Of Shares	('000)	184,919	185,501	232,401	237,194	237,194
Earnings Per Share	(Sen)	8.38@	8.73#	8.73^	5.70**	0.56
Net Assets Per Share	(RM)	0.69	0.75	0.74	0.76	0.73
Return On Equity	(%)	12.2%	11.6%	9.5%	7.4%	0.8%
Return On Total Assets	(%)	8.7%	7.6%	6.5%	5.2%	0.6%
Gearing Ratio	(times)	0.0	0.1	0.1	0.1	0.1
Gross Dividend Per Share	(Sen)	3.0	3.5	3.5	3.0	3.0
Share Price As At Financial Year End	(RM)	1.21	1.00	0.82	0.92	0.60

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

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

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

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

CHAIRMAN'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you this Annual Report for Esthetics International Group Berhad (EIG) for the year ended 31 March 2018 (FY2018).

EIG continues to strive towards our vision to be the leading regional company in the beauty and wellness industry in ASEAN and Hong Kong, an industry which we believe continues to have positive long-term prospects due to the favourable demographic and sociological trends such as a growing desire for beauty and wellness, population growth, longer life expectancies and growing affluence in the region.

For the year under review, the markets in which our Group operates continued to be challenged with weak consumer sentiment and subpar economic growth. Against this backdrop, the Group was able to maintain its topline position with revenue of RM159.3 million for FY2018, which was 1.0% lower than FY2017.

At the same time, the prospect of further interest rate increases by the US Federal Reserve saw the Malaysian Ringgit remaining at historical lows against the US Dollar, and on average lower than FY2017. This resulted in continued pressure on the Group's profit margins as the majority of the Group's products are imported from the USA, and the Group had to maintain attractive promotions to achieve the topline result given the cautious consumer sentiment while still continuing to build our brands with innovative marketing strategies.

As a result, the Group's profit before tax was lower by RM14.6 million to RM4.3 million, which was mainly due to foreign exchange losses of RM4.8 million for FY2018 as compared to foreign exchange gains of RM5.9 million in FY2017. Excluding the foreign exchange losses, the Group's profit before tax would have been RM9.1 million for the year, as compared to RM13.0 million for FY2017. We also continued to invest in developing long-term growth opportunities which will be strategic for the Group's future growth, such as Indonesia where we commenced operations in May 2016.

The Group continues to be in a strong financial position, with total assets of RM241.6 million and cash and short term cash investments of RM73.9 million. After deducting the long-term onshore borrowings used to part finance the purchase of the Group's offices in Singapore and Hong Kong due to the lower interest rate environment in these countries, the Group continued to have net cash of RM50.8 million, which positions the Group well to capitalise on growth opportunities for the long-term as they arise.

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

DIVISIONAL PERFORMANCE

a) Product Distribution

i) Professional Distribution

Product Distribution relates to our Professional Distribution and Fast Moving Consumer Goods (FMCG) business units.

Professional Distribution is our distribution network to more than 1,700 independent professional skincare and haircare salons across ASEAN and Hong Kong, and accounted for 27% of our Group's revenue in FY2018. EIG is the exclusive distributor for leading international brands such as Dermalogica professional skincare, Davines professional haircare, Youngblood mineral cosmetics, Tisserand Aromatherapy as well as Bio-Therapeutic professional skin care equipment.

Our Fast Moving Consumer Goods (FMCG) division focuses on the production, marketing and distribution of our wholly-owned Clinelle and Nurish Organiq skin care products and Physicians Formula cosmetics to pharmacies and high traffic outlets throughout Malaysia, Hong Kong, Singapore, Thailand and Indonesia such as Watsons, Guardian, SaSa and independently owned pharmacies, and accounted for approximately 14% of the Group's revenue during the year.

Our Product Distribution segment recorded revenue of RM64.9 million for FY2018, which was 2.3% higher than FY2017. However, the segment reported an operating loss of RM3.6 million as compared to profit before tax of RM4.1 million in FY2017 due to net foreign exchange losses of RM2.3 million as compared to net foreign exchange gains of RM2.3 million for FY2017. The result was also impacted by higher inventory costs due to the stronger US Dollar, and brand building and competitive promotional activities required in view of the challenging trading conditions.

For Professional Distribution, we continued to focus on developing our distribution networks and brands while supporting our independent salons with innovative marketing and education programs, as well as exciting new products to reach out to and recruit new consumers. In addition, with the growing importance of digital media channels, we continued to increase our focus on digital marketing and growing brand awareness with influencers.

For FMCG, Clinelle continues to be positioned as one of the key growth brands in the mass market and during the year we had the launch of our new Clinelle WhitenUp whitening range with our superstar brand ambassador Ms Ella Chen. We also had the exciting new launch of Nurish Organiq, our own halal organic skincare brand to reach the growing demand for halal skincare products.

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

b) Professional Services and Sales (Corporate Outlets)

EIG continues to be one of the leaders in professional skincare salons in Asia with 74 wholly-owned AsterSpring professional skin care salons, retail kiosks and department store counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia. With 34 years of experience, AsterSpring is differentiated by our strategic locations, our team of more than 300 professionally certified skincare therapists and world-leading products.

For the year under review, our Corporate Outlets business unit achieved revenue of RM93.2 million, representing 59% of Group revenue. The revenue result was 3.8% lower than FY2017 while profit before tax of RM7.0 million was RM6.1 million lower than FY2017 due to the softer consumer sentiment, higher product costs due to the strong US Dollar, as well as a higher deferred revenue impact.

We continue to invest in growing our outlets and during the year we opened 8 new outlets comprising of 2 AsterSpring salons as well as 6 retail kiosks and departmental store counters across Malaysia, Singapore, Hong Kong and Indonesia, and refurbished another 3 established outlets to provide our customers with a refreshed and upgraded salon experience. We also rationalised 7 outlets where the business potential was not as expected in order to refocus the Group's resources and management focus to areas with higher potential.

MOVING FORWARD

Moving forward, we will continue to focus on maximising opportunities in the current challenging environment where the Ringgit remains at historical lows against the US Dollar and consumer sentiment remains cautious in our region. At the same time, we will continue to build towards our long-term strategic priorities which will bring us towards our vision to become the leading beauty and wellness company in ASEAN and Hong Kong. These include adding new synergistic brands, expanding our product ranges and distribution channels, building our network of Corporate Outlets in a disciplined and measured manner, as well as growing our leading international beauty and wellness brands including Clinelle and Nurish Organiq, our own FMCG mass brands.

DIVIDEND

To appreciate 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 1.75 sen (RM4.2 million) for FY2018 for shareholder approval at the upcoming Annual General Meeting.

Combined with the interim single-tier dividend of 1.25 sen (RM3.0 million) which was paid on 12 January 2018, this equates to a net dividend of 3.0 sen per share amounting to RM7.2 million for FY2018, which is in-line with FY2017.

APPRECIATION

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

I would also like to appreciate and thank the management team and each of the over 650 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.

Yours truly,

Eddy Chieng Ing Huong
Executive Chairman

Directors' Profile

EDDY CHIENG ING HUONG

Executive Chairman

Eddy Chieng Ing Huong, Malaysian, male, aged 60, 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 Chartered Accountants Australia and New Zealand (CA ANZ). He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

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

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

RODERICK CHIENG NGEE KAI

Group Managing Director and Chief Executive Officer

Roderick Chieng Ngee Kai, Malaysian, male, aged 34, 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 Chartered Accountants Australia and New Zealand (CA ANZ).

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

Directors' Profile (cont'd)

TAN SRI DATO' MOHD ISMAIL BIN CHE RUS

Senior Independent Non-Executive Director

Tan Sri Dato' Mohd Ismail Bin Che Rus, Malaysian, male, aged 75, is the Senior Independent Non-Executive Director. He is also the Chairman of the Audit Committee and Chairman of the Nominating Committee and a member of the Remuneration Committee. He was appointed to the Board of the Company on 2 September 2009.

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

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

DR CHU SIEW MUN

Independent Non-Executive Director

Dr. Chu Siew Mun, Malaysian, male, aged 75, 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.

Directors' Profile (cont'd)

BRIAN CHIENG NGEE WEN

Executive Director

Brian Chieng Ngee Wen, Malaysian, male, aged 32, was redesignated as an Executive Director of EIG on 1 April 2016. Prior to the redesignation, Mr Brian Chieng was a Non Independent Non-Executive Director of EIG since 28 February 2012.

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

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

TONY LEE CHEOW FUI

Independent Non-Executive Director

Tony Lee Cheow Fui, Malaysian, male, aged 61, is an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and Nominating Committee.

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

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

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

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

Directors' Profile (cont'd)

DATO' DR NOOR ZALMY AZIZAN BINTI MOHD. ALI AZIZAN

Independent Non-Executive Director

Dato' Dr Noor Zalmy Azizan Binti Mohd. Ali Azizan, Malaysian, female, aged 50, was appointed as an Independent Non-Executive Director of the Company on 26 May 2015. Dato' Dr Zalmy is also a member of the Audit Commitee and Nominating Commitee.

