

ESTHETICS INTERNATIONAL GROUP BERHAD

Unaudited Condensed Consolidated Income Statements For The 2nd Quarter Ended 31 July 2004

	Note	Individual Quarter 3 months Quarter ended		Cumulative Quarter 6 months Cumulative to date	
		31/07/2004 (RM'000)	31/07/2003 (RM'000)	31/07/2004 (RM'000)	31/07/2003 (RM'000)
Revenue		18,347	15,110	35,620	29,071
Operating expenses		(15,711)	(12,035)	(30,425)	(23,605)
Other operating income		301	301	645	701
Profit from operations		2,937	3,376	5,840	6,167
Interest expense		(4)	(4)	(7)	(4)
Interest income		253	91	367	126
Results of associated companies		-	(12)	-	(161)
Profit before taxation		3,186	3,451	6,200	6,128
Tax expense	B5	(1,150)	(998)	(2,231)	(1,979)
Profit after taxation		2,036	2,453	3,969	4,149
Minority interest		(11)	(3)	(19)	(6)
Net profit for the period		2,025	2,450	3,950	4,143
Basic earnings per ordinary share (sen)	B13	1.69	2.53	3.42	4.29
Diluted earnings per ordinary share (sen)		Not Applicable	Not Applicable	Not Applicable	Not Applicable
Dividend per share (sen)		-	-	-	-
Weighted average number of ordinary shares of 50 sen each during the reporting Quarter ('000)		120,000	96,660	115,512	96,660
Diluted earnings per ordinary share (sen)		Not Applicable	Not Applicable	Not Applicable	Not Applicable

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2004 and the accompanying explanatory notes enclosed with the Interim Financial Report.

Esthetics International Group Berhad

(Company No : 408061-P)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Balance Sheet As At 31 July 2004

	<u>Note</u>	<u>31-Jul-04</u> <u>(RM '000)</u>	<u>31-Jan-04</u> <u>(RM '000)</u>
Property, plant & equipment	A9	26,282	25,811
Investment in associates		-	-
Deferred tax assets		-	26
Current assets			
Inventories		11,644	11,848
Trade & other receivables		19,188	18,335
Tax recoverable		342	824
Cash & cash equivalents		40,008	20,371
		<u>71,182</u>	<u>51,378</u>
Current liabilities			
Trade and other payables		8,113	6,723
Borrowings	B9	41	98
Deferred revenue		3,372	3,423
Taxation		804	1,455
		<u>12,330</u>	<u>11,699</u>
Net current assets		<u>58,852</u>	<u>39,679</u>
		<u>85,134</u>	<u>65,516</u>
Financed by:			
Capital and reserves			
Share capital	A6	60,000	48,330
Reserves		24,377	16,905
Shareholders' Fund		<u>84,377</u>	<u>65,235</u>
Minority shareholders' interests		146	127
Long term and deferred liabilities			
Borrowings	B9	162	154
Deferred taxation		449	-
		<u>85,134</u>	<u>65,516</u>
Net tangible assets per share (RM)		0.70	0.67

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report as at 31 January 2004 and the accompanying explanatory notes enclosed with the Interim Financial Report.

Esthetics International Group Berhad
(Company No : 408061-P)
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Cash Flow Statements
For The Period Ended 31 July 2004

	6 months Ended 31 July 2004 (RM '000)	6 months Ended 31 July 2003 (RM '000)
Cash flows from operating activities		
Profit before tax	6,200	6,128
Adjustment for non-cash flow : -		
Depreciation	1,126	1,022
Interest expense	7	4
Interest income	(367)	(126)
Gain on disposal of property, plant and equipment	(170)	(189)
Property, plant and equipment written off	-	20
Share of losses in an associate	-	161
Loss on disposal of investment in unit trust	-	-
Unrealised gain on foreign exchange	86	(122)
Operating profit before changes in working capital	6,882	6,898
Changes in working capital		
Inventories	204	1,488
Trade and other receivables	(939)	(1,501)
Trade and other payables	1,390	(1,320)
Deferred revenue	(51)	-
Cash generated from operations	7,486	5,565
Income tax paid	(1,951)	(2,540)
Net cash generated from operating activities	5,535	3,025
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	183	200
Purchase of property, plant and equipment	(1,584)	(1,426)
Interest received	367	126
Acquisition of investment in unit trust	-	(4,000)
Net cash used in investing activities	(1,034)	(5,100)
Cash flows from financing activities		
Proceeds from issue of shares in IPO	17,505	-
Listing expenses	(2,293)	-
Interest paid	(7)	(4)
Bank borrowings	(49)	221
Net cash used in financing activities	15,156	217
Exchange differences on translation of the financial statement of fo	(20)	(2)
Net increase in cash and cash equivalents	19,637	(1,860)
Cash and cash equivalents at beginning of year	20,371	12,620
Cash and cash equivalents at end of period	40,008	10,760
<u>Note :</u>		
Cash and cash equivalents at period end comprise:-		
Cash & bank balances	7,708	5,760
Short term deposits	32,300	5,000
	40,008	10,760

