

SUMMARY OF KEY FINANCIAL INFORMATION
30/06/2006

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30/06/2006	30/06/2005	30/06/2006	30/06/2005
		RM'000	RM'000	RM'000	RM'000
1	Revenue	27,433		27,433	
2	Profit/(loss) before tax	2,732		2,732	
3	Profit/(loss) for the period	2,041		2,041	
4	Profit/(loss) attributable to ordinary equity holders of the parent	2,041		2,041	
5	Basic earnings/(loss) per share (sen)	1.70		1.70	
6	Proposed/Declared dividend per share (sen)	0.00		0.00	
		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)	0.8300		0.8100	

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

Remarks :

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 30 June 2006 and the preceding year corresponding period.

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

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

	Note	Individual Quarter	Cumulative Quarter
		Current Year Quarter	Current Year Three (3) Months Ended
		30/04/2005 (RM'000)	30/04/2005 (RM'000)
Revenue		19,254	19,254
Cost of sales		(10,438)	(10,438)
Gross profit		8,816	8,816
Other income		110	110
Other expenses		(6,879)	(6,879)
Profit from operations		2,047	2,047
Finance cost		(2)	(2)
Interest income		185	185
Profit before taxation		2,230	2,230
Tax expense	B5	(703)	(703)
Net profit for the period		1,527	1,527
Attributable to:			
Equity holders of the parent		1,523	1,523
Minority interests		4	4
Net profit for the period		1,527	1,527
Earnings per share attributable to equity holders of the parent:			
Basic earnings per share (sen)	B13	1.27	1.27
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 2004 and the accompanying explanatory notes enclosed with the Quarterly Report.

The following figures have been reclassified to conform with the current year's presentation:

	As restated	As previously stated
Cost of sales	10,438	10,155
Other expenses	6,879	7,162

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

Audited Condensed Consolidated Balance Sheets
As At 31 March 2006

	Note	Audited (Restated) 31/03/06 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	A9	40,821
Investment properties		3,101
Computer software		647
Deferred tax assets		600
		45,169
Current assets		
Inventories		25,163
Trade and other receivables		37,005
Tax recoverable		919
Cash and cash equivalents		8,095
		71,182
TOTAL ASSETS		116,351
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	A6	60,000
Reserves		37,071
TOTAL EQUITY		97,071
Non-current liabilities		
Deferred taxation		880
		880
Current liabilities		
Trade and other payables		14,552
Deferred revenue		3,465
Borrowings	B9	36
Taxation		347
		18,400
TOTAL LIABILITIES		19,280
TOTAL EQUITY AND LIABILITIES		116,351
Net assets per share attributable to equity holders of the Parent (RM)		0.81

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 First Quarter Ended 30 April 2005

	3 months and year-to-date ended 30/04/05 (RM '000)
Cash flows from operating activities	
Profit before taxation	2,230
Adjustments for : -	
Depreciation	633
Interest expense	2
Interest income	(185)
Gain on disposal of property, plant and equipment	(9)
Unrealised loss on foreign exchange	17
Operating profit before working capital changes	2,688
Changes in working capital	
Inventories	215
Trade and other receivables	(2,310)
Trade and other payables	(1,718)
Deferred revenue	17
Cash used in operations	(1,108)
Income taxes paid	(1,131)
Net cash used in operating activities	(2,239)
Cash flows from investing activities	
Proceeds from disposal of property, plant and equipment	9
Purchase of property, plant and equipment	(2,204)
Interest received	185
Net cash used in investing activities	(2,010)
Cash flows from financing activities	
Interest paid	(2)
Repayment of borrowings	(25)
Net cash used in financing activities	(27)
Exchange differences on translation of the financial statement of foreign entity	(29)
Net decrease in cash and cash equivalents	(4,305)
Cash and cash equivalents at beginning of financial period	33,110
Cash and cash equivalents at end of financial period	28,805
<u>Note :</u>	
Cash and cash equivalents at end of financial period comprise:-	
Cash and bank balances	8,805
Short term deposits	20,000
	28,805

