

SUMMARY OF KEY FINANCIAL INFORMATION
30/04/2005

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/04/2005	30/04/2004	30/04/2005	30/04/2004
	RM'000	RM'000	RM'000	RM'000
1 Revenue	19,254	17,273	19,254	17,273
2 Profit/(loss) before tax	2,230	3,013	2,230	3,013
3 Profit/(loss) after tax and minority interest	1,523	1,924	1,523	1,924
4 Net profit/(loss) for the period	1,523	1,924	1,523	1,924
5 Basic earnings/(loss) per shares (sen)	1.27	1.76	1.27	1.76
6 Dividend per share (sen)	0.00	0.00	0.00	0.00
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net tangible assets per share (RM)			0.7600	0.7400

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

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

Unaudited Condensed Consolidated Income Statements
For The First Quarter Ended 30 April 2005

	Note	Individual Quarter 3 months Quarter ended		Cumulative Quarter 12 months Cumulative to date	
		30/04/2005 (RM'000)	30/04/2004 (RM'000)	30/04/2005 (RM'000)	30/04/2004 (RM'000)
Revenue		19,254	17,273	19,254	17,273
Operating expenses		(17,317)	(14,714)	(17,317)	(14,714)
Other operating income		110	344	110	344
Profit from operations		2,047	2,903	2,047	2,903
Interest expense		(2)	(4)	(2)	(4)
Interest income		185	114	185	114
Profit before taxation		2,230	3,013	2,230	3,013
Tax expense	B5	(703)	(1,081)	(703)	(1,081)
Profit after taxation		1,527	1,932	1,527	1,932
Minority interest		(4)	(8)	(4)	(8)
Net profit for the period		1,523	1,924	1,523	1,924
Basic earnings per share (sen)	B13	1.27	1.76	1.27	1.76
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A
Weighted average number of shares ('000)		120,000	109,627	120,000	109,627
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 30 April 2005

	<u>Note</u>	<u>30/04/05</u> <u>(RM '000)</u>	<u>31/01/05</u> <u>(RM '000)</u>
Property, plant & equipment	A9	31,924	30,353
Current assets			
Inventories		15,541	15,756
Trade & other receivables		26,627	24,334
Tax recoverable		336	323
Cash & cash equivalents		28,805	33,110
		<u>71,309</u>	<u>73,523</u>
Current liabilities			
Trade and other payables		7,157	8,875
Borrowings	B9	76	101
Deferred revenue		3,806	3,789
Taxation		805	1,220
		<u>11,844</u>	<u>13,985</u>
Net current assets		<u>59,465</u>	<u>59,538</u>
		<u>91,389</u>	<u>89,891</u>
Financed by:			
Capital and reserves			
Share capital	A6	60,000	60,000
Reserves		30,628	29,134
Shareholders' fund		<u>90,628</u>	<u>89,134</u>
Minority shareholders' interests		186	182
Long term and deferred liabilities			
Borrowings	B9	54	54
Deferred taxation		521	521
		<u>91,389</u>	<u>89,891</u>
Net tangible assets per share (RM)		0.76	0.74

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report as at 31 January 2005 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 Period Ended 30 April 2005

	3 months Ended 30/04/05 (RM '000)	3 months Ended 30/04/04 (RM '000)
Cash flows from operating activities		
Profit before tax	2,230	3,013
Adjustments for : -		
Depreciation	633	556
Interest expense	2	4
Interest income	(185)	(114)
Gain on disposal of property, plant and equipment	(9)	(29)
Unrealised loss on foreign exchange	17	11
Operating profit before changes in working capital	2,688	3,441
Changes in working capital		
Inventories	215	1,827
Trade and other receivables	(2,310)	(838)
Trade and other payables	(1,718)	(2,979)
Deferred revenue	17	(251)
Cash (used in)/generated from operations	(1,108)	1,200
Income tax paid	(1,131)	(954)
Net cash (used in)/generated from operating activities	(2,239)	246
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	9	41
Purchase of property, plant and equipment	(2,204)	(311)
Interest received	185	114
Net cash used in investing activities	(2,010)	(156)
Cash flows from financing activities		
Proceeds from issue of shares in IPO	-	17,505
Share issue expenses	-	(2,176)
Interest paid	(2)	(4)
Borrowings	(25)	(25)
Net cash (used in)/generated from financing activities	(27)	15,300
Exchange differences on translation of the financial statement of foreign entity	(29)	9
Net increase in cash and cash equivalents	(4,305)	15,399
Cash and cash equivalents at beginning of financial period	33,110	20,371
Cash and cash equivalents at end of financial period	28,805	35,770
<u>Note :</u>		
Cash and cash equivalents at end of financial period comprise:-		
Cash & bank balances	8,805	5,770
Short term deposits	20,000	30,000
	28,805	35,770

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 First Quarter Ended 30 April 2005