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

Dato' Dr Zalmy is currently working as a Consultant Dermatologist at Hospital Kuala Lumpur and a visiting consultant at Thomson Hospital Kota Damansara. She has been a qualified consultant dermatologist since 2004 and at present she heads The Laser Unit at the Department of Dermatology, Hospital Kuala Lumpur. Dato' Dr Zalmy is also an Honorary Lecturer of National University of Malaysia Medical Centre (PPUKM) and MAHSA University.

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

JANET CHIENG LING MIN

Executive Director

Janet Chieng Ling Min, Malaysian, female, aged 27, was appointed as an Executive Director of EIG on 28 February 2017.

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

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

NOTES:

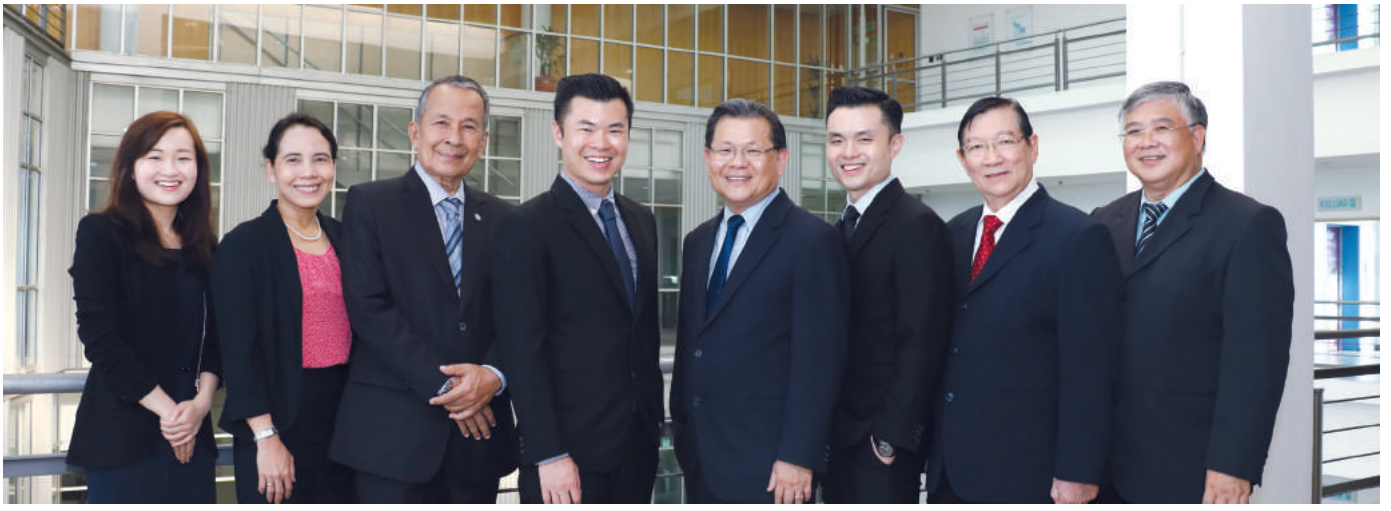
1. ***Family Relationship with Director and/or Major Shareholder***
   Save as disclosed below, none of the Directors has any family relationship with any Director and/or major shareholder of the Company:
   - *Mr Eddy Chieng, is the father of Mr Roderick Chieng, Mr Brian Chieng and Ms Janet Chieng; and*
   - *Mr Roderick Chieng, Mr Brian Chieng and Ms Janet Chieng are siblings*

2. ***Conflict of Interest***
   None of the Directors has any conflict of interest with the Company.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018)

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 2017 ("Code") in building and overseeing a responsible and ethical organisation committed to enhancing long-term, sustainable shareholder value.



Role and Responsibilities of the Board

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

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

Board Composition and Balance

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

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

The Independent Directors make up one half (1/2) of the board membership, thus exceeding the requirements of the Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher be independent. This also meets the recommendation of the Code that at least half of the board of directors should comprise of independent directors and that the Chairman and the CEO positions should be held by different persons.

The Board considers that the independent directors with their experience and credentials are able to play a strong and vital role by bringing informed and independent judgment to many aspects of the Group's strategy and decisions so as to ensure that the highest standards of conduct and integrity are maintained, as well as to safeguard the interest of other stakeholders, thereby fulfilling an independent, pivotal role in corporate accountability.

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

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

(i) The Audit Committee

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

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

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

(ii) The Remuneration Committee

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

(iii) The Nominating Committee

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

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

The Nominating Committee is chaired by the Senior Independent Director and is empowered to bring to the Board recommendations as to the appointment/re-appointment/re-election of any Executive or Non-Executive Director, and has the ability to access independent sources to identify suitably qualified candidates.

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 and contribution 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 30 May 2017.

(iv) Tenure of Independent Directors

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

INDEPENDENCE AND CONFLICT OF INTEREST

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

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

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

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Director was absent for more than 50% of the total Board Meetings held during the financial year ended 31 March 2018, complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

	30.05.2017	21.08.2017	28.11.2017	26.2.2018
Eddy Chieng Ing Huong	√	√	√	√
Roderick Chieng Ngee Kai	√	√	√	√
Tan Sri Dato' Mohd Ismail Bin Che Rus	√	√	√	√
Dr Chu Siew Mun	√	√	√	√
Brian Chieng Ngee Wen	√	√	√	√
Tony Lee Cheow Fui	√	√	√	√
Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan	√	√	√	√
Janet Chieng Ling Min	√	√	√	√

APPOINTMENT AND RE-ELECTION TO THE BOARD

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

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

CONTINUING EDUCATION OF THE DIRECTORS

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

The conferences, seminars and training programmes attended by Directors during the financial year ended 31 March 2018 included the following:-

- Corporate Governance Briefing Sessions : MCCG Reporting & CG Guide
- Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies
- Companies Act 2016 and Implications for Directors (webinar)
- Strategy Masterclass for CEOs & Enterpreneurs
- Cosmoprof Asia Hong Kong
- Dermalogica 2018 Distributor & Marketing Meeting
- Dermalogica Global Marketing Summit 2017
- Davines APAC 2017 Conference
- 24th Annual International Education Conference 2017
- 42nd Annual Dermatology Conference of the Dermatological Society of Malaysia
- Northern Dermatology Summit 2017; Aesthetic medical practice in Malaysia
- 10th Annual Sabah State Dermatology Course

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

The aggregate remuneration of Directors of the Company for the financial year ended 31 March 2018 (FY2018) are as follows:

RM'000	Salaries & Other Emoluments[1]	Benefits In Kind[2]	Fees[3]	Total
Executive Directors	1,588	134	110	1,832
Non-Executive Directors	–	20	95	115

Notes:

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

The range of Directors' remuneration for FY2018 is shown in the following bands:

Range of remuneration per annum	No. of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000		4
RM100,000 to RM150,000	1	
RM450,000 to RM500,000	1	
RM500,001 to RM550,000	1	
RM700,000 to RM750,000	1	

INTEGRITY IN FINANCIAL REPORTING AND RISK MANAGEMENT

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(for the Financial Year Ended 31 March 2018) (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

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

OTHER INFORMATION IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA

(A) MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involve Directors' and substantial shareholders' interests either still subsisting at the end of the financial year ended 31 March 2018 or entered into since the end of the previous financial year.

(B) NON-AUDIT FEES

During the financial year ended 31 March 2018, the Company incurred expenses in relation to the review by the External Auditors of the Statement of Risk Management and Internal Controls included in the Annual Report. The amount of non-audit fees payable to the external auditors and their affiliates by the Group and the Company for the financial year ended 31 March 2018 are RM50,000.

Apart from the above, there were no non-audit fees paid to the External Auditors for the financial year ended 31 March 2018.

(C) RELATED PARTY TRANSACTIONS

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 25 May 2018.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(for the Financial Year Ended 31 March 2018)

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 2018. 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 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(for the Financial Year Ended 31 March 2018) (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 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 developed the Internal Audit Plan based on the RMC's risk assessment and review, which was then presented to the Audit Committee for approval. During the financial year, some areas of improvement to internal control were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material losses and/or require further disclosure in this Statement.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

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

INTERNAL AUDIT FUNCTION

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(for the Financial Year Ended 31 March 2018) (cont'd)

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 2018 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 25 May 2018.

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SUSTAINABILITY STATEMENT

The Board of Directors and the Group recognises Sustainability as an integral value in doing business, with the aim of balancing long-term success with promoting sustainable practices for its business partners, employees, shareholders, community and the environment.

THE ENVIRONMENT

The Company supports a precautionary approach to environmental challenges. Initiatives to promote greater environmental responsibility and to encourage the development of environmentally friendly technology play an important role in the daily activities of the Group, such as reducing and recycling paper, minimising energy usage and re-using and recycling of packaging.

Together with our strategic partners, we have undertaken active efforts to minimize the negative impact on environment throughout the entire production chain. For example, with Davines professional haircare, we offer and promote products which have a Zero Impact policy (carbon neutral) where the carbon dioxide emissions generated by the production of the packaging for a number of the product lines are offset by the purchasing of carbon credits generated by the operations of forests' creation and protection in several countries globally. In addition, some of the product lines include ingredients which are sourced from sustainable sources which promote bio-diversity. We also encourage the independent salons that we work with to promote sustainability in their salons and to their customers.

