

**SUMMARY OF KEY FINANCIAL INFORMATION**  
31/07/2005

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/07/2005	31/07/2004	31/07/2005	31/07/2004
		RM'000	RM'000	RM'000	RM'000
1	Revenue	22,622	18,347	41,876	35,620
2	Profit/(loss) before tax	3,995	3,186	6,225	6,200
3	Profit/(loss) after tax and minority interest	2,772	2,025	4,295	3,950
4	Net profit/(loss) for the period	2,772	2,025	4,295	3,950
5	Basic earnings/(loss) per shares (sen)	2.31	1.69	3.58	3.44
6	Dividend per share (sen)	2.50	0.00	2.50	0.00
				AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7	Net tangible assets per share (RM)			0.7400	0.7400

Note: For full text of the above announcement, please access the Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

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

**Unaudited Condensed Consolidated Income Statements**  
**For The Second Quarter Ended 31 July 2005**

	Note	Individual Quarter 3 months Quarter ended		Cumulative Quarter 6 months Cumulative to date	
		31/07/2005 (RM'000)	31/07/2004 (RM'000)	31/07/2005 (RM'000)	31/07/2004 (RM'000)
<b>Revenue</b>		22,622	18,347	41,876	35,620
Operating expenses		(19,154)	(15,711)	(36,471)	(30,425)
Other operating income		390	301	500	645
<b>Profit from operations</b>		<b>3,858</b>	<b>2,937</b>	<b>5,905</b>	<b>5,840</b>
Interest expense		(2)	(4)	(4)	(7)
Interest income		139	253	324	367
<b>Profit before taxation</b>		<b>3,995</b>	<b>3,186</b>	<b>6,225</b>	<b>6,200</b>
Tax expense	B5	(1,203)	(1,150)	(1,906)	(2,231)
<b>Profit after taxation</b>		<b>2,792</b>	<b>2,036</b>	<b>4,319</b>	<b>3,969</b>
Minority interest		(20)	(11)	(24)	(19)
<b>Net profit for the period</b>		<b>2,772</b>	<b>2,025</b>	<b>4,295</b>	<b>3,950</b>
<b>Basic earnings per share (sen)</b>	B13	2.31	1.69	3.58	3.44
<b>Diluted earnings per share (sen)</b>		N/A	N/A	N/A	N/A
<b>Weighted average number of shares ('000)</b>		120,000	120,000	120,000	114,870
<b>Diluted earnings per share (sen)</b>		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 2005 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 July 2005

	<u>Note</u>	<u>31/07/05</u> <u>(RM '000)</u>	<u>31/01/05</u> <u>(RM '000)</u>
<b>Property, plant &amp; equipment</b>	<b>A9</b>	<b>36,014</b>	<b>30,353</b>
<b>Current assets</b>			
Inventories		14,424	15,756
Trade & other receivables		29,198	24,334
Tax recoverable		348	323
Cash & cash equivalents		21,651	33,110
		<u>65,621</u>	<u>73,523</u>
<b>Current liabilities</b>			
Trade and other payables		7,093	8,875
Borrowings	<b>B9</b>	50	101
Deferred revenue		3,717	3,789
Taxation		848	1,220
		<u>11,708</u>	<u>13,985</u>
<b>Net current assets</b>		<u>53,913</u>	<u>59,538</u>
		<u>89,927</u>	<u>89,891</u>
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	<b>A6</b>	60,000	60,000
Reserves		29,350	29,134
Shareholders' fund		<u>89,350</u>	<u>89,134</u>
<b>Minority shareholders' interests</b>		-	182
<b>Long term and deferred liabilities</b>			
Borrowings	<b>B9</b>	54	54
Deferred taxation		523	521
		<u>89,927</u>	<u>89,891</u>
Net tangible assets per share (RM)		0.74	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 31 July 2005**