Note	<u>Share Capital (RM '000)</u>	<u>Share Premium (RM '000)</u>	<u>Exchange Reserve (RM '000)</u>	<u>Revenue Reserve (RM '000)</u>	<u>Total (RM '000)</u>
3 months ended 30 April 2005					
Balance at the beginning of the year	60,000	3,527	(69)	25,676	89,134
Net profit for the three (3) months period	-	-	-	1,523	1,523
Arising during the period	-	-	(29)	-	(29)
As at 30 April 2005	<u><u>60,000</u></u>	<u><u>3,527</u></u>	<u><u>(98)</u></u>	<u><u>27,199</u></u>	<u><u>90,628</u></u>
3 months ended 30 April 2004					
Balance at the beginning of the year	48,330	-	(44)	16,949	65,235
Public Issue of 23,340,000 shares	11,670	-	-	-	11,670
Share Premium arising from Public Issue	-	5,835	-	-	5,835
Share issue expenses	-	(2,176)	-	-	(2,176)
Net profit for the three (3) months period	-	-	-	1,924	1,924
Arising during the period	-	-	(9)	-	(9)
As at 30 April 2004	<u><u>60,000</u></u>	<u><u>3,659</u></u>	<u><u>(53)</u></u>	<u><u>18,873</u></u>	<u><u>82,479</u></u>

ESTHETHICS INTERNATIONAL GROUP BERHAD (“the Company”) (408061-P)

Notes to the Quarterly Report for the First (1st) Quarter ended 30 April 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 2005.

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 period 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 period.

A6. Debts and equity securities

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

A7. Dividend paid

There was no payment of dividend during the financial period under review.

A8. Segmental information

	Current Year Quarter 30 April 2005		Current Year To Date 30 April 2005	
	Segment Revenue RM ‘000	Segment Results RM ‘000	Segment Revenue RM ‘000	Segment Results RM ‘000
Professional services and sales	7,152	1,193	7,152	1,193
Product distribution	15,736	872	15,736	872
Others	-	(60)	-	(60)
Total	<u>22,888</u>	<u>2,005</u>	<u>22,888</u>	<u>2,005</u>
Eliminations	<u>(3,634)</u>	<u>42</u>	<u>(3,634)</u>	<u>42</u>
Consolidated	<u>19,254</u>	<u>2,047</u>	<u>19,254</u>	<u>2,047</u>

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

There were no significant subsequent events from the end of the current financial period up to the date of this announcement.

A11. Changes in composition of the Group

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

A12. Changes in contingent liabilities

During the financial period under review, a corporate guarantee amounting to RM8,000,000 was issued by the Company to a financial institution in consideration of credit facilities given to a subsidiary company.

A13. Capital commitments

Property, plant and equipment

Contracted but not provided for in the financial statements

30 April 2005
RM'000

7,110

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 period 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 11.6%, from RM17.3 million to RM19.3 million, as compared to the corresponding quarter in the preceding year. The growth has been contributed by higher revenue from the distribution business in Hong Kong and from the launch of the new Radiancy beauty equipment business, offsetting a seasonal decrease in sales to local dealers.

Despite the higher revenue, profit before taxation has decreased to RM2.2 million from RM3.0 million quarter-on quarter mainly due to :

- i) reduction in gross profit margin arising from the following development:
 - a) special sales arrangement with a major international corporate client in Hong Kong for purpose of brand promotion with minimal margin;
 - b) lower seasonal sales to local dealers (which contribute a high gross profit margin) arising from slower demand due to a softer retail market;
- ii) start-up investments for the new direct selling subsidiary company.

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

For the first (1st) quarter, the Group recorded a profit before tax of RM2.2 million over revenue of RM19.3 million during the quarter as compared to a profit before tax of RM6.1 million over revenue of RM24.3 million in the preceding quarter, being fourth (4th) quarter of the financial year ended 31 January 2005.

Due to seasonal factors, the revenue recorded for the first (1st) quarter of the financial year has always been the lowest as compared to the other quarters.

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 current 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/products
- 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

Not applicable.

B5. Tax expense

	<u>Quarter ended</u> <u>30 April 2005</u> <u>RM'000</u>	<u>Current year to date</u> <u>30 April 2005</u> <u>RM'000</u>
Current tax expense		
Malaysian	688	688
Overseas	15	15
Deferred tax expenses		
Malaysian	-	-
	<hr/>	<hr/>
	703	703

The Group effective tax rate of 31.5% is higher than the statutory tax rate due principally to no group relief was available for losses incurred by certain subsidiaries and certain expenses being disallowed for taxation purposes.

B6. Unquoted investment and properties

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

B7. Quoted investment

There were no purchases and/or disposal of quoted investment for the current financial period 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 30.04.05
Establishment of six (6) new Professional Skin Care Centers	2,500	630
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	266
Construction of corporate office and warehouse building	2,500	2,500
Launching of the FMCG	2,000	1,626
Overseas business expansion – Hong Kong	2,000	-
Working capital	2,005	-
Estimated listing expenses	2,500	2,308
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	17,505	8,685
	=====	=====

B9. Borrowing and debt securities

<u>Borrowings</u>	<u>Securities</u>	<u>As at 30/04/2005 RM'000</u>
<i><u>Short Term</u></i>		
Hire purchase liabilities	Secured	76
<i>Total short term borrowings</i>		<u>76</u>
<i><u>Long term</u></i>		
Hire purchase liabilities	Secured	54
<i>Total long term borrowings</i>		<u>54</u>

B10. Off balance sheet financial instruments

As at the date of this announcement, the Group has not entered 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

No dividend has been declared or paid for the current financial period under review (2004: Nil).

The Board of Directors has on 24th March 2005 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 : 109,627,000) and 120,000,000 (2004 : 109,627,000) ordinary shares of RM0.50 each respectively.

This announcement is dated 26th May 2005