

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**31/03/2007**

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/03/2007	31/03/2006	31/03/2007	31/03/2006
		RM'000	RM'000	RM'000	RM'000
1	Revenue	42,354		124,660	
2	Profit/(loss) before tax	4,937		18,101	
3	Profit/(loss) for the period	3,768		13,759	
4	Profit/(loss) attributable to ordinary equity holders of the parent	3,768		13,759	
5	Basic earnings/(loss) per share (sen)	3.14		11.47	
6	Proposed/Declared dividend per share (sen)	2.50		5.00	
		<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
7	Net assets per share attributable to ordinary equity holders of the parent (RM)		0.8800		0.8100

Note: For full text of the above announcement, please access Bursa Malaysia website at [www.bursamalaysia.com](http://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 31 March 2007 and the preceding year corresponding period.

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

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

		Individual Period Current Year Period 2 Months	Cumulative Periods Current Year To Date 11 Months Ended
	Note	31/12/2005 (RM'000)	31/12/2005 (RM'000)
<b>Revenue</b>		17,746	85,474
Cost of sales		(8,510)	(41,990)
<b>Gross profit</b>		9,236	43,484
Other income		30	611
Other expenses		(6,202)	(30,458)
<b>Profit from operations</b>		3,064	13,637
Finance cost		(1)	(6)
Interest income		555	1,004
<b>Profit before taxation</b>		3,618	14,635
Tax expense	B5	(1,183)	(4,448)
<b>Net profit for the period</b>		<u>2,435</u>	<u>10,187</u>
Attributable to:			
Equity holders of the parent		2,435	10,163
Minority interest		-	24
<b>Net profit for the period</b>		<u>2,435</u>	<u>10,187</u>
<b>Earnings per share attributable to equity holders of the parent:</b>			
Basic earnings per share (sen)	B13	2.03	8.47
Diluted earnings per share (sen)		N/A	N/A
<b>Weighted average number of shares ('000)</b>		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.

	As restated (RM'000)	As previously stated (RM'000)
Operating expenses	-	72,448
Cost of sales	41,990	-
Other expenses	30,458	-

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

**Audited Condensed Consolidated Balance Sheets**  
As At 31 March 2006

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

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 Period Ended 31 December 2005**

	<b>11 Months ended 31/12/05 (RM '000)</b>
<b>Cash flows from operating activities</b>	
Profit before taxation	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)
Unrealised loss on foreign exchange	92
Operating profit before working capital changes	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 taxes 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 minority interest in subsidiary	(99)
<b>Net cash used in investing activities</b>	<b>(15,655)</b>
<b>Cash flows from financing activities</b>	
Dividends paid	(6,048)
Interest paid	(6)
Repayment of borrowings	(93)
<b>Net cash used in financing activities</b>	<b>(6,147)</b>
<b>Exchange differences on translation of the financial statement of foreign entity</b>	165
<b>Net decrease in cash and cash equivalents</b>	(19,776)
<b>Cash and cash equivalents at beginning of financial period</b>	33,110
<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 year comprise:-</b>	
Cash and 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**

		← Attributable to equity holders of the parent →						
Note	Share Capital (RM '000)	Non-distributable Share Premium (RM '000)	Translation Reserve (RM '000)	Distributable Retained Profits (RM '000)	Total (RM '000)	Minority Interest (RM '000)	Total Equity (RM '000)	
<b>11 Months ended 31 December 2005</b>								
<b>At 1 February 2005</b>	60,000	3,527	(69)	25,676	89,134	182	89,316	
<b>Exchange differences recognised directly in equity</b>	-	-	165	-	165	-	165	
<b>Net profit for the period</b>	-	-	-	10,163	10,163	24	10,187	
<b>Total recognised income and expenses for the period</b>	-	-	165	10,163	10,328	24	10,352	
<b>Acquisition of minority interest</b>						(206)	(206)	
<b>Dividends paid</b>	-	-	-	(6,048)	(6,048)	-	(6,048)	
<b>A7</b>								
<b>At 31 December 2005</b>	<u>60,000</u>	<u>3,527</u>	<u>96</u>	<u>29,791</u>	<u>93,414</u>	<u>-</u>	<u>93,414</u>	

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

**Unaudited Condensed Consolidated Income Statements**  
**For The Fourth Quarter Ended 31 March 2007**

	Note	Individual Quarter	Cumulative Quarters
		Current Year Quarter	Current Year Twelve (12) Months Ended
		31/03/2007 (RM'000)	31/03/2007 (RM'000)
<b>Revenue</b>		42,354	124,660
Cost of sales		(19,330)	(61,390)
<b>Gross profit</b>		23,024	63,270
Other income		255	3,461
Other expenses		(18,124)	(49,172)
<b>Profit from operations</b>		5,155	17,559
Finance cost		(3)	(42)
Interest income		77	846
Share of results of associate		(292)	(262)
<b>Profit before taxation</b>		4,937	18,101
Tax expense	B5	(1,169)	(4,342)
<b>Net profit for the period / year</b>		3,768	13,759
Attributable to:			
Equity holders of the parent		3,768	13,759
<b>Net profit for the period / year</b>		3,768	13,759
<b>Earnings per share attributable to equity holders of the parent:</b>			
Basic earnings per share (sen)	B13	3.14	11.47
Diluted earnings per share (sen)		N/A	N/A
<b>Weighted average number of shares ('000)</b>		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 31 March 2007