	<b>6 months Ended 31/07/05 (RM '000)</b>	<b>6 months Ended 31/07/04 (RM '000)</b>
<b>Cash flows from operating activities</b>		
Profit before tax	6,225	6,200
Adjustments for : -		
Depreciation	1,300	1,126
Interest expense	4	7
Interest income	(324)	(367)
Gain on disposal of property, plant and equipment	(9)	(170)
Negative goodwill recognised	(107)	-
Unrealised loss on foreign exchange	140	86
	<u>7,229</u>	<u>6,882</u>
Operating profit before changes in working capital		
Changes in working capital		
Inventories	1,332	204
Trade and other receivables	(5,004)	(939)
Trade and other payables	(1,782)	1,390
Deferred revenue	(72)	(51)
Cash (used in)/generated from operations	<u>1,703</u>	<u>7,486</u>
Income tax paid	(2,301)	(1,951)
<b>Net cash (used in)/generated from operating activities</b>	<u>(598)</u>	<u>5,535</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	243	183
Purchase of property, plant and equipment	(7,195)	(1,584)
Interest received	324	367
Acquisition of minority interest in subsidiary	(99)	-
<b>Net cash used in investing activities</b>	<u>(6,727)</u>	<u>(1,034)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares in IPO	-	17,505
Share issue expenses	-	(2,293)
Dividend paid	(3,888)	-
Interest paid	(4)	(7)
Borrowings	(51)	(49)
<b>Net cash (used in)/generated from financing activities</b>	<u>(3,943)</u>	<u>15,156</u>
<b>Exchange differences on translation of the financial statement of foreign entity</b>	(191)	(20)
<b>Net increase in cash and cash equivalents</b>	(11,459)	19,637
<b>Cash and cash equivalents at beginning of financial period</b>	33,110	20,371
<b>Cash and cash equivalents at end of financial period</b>	<u>21,651</u>	<u>40,008</u>
<b>Note :</b>		
<b>Cash and cash equivalents at end of financial period comprise:-</b>		
Cash & bank balances	5,651	7,708
Short term deposits	16,000	32,300
	<u>21,651</u>	<u>40,008</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2005 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 Second Quarter Ended 31 July 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>
<b>6 months ended 31 July 2005</b>					
Balance at the beginning of the year	60,000	3,527	(69)	25,676	89,134
Net profit for the six (6) months period	-	-	-	4,295	4,295
Arising during the period	-	-	(191)	-	(191)
Dividend paid	-	-	-	(3,888)	(3,888)
	A7				
As at 31 July 2005	<u>60,000</u>	<u>3,527</u>	<u>(260)</u>	<u>26,083</u>	<u>89,350</u>
<b>6 months ended 31 July 2004</b>					
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	-	(2,293)	-	-	(2,293)
Net profit for the six (6) months period	-	-	-	3,950	3,950
Arising during the period	-	-	(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>

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

**Notes to the Quarterly Report for the Second (2nd) Quarter ended 31 July 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 (paragraph 9.22) of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements, and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 January 2005.

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 2005.

**A2. Audit report of previous annual financial report**

The Group’s previous annual financial report for the financial year ended 31 January 2005 was not subject to any audit qualification.

**A3. Seasonal or cyclical factors**

Generally, the business of the Group experienced higher revenue in the second (2<sup>nd</sup>) half of the financial year and during the festive seasons with correspondingly higher profits.

**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**

On 18 July 2005, the Company paid a final dividend of 9% less tax totalling RM3,888,000 in respect of the financial year ended 31 January 2005.

**A8. Segmental information**

	Current Year Quarter 31 July 2005		Current Year To Date 31 July 2005	
	Segment Revenue RM ‘000	Segment Results RM ‘000	Segment Revenue RM ‘000	Segment Results RM ‘000
Professional services and sales	7,970	1,553	15,122	2,746
Product distribution	20,308	2,709	36,044	3,581
Others	-	(103)	-	(163)
Total	28,278	4,159	51,166	6,164
Eliminations	(5,656)	(301)	(9,290)	(259)
Consolidated	22,622	3,858	41,876	5,905

**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 financial report.

**A10. Subsequent events**

On 6 September 2005, a new wholly owned subsidiary company named Lexwel International (S) Pte Limited was incorporated in Singapore with intended business activities to carry on the business of distribution of personal health care and skin care products.

