

SUMMARY OF KEY FINANCIAL INFORMATION
31/03/2006

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Three Mths 01/01/2006 To 31/03/2006	Three Mths 01/01/2005 To 31/03/2005	Fourteen Mths 01/02/2005 To 31/03/2006	Fourteen Mths 01/02/2004 To 31/03/2005
	RM'000	RM'000	RM'000	RM'000
1 Revenue	28,901		114,376	
2 Profit/(loss) before tax	4,253		18,888	
3 Profit/(loss) after tax and minority interest	3,890		14,053	
4 Net profit/(loss) for the period	3,890		14,053	
5 Basic earnings/(loss) per share (sen)	3.24		11.71	
6 Dividend per share (sen)	2.50		5.00	

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)	0.8100	0.7400

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

The financial year of the Company has been changed to end on 31 March commencing financial period ended 31 March 2006 and thereafter to end on 31 March of every subsequent year. Accordingly, there are no comparative figures for the current quarter ended 31 March 2006 and the preceding year corresponding period.

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

Unaudited Condensed Consolidated Income Statements
For Financial Year Ended 31 March 2006

	Individual Quarter		Cumulative Quarters	
	Note	Current Year Quarter 31/03/2006 (RM'000)	Current Year 14 Months Ended 31/03/2006 (RM'000)	
Revenue		28,901	114,376	
Operating expenses		(24,738)	(97,095)	
Other operating income		21	540	
Profit from operations		4,184	17,821	
Interest expense		(16)	(22)	
Interest income		85	1,089	
Profit before taxation		4,253	18,888	
Tax expense	B5	(363)	(4,811)	
Profit after taxation		3,890	14,077	
Minority interest		-	(24)	
Net profit for the period		3,890	14,053	
Basic earnings per share (sen)	B13	3.24	11.71	
Diluted earnings per share (sen)		N/A	N/A	
Weighted average number of shares ('000)		120,000	120,000	

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.

Note

The financial year of the Company has been changed to end on 31 March from 31 January. Accordingly, there are no comparative figures for the current quarter ended 31 March 2006 and the preceding year corresponding period.

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

Unaudited Condensed Consolidated Balance Sheet
As At 31 March 2006

	Note	31/3/06 (RM '000)
Property, plant & equipment	A9	44,569
Deferred tax assets		600
Current assets		
Inventories		25,163
Trade & other receivables		37,005
Tax recoverable		824
Cash & cash equivalents		8,095
		71,087
Current liabilities		
Trade and other payables		14,552
Borrowings	B9	36
Deferred revenue		3,465
Taxation		347
		18,400
Net current assets		52,687
		97,856
Financed by:		
Capital and reserves		
Share capital	A6	60,000
Reserves		37,071
Shareholders' fund		97,071
Long term and deferred liabilities		
Deferred taxation		785
		97,856
 Net Assets per share attributable to ordinary equity holders of the parent (RM)		 0.81

The Condensed Consolidated Balance Sheet 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.

Note

The financial year of the Company has been changed to end on 31 March from 31 January. Accordingly, there are no comparative figures for the preceding year corresponding period.

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

Unaudited Condensed Consolidated Cash Flow Statement
For The Financial Year Ended 31 March 2006

	Current Year 14 Months Ended 31/03/2006 (RM'000)
Cash flows from operating activities	
Profit before taxation	18,888
Adjustments for : -	
Depreciation	3,721
Interest expense	22
Interest income	(1,089)
Gain on disposal of property, plant and equipment	(140)
Property, plant and equipment written off	410
Negative goodwill recognised	(107)
Inventories written off	643
Unrealised loss on foreign exchange	55
Operating profit before changes in working capital	22,403
Changes in working capital	
Inventories	(10,050)
Trade and other receivables	(12,726)
Trade and other payables	5,677
Deferred revenue	(324)
Cash generated from operations	4,980
Income tax paid	(6,521)
Net cash used in operating activities	(1,541)
Cash flows from investing activities	
Proceeds from disposal of property, plant and equipment	1,144
Purchase of property, plant and equipment	(19,351)
Interest received	1,089
Acquisition of minority interest in subsidiary company	(99)
Net cash used in investing activities	(17,217)
Cash flows from financing activities	
Dividends paid	(6,048)
Interest paid	(22)
Borrowings	(119)
Net cash used in financing activities	(6,189)
Exchange difference on translation of the financial statement of foreign entity	(68)
Net decrease in cash and cash equivalents	(24,947)
Cash and cash equivalents at beginning of financial year	33,110
Cash and cash equivalents at end of financial year	8,095

Note :

Cash and cash equivalents at end of financial year consist of cash on hand and balances with banks.

The Condensed Consolidated Cash Flow Statement 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.

Note

The financial year of the Company has been changed to end on 31 March from 31 January. Accordingly, there are no comparative figures for the preceding year corresponding period.

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For The Financial Year Ended 31 March 2006

	Note	Share Capital (RM '000)	Share Premium (RM '000)	Exchange Reserve (RM '000)	Revenue Reserve (RM '000)	Total (RM '000)
14 months ended 31 March 2006						
Balance at the beginning of the year		60,000	3,527	(69)	25,676	89,134
Net profit for the fourteen (14) months period		-	-	-	14,053	14,053
Arising during the period		-	-	(68)	-	(68)
Dividends paid	A7	-	-	-	(6,048)	(6,048)
As at 31 March 2006		<u>60,000</u>	<u>3,527</u>	<u>(137)</u>	<u>33,681</u>	<u>97,071</u>

Note
The financial year of the Company has been changed to end on 31 March from 31 January. Accordingly, there are no comparative figures for the preceding year corresponding period.

