

ESTHETICS INTERNATIONAL GROUP BERHAD
(Company No : 408061-P)

Unaudited Condensed Consolidated Income Statements
For The Fourth Quarter Ended 31 January 2005

	Note	Individual Quarter 3 months Quarter ended		Cumulative Quarter 12 months Cumulative to date	
		31/01/2005 (RM'000)	31/01/2004 (RM'000)	31/01/2005 (RM'000)	31/01/2004 (RM'000)
Revenue		24,303	19,365	80,656	62,586
Operating expenses		(17,937)	(13,916)	(64,241)	(48,791)
Other operating income		17	973	975	1,901
Profit from operations		6,383	6,422	17,390	15,696
Interest expense		(3)	(2)	(13)	(9)
Interest income		628	343	1,247	536
Results of associate		(892)	50	-892	(186)
Profit before taxation		6,116	6,813	17,732	16,037
Tax expense	B5	(1,550)	(1,497)	(5,455)	(4,327)
Profit after taxation		4,566	5,316	12,277	11,710
Minority interest		(24)	(9)	(55)	(22)
Net profit for the period/financial year		4,542	5,307	12,222	11,688
Basic earnings per share (sen)	B13	3.79	5.49	10.38	12.09
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A
Weighted average number of shares ('000)		120,000	96,660	117,756	96,660
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A

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

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

**Unaudited Condensed Consolidated Balance Sheets
As At 31 January 2005**

	<u>Note</u>	<u>31/01/05</u> <u>(RM '000)</u>	<u>31/01/04</u> <u>(RM '000)</u>
Property, plant & equipment	A9	30,353	25,811
Investment in associate		-	-
Deferred tax assets		-	26
Current assets			
Inventories		15,756	11,848
Trade & other receivables		24,373	18,335
Tax recoverable		323	824
Cash & cash equivalents		33,110	20,371
		<u>73,562</u>	<u>51,378</u>
Current liabilities			
Trade and other payables		8,875	6,723
Borrowings	B9	108	98
Deferred revenue		3,789	3,423
Taxation		1,220	1,455
		<u>13,992</u>	<u>11,699</u>
Net current assets		<u>59,570</u>	<u>39,679</u>
		<u>89,923</u>	<u>65,516</u>
Financed by:			
Capital and reserves			
Share capital	A6	60,000	48,330
Reserves		29,173	16,905
Shareholders' fund		<u>89,173</u>	<u>65,235</u>
Minority shareholders' interests		182	127
Long term and deferred liabilities			
Borrowings	B9	47	154
Deferred taxation		521	-
		<u>89,923</u>	<u>65,516</u>
Net tangible assets per share (RM)		0.74	0.67

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

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

Unaudited Condensed Consolidated Cash Flow Statements
For The Financial Year Ended 31 January 2005

	12 months Ended 31/01/05 (RM '000)	12 months Ended 31/01/04 (RM '000)
Cash flows from operating activities		
Profit before tax	17,732	16,037
Adjustments for : -		
Depreciation	2,327	2,174
Interest expense	13	9
Interest income	(1,247)	(536)
Gain on disposal of property, plant and equipment	(186)	(369)
Property, plant and equipment written off		122
Share of losses in associate	892	186
Loss on disposal of investment in unit trust		40
Unrealised gain on foreign exchange	323	(431)
Operating profit before changes in working capital	19,854	17,232
Changes in working capital		
Inventories	(3,908)	(2,173)
Trade and other receivables	(6,362)	(1,039)
Trade and other payables	2,153	1,893
Deferred revenue	366	2,013
Cash generated from operations	12,103	17,926
Income tax paid	(4,642)	(4,722)
Net cash generated from operating activities	7,461	13,204
Cash flows from investing activities		
Investment in Associate	(892)	
Proceeds from disposal of property, plant and equipment	341	780
Purchase of property, plant and equipment	(7,024)	(6,476)
Interest received	1,247	536
Proceeds from disposal of investment in unit trust		3,960
Acquisition of investment in unit trust		(4,000)
Net cash used in investing activities	(6,328)	(5,200)
Cash flows from financing activities		
Proceeds from issue of shares in IPO	17,505	
Share issuance expenses	(2,308)	
Dividend	(3,456)	
Interest paid	(13)	(9)
Bank borrowings	(97)	(259)
Net cash used in financing activities	11,631	(268)
Exchange differences on translation of the financial statement of foreign entity		14
Net increase in cash and cash equivalents	12,764	7,750
Cash and cash equivalents at beginning of financial year	20,371	12,620
Foreign exchange differences on opening balances	(25)	1
Cash and cash equivalents at end of financial year	33,110	20,371
<u>Note :</u>		
Cash and cash equivalents at end of financial year comprise:-		
Cash & bank balances	7,110	9,371
Short term deposits	26,000	11,000
	33,110	20,371