	<b>Note</b>	<b>As at 31/03/07 (RM '000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	A9	45,191
Intangible assets		3,477
Investment properties		4,803
Computer software		844
Investment in associate		1,034
Deferred tax assets		466
		<b>55,815</b>
<b>Current assets</b>		
Other Investments		593
Inventories		34,447
Trade and other receivables		34,076
Tax recoverable		467
Cash and cash equivalents		13,624
		<b>83,207</b>
<b>TOTAL ASSETS</b>		<b>139,022</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	A6	60,000
Reserves		45,476
<b>TOTAL EQUITY</b>		<b>105,476</b>
<b>Non-current liabilities</b>		
Borrowings		107
Deferred taxation		848
		<b>955</b>
<b>Current liabilities</b>		
Trade and other payables		20,793
Deferred revenue		11,223
Borrowings		27
Taxation		548
		<b>32,591</b>
<b>TOTAL LIABILITIES</b>		<b>33,546</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>139,022</b>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>		<b>0.88</b>

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 Fourth Quarter Ended 31 March 2007**

	<b>12 months and year-to-date ended 31/03/07 (RM '000)</b>
<b>Cash flows from operating activities</b>	
Profit before taxation	18,101
Adjustments for : -	
Depreciation	5,140
Property, plant and equipment written off	127
Interest expense	42
Interest income	(846)
Profit on disposal of property, plant and equipment	(2,671)
Share of results of associate	262
Unrealised loss on foreign exchange	393
Inventories written off	633
Negative goodwill recognised	(129)
Operating profit before working capital changes	21,052
Changes in working capital	
Inventories	(4,224)
Trade and other receivables	8,312
Trade and other payables	(15,160)
Deferred revenue	3,613
Cash generated from operations	13,593
Income taxes paid	(3,458)
<b>Net cash generated from operating activities</b>	<b>10,135</b>
<b>Cash flows from investing activities</b>	
Acquisition of subsidiaries, net of cash acquired	2,959
Investment in associate	(1,193)
Proceeds from disposal of property, plant and equipment	5,156
Purchase of property, plant and equipment	(9,208)
Interest received	846
<b>Net cash used in investing activities</b>	<b>(1,440)</b>
<b>Cash flows from financing activities</b>	
Dividend paid	(3,000)
Interest paid	(42)
Repayment of borrowings	(55)
<b>Net cash used in financing activities</b>	<b>(3,097)</b>
<b>Exchange differences on translation of the financial statement of foreign entities</b>	<b>(69)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,529</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>8,095</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>13,624</b>
<u>Note :</u>	-
<b>Cash and cash equivalents at end of financial year comprise:-</b>	
Fixed deposits	441
Cash and bank balances	13,183
	<b>13,624</b>

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 Fourth Quarter Ended 31 March 2007**

	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>
<b>Twelve (12) months ended 31 March 2007</b>						
<b>At 1 April 2006</b>		60,000	3,527	(137)	33,681	97,071
<b>Exchange differences recognised directly in equity</b>		-	-	(164)	-	(164)
<b>Net profit for the year</b>		-	-	-	13,759	13,759
<b>Total recognised income and expenses for the year</b>		-	-	(164)	13,759	13,595
<b>Dividends paid/payable</b>	<b>A7</b>	-	-	-	(5,190)	(5,190)
<b>At 31 March 2007</b>		<u>60,000</u>	<u>3,527</u>	<u>(301)</u>	<u>42,250</u>	<u>105,476</u>

Notes to the Quarterly Report for the Fourth Quarter ended 31 March 2007

**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 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 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.

**ii) 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.

**iii) 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.

iv) 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			
<b>As at 1 April 2006</b>			
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 (2<sup>nd</sup>) and third (3<sup>rd</sup>) 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 year under review.

**A7. Dividends paid**

On 8 September 2006, the Company paid a final tax exempt dividend of 5% amounting to RM3,000,000 in respect of the financial period ended 31 March 2006. On 9 April 2007, an interim dividend of 5% less 27% tax amounting to RM2,190,000 for the financial year ended 31 March 2007 has been paid, with the date of entitlement being 12 March 2007.

## A8. Segmental information

	Current Year Quarter Ended		Current Year To Date (Twelve (12) Months) Ended	
	31 March 2007		31 March 2007	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	21,249	3,160	49,561	7,631
Product distribution	31,584	5,981	104,093	14,057
Others	3,000	2,818	3,000	2,571
Total	55,833	11,959	156,654	24,259
Elimination	(13,479)	(6,804)	(31,994)	(6,700)
Consolidated	42,354	5,155	124,660	17,559

## 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

Please refer to note B8.