THE WORKPLACE

EIG values the unique combination of talents, experiences and skills of each employee in driving our business success. To promote and develop our human capital to meet challenges, the Group regularly organises various training and workshops, including international trainers and speakers from countries such as USA, Australia and Italy to upgrade and enhance the skills and knowledge of our employees.

In addition, employees are recruited on fair and equitable terms and provided where possible with opportunities for career advancement depending on their performance and contributions. The Group is also dedicated to creating a good workplace to enable our staff to achieve their best in work performance by providing the followings benefits:

- Medical benefits, hospitalization and surgical and personal accidental insurance coverage;
- Festive gatherings to cultivate good bonding amongst employees;
- Encouraging our employees to stay fit and healthy through organizing Yoga and Pilates classes.

The Group also works with leading vocational colleges and institutions as an official industry partner to provide training, certification and employment opportunities for students from various socio-economic backgrounds so that they can develop a career and income generation in the beauty and wellness industry.

THE MARKETPLACE

Suppliers

The Group works closely with our suppliers through long-term relationships to realise mutual growth and trust and we value business partners with an emphasis on safety and assurance of high quality products and who engage in ethical business practices.

In this aspect, the Group engages its suppliers in ethical procurement practices by adopting Good Manufacturing Practice (GMP) in vendors' qualification and ensuring that products supplied are of good quality.

Customers

The Group believes in providing customers with value by providing quality products and services. The Group values feedback from customers and the Group has established customers feedback systems to ensure that all customer feedback or complaints are acknowledged and resolved promptly. The Group also believes in the importance of consumers having easy access to education and product information so that they are recommended or can choose the right products for their needs. To this end, the Group places importance on ensuring that our strategic partners and own brands have clear and transparent product information and labelling.

The Group is also committed to support and promoting corporate social responsibility through its ongoing CSR programmes.

REPORT OF THE AUDIT COMMITTEE
(for the Financial Year Ended 31 March 2018)

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 2018. This Audit Committee Report is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and the Malaysian Code of Corporate Governance 2017 ("Code").

MEMBERS

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

TERMS OF REFERENCE

Objectives

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

Composition

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

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

A former key audit partner as defined under the Malaysian Code on Corporate Governance 2017 shall observe a cooling-off period of at least two years before her or she may be considered to be appointed as a member of the Audit Committee.

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 25 May 2018.

Responsibilities and Duties

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

REPORT OF THE AUDIT COMMITTEE
(for the Financial Year Ended 31 March 2018) (cont'd)

Responsibilities and Duties (cont'd)

- 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.

Authority

The Audit Committee shall:

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

Meetings

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

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

SUMMARY OF ACTIVITIES

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

Financial Reporting

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

Internal Audit

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

External Audit

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

REPORT OF THE AUDIT COMMITTEE
(for the Financial Year Ended 31 March 2018) (cont'd)

INTERNAL AUDIT FUNCTION

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

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

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

During the financial year ended 31 March 2018, the activities of the Internal Audit function included the following:

- development of the annual Internal Audit plan and submission to the Audit Committee for review and approval;
- conducted scheduled Internal Audit assignments focusing on effectiveness of risk management, internal controls and corporate governance and recommended improvements where necessary;
- conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports; and
- presented audit findings including recommendations to the Audit Committee for consideration.
- the areas reviewed by the internal auditors during the year include inventory management at corporate salons, effectiveness of ordering process for sales and marketing functions and research and product developments functions.

The total cost incurred in managing the Internal Audit function for the financial year under review was RM47,000.

MEETINGS AND ATTENDANCE

The Audit Committee held four meetings during the financial year ended 31 March 2018 and details of the attendance of the Audit Committee members are as follows:

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

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

This report is made in accordance with the resolution of the Board of Directors' meeting held on 25 May 2018.


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STATEMENT OF DIRECTORS' RESPONSIBILITIES

(In respect of the Audited Financial Statements for the Financial Year Ended 31 March 2018)

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

The Directors are responsible to ensure the financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2018, and of the financial performance and cash flows for the financial year then ended.

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

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 25 May 2018.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 2018.

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	1,337	1,065
Attributable to:		
Owners of the Company	1,337	

RESERVES AND PROVISIONS

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

DIVIDENDS

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

(i) final single-tier dividend of 1.75 sen per ordinary share in respect of financial year ended 31 March 2017 as reported in the directors' report of that year, amounting to RM4.15 million was paid on 20 October 2017; and

(ii) interim single-tier dividend of 1.25 sen per ordinary share, in respect of financial year ended 31 March 2018 amounting to RM2.96 million was paid on 12 January 2018.

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.75 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

DIRECTORS

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

Chieng Ing Huong ^
Roderick Chieng Ngee Kai ^
Dr. Chu Siew Mun
Tan Sri Dato' Mohd Ismail bin Che Rus
Brian Chieng Ngee Wen ^
Lee Cheow Fui
Dato' Dr. Noor Zalmy Azizan binti Mohd Ali Azizan
Janet Chieng Ling Min ^

^ Directors of the Company and all subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Julianus Juta	
Yolanda Chui Wai Khay	
Naphajira Sangjindavong	(Resigned on 19 June 2017)
Soraphong Khonsalad	(Appointed on 19 June 2017)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (cont'd)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.4.2017	Bought	Sold	At 31.3.2018
Ultimate holding company				
Providence Capital Sdn. Bhd.				
Direct interests:				
Roderick Chieng Ngee Kai	1,250,000	–	–	1,250,000
Brian Chieng Ngee Wen	1,250,000	–	–	1,250,000
The Company				
Direct interests:				
Roderick Chieng Ngee Kai	2,700,000	–	–	2,700,000
Janet Chieng Ling Min	320,000	–	–	320,000
Lee Cheow Fui	198,000	–	–	198,000
Deemed interests:				
Chieng Ing Huong *	158,100,752	309,800	–	158,410,552
Roderick Chieng Ngee Kai **	158,100,752	309,800	–	158,410,552
Janet Chieng Ling Min ***	158,100,752	309,800	–	158,410,552
Brian Chieng Ngee Wen ****	159,033,752	679,800	–	159,713,552

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

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

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

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

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

Other than as stated above, none of the other directors in office at the end of the financial year had 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 2018 (cont'd)

DIRECTORS' BENEFITS

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

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for any director or officer of the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial year, there were no issuance of shares or debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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

In the opinion of the directors:

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

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

SUBSIDIARIES

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

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.

AUDITORS' REMUNERATION

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

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

SIGNIFICANT EVENTS

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

AUDITORS

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

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

.....
Roderick Chieng Ngee Kai

.....
Brian Chieng Ngee Wen

Shah Alam

Date: 3 July 2018

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

We, Roderick Chieng Ngee Kai and Brian Chieng Ngee Wen, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 58 to 113 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows for the financial year then ended.

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: 3 July 2018

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

I, Roderick Chieng Ngee Kai, being the director primarily responsible for the financial management of Esthetics International Group Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 58 to 113 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.

.....
Roderick Chieng Ngee Kai

Subscribed and solemnly declared by the above named at Petaling Jaya on 3 July 2018.

Before me

.....
Commissioner for Oaths

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Esthetics International Group Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Group
Inventories (Note 2(a)(i) and 9 to the financial statements)

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

Our response:

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

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

Company

Investment in subsidiaries and Intercompany balances (Note 2(a)(ii), 6 and 10 to the financial statements)

The Company has determined whether there is any indication that the cost of investment in subsidiaries and the amount owing by subsidiaries are impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use involves exercise of significant judgement on the discount rate applied and the assumptions supporting the underlying cash flows projection which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous projections to assess the performance of the business and historical accuracy of the projections;
- reviewing the profit projections by assessing the key assumptions such as growth rate and profit margins; and
- testing the mathematical accuracy of the profit projections calculation.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

BAKER TILLY MONTEIRO HENG
No. AF 0117
Chartered Accountants

NG BOON HIANG
No. 02916/03/2020(J)
Chartered Accountant

Kuala Lumpur

Date: 3 July 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	96,643	107,983	–	–
Intangible assets	4	1,483	1,549	–	–
Investment properties	5	1,055	1,055	–	–
Investments in subsidiaries	6	–	–	61,726	68,172
Investments in associates	7	–	520	–	–
Receivables	10	11,616	11,293	30,760	40,165
Deferred tax assets	8	5,110	3,626	–	–
Total non-current assets		115,907	126,026	92,486	108,337
Inventories	9	26,681	30,303	–	–
Receivables, deposits and prepayments	10	24,200	25,011	18	538
Tax recoverable		937	1,168	–	–
Dividend receivable		–	–	6,000	–
Short term cash investments	11	43,646	40,983	41,213	38,022
Cash and bank balances		30,231	32,963	1,366	653
Total current assets		125,695	130,428	48,597	39,213
Total assets		241,602	256,454	141,083	147,550
Equity					
Share capital	12	128,768	128,768	128,768	128,768
Reserves	13	(1,668)	102	–	–
Retained earnings	13	45,720	51,499	12,045	18,096
Total equity		172,820	180,369	140,813	146,864
Liabilities					
Borrowings	15	17,126	18,946	–	–
Deferred tax liabilities	8	70	234	–	–
Total non-current liabilities		17,196	19,180	–	–
Deferred revenue		26,687	26,454	–	–
Payables and accruals	14	17,738	21,409	258	680
Borrowings	15	5,972	7,457	–	–
Tax payable		1,189	1,585	12	6
Total current liabilities		51,586	56,905	270	686
Total liabilities		68,782	76,085	270	686
Total equity and liabilities		241,602	256,454	141,083	147,550

