

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**31/12/2005**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	RM'000	RM'000	RM'000	RM'000
1 Revenue	17,746		85,474	
2 Profit/(loss) before tax	3,618		14,635	
3 Profit/(loss) after tax and minority interest	2,435		10,163	
4 Net profit/(loss) for the period	2,435		10,163	
5 Basic earnings/(loss) per share (sen)	2.03		8.47	
6 Dividend per share (sen)	0.00		2.50	
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share (RM)			0.7800	0.7400

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

Remarks :

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.

On 27 December 2005, the financial year of the Company was changed to end on 31 March commencing financial period ending 31 March 2006 and thereafter to end on 31 March of every subsequent year. Accordingly, there are no comparative figures for the current two (2) months period and the cumulative periods for the preceding year.

For illustration purpose only, the results for the quarter ended 31 January 2005 and the preceding year audited results ended 31 January 2005 have been presented as comparative figures in a separate file attached.

Item 7. "Net tangible assets per share" has been restated as "Net assets per share".

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

**Unaudited Condensed Consolidated Income Statements**  
**For The Two Months Ended 31 December 2005**

	Note	Individual Period Current Year Period 2 Months 31/12/2005 (RM'000)	Cumulative Periods Current Year To Date 11 Months 31/12/2005 (RM'000)
<b>Revenue</b>		17,746	85,474
Operating expenses		(14,712)	(72,448)
Other operating income		30	611
<b>Profit from operations</b>		<b>3,064</b>	<b>13,637</b>
Interest expense		(1)	(6)
Interest income		555	1,004
Results of associate		-	-
<b>Profit before taxation</b>		<b>3,618</b>	<b>14,635</b>
Tax expense	B5	(1,183)	(4,448)
<b>Profit after taxation</b>		<b>2,435</b>	<b>10,187</b>
Minority interest		-	(24)
<b>Net profit for the period</b>		<b>2,435</b>	<b>10,163</b>
<b>Basic earnings per share (sen)</b>	B13	2.03	8.47
<b>Diluted earnings per share (sen)</b>		N/A	N/A
<b>Weighted average number of shares ('000)</b>		120,000	120,000
<b>Diluted earnings per share (sen)</b>		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.

On 27 December 2005, the financial year of the Company was changed to end on 31 March commencing financial period ending 31 March 2006 and thereafter to end on 31 March of every subsequent year. Accordingly, there are no comparative figures for the current two (2) months period and the cumulative periods for the preceding year. For illustration purposes only, the results for the quarter ended 31 January 2005 and the preceding year audited results for the year ended 31 January 2005 have been presented in a separate file attached.

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

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

	Note	31/12/05 (RM '000)
<b>Property, plant &amp; equipment</b>	A9	44,212
<b>Current assets</b>		
Inventories		17,356
Trade & other receivables		32,223
Tax recoverable		531
Cash & cash equivalents		13,334
		63,444
<b>Current liabilities</b>		
Trade and other payables		9,089
Borrowings	B9	8
Deferred revenue		3,683
Taxation		657
		13,437
<b>Net current assets</b>		50,007
		94,219
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	A6	60,000
Reserves		33,414
Shareholders' fund		93,414
<b>Minority shareholders' interests</b>		-
<b>Long term and deferred liabilities</b>		
Borrowings	B9	54
Deferred taxation		751
		94,219
Net assets per share (RM)		0.78

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 December 2005**

	<b>11 Months Ended 31/12/05 (RM '000)</b>
<b>Cash flows from operating activities</b>	
Profit before tax	14,635
Adjustments for : -	
Depreciation	2,742
Interest expense	6
Interest income	(1,004)
Gain on disposal of property, plant and equipment	(41)
Negative goodwill recognised	(107)
Share of results of associate	-
Property, plant and equipment written off	-
Unrealised loss on foreign exchange	92
Operating profit before changes in working capital	16,323
Changes in working capital	
Inventories	(1,600)
Trade and other receivables	(7,981)
Trade and other payables	214
Deferred revenue	(106)
Cash generated from operations	6,850
Income tax paid	(4,989)
<b>Net cash generated from operating activities</b>	<b>1,861</b>
<b>Cash flows from investing activities</b>	
Proceeds from disposal of property, plant and equipment	555
Purchase of property, plant and equipment	(17,115)
Interest received	1,004
Acquisition of additional investment in associate	-
Acquisition of minority interest in subsidiary	(99)
<b>Net cash used in investing activities</b>	<b>(15,655)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares in IPO	-
Share issue expenses	-
Dividend paid	(6,048)
Interest paid	(6)
Borrowings	(93)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,147)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(19,941)</b>
<b>Effects of foreign currency translation</b>	<b>165</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>33,110</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>13,334</b>
 <u>Note :</u>	
<b>Cash and cash equivalents at end of financial period comprise:-</b>	
Cash & bank balances	7,984
Short term deposits	5,350
	<b>13,334</b>
	-

