

SUMMARY OF KEY FINANCIAL INFORMATION
31/10/2005

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2005	31/10/2004	31/10/2005	31/10/2004
	RM'000	RM'000	RM'000	RM'000
1 Revenue	25,852	20,733	67,728	56,353
2 Profit/(loss) before tax	4,792	5,416	11,017	11,616
3 Profit/(loss) after tax and minority interest	3,433	3,730	7,728	7,680
4 Net profit/(loss) for the period	3,433	3,730	7,728	7,680
5 Basic earnings/(loss) per shares (sen)	2.86	3.11	6.44	6.59
6 Dividend per share (sen)	0.00	1.50	2.50	1.50
			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 Third Quarter Ended 31 October 2005

	Note	Individual Quarter 3 months Quarter ended		Cumulative Quarter 9 months Cumulative to date	
		31/10/2005 (RM'000)	31/10/2004 (RM'000)	31/10/2005 (RM'000)	31/10/2004 (RM'000)
Revenue		25,852	20,733	67,728	56,353
Operating expenses		(21,265)	(15,879)	(57,736)	(46,304)
Other operating income		81	313	581	958
Profit from operations		4,668	5,167	10,573	11,007
Interest expense		(1)	(3)	(5)	(10)
Interest income		125	252	449	619
Profit before taxation		4,792	5,416	11,017	11,616
Tax expense	B5	(1,359)	(1,674)	(3,265)	(3,905)
Profit after taxation		3,433	3,742	7,752	7,711
Minority interest		-	(12)	(24)	(31)
Net profit for the period		3,433	3,730	7,728	7,680
Basic earnings per share (sen)	B13	2.86	3.11	6.44	6.59
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A
Weighted average number of shares ('000)		120,000	120,000	120,000	116,593
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 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 October 2005

	<u>Note</u>	<u>31/10/05</u> <u>(RM '000)</u>	<u>31/01/05</u> <u>(RM '000)</u>
Property, plant & equipment	A9	41,185	30,353
Current assets			
Inventories		18,227	15,756
Trade & other receivables		31,799	24,334
Tax recoverable		404	323
Cash & cash equivalents		13,325	33,110
		<u>63,755</u>	<u>73,523</u>
Current liabilities			
Trade and other payables		9,123	8,875
Borrowings	B9	25	101
Deferred revenue		3,812	3,789
Taxation		349	1,220
		<u>13,309</u>	<u>13,985</u>
Net current assets		<u>50,446</u>	<u>59,538</u>
		<u>91,631</u>	<u>89,891</u>
Financed by:			
Capital and reserves			
Share capital	A6	60,000	60,000
Reserves		30,877	29,134
Shareholders' fund		<u>90,877</u>	<u>89,134</u>
Minority shareholders' interests		-	182
Long term and deferred liabilities			
Borrowings	B9	54	54
Deferred taxation		700	521
		<u>91,631</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 31 October 2005

	9 months Ended 31/10/05 (RM '000)	9 months Ended 31/10/04 (RM '000)
Cash flows from operating activities		
Profit before tax	11,017	11,616
Adjustments for : -		
Depreciation	2,139	1,703
Interest expense	5	10
Interest income	(449)	(619)
Gain on disposal of property, plant and equipment	(99)	(186)
Negative goodwill recognised	(107)	-
Unrealised loss on foreign exchange	214	-
Operating profit before changes in working capital	12,720	12,524
Changes in working capital		
Inventories	(2,471)	2,659
Trade and other receivables	(7,679)	(5,913)
Trade and other payables	248	(4,119)
Deferred revenue	23	(267)
Cash generated from operations	2,841	4,884
Income tax paid	(4,038)	(3,769)
Net cash (used in)/generated from operating activities	(1,197)	1,115
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	550	198
Purchase of property, plant and equipment	(13,422)	(3,609)
Interest received	449	619
Acquisition of minority interest in subsidiary	(99)	-
Net cash used in investing activities	(12,522)	(2,792)
Cash flows from financing activities		
Proceeds from issue of shares in IPO	-	17,505
Share issue expenses	-	(2,306)
Dividend paid	(6,048)	(2,160)
Interest paid	(5)	(10)
Borrowings	(76)	(73)
Net cash (used in)/generated from financing activities	(6,129)	12,956
Exchange differences on translation of the financial statement of foreign entity	63	(15)
Net (decrease)/increase in cash and cash equivalents	(19,785)	11,264
Cash and cash equivalents at beginning of financial period	33,110	20,371
Cash and cash equivalents at end of financial period	13,325	31,635
Note :		
Cash and cash equivalents at end of financial period comprise:-		
Cash & bank balances	5,325	5,635
Short term deposits	8,000	26,000
	13,325	31,635

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 Third Quarter Ended 31 Oct 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>
9 months ended 31 October 2005					
Balance at the beginning of the year	60,000	3,527	(69)	25,676	89,134
Net profit for the nine (9) months period	-	-	-	7,728	7,728
Arising during the period	-	-	63	-	63
Dividend paid	-	-	-	(6,048)	(6,048)
	A7				
As at 31 October 2005	<u>60,000</u>	<u>3,527</u>	<u>(6)</u>	<u>27,356</u>	<u>90,877</u>
9 months ended 31 October 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	-	(2,306)	-	-	(2,306)
Net profit for the nine (9) months period	-	-	-	7,680	7,680
Arising during the period	-	-	(15)	(2,160)	(2,175)
As at 31 October 2004	<u>60,000</u>	<u>3,529</u>	<u>(59)</u>	<u>22,469</u>	<u>85,939</u>

Notes to the Quarterly Report for the Third (3rd) Quarter ended 31 October 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 (2nd) half of the financial period 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. Dividends paid

Since the end of the previous financial year, the Company paid:

(i) 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; and

(ii) an interim dividend of 5% less tax totalling RM2,160,000 in respect of the financial year ended 31 March 2006 on 28 October 2005.