**A11. Changes in composition of the Group**

**I. Lexwel International Pte Limited**

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.

**II. Lexwel International Sdn Bhd**

On 15 March 2005, the Company acquired a new wholly owned subsidiary company, Lexwel International Sdn Bhd ("Lexwel"). Lexwel has commenced operations on direct selling of personal healthcare and skincare products.

**III. Esthetics International (HK) Limited**

On 11 July 2005, the Company acquired an additional 5% of the issued and paid-up capital of Esthetics International (HK) Limited ("EIHK"), bringing the Company's total investment in EIHK to 100% of the issued and paid-up capital of EIHK.

**A12. Changes in contingent liabilities**

	<u>31 July 2005 Limit (RM'000)</u>	<u>31 July 2005 Utilised (RM'000)</u>
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to a subsidiary company	<u>14,700</u>	<u>3,586</u>

**A13. Capital commitments**

	<u>31 July 2005 RM'000</u>
<b>Property, plant and equipment</b>	
Contracted but not provided for in the financial statements	<u>6,242</u>

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 Malaysia Listing Requirements

### **B1. Review of performance**

The Group recorded revenue growth of 17.6%, from RM35.6 million to RM41.9 million, as compared to the previous year corresponding period. The growth has been attributed to contribution from Radiancy beauty equipment business, sales to a major international corporate client in Hong Kong, higher revenue from regional exports and higher sales of Clinelle products.

For the first six (6) months of the current financial year, profit after taxation increased by 8.7% from RM4.0 million to RM4.3 million in comparison to the previous year corresponding period.

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

For the second (2nd) quarter, the Group recorded a profit before tax of RM4.0 million over revenue of RM22.6 million as compared to a profit before tax of RM2.2 million over revenue of RM19.3 million in the preceding quarter.

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

### **B3. Current year prospects**

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**

	Current Quarter ended 31 July 2005 RM'000	Corresponding Quarter ended 31 July 2004 RM'000	Current Year to date 31 July 2005 RM'000	Corresponding Year-to-date 31 July 2004 RM'000
Current tax expense				
Malaysian	1,056	1,083	1,744	1,702
Overseas	86	46	101	80
Deferred tax expense				
Malaysian	61	21	61	449
	<u>1,203</u>	<u>1,150</u>	<u>1,906</u>	<u>2,231</u>

The Group effective tax rate of 30.6% 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 Malaysia 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 :-

	Proceeds Utilisation (RM'000)	
	IPO Funds	Current Year To Date 31.07.05
Establishment of six (6) new Professional Skin Care Centers	2,500	734
Refurbishment of twelve (12) existing Professional Skin Care Centers	1,000	63
Investment in information technology facilities	1,500	1,404
Advertising and promotional expenses for Esthetics Group products	1,500	296
Construction of corporate office and warehouse building	2,500	2,500
Launching of the FMCG	2,000	1,768
Overseas business expansion – Hong Kong	2,000	-
Working capital	2,005	-
Estimated listing expenses	2,500	2,308
	<u>17,505</u>	<u>9,073</u>

**B9. Borrowing and debt securities**

Borrowings	Securities	As at 31/07/2005 RM'000
<u>Short Term</u>		
Hire purchase liabilities	Secured	<u>50</u>
Total short term borrowings		<u>50</u>
<u>Long term</u>		
Hire purchase liabilities	Secured	<u>54</u>
Total long term borrowings		<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**

The Company paid a final dividend of 9% less tax totalling RM3,888,000 in respect of the financial year ended 31 January 2005 on 18 July 2005.

The Board of Directors recommends an interim dividend of 5% less 28% tax amounting to RM2,160,000 for the current financial year to date (comparative period : nil). The date of entitlement to the interim dividend is 14 October 2005 and the payment date is 28 October 2005.

The Board of Directors has on 24<sup>th</sup> 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 : 120,000,000) and 120,000,000 (2004 : 114,870,000) ordinary shares of RM0.50 each respectively.

This announcement is dated 27<sup>th</sup> September 2005