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	16	159,278	160,937	18,518	6,750
Cost of sales/services		(65,707)	(65,063)	–	–
Gross profit		93,571	95,874	18,518	6,750
Other income		3,916	7,298	–	–
Distribution expenses		(26,246)	(22,717)	–	–
Administrative expenses		(54,460)	(55,811)	(345)	(524)
Other expenses		(13,852)	(6,506)	(21,234)	–
Results from operating activities		2,929	18,138	(3,061)	6,226
Finance income		2,640	2,283	4,178	3,731
Finance costs		(657)	(485)	–	–
Operating profit	17	4,912	19,936	1,117	9,957
Share of results of equity accounted associates, net of tax		(620)	(1,061)	–	–
Profit before tax		4,292	18,875	1,117	9,957
Tax expense	18	(2,955)	(5,526)	(52)	(354)
Profit for the financial year		1,337	13,349	1,065	9,603
Other comprehensive (expenses)/income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
- Foreign currency translation		(1,770)	324	–	–
Total comprehensive (loss)/income		(433)	13,673	1,065	9,603
Profit for the financial year attributable to:					
Owners of the Company		1,337	13,349	1,065	9,603
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(433)	13,673	1,065	9,603
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	19	0.56	5.70		
- Diluted	19	0.56	5.70		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Attributable to owners of the Company					
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Warrant Reserve RM'000**	**Translation Reserve RM'000**	**Retained Earnings RM'000**	**Total Equity RM'000**
At 1 April 2016		116,200	9,751	456	(222)	45,749	171,934
Profit for the financial year		–	–	–	–	13,349	13,349
Other comprehensive income, net of tax							
- Exchange differences on translation of the financial statements of foreign entities		–	–	–	324	–	324
Total comprehensive income for the financial year		–	–	–	324	13,349	13,673
Transactions with owners							
Issuance of ordinary shares pursuant to exercise of warrant		2,397	420	(420)	–	–	2,397
Transfer to retained earnings upon expiry of warrants 2012/2017		–	–	(36)	–	36	–
Dividends paid	20	–	–	–	–	(7,635)	(7,635)
Total transactions with owners		2,397	420	(456)	–	(7,599)	(5,238)
Transition to no par value regime	12	10,171	(10,171)	–	–	–	–
At 31 March 2017		128,768	–	–	102	51,499	180,369
Profit for the financial year		–	–	–	–	1,337	1,337
Other comprehensive loss, net of tax							
- Exchange differences on translation of the financial statements of foreign entities		–	–	–	(1,770)	–	(1,770)
Total comprehensive income/(loss) for the financial year		–	–	–	(1,770)	1,337	(433)
Transactions with owners							
Dividends paid	20	–	–	–	–	(7,116)	(7,116)
Total transactions with owners		–	–	–	–	(7,116)	(7,116)
At 31 March 2018		128,768	–	–	(1,668)	45,720	172,820

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 2018

Company	Note	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 April 2016		116,200	9,751	456	16,092	142,499
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	9,603	9,603
Transactions with owners						
Issuance of ordinary shares pursuant to exercise of warrant		2,397	420	(420)	–	2,397
Transfer to retained earnings upon expiry of warrants 2012/2017		–	–	(36)	36	–
Dividends paid	20	–	–	–	(7,635)	(7,635)
Total transactions with owners		2,397	420	(456)	(7,599)	(5,238)
Transition to no par value regime	12	10,171	(10,171)	–	–	–
At 31 March 2017		128,768	–	–	18,096	146,864
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	1,065	1,065
Dividends paid	20	–	–	–	(7,116)	(7,116)
At 31 March 2018		128,768	–	–	12,045	140,813

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 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities				
Profit before tax	4,292	18,875	1,117	9,957
Adjustments for:				
Amortisation of development costs	61	87	–	–
Bad debts written off	11	–	–	–
Reversal of impairment loss on trade receivables	–	(77)	–	–
Impairment loss on goodwill	–	2,022	–	–
Other payable written off	–	(406)	–	–
Depreciation of property, plant and equipment	7,426	8,875	–	–
Impairment loss on investments in subsidiaries	–	–	21,233	–
Inventories written off	2,731	1,580	–	–
Property, plant and equipment written off	69	198	–	–
Development costs written off	–	–	–	–
Dividend income	–	–	(18,518)	(6,750)
Gain on disposal of property, plant and equipment	(15)	(75)	–	–
Income from short term cash investments	(1,463)	(1,331)	(1,391)	(1,241)
Interest income	(1,177)	(952)	(2,787)	(2,490)
Interest expense	657	485	–	–
Share of loss of equity accounted associates	620	1,061	–	–
Unrealised loss/(gain) on foreign exchange	8,217	(5,610)	–	–
Operating profit/(loss) before working capital changes	21,429	24,732	(346)	(524)
Changes in working capital				
Inventories	891	5,706	–	–
Receivables	(7,078)	4,658	–	16
Payables	(3,671)	(1,662)	(112)	489
Deferred revenue	233	(378)	–	–
Cash generated from/(used in) operations	11,804	33,056	(458)	(19)
Tax paid	(4,823)	(8,080)	(356)	(357)
Tax refunded	10	–	–	–
Net cash from/(used in) operating activities, balance carried down	6,991	24,976	(814)	(376)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Balance brought down		6,991	24,976	(814)	(376)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(2,952)	(4,787)	–	–
Acquisition of intangible assets		(1)	(61)	–	–
Dividend received		–	–	12,518	11,750
(Advances)/repayments from subsidiaries		–	–	(4,439)	114
Advances to associates		(323)	(1,281)	(423)	(399)
Proceeds from disposal of property, plant and equipment		15	83	–	–
Placement in short term cash investments		(2,663)	(6,610)	(3,191)	(9,521)
Interest income and income from short term cash investments		2,640	2,283	4,178	3,731
Net cash (used in)/ from investing activities		(3,284)	(10,373)	8,643	5,675
Cash flows from financing activities					
Proceeds from issuance of ordinary shares pursuant to exercise of warrants		–	2,397	–	2,397
Dividends paid		(7,116)	(7,635)	(7,116)	(7,635)
Repayment of term loans	(a)	(1,114)	(1,146)	–	–
Interest paid		(657)	(485)	–	–
Net cash used in financing activities		(8,887)	(6,869)	(7,116)	(5,238)
Net (decrease)/increase in cash and cash equivalents		(5,180)	7,734	713	61
Effect of exchange rates changes		2,448	(3,419)	–	–
Cash and cash equivalents at beginning of the financial year		32,963	28,648	653	592
Cash and cash equivalents at end of the financial year		30,231	32,963	1,366	653

(a) Reconciliation of liabilities arising from financing activities:

	1 April 2017 RM'000	Cash flows RM'000	Non-cash: Foreign exchange movement RM'000	31 March 2018 RM'000
Term loans	26,403	(1,114)	(2,191)	23,098

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 2018 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 2018 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 3 July 2018.

1. BASIS OF PREPARATION

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

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

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

(a) New MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments/Improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

(i) Adoption of Amendments/Improvements to MFRSs (cont'd)

Amendments to MFRS 107 Statement of Cash Flows

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

The Group have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

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

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Cont'd)		
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

*Amendments to References to the Conceptual Framework in MFRS Standards

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

MFRS 15 Revenue from Contracts with Customers (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

MFRS 16 Leases

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

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

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

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

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (assets).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

Amendments to MFRS 140 Investment Property

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. BASIS OF PREPARATION (CONT'D)

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

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

i. assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
ii. reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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) Write-down of obsolete or slow moving inventories (Note 9)

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(ii) Impairment of Investment in Subsidiaries and Recoverability of Amount Owing by Subsidiaries (Note 6 and 10)

The Company tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. The impairment made on investment in subsidiaries entails an impairment of receivables to be made to the amount owing by these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amounts of the investment in subsidiaries are disclosed in Note 6 to the financial statements.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2018.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

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

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

(i) Business Combinations

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

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

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

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

(ii) Non-controlling Interests

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

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

(iii) Acquisitions of Non-controlling Interests

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(iv) Loss of Control (cont'd)

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 2018. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of profit or loss and other comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained earnings and reserves.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies

(i) Transactions and Balances

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

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

(ii) Foreign Operations

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

(e) Financial Instruments

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(i) Financial Assets

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

- Financial Assets at Fair Value Through Profit or Loss

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

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

- Held-to-maturity Investments

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

- Loans and Receivables Financial Assets

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

- Available-for-sale Financial Assets

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

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

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

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

(ii) Financial Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(ii) Financial Liabilities (cont'd)

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

(iii) Equity Instruments

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

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

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

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (cont'd)

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

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

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

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

(g) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

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

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

(h) Intangible assets

(i) Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets (cont'd)

(i) Goodwill (cont'd)

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

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

(ii) Development costs

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

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

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

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

The estimated useful life is 3 to 10 years.