A8. Segmental information

	Current Year Quarter 31 October 2005		Current Year To Date 31 October 2005	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	7,978	1,656	23,100	4,402
Product distribution	24,491	3,033	60,535	6,614
Others	3,000	2,945	3,000	2,782
Total	<u>35,469</u>	<u>7,634</u>	<u>86,635</u>	<u>13,798</u>
Eliminations	<u>(9,617)</u>	<u>(2,966)</u>	<u>(18,907)</u>	<u>(3,225)</u>
Consolidated	<u>25,852</u>	<u>4,668</u>	<u>67,728</u>	<u>10,573</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 financial report.

A10. Subsequent event

The financial year of the Company has been changed from 31 January to 31 March commencing financial period ending 31 March 2006 and thereafter to end on 31 March of every subsequent year.

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 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.

IV. Lexwel International (S) Pte Limited

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.

A12. Changes in contingent liabilities

	31 October 2005 Limit (RM'000)	31 October 2005 Utilised (RM'000)
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to a subsidiary company	<u>14,700</u>	<u>5,751</u>

A13. Capital commitments

31 October 2005
RM'000

Property, plant and equipment

Contracted but not provided for in the financial statements

3,327

The capital commitments were mainly in respect of the construction project of the Group's new corporate office 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

For the nine (9) months period ended 31 October 2005, the Group recorded revenue growth of 20.2%, from RM56.4 million to RM67.7 million, as compared to the previous year corresponding period. The growth has been attributed to contribution from Radiancy beauty equipment business, higher revenue from Esthetics International (HK) Limited (the subsidiary company in Hong Kong), sales to a major international corporate client in Hong Kong and higher revenue from regional exports.

For the first nine (9) months of the current financial period, profit after taxation increased marginally by 0.6% from RM7.68 million to RM7.73 million in comparison to the previous year corresponding period.

Despite the higher revenue, profit before taxation has decreased to RM4.8 million from RM5.4 million quarter on quarter mainly due to:

- a) start up losses from the four (4) corporate owned centres and two (2) Dermalogica Consultation Pods established towards the second half of the nine (9) months financial period under review;
- b) start up investments for the new direct selling subsidiary company, Lexwel International Sdn Bhd; and
- c) reduction in gross profit margin arising from special sales arrangement with a major international corporate client in Hong Kong for brand promotion with minimal margin.

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

For the third (3rd) quarter, the Group recorded a profit before tax of RM4.8 million over revenue of RM25.9 million as compared to a profit before tax of RM4.0 million over revenue of RM22.6 million in the preceding quarter. The above is consistent with the seasonal factors of the Group's business.

B3. Current year prospects

The wellness and beauty industry is expected to continue to grow in year 2005/06 while remaining competitive.

The Group's main growth drivers, both locally and regionally, for the current financial period 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 Pods 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 March 2006.

B4. Profit forecast

Not applicable.

B5. Tax expense

	Current Quarter ended 31 October 2005 RM'000	Corresponding Quarter ended 31 October 2004 RM'000	Current Year to date 31 October 2005 RM'000	Corresponding Year-to-date 31 October 2004 RM'000
Current tax expense				
Malaysian	1,114	1,835	2,858	3,537
Overseas	127	49	228	129
Deferred tax expense				
Malaysian	118	(210)	179	239
	1,359	1,674	3,265	3,905

The Group effective tax rate of 29.6% 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 31.10.05
Establishment of six (6) new Professional Skin Care Centers	2,500	1,566
Refurbishment of twelve (12) existing Professional Skin Care Centers	1,000	306
Investment in information technology facilities	1,500	1,500
Advertising and promotional expenses for Esthetics Group products	1,500	309
Construction of corporate office and warehouse building	2,500	2,500
Launching of the FMCG	2,000	2,000
Overseas business expansion – Hong Kong	2,000	-
Working capital	2,005	2,005
Estimated listing expenses	2,500	2,308
	17,505	12,494

B9. Borrowing and debt securities

Borrowings	Securities	As at 31/10/2005 RM'000
<i>Short Term</i>		
Hire purchase liabilities	Secured	25
<i>Total short term borrowings</i>		<u>25</u>
<i>Long term</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

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 and an interim dividend of 5% less tax totalling RM2,160,000 for the current financial year on 28 October 2005.

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 : 120,000,000) and 120,000,000 (2004 : 116,593,000) ordinary shares of RM0.50 each respectively.

This announcement is dated 27th December 2005