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

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

Unaudited Condensed Consolidated Statements of Changes in Equity
For The Fourth Quarter Ended 31 January 2005

	Note	Share Capital (RM '000)	Share Premium (RM '000)	Exchange Reserve (RM '000)	Revenue Reserve (RM '000)	Total (RM '000)
12 months ended 31 Jan 2005						
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
Share issuance expenses	B8	-	(2,308)	-	-	(2,308)
Net profit for the twelve (12) months period		-	-	-	12,222	12,222
Arising during the period		-	-	(25)	-	(25)
Dividends paid	A7	-	-	-	(3,456)	(3,456)
As at 31 Jan 2005		<u>60,000</u>	<u>3,527</u>	<u>(69)</u>	<u>25,715</u>	<u>89,173</u>
12 months ended 31 Jan 2004						
Balance at the beginning of the year		700	-	(59)	52,892	53,533
Net profit for the twelve (12) months period		-	-	-	11,687	11,687
Arising during the period		-	-	15	-	15
Capitalisation of reserve		47,630	-	-	(47,630)	-
As at 31 Jan 2004		<u>48,330</u>	<u>-</u>	<u>(44)</u>	<u>16,949</u>	<u>65,235</u>

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

ESTHETHICS INTERNATIONAL GROUP BERHAD (408061-P)

Notes to the Quarterly Report for the Fourth (4th) Quarter ended 31 January 2005

A1. Basis of preparation and accounting policies

The Quarterly Report is unaudited and has been prepared in compliance with Financial Reporting Standards ("FRS") 134 : Interim Financial Reporting and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 January 2004.

The accounting policies and methods of computation adopted by the Group in this Quarterly Report are consistent with those adopted in the audited consolidated financial statements for the financial 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 of previous annual financial report

The Group's previous annual financial report for the financial year ended 31 January 2004 was not subject to any qualification.

A3. Seasonal or cyclical factors

Generally, the business of the Group experienced higher revenue in the second (2nd) half of the financial year and during the festive seasons.

A4. Exceptional items affecting financial statements

There were no exceptional items during the current financial year under review.

A5. Changes in accounting estimates

There were no changes in accounting estimates used in the preparation of financial statements that have a material effect in the current financial year.

A6. Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year under review.

A7. Dividend paid

An interim dividend of 3% less 28% taxation amounting to RM 1,296,000 in respect of ordinary shares for the financial year ended 31 January 2005 was paid by the Company on 26th January 2005.

A8. Segmental information

Segment for the Group	Current Year Quarter 31 January 2005		Current Year To Date 31 January 2005	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	8,027	2,614	30,562	7,775
Product distribution	21,320	3,882	63,706	8,318
Others	6,320	5,282	6,320	5,153
Total	35,667	11,778	100,588	21,246
Eliminations	(11,364)	(5,395)	(19,932)	(3,856)
Consolidated	24,303	6,383	80,656	17,390

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. Subsequent events

- (a) On 18 February 2005, a new wholly owned subsidiary company named Lexwel International Pte Limited was incorporated in Hong Kong with intended business activities to carry on the business of distribution of personal health care and skin care products.
- (b) On 7 March 2005, a wholly owned subsidiary company, Dermal Esthetica Sdn Bhd entered into a Distributorship Agreement with Radiancy Asia Ptd. Ltd. ("Radiancy") for the exclusive right to distribute selected Radiancy products for skin photo rejuvenation, acne phototherapy and photo epilation with related treatments in Malaysia for the aesthetics market for a period of three (3) years, expiring on 30 March 2008.
- (c) On 10 March 2005, a wholly owned subsidiary company, EIG Pharma Asia Pacific Sdn Bhd signed an International Distributor Agreement with American Medical Bio Care, Inc. ("AMBC") for the exclusive right to distribute AMBC's fluorescent pulsed light technology systems for treatments of pigmented and vascular lesions of the skin, wrinkles, skin laxity, acne, permanent reduction of hair and tattoo removal to both the medical/dermatologist and aesthetics market in Malaysia for a period of two (2) years, expiring on 9 March 2007.
- (d) On 15 March 2005, EIG acquired a new wholly owned subsidiary company, Lexwel International Sdn Bhd ("Lexwel") and increased its investment in Lexwel to RM2,000,000 through the subscription of an additional 1,999,998 new ordinary shares of RM1.00 each in Lexwel. The intended business activities of Lexwel are to carry out direct selling of personal healthcare and skincare products. Lexwel has submitted an application to the Ministry of Domestic Trade and Consumer Affairs for the issuance of a Direct Selling License.

A11. Changes in composition of the Group

There were no significant changes in the composition of the Group during the current financial year under review.

A12. Changes in contingent liabilities

There were no contingent liabilities as at the end of the current financial year under review.