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  
Ended 31 December 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>11 Months Ended 31 December 2005</b>						
Balance at the beginning of the period		60,000	3,527	(69)	25,676	89,134
Net profit for the eleven (11) months period		-	-	-	10,163	10,163
Arising during the period		-	-	165	-	165
Dividends paid	A7	-	-	-	(6,048)	(6,048)
<b>As at 31 December 2005</b>		<u>60,000</u>	<u>3,527</u>	<u>96</u>	<u>29,791</u>	<u>93,414</u>

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

### Notes to the Quarterly Report for the Two (2) Months ended 31 December 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 Securites”) 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 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 Period (Two (2) Months) Ended		Current Year To Date (Eleven (11) Months) Ended	
	31 December 2005		31 December 2005	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	6,402	1,798	29,502	6,200
Product distribution	14,921	1,270	75,456	7,884
Others	-	(41)	3,000	2,741
Total	21,323	3,027	107,958	16,825
Eliminations	(3,577)	37	(22,484)	(3,188)
Consolidated	17,746	3,064	85,474	13,637

## 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

There were no significant subsequent event from the end of the current financial period upto the date of this announcement.

## 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 health care 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 business activities to carry on the business of distribution of personal health care and skin care products.

### V. Esthetics and Wellness International Sdn Bhd

On 3 January 2006, the Company acquired a new wholly owned subsidiary company, Esthetics and Wellness International Sdn Bhd ("EWI"). The principal businesses of EWI are the offering of internal and external courses and to franchise courses locally and internationally in the beauty, aesthetics and wellness areas.

**A12. Changes in contingent liabilities**

	<b>31 December 2005</b>	<b>31 December 2005</b>
	<b>Limit (RM'000)</b>	<b>Utilised (RM'000)</b>
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to a subsidiary company	14,700	4,882

**A13. Capital commitments**

	<b>31 December 2005</b>
	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Contracted but not provided for in the financial statements	2,282

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.

**A15. Change of financial year**

On 27 December 2005, the financial year of the Company has been changed to end on 31 March commencing financial period ending 31 March 2006 and thereafter to end on 31 March of every subsequent year.

Accordingly, there are no comparative figures for the current two (2) months period and the cumulative periods for the preceding year.

## **Additional information required by Bursa Securities Listing Requirements**

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

For the eleven (11) months period ended 31 December 2005, the Group recorded revenue of RM85.5 million as compared to RM80.7 million for the previous year corresponding period of twelve (12) months ended 31 January 2005. 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 EIG Pharma Asia Pacific Sdn Bhd (the subsidiary company in the trading of fast moving consumer goods) and new revenue from Lexwel International Sdn Bhd (the subsidiary company in direct selling).

For the eleven (11) months period ended 31 December 2005, profit before taxation and profit after taxation was RM14.6 million and RM10.2 million respectively.

Despite the higher revenue, the lower profit before taxation and profit after taxation recorded was mainly due to:

- a) start up losses from the five (5) corporate owned centres and two (2) Dermalogica Consultation Pods established towards the second half of the eleven (11) months financial period under review;
- b) start up investments for the new direct selling subsidiary company, Lexwel International Sdn Bhd; and
- c) dilution in group gross profit margin arising from special sales arrangement with a major international corporate client in Hong Kong for regional brand promotion.

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

For the two (2) months period ended 31 December 2005, the Group recorded a profit before tax of RM3.6 million over revenue of RM17.7 million as compared to a profit before tax of RM4.8 million over revenue of RM25.9 million in the preceding quarter of three (3) months period ended 31 October 2005.