(iii) Trademark

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

(i) Investment properties

(i) Investment properties carried at fair value

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

(ii) Determination of fair value

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

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 cash investments

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

(s) Deferred revenue

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

(t) 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 incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Tax expense

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

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

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

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

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

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

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

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

(v) Earnings per share

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Related parties (cont'd)

(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) Fair value measurement

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
At 1 April 2016	11,053	85,023	1,682	11,752	19,171	29,512	158,193
Additions	–	–	243	638	648	3,258	4,787
Disposals	–	–	(197)	(1)	(27)	–	(225)
Written off	–	–	–	(388)	(3,901)	(2,911)	(7,200)
Translation differences	–	6,334	7	415	796	1,348	8,900
At 31 March/1 April 2017	11,053	91,357	1,735	12,416	16,687	31,207	164,455
Additions	–	–	–	645	745	1,562	2,952
Disposals	–	–	(77)	(1)	–	–	(78)
Written off	–	–	–	(7)	(46)	(1,812)	(1,865)
Translation differences	–	(6,849)	(12)	(886)	(795)	(1,214)	(9,756)
At 31 March 2018	11,053	84,508	1,646	12,167	16,591	29,743	155,708

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

Group Accumulated depreciation	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Tools and equipment RM'000	Renovation RM'000	Total RM'000
At 1 April 2016	–	5,056	1,466	9,793	15,669	20,540	52,524
Depreciation charge for the financial year	–	1,501	168	921	1,033	5,252	8,875
Disposals	–	–	(197)	(1)	(19)	–	(217)
Written off	–	–	–	(327)	(3,896)	(2,779)	(7,002)
Translation differences	–	241	1	336	687	1,027	2,292
At 31 March/1 April 2017	–	6,798	1,438	10,722	13,474	24,040	56,472
Depreciation charge for the financial year	–	1,436	110	940	1,172	3,768	7,426
Disposals	–	–	(77)	(1)	–	–	(78)
Written off	–	–	–	(6)	(44)	(1,746)	(1,796)
Translation differences	–	(417)	(3)	(799)	(720)	(1,020)	(2,959)
At 31 March 2018	–	7,817	1,468	10,856	13,882	25,042	59,065
Carrying amounts							
At 31 March 2018	11,053	76,691	178	1,311	2,709	4,701	96,643
At 31 March 2017	11,053	84,559	297	1,694	3,213	7,167	107,983

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 RM54,548,000 (2017: RM61,027,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 April 2016	3,477	373	3,850
Additions	–	61	61
Translation differences	–	7	7
At 31 March/1 April 2017	3,477	441	3,918
Additions	–	1	1
Translation differences	–	(13)	(13)
At 31 March 2018	3,477	429	3,906
Accumulated amortisation and impairment			
At 1 April 2016	–	258	258
Amortisation charge for the financial year	–	87	87
Impairment loss	2,022	–	2,022
Translation differences	–	2	2
At 31 March/1 April 2017	2,022	347	2,369
Amortisation charge for the financial year	–	61	61
Translation differences	–	(7)	(7)
At 31 March 2018	2,022	401	2,423
Carrying amounts			
At 31 March 2018	1,455	28	1,483
At 31 March 2017	1,455	94	1,549

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 profit or loss and subsequent reversal is not allowed.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's 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:

	2018 RM'000	2017 RM'000
Singapore professional services and sales	1,455	1,455

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

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

- There will be no material changes in the structure and principal activities of the respective subsidiaries.
- Gross margins are based on the average gross margin achieved in the past years.
- There will not be any significant increase in labour costs, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the respective companies.
- Growth rate used to extrapolate cash flows for fourth and fifth year is based on expected growth rate.
- Statutory income tax rates – the rate for Singapore is 17% (2017: 17%). There will be no material changes in the present legislation or regulations, rates of duties, levies and taxes affecting the Units' activities.
- Discount rate was applied on the projected cash flows in determining the recoverable amounts of the Units. The rates for Singapore professional services is 8.8%.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. INVESTMENT PROPERTIES

	Group	
	2018	2017
	RM'000	RM'000
At fair value		
At 1 April/31 March	1,055	1,055

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

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

Fair value information

Fair value of investment properties is categorised as follows:

	Fair	Fair value measurement using		
	Value	Level 1	Level 2	Level 3
2018/2017	RM'000	RM'000	RM'000	RM'000
Assets				
Group				
Investment properties	1,055	–	1,055	–

Fair value hierarchy

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

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

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

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

Transfer between levels of fair value hierarchy

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2018 RM'000	Company 2017 RM'000
At cost			
Unquoted shares		81,897	42,208
Less: Accumulated impairment loss		(20,171)	(2,826)
		61,726	39,382
Quasi loans	a	3,888	28,790
Less: Accumulated impairment loss		(3,888)	–
		61,726	68,172

(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 2018 %	Effective ownership interest and voting rights 2017 %
EIG Dermal Wellness (M) Sdn. Bhd.	Malaysia	Distribution of beauty and wellness products	100	100
Leonard Drake (M) Sdn. Bhd.	Malaysia	Dormant	100	100
AsterSpring International Sdn. Bhd.	Malaysia	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
EIG Pharma Asia Sdn. Bhd.	Malaysia	Development and distribution of fast moving consumer goods	100	100
EIG Haircare Sdn. Bhd.	Malaysia	Distribution of hair care, beauty and wellness products	100	100
Clinelle (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Beuxstar Sdn. Bhd.	Malaysia	Agent for trade-marks and patents application	100	100

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	
			2018	2017
			%	%
Esthetics and Wellness International Sdn. Bhd.	Malaysia	Offering education and training in beauty and wellness	100	100
EIG Prestige Cosmetics Sdn. Bhd.	Malaysia	Dormant	100	100
Averine (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
Head To Toe Skin Care Centre (KL) Sdn. Bhd.	Malaysia	Dormant	100	100
EIG Management Services Sdn. Bhd.	Malaysia	Management Services	100	100
EIG Ecommerce Sdn. Bhd.	Malaysia	Retailing of beauty and wellness products via e-commerce	100	100
EIG (Thailand) Co. Ltd.*	Thailand	Investment holding	100	100
EIG Dermal Wellness (HK) Ltd.*	Hong Kong	Distribution of beauty and wellness products	100	100
Leonard Drake (HK) Limited*	Hong Kong	Property investment holding	100	100
AsterSpring International (HK) Co. Ltd.*	Hong Kong	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
Lexwel International Pte. Limited*	Hong Kong	Dormant	100	100
EIG Global Pte. Ltd.*	Singapore	Investment holding	100	100
Lexwel International (S) Pte. Ltd.*	Singapore	Dormant	100	100
EIG Global (US) Inc.^	United States of America	Investment holding	100	100

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	
			2018	2017
			%	%
Interest held through EIG Prestige Cosmetics Sdn. Bhd.				
Klientec Biz-Solution Sdn. Bhd.	Malaysia	Dormant	100	100
Interest held through Lexwel International (S) Pte. Ltd.				
PT EIG Lexwel^	Indonesia	Dormant	100	100
Interest held through EIG Global Pte. Ltd.				
AsterSpring International (S) Pte. Ltd.*	Singapore	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	100	100
EIG Dermal Wellness (S) Pte. Ltd.*	Singapore	Distribution of beauty and wellness products	100	100
Interest held by the Company – 99% (2017: 99%) and through EIG Haircare Sdn. Bhd. – 1% (2017: 1%)				
PT EIG Dermal Wellness Indonesia*	Indonesia	Distribution of beauty and wellness products	100	100

* Audited by auditors other than Messrs. Baker Tilly Monteiro Heng

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENTS IN ASSOCIATES

	Group	
	2018	2017
	RM'000	RM'000
At cost		
Unquoted shares	4,286	4,286
Less: Accumulated impairment loss	(12)	(12)
	4,274	4,274
Share of results in associates	(4,274)	(3,654)
Elimination of unrealised profits	–	(100)
	–	520

Details of the associates are as follows:

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting rights	
			2018	2017
			%	%
Interest held through EIG (Thailand) Co. Ltd.				
Wellnax (Thai) Co. Ltd.*	Thailand	Investment holding	49	49
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	48.9	48.9
Interest held through Wellnax (Thai) Co. Ltd.				
Dermal Wellness International Co. Ltd. ("DWI")*	Thailand	Investment holding	46	46
Interest held through Dermal Wellness International Co. Ltd.				
EIG Dermal Wellness (Thai) Co. Ltd.*	Thailand	Distribution of beauty and wellness products	48.9	48.9
Interest held through EIG Dermal Wellness (Thai) Co. Ltd.				
AsterSpring International (Thai) Co. Ltd.*	Thailand	Operating of beauty and wellness centres, providing beauty and wellness services and retailing of products	48.9	48.9

* Audited by auditors other than Messrs. Baker Tilly Monteiro Heng

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENTS IN ASSOCIATES (CONT'D)

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

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

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

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

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Property, plant and equipment RM'000	Unrealised foreign exchange RM'000	Deferred revenue RM'000	Others RM'000	Total RM'000
Assets					
At 1 April 2016	395	115	2,883	954	4,347
Recognised in profit or loss (Note 18)	(494)	(115)	28	(140)	(721)
At 31 March/1 April 2017	(99)	–	2,911	814	3,626
Recognised in profit or loss (Note 18)	27	342	458	657	1,484
At 31 March 2018	(72)	342	3,369	1,471	5,110
Liabilities					
At 1 April 2016	(187)	–	–	–	(187)
Recognised in profit or loss (Note 18)	25	(293)	–	221	(47)
At 31 March/1 April 2017	(162)	(293)	–	221	(234)
Recognised in profit or loss (Note 18)	79	293	–	(208)	164
At 31 March 2018	(83)	–	–	13	(70)

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

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

	Group	
	2018	2017
	RM'000	RM'000
Unabsorbed capital allowances	643	453
Unutilised tax losses	44,533	42,586
Others	2,333	1,795
	47,509	44,834

9. INVENTORIES

	Group	
	2018	2017
	RM'000	RM'000
At cost		
Raw materials and consumables	1,958	2,412
Goods in transit	3,359	2,832
Trading goods	21,364	25,059
	26,681	30,303

Inventories recognised as cost of sales amounted to RM38,487,000 (2017: RM38,186,000).