A13. Capital commitments

	31 January 2005 RM'000
Property, plant and equipment	
Approved but not contracted for	-
Contracted but not provided for in the financial statements	9,553
	9,553

The capital commitments were mainly in respect of the construction project of the Group's new corporate office and warehouse in Shah Alam.

A14. Related party transactions

There were no material related party transactions during the current financial year under review.

Additional information required by Bursa Securities Listing Requirements

B1. Review of performance

During the quarter under review, the Group recorded revenue growth of 25.5% compared to corresponding quarter in the preceding year and 17.2% growth against third (3rd) quarter revenue. The encouraging growth is attributed to the higher contribution in revenue from the sales of the Group's main products and services both in the local and regional markets.

For the current financial year under review, revenue rose by 28.9% to RM80.7 million and profit before tax increased to RM17.7 million from RM16.0 million, representing a 10.6% increase compared to the previous financial year.

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

For the fourth (4th) quarter, the Group recorded a profit before tax of RM6.1 million over revenue of RM24.3 million during the quarter compared to a profit before tax of RM5.4 million over revenue of RM20.7 million in the preceding quarter.

The improvement in results is attributed to the drive towards higher margin segments of the business and cost control measures implemented.

B3. Current year prospects (commentary on next financial year)

The wellness and beauty industry is expected to continue to grow in year 2005 while remaining competitive.

The Group's main growth drivers, both locally and regionally, for the next financial year are as follows:

- a) introduction of more new wellness products and services
- b) continuous extension of distribution network of dealers/distributors as well as corporate owned centres
- c) further expansion of the fast moving consumer goods subsidiary company through new retail channels
- d) launch of new direct selling business
- e) establishment of both corporate owned and independently owned Dermalogica Consultation Centres at strategic locations
- f) launch of franchise scheme

Barring any unforeseen circumstances, the Board is cautiously optimistic about the Group performance for the financial year ending 31 January 2006.

B4. Profit forecast

A profit forecast for the financial year ended 31 January 2005 was published in the prospectus dated 20 February 2004.

B5. Tax expense

	<u>Quarter ended</u> <u>31 January 2005</u>	<u>Financial year</u> <u>ended</u> <u>31 January 2005</u>
	<u>RM'000</u>	<u>RM'000</u>
Current tax expense		
Malaysian	1,481	5,018
Overseas	136	265
Deferred tax expenses		
Malaysian	(67)	172
	<u>1,550</u>	<u>5,455</u>

The Group effective tax rate of 30.8% is higher than the statutory tax rate due principally to certain expenses being disallowed for taxation purposes and no group relief were available for losses incurred by certain subsidiaries and share of losses of associate.

B6. Unquoted investment and properties

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

B7. Quoted investment

There were no purchases and/or disposal of quoted investment for the current 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 Securities on 11 March 2004, there were no other 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 utilized to date :-

	<u>Proceeds Utilisation (RM'000)</u>	
	IPO Funds	Current Year To Date 31.01.05
Establishment of six (6) new Professional Skin Care Centers	2,500	324
Refurbishment of twelve (12) existing Professional Skin Care Centers	1,000	39
Investment in information technology facilities	1,500	1,316
Advertising and promotional expenses for Esthetics Group products	1,500	256
Construction of corporate office and warehouse building	2,500	2,500
Launching of the FMCG	2,000	1,442
Overseas business expansion – Hong Kong	2,000	
Working capital	2,005	
Estimated listing expenses	2,500	2,308

B9. Borrowing and debt securities

<u>Borrowings</u>	<u>Securities</u>	<u>As at 31/01/2005</u> <u>RM'000</u>
<u>Short Term</u>		
Term loan	Unsecured	-
Hire purchase liabilities	Secured	108
<i>Total short term borrowings</i>		<u>108</u>
<u>Long term</u>		
Term loan	Unsecured	-
Hire purchase liabilities	Secured	47
<i>Total long term borrowings</i>		<u>47</u>

B10. Off balance sheet financial instruments

As at the date of this announcement, 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 the date of this announcement.

B12. Dividends

The Board of Directors recommends a final dividend of 9% less 28% tax amounting to RM3,888,000 for the financial year ended 31 January 2005 (31/1/04 final dividend : 5% less 28% tax) to be approved by the shareholders at the forthcoming Annual General Meeting. The total dividend for the current financial year is 12% less 28% tax.

The Board of Directors has approved a general dividend policy. It is the intention of the Board to endeavour to distribute between 30% to 50% of its net profits to shareholders, for at least the next two (2) financial years, after taking into consideration, inter alia, the performance of the Group, the availability of cash resources and reinvestment opportunities.

B13. Basic earnings per share

The calculation of basic earnings per share for the quarter and year to date is based on the net profit attributable to shareholders and the weighted average number of shares outstanding during the quarter and year to date of 120,000,000 (2004 : 96,660,000) and 117,756,000 (2004: 96,660,000) ordinary shares of RM0.50 each respectively.

This announcement is dated 24th March 2005