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2004 and the accompanying explanatory notes enclosed with the Interim Financial Report.

Esthetics International Group Berhad
(Company No : 408061-P)
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Changes in Equity
For The 2nd Quarter Ended 31 July 2004

	Note	Share Capital (RM '000)	Share Premium (RM '000)	Exchange Reserve (RM '000)	Revenue Reserve (RM '000)	Total (RM '000)
6 months ended 31 July 2004						
Balance at the beginning of the year		48,330	-	(44)	16,949	65,235
Public Issue of 23,340,000 shares	A6	11,670	-	-	-	11,670
Share Premium arising from Public Issue	A6	-	5,835	-	-	5,835
Listing expenses written off against the share premium account	B8	-	(2,293)	-	-	(2,293)
Net profit for the six (6) months period Arising during the period		-	-	-	3,950	3,950
Dividends paid	A7	-	-	(20)	-	(20)
as at 31 July 2004		<u>60,000</u>	<u>3,542</u>	<u>(64)</u>	<u>20,899</u>	<u>84,377</u>
6 months ended 31 July 2003						
Balance at the beginning of the year		700	-	(59)	52,892	53,533
Public Issue of 23,340,000 shares		-	-	-	-	-
Share Premium arising from Public Issue		-	-	-	-	-
Listing expenses written off against the share premium account		-	-	-	-	-
Net profit for the six (6) months period Arising during the period		-	-	-	4,143	4,143
Dividends paid		-	-	(2)	-	(2)
as at 31 July 2003		<u>700</u>	<u>-</u>	<u>(61)</u>	<u>57,035</u>	<u>57,674</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2004 and the accompanying explanatory notes enclosed with the Interim Financial Report.

Notes to the 2nd Quarter financial report for the period ended 31 July 2004

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 January 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the year ended 31 January 2004.

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2004.

A2. Audit report

The Group's audited consolidated financial statements for the year ended 31 January 2004 were not subject to any qualification.

A3. Seasonal or cyclical factors

Generally, the business of the Group shows an improvement towards the 2nd half of the year end and during the festive seasons.

A4. Exceptional items

There were no exceptional items during the period under review.

A5. Changes in estimates

There were no changes in estimates that have a material effect in the current quarter.

A6. Issuance and repayment of debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter.

A7. Dividend paid

No dividend was paid during the period under review

A8. Segmental information

Segment for the Group	Current Year Quarter 31 July 2004		Current Year To Date 31 July 2004	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional Services and Sales	7,703	2,462	14,729	2,603
Product distribution	12,997	732	25,517	2,306
Others		(296)		(568)
Total	20,700	2,898	40,246	4,341
Eliminations	(2,353)	39	(4,626)	1,499
Consolidated	18,347	2,937	35,620	5,840

A9. Property, plant and equipment

The property, plant and equipment of the Group are carried at historical cost less accumulated depreciation. Accordingly, no valuations have been brought forward from the previous annual report.

A10. Material events subsequent to the end of the interim period.

There were no material subsequent events that are required to be reflected in the financial statements.

A11. Changes in composition of Group

There were no significant changes in the composition of the Group during the period.

A12. Changes in contingent liabilities

There were no contingent liabilities except as disclosed below:

- Standby credit issued by a subsidiary for credit facilities granted to associated company amounting to RM979,350

A13. Capital commitments

	31 July 2004 RM'000
Property, plant and equipment	
Approved but not contracted for	2,370
Contracted but not provided for in the interim financial statements	10,170
	<u>12,540</u>

Additional information required by the KLSE's Listing Requirements

B1. Review of performance

During the quarter under review, the Group experienced 21% revenue growth as compared to the preceding year corresponding quarter. The growth was again contributed by both the local and overseas market which in turn was partially contributed by the launch of the Clinelle range of skin care products under the fast moving consumer goods (FMCG) division.