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	(a)	–	–	23,472	33,300
Amount due from associates	(b)	11,616	11,293	7,288	6,865
		11,616	11,293	30,760	40,165

(a) Included in the amount due from subsidiaries of the Company is an amount of RM23,203,000 which is unsecured, bears interest ranging from 5% - 6.75% per annum and repayable in year 2030. The amount owing is expected to be settled in cash.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Trade					
Trade receivables		11,932	11,422	–	–
Amount due from associates		2,437	2,944	–	–
	(c)	14,369	14,366	–	–
Less:					
Allowance for impairment loss		(25)	(25)	–	–
		14,344	14,341	–	–
Non-trade					
Goods and services tax ("GST") refundable		116	90	–	–
Amount due from subsidiaries		–	–	–	520
Amount due from associates		358	293	–	–
Other receivables		164	211	–	–
Deposits	(d)	6,622	7,830	2	2
Prepayments		2,596	2,246	16	16
		24,200	25,011	18	538

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

(d) Included in deposits of the Group was an amount of RM5,877,000 (2017: RM6,976,000) representing rental deposit.

11. SHORT TERM CASH INVESTMENTS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash management fund investments with investment management companies	43,646	40,983	41,213	38,022

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. SHARE CAPITAL

		Group/Company			
		Number of shares		Number of shares	
	Note	2018 Unit'000	2018 RM'000	2017 Unit'000	2017 RM'000
Issued and fully paid					
At 1 April		237,194	128,768	232,401	116,200
Issued during the financial year					
- exercise of warrants	(b)	–	–	4,793	2,397
Transition to no par value regime	(a)	–	–	–	10,171
At 31 March		237,194	128,768	237,194	128,768

(a) In accordance with the transitional provision of the new Companies Act 2016 (the "Act"), the credit standing in the share premium account of RM10,171,000 has been transferred to the share capital account . The Company may exercise its right to use the amount standing to the credit of its share premium account within twenty-four months upon the commencement of the new Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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) In previous financial year, the Company issued 4,792,844 ordinary shares at issue price of RM0.50 per ordinary share for cash, pursuant to the exercise of warrants by shareholders. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

13. RESERVES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable					
Translation reserve	(a)	(1,668)	102	–	–
Distributable					
Retained earnings	(b)	45,720	51,499	12,045	18,096

(a) 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.

(b) Retained earnings

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. PAYABLES AND ACCRUALS

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables	(a)	7,632	7,943	–	–
Non-trade					
GST payable		738	589	–	–
Other payables		1,460	2,730	–	450
Amount owing to a subsidiary	(b)	–	–	3	3
Accrued expenses	(c)	7,908	10,147	255	227
		10,106	13,466	258	680
		17,738	21,409	258	680

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

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

(c) Included in accrued expenses of the Group is staff expenses of RM4,245,000 (2017: RM5,215,000).

15. BORROWINGS

	Group	
	2018	2017
	RM'000	RM'000
Non-current:		
Secured		
Term loans	17,126	18,946
Current:		
Secured		
Term loans	5,972	7,457
	23,098	26,403

(i) Term loan I – Hong Kong Dollar

Term loan I of a subsidiary of RM5,351,000 (2017: RM6,750,000) bears interest at 1.85% (2017: 1.85%) per annum is repayable by monthly instalments of RM47,367 (2017: RM55,101) equivalent to HKD96,668 (2017: HKD96,668) over 15 years commencing from the day of first drawdown or on demand and is secured by legal charges over the properties as disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. BORROWINGS (CONT'D)

(ii) Term loan II – Singapore Dollar

Term loan II of a subsidiary of RM13,288,000 (2017: RM14,700,000) bears interest at 1.88% (2017: 1.88%) per annum for the first three years and subsequently at 3% per annum above prevailing Singapore Interbank Offered Rate ("SIBOR") is repayable by monthly instalments of RM66,136 (2017: RM67,400) equivalent to SGD22,419 (2017: SGD21,329) over 25 years commencing from the day of first drawdown and is secured by legal charges over the properties as disclosed in Note 3.

(iii) Term loan III – Singapore Dollar

Term loan III of a subsidiary of RM4,459,000 (2017: RM4,953,000) bears interest at 1.88% (2017: 1.88%) per annum for the first three years and subsequently at 3% per annum above prevailing SIBOR is repayable by monthly instalments of RM24,485 (2017: RM21,836) equivalent to SGD8,300 (2017: SGD6,910) over 25 years commencing from the day of first drawdown and is secured by legal charges over the properties as disclosed in Note 3.

16. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Product distribution	64,894	63,424	–	–
Professional services and sales	93,228	96,903	–	–
Others	1,156	610	–	–
Dividend from subsidiaries	–	–	18,518	6,750
	159,278	160,937	18,518	6,750

17. OPERATING PROFIT

(a) Operating profit has been arrived at:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration:				
- Audit services:				
- current year	301	260	30	23
- prior year	–	8	–	–
- Non-audit services	7	7	7	7
Bad debts written off	11	–	–	–
Impairment loss on investment in subsidiaries	–	–	21,233	–
Interest expense in respect of term loans	657	485	–	–
Inventories written off	2,731	1,580	–	–
Staff costs:				
- Wages, salaries and others	45,286	44,086	–	–
- Contribution to defined contribution plan	4,640	4,516	–	–
Loss on unrealised foreign exchange	8,217	–	–	–
Rental of premises	22,813	23,634	–	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. OPERATING PROFIT (CONT'D)

(a) Operating profit has been arrived at (cont'd):

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
After crediting:				
Income from short term cash investments	1,463	1,331	1,391	1,241
Interest income	1,177	952	2,787	2,490
Rental income from investment properties	60	61	–	–
Other payable written off	–	406	–	–
Reversal on impairment loss on trade receivables	–	77	–	–
Gain on foreign exchange:				
- realised	3,431	308	–	–
- unrealised	–	5,610	–	–

(b) Directors' remuneration

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	185	167	185	167
- Other emoluments	1,438	1,158	20	18
- Contribution to defined contribution plan	170	137	–	–
- Estimated monetary value of benefits-in-kind	154	135	154	135
	1,947	1,597	359	320

18. TAX EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current financial year	4,569	4,761	118	44
- under/(over) provision in prior years	34	(3)	(66)	310
	4,603	4,758	52	354
Deferred tax (Note 8):				
Origination and reversal of temporary differences	(1,648)	768	–	–
	2,955	5,526	52	354

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,292	18,875	1,117	9,957
Tax at the statutory tax rate of 24%	1,030	4,530	268	2,390
Effect of different tax rates in foreign jurisdictions	113	(299)	–	–
Non-deductible expenses	2,763	2,071	5,177	125
Non-taxable income	(1,591)	(1,768)	(5,327)	(2,471)
Deferred tax assets not recognised during the financial year	719	869	–	–
Utilisation of tax losses and unabsorbed capital allowances not recognised previously	(160)	(204)	–	–
	2,874	5,199	118	44
Under/(over) provision in prior years				
- current tax	34	(3)	(66)	310
- deferred tax	47	330	–	–
Tax expense	2,955	5,526	52	354

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

19. EARNINGS PER SHARE

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	
	2018	2017
Profit attributable to owners of the Company (RM'000)	1,337	13,349
Number of shares in issue at beginning of the financial year ('000)	237,194	232,401
Effect of exercise of warrants ('000)	–	1,975
Weighted average number of ordinary shares in issue ('000)	237,194	234,376
Basic earnings per ordinary share (sen)	0.56	5.70

The basic and diluted earnings per ordinary share are equal as the Group does not have dilutive potential ordinary shares as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. DIVIDENDS

Group / Company	Total RM'000
2018	
Final single tier dividend of 1.75 sen per ordinary share in respect of financial year ended 31 March 2017	4,151
Interim single tier dividend of 1.25 sen per ordinary share in respect of financial year ended 31 March 2018	2,965
	7,116
2017	
Final single tier dividend of 2.0 sen per ordinary share in respect of financial year ended 31 March 2016	4,681
Interim single tier dividend of 1.25 sen per ordinary share in respect of financial year ended 31 March 2017	2,954
	7,635