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	← Attributable to equity holders of the parent →						Minority Interest (RM '000)	Total Equity (RM '000)
	Share Capital (RM '000)	Non-distributable Share Premium (RM '000)	Translation Reserve (RM '000)	Distributable Retained Profits (RM '000)	Total (RM '000)			
Three (3) months ended 30 April 2005								
At 1 February 2005	60,000	3,527	(69)	25,676	89,134	182	89,316	
Exchange differences recognised directly in equity	-	-	(29)	-	(29)	-	(29)	
Net profit for the period	-	-	-	1,523	1,523	4	1,527	
Total recognised income and expenses for the period	-	-	(29)	1,523	1,494	4	1,498	
Dividends paid	-	-	-	-	-	-	-	
At 30 April 2005	60,000	3,527	(98)	27,199	90,628	186	90,814	

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

Unaudited Condensed Consolidated Income Statements
For The First Quarter Ended 30 June 2006

	Note	Individual Quarter	Cumulative Quarter
		Current Year Quarter	Current Year Three (3) Months Ended
		30/06/2006 (RM'000)	30/06/2006 (RM'000)
Revenue		27,433	27,433
Cost of sales		(14,941)	(14,941)
Gross profit		12,492	12,492
Other income		461	461
Other expenses		(10,274)	(10,274)
Profit from operations		2,679	2,679
Finance cost		(17)	(17)
Interest income		70	70
Profit before taxation		2,732	2,732
Tax expense	B5	(691)	(691)
Net profit for the period		<u>2,041</u>	<u>2,041</u>
Attributable to:			
Equity holders of the parent		2,041	2,041
Net profit for the period		<u>2,041</u>	<u>2,041</u>
Earnings per share attributable to equity holders of the parent:			
Basic earnings per share (sen)	B13	1.70	1.70
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 period ended 31 March 2006 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 June 2006

	Note	As at 30/06/06 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	A9	39,189
Investment properties		4,388
Computer software		747
Deferred tax assets		600
		44,924
Current assets		
Inventories		24,592
Trade and other receivables		35,330
Tax recoverable		1,201
Cash and cash equivalents		7,583
		68,706
Non-current asset held for sale		1,887
		70,593
TOTAL ASSETS		115,517
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	A6	60,000
Reserves		39,224
TOTAL EQUITY		99,224
Non-current liabilities		
Deferred taxation		885
		885
Current liabilities		
Trade and other payables		11,961
Deferred revenue		3,124
Borrowings	B9	9
Taxation		314
		15,408
TOTAL LIABILITIES		16,293
TOTAL EQUITY AND LIABILITIES		115,517
Net assets per share attributable to equity holders of the parent (RM)		0.83

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report as at 31 March 2006 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 First Quarter Ended 30 June 2006

	3 months and year-to-date ended 30/06/06 (RM '000)
Cash flows from operating activities	
Profit before taxation	2,732
Adjustments for : -	
Depreciation	1,049
Fixed asset written off	1
Interest expense	17
Interest income	(70)
Gain on disposal of property, plant and equipment	(43)
Operating profit before working capital changes	3,686
Changes in working capital	
Inventories	571
Trade and other receivables	1,675
Trade and other payables	(2,591)
Deferred revenue	(341)
Cash generated from operations	3,000
Income taxes paid	(1,001)
Net cash generated from operating activities	1,999
Cash flows from investing activities	
Proceeds from disposal of property, plant and equipment	223
Purchase of property, plant and equipment	(2,872)
Interest received	70
Net cash used in investing activities	(2,579)
Cash flows from financing activities	
Interest paid	(17)
Repayment of borrowings	(27)
Net cash used in financing activities	(44)
Exchange differences on translation of the financial statement of foreign entity	112
Net decrease in cash and cash equivalents	(512)
Cash and cash equivalents at beginning of financial period	8,095
Cash and cash equivalents at end of financial period	7,583
<u>Note :</u>	
Cash and cash equivalents at end of financial period comprise:-	
Cash and bank balances	7,583
	7,583

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial period ended 31 March 2006 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 June 2006