Due to the change in the financial year end as stated under Section A15., there are no comparative figures for the current two (2) months period ended 31 January 2005 and the quarterly results ended 31 January 2005 have been presented for illustration purpose only.

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

The wellness and beauty industry is expected to continue to grow in year 2006/07 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 Year Two(2)Months Period Ended	Corresponding Quarter Ended	Current Year To Date Eleven(11)Months Ended	Corresponding Year To Date Twelve (12) Months Ended
	31 December 2005	31 January 2005	31 December 2005	31 January 2005
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	1,032	1,049	3,890	4,586
Overseas	100	136	328	265
Deferred tax expense				
Malaysian	51	308	230	547
	<u>1,183</u>	<u>1,493</u>	<u>4,448</u>	<u>5,398</u>

The Group effective tax rate of 30.4% 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 :-

	Approved utilization	Actual utilisation as at 31 January 2005	Balance
	RM'000	RM'000	RM'000
Establishment of six (6) new Professional Skin Care Centers	2,500	2,226	274
Refurbishment of twelve (12) existing Professional Skin Care Centers	1,000	306	694
Investment in information technology facilities	1,500	1,500	-
Advertising and promotional expenses for EIG Group's products	1,500	315	1,185
Construction of corporate office and warehouse building	2,500	2,500	-
Launching of the Fast Moving Consumer Goods ("FMCG")	2,000	2,000	-
Overseas business expansion – Hong Kong	2,000	-	2,000

Working capital	2,005	2,005	-
Listing expenses	2,500	2,308	192
<b>Total</b>	<b>17,505</b>	<b>13,160</b>	<b>4,345</b>

On 26 January 2006, the Company announced that the Board had approved the following:

- i) an extension of time up to one (1) year, from 1 February 2006 to 31 January 2007, for the utilisation of the remaining RM4.345 million in proceeds raised through the Company's initial public offering ("IPO"); and
- ii) a variation to the utilization of the remaining RM4.345 million in proceeds raised through the Company's IPO for working capital purposes, to fund the liquidity and administrative requirements of the Group.

#### **B9. Borrowing and debt securities**

<b>Borrowings</b>	<b>Securities</b>	<b>As at 31/12/2005 RM'000</b>
<i>Short Term</i>		
Hire purchase liabilities	Secured	8
<i>Total short term borrowings</i>		<u>8</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 ending 31 March 2006 on 28 October 2005.

The Board of Directors has on 24 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 two (2) months period ended 31 December 2005 and year to date is based on the net profit attributable to shareholders and the weighted average number of shares outstanding during the two (2) months period and year to date of 120,000,000 (January 2005 : 120,000,000) and corresponding period quarter and year of 120,000,000 (January 2005 : 117,449,000) ordinary shares of RM0.50 each respectively.

#### **B14. Public shareholding spread**

As announced on 23 January 2006, Bursa Securities had, vide its letter dated 20 January 2006, granted an extension of time of six (6) months to the Company until 1 June 2006 to comply with the public shareholding spread requirement pursuant to Paragraph 8.15 of the Listing Requirements.

In order to comply with the public shareholder spread requirement, the Company has taken the following steps with objectives to enhance the Company's profile, attract more institutional followings and create wider shareholder base:

- i) participated in the Bursa Malaysia CMDF Bursa Research Scheme; and
- ii) arranged for briefing and presentation to a number of fund managers and research analysts.

For the purpose of generating buying interest from the retail investors, the Company had declared and paid a final dividend and an interim dividend (please refer to Section A7. Dividends paid for details). The dividend payout was intended to provide a relatively attractive dividend yield on the Company's shares. The Company is also encouraging its employees who are currently not shareholders of the Company to invest in shares of the Company.

The Company is of the view that given more time to continue the implementation of the above steps, the Company shall be in a better position to comply with the public shareholding spread requirement pursuant to Paragraph 8.15 of the Listing Requirements by 1 June 2006.

The public shareholding spread of the Company as at 6 February 2006 is as follows:

Percentage (%) of Public Shareholdings	No. of public shareholders holding not less than 100 shares
34.2	953