At the forthcoming Annual General Meeting, a final single tier dividend of 1.75 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted in equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

21. OPERATING SEGMENTS

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

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

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

Business segments

The Group comprises the following main segments:

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. OPERATING SEGMENTS (CONT'D)

Geographical segments

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

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

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

	Professional services and sales		Product distribution		Others		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	93,228	96,903	64,894	63,424	1,156	610	–	–	159,278	160,937
Inter-segment revenue	–	–	27,027	24,116	27,030	15,189	(54,057)	(39,305)	–	–
Total revenue	93,228	96,903	91,921	87,540	28,186	15,799	(54,057)	(39,305)	159,278	160,937
Segment results	6,959	13,097	(3,620)	4,114	(410)	927	–	–	2,929	18,138
Interest income and income from short term cash investments	80	–	294	214	2,266	2,069	–	–	2,640	2,283
Finance costs	–	–	–	–	(657)	(485)	–	–	(657)	(485)
Share of result of equity accounted associates									(620)	(1,061)
Profit before tax									4,292	18,875
Tax expense									(2,955)	(5,526)
Profit for the financial year									1,337	13,349
Segment assets	36,581	41,528	86,290	94,786	112,684	114,826			235,555	251,140
Investments in associates									–	520
Unallocated assets									6,047	4,794
Total assets									241,602	256,454
Segment liabilities	24,295	31,859	18,695	14,250	1,435	1,754			44,425	47,863
Unallocated liabilities									24,357	28,222
Total liabilities									68,782	76,085

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. OPERATING SEGMENTS (CONT'D)

	Professional services and sales		Product distribution		Others		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortisation of development cost	–	–	34	58	27	29	61	87
Bad debts written off	–	–	11	–	–	–	11	–
Reversal of impairment loss on trade receivables	–	–	–	(77)	–	–	–	(77)
Additions in capital expenditure	2,297	3,279	597	1,436	58	72	2,952	4,787
Depreciation of property, plant and equipment	4,326	5,780	1,809	1,805	1,291	1,290	7,426	8,875
Inventories written off	170	22	2,550	1,553	11	5	2,731	1,580
Property, plant and equipment written off	69	138	–	60	–	–	69	198
Unrealised foreign exchange loss/(gain)	3,047	(1,593)	3,008	(2,061)	2,162	(1,956)	8,217	(5,610)

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

	2018	2017
	RM'000	RM'000
Malaysia	96,093	93,653
Singapore	35,082	38,923
Hong Kong	22,742	21,887
Others*	5,361	6,474
	159,278	160,937

* 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:

	2018	2017
	RM'000	RM'000
Malaysia	35,306	37,385
Singapore	40,135	44,663
Hong Kong	18,145	22,016
Indonesia	5,595	6,523
	99,181	110,587

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. OPERATING SEGMENTS (CONT'D)

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

	2018 RM'000	2017 RM'000
Property, plant and equipment	96,643	107,983
Intangible assets	1,483	1,549
Investment properties	1,055	1,055
	99,181	110,587

Major customer information

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

22. OPERATING LEASES

The Group as lessee

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

	2018 RM'000	2017 RM'000
Less than one year	17,274	19,162
Between one and five years	13,831	19,972
	31,105	39,134

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 RM934,000 (2017: RM801,000).

23. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	–	273
Approved but not contracted for	735	752
	735	1,025

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group and the Company include:

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

(b) Significant related parties transactions

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

Transactions with subsidiaries

	Company	
	2018	**2017**
	RM'000	**RM'000**
Dividend received and receivable from		
- EIG Dermal Wellness (M) Sdn. Bhd.	11,000	–
- Leonard Drake (M) Sdn. Bhd.	150	–
- AsterSpring International Sdn. Bhd.	6,500	5,200
- EIG Global Pte. Ltd.	868	1,550
Interest income received from		
- EIG Dermal Wellness (M) Sdn. Bhd.	339	–
- EIG Prestige Cosmetics Sdn. Bhd.	5	–
- EIG Ecommerce Sdn. Bhd.	4	–
- EIG Pharma Asia Sdn. Bhd.	6	–
- EIG Dermal Wellness (HK) Ltd.	57	–
- EIG (Thailand) Co. Ltd.	226	213
- AsterSpring International (HK) Co. Ltd.	424	693
- Leonard Drake (HK) Ltd.	624	594
- PT EIG Dermal Wellness Indonesia	533	405

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. RELATED PARTIES (CONT'D)

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

Transactions with associates

	Company	
	2018	2017
	RM'000	RM'000
Interest income received from		
- Dermal Wellness International Co. Ltd.	423	399

	Group	
	2018	2017
	RM'000	RM'000
Sales to		
- EIG Dermal Wellness (Thai) Co. Ltd.	1,019	1,393

Transactions with holding company

	Group	
	2018	2017
	RM'000	RM'000
Management services fees paid and payable to		
- Providence Capital Sdn. Bhd.	846	886

Related party balances

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

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	185	167	185	167
- Other emoluments	1,438	1,158	20	18
- Estimated monetary value of benefits-in-kind	154	135	154	135
Total short-term employee benefits	1,777	1,460	359	320
Contribution to defined contribution plan	170	137	–	–
	1,947	1,597	359	320

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS

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

(a) Financial risk management policies

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

(i) Market risk

(i) Foreign currency risk

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

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

	Group	
	2018	**2017**
United States Dollar ("USD")	**RM'000**	**RM'000**
Trade receivables	18	739
Amount due from associates	2,159	2,605
Cash and bank balances	3,026	2,780
Trade payables	(7,393)	(7,432)
	(2,190)	(1,308)

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	
	2018	**2017**
	RM'000	**RM'000**
Effects on profit for the financial year		
United States Dollar:		
- strengthened by 5%	(79)	(47)
- weakened by 5%	79	47

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market risk (cont'd)

(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 RM23,098,000 (2017: RM26,403,000) relating to the purchase of the Group's corporate offices in Singapore and Hong Kong where the borrowings were secured to maximise the Group's capital efficiency.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 March 2018 would decrease/increase by RM96,000 (2017: RM110,000) as a result of exposure to floating rate borrowings.

(iii) Equity price risk

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

(ii) Credit risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by the associates which constituted approximately 44% (2017: 43%) 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	
	2018	**2017**
	RM'000	**RM'000**
Malaysia	8,938	8,543
Singapore	879	906
Hong Kong	1,898	1,923
Indonesia	192	25
Thailand	2,437	2,944
Total	14,344	14,341

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit risk (cont'd)

Ageing analysis

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

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2018			
Not past due	9,317	–	9,317
Past due:			
- less than 3 months	2,556	–	2,556
- 3 to 6 months	547	–	547
- over 6 months	1,949	(25)	1,924
	14,369	(25)	14,344
2017			
Not past due	7,951	–	7,951
Past due:			
- less than 3 months	3,710	–	3,710
- 3 to 6 months	1,039	–	1,039
- over 6 months	1,666	(25)	1,641
	14,366	(25)	14,341

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.

Trade receivables that are impaired

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

	Group	
	2018 RM'000	2017 RM'000
At 1 April	25	102
Reversal of impairment loss	–	(77)
At 31 March	25	25

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity risk

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

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

	Carrying amount RM'000	Contractual cash flow RM'000	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
2018						
Financial liabilities:						
Secured Term loans	23,098	29,076	6,430	1,088	3,262	18,296
2017						
Financial liabilities:						
Secured Term loans	26,403	31,174	7,820	1,071	3,212	19,071

(b) Capital risk management

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

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

There were no changes in the Group approach to capital management since the financial year ended 31 March 2017.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of financial instruments

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
Trade receivables	11,907	11,397	–	–
Amount due from subsidiaries	–	–	23,472	33,820
Amount due from associates	14,411	14,530	7,288	6,865
Other receivables	164	211	–	–
Deposits	6,622	7,830	2	2
Dividend receivable	–	–	6,000	–
Cash and bank balances	30,231	32,963	1,366	653
	63,335	66,931	38,128	41,340
Financial assets at fair value through profit or loss				
Short term cash investments	43,646	40,983	41,213	38,022
	106,981	107,914	79,341	79,362
Financial liabilities				
Other financial liabilities				
Trade payables	7,632	7,943	–	–
Other payables and accruals	9,368	12,877	255	677
Amount owing to a subsidiary	–	–	3	3
Borrowings	23,098	26,403	–	–
	40,098	47,223	258	680

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. FAIR VALUE HIERARCHY

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

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

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

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

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

Assets and liabilities for which fair values are disclosed:

	Fair	Fair value measurement using		
	Value	Level 1	Level 2	Level 3
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets				
Group				
Amount due from associates	11,616	–	11,616	–
Company				
Amount due from subsidiaries	23,472	–	23,472	–
Amount due from associates	7,288	–	7,288	–
Liabilities				
Group				
Term loans	17,126	–	17,126	–
2017				
Assets				
Group				
Amount due from associates	11,293	–	11,293	–
Company				
Amount due from subsidiaries	33,300	–	33,300	–
Amount due from associates	6,865	–	6,865	–
Liabilities				
Group				
Term loans	18,946	–	18,946	–

During the financial year ended 31 March 2018 and 2017, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) With reference to the Distributor Agreement between EIG Pharma Asia Sdn. Bhd. ("EIGPA"), a wholly-owned subsidiary of the Group and Physician's Formula, Inc. ("PFI") signed on 20 January 2015, EIGPA has mutually agreed with PFI to amend the Territory to Malaysia and Singapore. All other terms of the Distributor Agreement remain unchanged. The Group will instead focus its attention and resources in the FMCG channel to building its own core brands in the region.