	Note	<u>Share Capital (RM '000)</u>	<u>Non-distributable Share Premium (RM '000)</u>	<u>Translation Reserve (RM '000)</u>	<u>Distributable Retained Profits (RM '000)</u>	<u>Total Equity (RM '000)</u>
Three (3) months ended 30 June 2006						
At 1 April 2006		60,000	3,527	(137)	33,681	97,071
Exchange differences recognised directly in equity		-	-	112	-	112
Net profit for the period		-	-	-	2,041	2,041
Total recognised income and expenses for the period		-	-	112	2,041	2,153
Dividends paid	A7	-	-	-	-	-
At 30 June 2006		<u>60,000</u>	<u>3,527</u>	<u>(25)</u>	<u>35,722</u>	<u>99,224</u>

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

Notes to the Quarterly Report for the First Quarter ended 30 June 2006

A1. Basis of preparation and accounting policies

The Quarterly Report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements, and should be read in conjunction with the audited financial statements for the financial period ended 31 March 2006.

The significant accounting policies and methods of computation adopted in this Quarterly Report are consistent with those in the audited financial statements for the financial period ended 31 March 2006 except for the adoption of the new/revised Malaysian Accounting Standards Board (“MASB”) approved Financial Reporting Standards (“FRSs”) that are effective for the current financial year.

In the current financial period, the Group adopted the following new/revised FRSs below, which are relevant to its operations. The previous year comparatives have been restated as required, in accordance with the relevant requirements.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the new/revised FRSs did not result in substantial changes to the Group’s accounting policies other than the effects of the following FRSs:

FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The principal effects of the changes in accounting policies resulting from the adoption of the above FRSs by the Group are as discussed below:

i) FRS 5: Non-Current Assets Held for Sale and Discontinued Operations

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a freehold property as held for sale. Prior to 1 April 2006, under the previous FRS 116, the Group would have recognised the freehold property as property, plant and equipment. FRS 5 requires a non-current asset to be classified as held for sale when the criteria to be classified as held for sale have been met. The result of this change in accounting policy is that a non-current asset held for sale is recognised by the Group at the lower of carrying amount and fair value less costs to sell and has been disclosed as such on the face of the balance sheet.

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

ii) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interest is now presented within total equity. In the consolidated income statement, minority interest is presented as an allocation of the net profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with current period's presentation.

iii) FRS 136: Impairment of Assets and FRS 138: Intangible Assets

Intangible assets other than goodwill

Under the new FRS 138, computer software is an intangible asset. Although the application of FRS 138 is prospective, the Group has reclassified the comparative amount for computer software for better presentation. Accordingly, from 1 April 2006, computer software is stated at cost less accumulated amortisation and impairment losses. Its cost is amortised based on its definite life and amortisation is recognised accordingly.

The new FRS 138 requires that the useful lives of intangible assets other than goodwill be assessed at the individual asset level as having either a finite or indefinite life. Some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. In accordance with the transitional provisions of FRS 138, the change in the useful life assessment from finite to indefinite is made on a prospective basis.

iv) FRS 140: Investment Property

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and, that is not occupied by the companies in the Group. It is initially measured at cost, including direct transaction costs.

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment losses.

Investment properties previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets.

v) The effect to the Group's comparative figures on adoption of the above FRSs is as follows:

	As previously stated	Effects on adoption of FRSs	As restated
RM'000			
As at 1 April 2006			
Property, plant and equipment	44,569	(3,748)	40,821
Investment properties	-	3,101	3,101
Computer software	-	647	647

A2. Auditor's report of previous annual financial report

The Group's previous annual financial report for the financial period ended 31 March 2006 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) and third (3rd) quarters of the financial year and during the festive seasons with correspondingly higher profits.

A4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date except as disclosed in Note A1.

A5. Significant estimates and changes in estimates

There were no changes in estimates that had material effect in the current quarter and financial year-to-date results.

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

There were no dividends paid during the current quarter.

A8. Segmental information

	Current Year Quarter Ended		Current Year To Date (Three (3) Months) Ended	
	30 June 2006		30 June 2006	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	9,345	934	9,345	934
Product distribution	25,311	1,751	25,311	1,751
Others	-	(55)	-	(55)
Total	34,656	2,630	34,656	2,630
Elimination	(7,223)	49	(7,223)	49
Consolidated	27,433	2,679	27,433	2,679

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 material subsequent event from the end of the current financial period upto the date of this announcement.