Notes to the Quarterly Report for the Quarter ended 31 March 2006

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 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 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. 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 Ended		Current Year To Date (Fourteen (14) Months) Ended	
	31 March 2006		31 March 2006	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	9,582	1,203	39,084	7,403
Product distribution	22,582	3,095	98,039	10,979
Others	-	(164)	3,000	2,577
Total	32,164	4,134	140,123	20,959
Eliminations	(3,263)	50	(25,747)	(3,138)
Consolidated	28,901	4,184	114,376	17,821

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 year 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

	<u>31 March 2006</u> <u>Limit (RM'000)</u>	<u>31 March 2006</u> <u>Utilised (RM'000)</u>
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to a subsidiary company	22,700	6,322

A13. Capital commitments

	<u>31 March 2006</u> <u>RM'000</u>
Property, plant and equipment	
Contracted but not provided for in the financial statements	463

A14. Related party transactions

There were no material related party transactions during the current financial year 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 ended 31 March 2006 and thereafter to end on 31 March of every subsequent year.

Accordingly, there are no comparative figures for the current quarter and the preceding year corresponding period.

Additional information required by Bursa Malaysia Listing Requirements

B1. Review of performance

The Group changed its financial year to end on 31 March with an additional two (2) months for the financial year under review.

For the fourteen (14) months period ended 31 March 2006, the Group recorded revenue of RM114.38 million as compared to RM80.66 million for the previous financial year ended 31 January 2005. The growth of over 40% has been attributed to higher revenue from Leonard Drake (M) Sdn Bhd and Belle Lina Franchise International Sdn Bhd arising especially from new outlets opening, contribution from Radiancy beauty equipment business, increase in turnover from Hong Kong, expansion of the local dealer sales and higher regional export.

Profit before taxation and profit attributable to shareholders were RM18.89 million and RM14.05 million respectively (31 January 2005 : RM17.64 million and RM12.18 million).

During the financial year under review:

- a) the Group set up eight new (8) corporate owned centres/pods in Malaysia, out of the total network of thirty one (31) outlets; the highest number of new outlets opening in a single year. These outlets which were mostly established towards the second half of the financial year, have initially diluted the profits of the professional services and sales segment;
- b) the Group's distribution subsidiary company in Hong Kong, Esthetics International (HK) Limited has recorded a year of significant revenue and profitability growth;
- c) the revenue from the regional and export businesses of the Group increased to 29% from 26% of total Group revenue;
- d) the profit contribution from Radiancy beauty equipment business has compensated for the dilution in Group gross profit margin arising from special sales arrangement with a major international corporate client in Hong Kong for regional brand promotion; and
- e) the start up investments for the new direct selling subsidiary company, Lexwel International Sdn Bhd has reduced overall Group profit.

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

For the quarter ended 31 March 2006, the Group recorded a profit before tax of RM4.25 million over revenue of RM28.90 million as compared to a profit before tax of RM3.62 million over revenue of RM17.75 million in the preceding two (2) months period ended 31 December 2005.

Due to the change in the financial year end as stated under Section A15., there are no comparative figures for the current quarter ended 31 March 2006.

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 and earnings drivers, both locally and regionally, for the new financial year are as follows:

- a) introduction of more new wellness products and services;
- b) continuous extension of distribution network of dealers/distributors and corporate owned centres;
- c) further expansion of the fast moving consumer goods subsidiary company;
- d) growth of the new direct selling business;
- e) establishment of Dermalogica Consultation Pods; and
- f) regional franchise scheme and expansion of the education & training business.

Barring any unforeseen circumstances, the Board is cautiously optimistic about the Group performance for the financial year ending 31 March 2007.

B4. Profit forecast

Not applicable.

B5. Tax expense

	Current Year Quarter Ended 31 March 2006 RM'000	Current Year Fourteen (14) Months Ended 31 March 2006 RM'000
Current tax expense		
Malaysian	373	4,603
Overseas	122	450
Deferred tax expense		
Malaysian	<u>(132)</u>	<u>(242)</u>
	<u>363</u>	<u>4,811</u>

The Group effective tax rate of 25.47% is lower than the statutory tax rate due principally to tax losses incurred by certain subsidiary companies are being recognized as deferred tax assets.

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 Malaysia on 11 March 2004, which had raised RM17.505 million of proceeds 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, there were no other corporate proposals announced.

On 26 January 2006, the Board of Directors 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 utilisation 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.

The remaining RM4.345 million of IPO proceeds had been fully utilized for working capital purposes of the Group.

B9. Borrowings and debt securities

Borrowings	Securities	As at 31/03/2006 RM'000
<i>Short Term</i>		
Hire purchase liabilities	Secured	36
<i>Total short term borrowings</i>		<u>36</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 recommends a final tax exempt dividend of 5% totalling RM3,000,000 for the financial year ended 31 March 2006 (31/1/05 final dividend : 9% less tax) to be approved by the shareholders at the forthcoming Annual General Meeting. The total dividends for the financial year are 5% tax exempt and 5% less tax (31/1/05 : 12% less tax).

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 quarter ended 31 March 2006 and year to date is based on the profit attributable to shareholders and the weighted average number of shares outstanding during the quarter and financial year to date of 120,000,000 ordinary shares of RM0.50 each respectively.

B14. Public shareholding spread

Bursa Malaysia 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 dividend payout 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 15 May 2006 is as follows:

Percentage (%) of Public Shareholdings	No. of public shareholders holding not less than 100 shares
34.15%	986

This announcement is dated 23 May 2006