(ii) Due to a change in terms which are no longer favourable and of interest to the Group, EIG Dermal Wellness (M) Sdn. Bhd. ("EIGDW"), a wholly-owned subsidiary of the Group has mutually agreed with LPG Systems ("LPG") to cease as the exclusive distributor of LPG skin care equipment through the professional beauty and wellness market medical and/or medical aesthetics markets in Malaysia effective from 17 January 2018.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JUNE 2018

Issued & Paid-Up Capital	:	RM128,768,000*
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

* Included in share capital is share premium amounting to RM10,171,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016).

DISTRIBUTION OF SHAREHOLDINGS
as at 29 June 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	83	9.70	1,652	0.00
100 to 1,000	273	31.89	164,510	0.07
1,001 to 10,000	312	36.45	1,404,346	0.59
10,001 to 100,000	134	15.65	4,116,880	1.74
100,001 to less than 5% of issued shares	53	6.19	73,720,080	31.08
5% and above of issued shares	1	0.12	157,786,552	66.52
	856	100.00	237,194,020	100.00

SUBSTANTIAL SHAREHOLDERS
as at 29 June 2018

	Name of Shareholders	No. of Shares					
		Direct	%	Indirect	%	Total	%
1	Providence Capital Sdn Bhd	158,448,552	66.80	–	–	158,448,552	66.80
2	Chieng Ing Huong	–	–	158,448,552[1]	66.80	158,448,552	66.80
3	Roderick Chieng Ngee Kai	2,700,000	1.14	158,448,552[2]	66.80	161,148,552	67.94
4	Brian Chieng Ngee Wen	–	–	159,751,552[3]	67.35	159,751,552	67.35
5	Janet Chieng Ling Min	320,000	0.13	158,448,552[4]	66.80	158,768,552	66.94

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

DIRECTORS' SHAREHOLDINGS
as at 29 June 2018

	Name of Shareholders	No. of Shares held					
		Direct	%	Indirect	%	Total	%
1	Chieng Ing Huong	–	–	158,448,552[1]	66.80	158,448,552	66.80
2	Roderick Chieng Ngee Kai	2,700,000	1.14	158,448,552[2]	66.80	161,148,552	67.94
3	Brian Chieng Ngee Wen	–	–	159,751,552[3]	67.35	159,751,552	67.35
4	Lee Cheow Fui	198,000	0.08	–	–	198,000	0.08
5	Janet Chieng Ling Min	320,000	0.13	158,448,552[4]	66.80	158,768,552	66.94

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

ANALYSIS OF SHAREHOLDINGS
as at 29 June 2018 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS
as at 29 June 2018

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	PROVIDENCE CAPITAL SDN BHD	157,786,552	66.52
2	TEH WAN SANG & SONS SDN BERHAD	7,600,000	3.20
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR CBG HOLDINGS SDN BHD	6,000,000	2.53
4	TEH LIP KIM	5,557,500	2.34
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	4,620,000	1.95
6	HUNG HIN CHEONG	4,000,000	1.69
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR AFFIN HWANG SELECT DIVIDEND FUND	3,592,700	1.51
8	ATTRACTIVE FEATURES SDN. BHD.	3,000,000	1.26
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT INCOME FUND (4850)	3,000,000	1.26
10	RODERICK CHIENG NGEE KAI	2,700,000	1.14
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	2,536,700	1.07
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TST AC/CLT-MB-T)	2,040,000	0.86
13	CHOW SHUK WAH KAREN	2,000,000	0.84
14	SUBUR RAHMAT SDN BHD	1,990,000	0.84
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KAN YOW KHEONG (MARGIN)	1,980,000	0.83
16	ABDUL HAMID BIN SH MOHAMED	1,800,000	0.76
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KONG CHONG SOON @ CHI SUIM (PB)	1,635,500	0.69
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMMED AZLAN BIN HASHIM	1,619,600	0.68
19	TEO KWEE HOCK	1,492,600	0.63

ANALYSIS OF SHAREHOLDINGS
as at 29 June 2018 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS
as at 29 June 2018 (cont'd)

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CORNERSTONE HOLDINGS SDN BHD (PB)	1,303,000	0.55
21	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	1,201,300	0.51
22	LEE CHEE BENG	1,003,000	0.42
23	CHOW SHUK WAH KAREN	1,000,000	0.42
24	HUNG HIN CHEONG	1,000,000	0.42
25	TEE KENG HOON	1,000,000	0.42
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD AFFIN HWANG ASSET MANAGEMENT BERHAD FOR MALAYSIAN AGENTS PROVIDENT FUND (AIA LTD)	872,200	0.37
27	SUSY DING	761,000	0.32
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PROVIDENCE CAPITAL SDN BHD (PB)	662,000	0.28
29	HANS PETER HOLST	650,000	0.27
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	642,200	0.27

LIST OF PROPERTIES
As at 31 March 2018

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 31.03.18 (RM '000)
EIG Dermal Wellness (M) Sdn Bhd						
Lot 11, Jalan Astaka U8/88 Bukit Jelutong, Seksyen U8 40150 Shah Alam, Selangor Darul Ehsan	Industrial and office building – Occupied by owner	13,330	9,078.49	12	Freehold	Land 10,032 Building 12,658
Master title held under: GRN 58804 Mukim of Damansara District of Petaling, Selangor Darul Ehsan						
Villa Putra Condominium (D'Village) Unit 33B-9-1, Jalan Tun Ismail 50480 Kuala Lumpur	Condominium unit with 3 bedrooms & 2 bathrooms – Tenanted	N/A	150	23	Freehold	479
Strata title held under: Geran 41990 Bandar Kuala Lumpur Wilayah Persekutuan						
The Summit Subang USJ Lot No. LG47 Persiaran Kewajipan, USJ 1 47600 UEP Subang Jaya Selangor Darul Ehsan	Retail lot – Tenanted	N/A	54.19	17.5	Freehold	548
Strata title held under: Geran 43528 Pekan Subang Jaya District of Petaling Selangor Darul Ehsan						
Queensbay Mall Penang GF-15, Ground Floor	Retail lot – Occupied by owner	N/A	46.00	11.5	Freehold	412
Strata title held under: Geran 97433 Mukim 12 District of Barat Daya Pulau Pinang						
Queensbay Mall Penang GF-12B, Ground Floor	Retail lot – Occupied by owner	N/A	46.00	11.5	Freehold	412
Strata title held under: Geran 97433 Mukim 12 District of Barat Daya Pulau Pinang						

LIST OF PROPERTIES
As at 31 March 2018 (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 31.03.18 (RM '000)
AsterSpring International Sdn Bhd						
No. 26–R, Jalan Masjid Negeri 11600 Penang	Double storey semi–detached corner house – Occupied by owner	369.50	322.76	10	Freehold	Land 1,021 Building 1,347
Title held under: H.S.(D) 15905 Mukim of Bandar George Town District of Timor Laut Pulau Pinang						
A–09–09 Empire Office Empire Subang, Jalan SS16/1 47500 Subang Jaya, Selangor Darul Ehsan	Commercial unit – Occupied by owner	N/A	225.66	9	Freehold	2,352
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	7	50 years lease expiring 12.02.2058	17,968
EIG Global Pte Ltd						
Paya Lebar Square #09-27 to #09-31 60 Paya Lebar Road 409051 Singapore	Office building – Occupied by owner	N/A	505	3.5	99 years lease expiring 24.07.2110	36,580
PT EIG Dermal Wellness Indonesia						
Rukan Puri Niaga II, Jl. Puri Kencana Blok J1 No. 3P & 3Q, Kembangan Selatan, Jakarta Barat 11610, Indonesia	Office building – Occupied by owner	N/A	166	16	30 years lease expiring March 2029 and Aug 2035	4,810
Land certificate No. 2956 & 05535 Kembangan Selatan District of Kembangan, Jakarta Barat						

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 Twenty-First 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, 28 August 2018 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	To approve the payment of a Final Dividend for the financial year ended 31 March 2018		
Resolution 2	To re-elect Roderick Chieng Ngee Kai as Director of the Company		
Resolution 3	To re-elect Lee Cheow Fui as Director of the Company		
Resolution 4	To re-elect Dato' Dr Noor Zalmy Azizan Binti Mohd Ali Azizan as Director of the Company		
Resolution 5	To approve the payment of Directors' fees for the financial year ended 31 March 2018		
Resolution 6	To approve the payment of Directors' benefits up to an amount of RM288,000 from 28 August 2018 until the next AGM of the Company.		
Resolution 7	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company.		
Resolution 8	To approve the authority under Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
Resolution 9	To approve the continuing in office of Dr Chu Siew Mun as an Independent Non-Executive Director of the Company		

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

Dated this..... day of 2018

.....

Signature of Member / Common Seal

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *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.*
5. *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.*
6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 August 2018 ("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

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