B2. Material changes in the quarterly results compared to the results of the preceding quarter.

The Group recorded a profit before tax of RM3.19 million over revenue of RM18.35 million during the quarter compared to a profit before tax of RM3.01 million over RM17.27 million in the preceding quarter.

There were no material changes noted.

B3. Current year prospects

Barring any unforeseen circumstances, the Board is cautiously optimistic about the Group performance for the financial year ended 31 January 2005.

B4. Profit forecast

The Group did not make a Profit Forecast for the period however a profit forecast for the financial year ending 31 January 2005 was published in the prospectus dated 20 February 2004.

B5. Tax expense

	<u>3 months ended</u> <u>31 July 2004</u> <u>RM'000</u>	<u>6 months ended</u> <u>31 July 2004</u> <u>RM'000</u>
Current tax expense		
Malaysian	1,083	1,702
Overseas	46	80
Deferred tax expenses		
Malaysian	21	449
	<hr/>	<hr/>
	1,150	2,231

The Group effective tax rate is higher than the statutory tax rate due to certain expenses are disallowed for taxation purposes and no group relief were available for losses incurred by certain subsidiaries.

B6. Unquoted investment and properties

There were no disposals of investment and or/ properties for the financial year under review.

B7. Quoted investment

There were no purchases and / or disposal of quoted securities for the financial year under review.

B8. Status of corporate proposal announced and utilisation of proceeds raised from corporate proposal.

Except for the listing of the company on Bursa Malaysia Exchange Berhad on 11 March 2004, there were no corporate proposals announced. Out of the RM17.505 million proceeds raised from the public issue of 23,340,000 new ordinary shares of RM0.50 each at an issue / offer price of RM0.75 per ordinary share, the following had been disbursed :-

	<u>Proceeds Utilisation</u>	
	IPO Funds	Current Year To Date 31.7.04
(RM'000)		
Establishment of six (6) new Professional Skin Care Centers	2,500	
Refurbishment of twelve (12) existing Professional Skin Care Centers	1,000	21
Investment in information technology facilities	1,500	130
Advertising and promotional expenses for Esthetics Group products	1,500	111
Construction of corporate office and warehouse building	2,500	201
Launching of the FMCG	2,000	783
Overseas business expansion – Hong Kong	2,000	
Working capital	2,005	
Estimated listing expenses	2,500	2,293

B9. Borrowing and debt securities

<u>Borrowings</u>	<u>Securities</u>	<u>Currency</u>	<u>As at 31/07/2004</u> <u>RM'000</u>
<u>Short Term</u>			
Term loan	Unsecured	RM	0
Hire purchase liabilities	Secured	RM	41
<i>Total short term borrowings</i>			<u>65</u>
<u>Long term</u>			
Term loan	Unsecured	RM	0
Hire purchase liabilities	Secured	RM	162
<i>Total long term borrowings</i>			<u>162</u>

B10. Off balance sheet financial instruments

During the financial year to date, the Group did not enter into any contracts involving off balance sheet financial instruments.

B11. Changes in material litigation

There was no pending material litigation as at 13 September 2004.

B12. Dividends

The Board does not propose to declare or recommend any interim for the current quarter.

B13. Basic earning per share

The calculation of basic earnings per share for the quarter and year to date is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the quarter and year to date of 120,000,000 (2003: 96,660,000) and 115,512,000 (2003: 96,660,000) ordinary shares of RM0.50 each respectively.

The 2003 weighted average number of ordinary shares is calculated as follows :-

	2003 '000
Issued at the beginning of the period	700
Effect of share split	700*
Effect of bonus issue	95,260**
Weighted average number of ordinary shares	96,660

* As the share split had resulted in increase in number of shares without any consideration, the exercise is treated as if it had occurred at the beginning of the financial year 31 January ended 2004 and 2003.

** Since the bonus issue in financial year ended 31 January 2004 is an issue via capitalisation of retained profits, the effects of the bonus issue have also been adjusted in financial year ended 31 January 2003.

By order of the Board
Esthetics International Group Berhad

(MAICSA)
Company secretary
Petaling Jaya Selangor
Date: 14 June 2004