A11. Changes in composition of the Group

There were no changes in the composition of the Group during the financial year-to-date ended 30 June 2006.

A12. Changes in contingent liabilities

	30 June 2006 Limit (RM'000)	30 June 2006 Utilised (RM'000)
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to a subsidiary company	22,700	8,212

A13. Capital commitments

	30 June 2006 RM'000
Property, plant and equipment	
Contracted but not provided for in the financial statements	170

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 from 31 January 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 recorded revenue of RM27.43 million for the first quarter ended 30 June 2006. The growth has been attributed to higher revenue from Leonard Drake (M) Sdn Bhd and Belle Lina Franchise International Sdn Bhd arising from new outlets opening, increase in turnover from Hong Kong, higher revenue from Lexwel International Sdn Bhd, the direct selling subsidiary company, increase in regional export and expansion of the local dealer sales.

Profit before taxation and net profit for the current financial quarter were RM2.73 million and RM2.04 million respectively.

During the financial period under review:

- a) the eight (8) new corporate owned centres/ Dermalogica Consultation pods in Malaysia, out of the current total network of thirty two (32) outlets which were mostly established towards the second half of the previous financial period, have started to contribute revenue to the professional services and sales segment;
- b) the Group's distribution subsidiary company in Hong Kong, Esthetics International (HK) Limited has recorded further significant revenue and profit growth;
- c) the revenue from the regional and export businesses of the Group increased to 32% from 29% of total Group revenue;
- d) the start up investments for the new direct selling subsidiary company, Lexwel International Sdn Bhd has started to contribute positively towards the Group's revenue and profits.

For information only, below are the six (6) months quarterly reported comparison for revenue, profit before taxation (PBT) and net profit (NP) attributable to equity holders of the parent:

RM'000	Jan 06 to Mar 06	Apr 06 to June 06	Total	Feb 05 to Apr 05	May 05 to July 05	Total	Variance	%
Revenue	28,901	27,433	56,334	19,254	22,622	41,876	14,458	34.5%
PBT	4,253	2,732	6,985	2,230	3,995	6,225	760	12.2%
NP	3,890	2,041	5,931	1,523	2,772	4,295	1,636	38.1%

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

For the quarter ended 30 June 2006, the Group recorded profit before taxation of RM2.73 million over revenue of RM27.43 million as compared to profit before taxation of RM4.25 million over revenue of RM28.90 million in the preceding three (3) months period ended 31 March 2006.

B3. Commentary on 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 new wellness products and services;
- b) continuous extension of distribution network of dealers/distributors and corporate owned outlets;
- c) further expansion of the fast moving consumer goods subsidiary company;
- d) growth of the direct selling business;
- e) establishment of Dermalogica Consultation Pods; and
- f) franchise scheme and expansion of the education and 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

The disclosure requirements for explanatory notes for the variance of actual profit after taxation and minority interest and forecast profit after taxation and minority interest are not applicable.

B5. Tax expense

	Current Year Quarter Ended 30 June 2006 RM'000	Current Year-to-date Ended 30 June 2006 RM'000
Current tax expense		
Malaysian	617	617
Overseas	74	74
Deferred tax expense		
Malaysian	-	-
	<u>691</u>	<u>691</u>

The Group effective tax rate for the current quarter and the financial year-to-date of 25.3% is lower than the statutory tax rate principally due to tax relief given to profit making subsidiaries.

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

There were no corporate proposals announced but not completed as at the date of this announcement.

B9. Borrowings and debt securities

Borrowings	Securities	As at 30/06/2006 RM'000
<i>Short Term</i>		
Hire purchase liabilities	Secured	9
<i>Total short term borrowings</i>		<u>9</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

A final tax exempt dividend of 5% totalling RM3,000,000 for the previous financial period ended 31 March 2006 (31/1/05 final dividend : 9% less tax) has been approved by the shareholders at the Annual General Meeting held on 21 August 2006. The total dividends for the previous financial period ended 31 March 2006 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 30 June 2006 and financial year-to-date is calculated by dividing net profit for the period by the weighted average number of ordinary shares in issue during the quarter and financial year-to-date of 120,000,000 ordinary shares of RM0.50 each.

This announcement is dated 21 August 2006