## A11. Changes in composition of the Group

### I. Airellis International Sdn Bhd

On 22 August 2006, the Company acquired a new wholly-owned subsidiary company, Airellis International Sdn Bhd (Airellis). The principal business activity of Airellis is direct selling of skin care and wellness products. Airellis has yet to commence operations.

### II. Shareholders' Agreement on restructuring of Dermal Concept Co. Ltd (DCCL) and Leonard Drake (Thai) Co. Ltd (LDCL)

The Company executed a Shareholders' Agreement dated 15 September 2006 with Aungkana Chaicharoensukasem (Aungkana) and Dermal Tech (Thai) Co. Ltd. (DTT) which are the existing shareholders of DCCL and its subsidiary company, LDCL with a new investor, Stay Enterprise Co. Ltd (New Investor) to incorporate a joint venture company, to act as a holding company to DCCL and LDCL in Thailand which will acquire 99.99% equity interest in DCCL and as a result will gain 99.93% equity interest in LDCL.

The shareholding structure of the joint venture company, Dermal Wellness International Co Ltd, is EIG (49.9%), New Investor (45.0%), Aungkana (2.75%) and DTT (2.35%).

The above restructuring has been completed on 8 December 2006.

### III. EIG Global Pte Ltd

On 27 December 2006, a new wholly-owned subsidiary company named EIG Global Pte Ltd was incorporated in Singapore. The principal business activity is investment holding.

#### **IV. Ina Gail Pte Ltd (IG), Leonard Drake (S) Pte Ltd (LDS) and Leonard Drake (HK) Ltd (LDHK)**

On 23 March 2007, the Group announced the acquisition of 100% equity interest in Ina Gail Pte Ltd, Leonard Drake (S) Pte Ltd and Leonard Drake (HK) Ltd for a cash consideration of SGD3.00. IG is principally engaged in the business of distribution of skincare, wellness and cosmetic products and beauty equipments in Singapore. LDS and LDHK are principally engaged in the business of operating a chain of professional skin care centres retailing skin care, wellness and cosmetic products and providing beauty therapy services in Singapore and Hong Kong respectively.

The above acquisition has been completed on 30 March 2007.

#### **A12. Changes in contingent liabilities**

	<u>31 March 2007 Limit (RM'000)</u>	<u>31 March 2007 Utilised (RM'000)</u>
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to a subsidiary company	28,500	11,701

#### **A13. Capital commitments**

	<u>31 March 2007 RM'000</u>
<b>Property, plant and equipment</b>	
Contracted but not provided for in the financial statements	-

#### **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 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.

**B1. Review of performance**

The Group recorded revenue of RM124.7 million for the financial year ended 31 March 2007 as compared to group revenue of RM114.4 million for the previous year fourteen (14) months financial period ended 31 March 2006. The growth has been attributed to the revenue contribution from the new acquiree companies in Singapore and Hong Kong from 1 December 2006 onwards, increase in turnover from sales to Hong Kong dealers, full year sales contribution from Lexwel International Sdn Bhd and Lexwel International (S) Pte Ltd and higher incremental revenue from Leonard Drake (M) Sdn Bhd and Asterspring Franchise International Sdn Bhd.

The profit before taxation for the current financial year was RM18.1 million versus RM18.9 million for the previous year fourteen (14) months financial period. Net profit for the current financial year stood at RM13.8 million in comparison to RM14.1 million for the previous year fourteen (14) months financial period.

During the financial year under review:

- a) the acquisitions of IG, LDS and LDHK have contributed positively to the revenue and profits of the Group from 1 December 2006 onwards;
- b) the direct selling business, Lexwel International Sdn Bhd and Lexwel International (S) Pte Ltd have started to record profits;
- c) the subsidiary company in Hong Kong, Esthetics International (HK) Limited maintained its trend of revenue and profit growth;
- d) the revenue from the regional and export businesses of the Group increased to 40% from 29% of total Group revenue;
- e) the gain arising from disposal of properties in Damansara Jaya has contributed to the group profits whilst offsetted by the increase in depreciation and other expenditure for the new corporate office building.

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

For the quarter ended 31 March 2007, the Group recorded profit before taxation of RM4.9 million over revenue of RM42.4 million as compared to profit before taxation of RM4.5 million over revenue of RM28.7 million in the preceding quarter. The higher revenue for the current quarter was mainly contributed by the additional turnover from the new acquiree companies in Singapore and Hong Kong.

**B3. Commentary on prospects**

The wellness and beauty industry is expected to continue to grow in year 2007 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) expansion of the fast moving consumer goods business;
- 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;
- g) export of home brands.

Barring any unforeseen circumstances, the Board is cautiously optimistic about the Group performance for the financial year ending 31 March 2008.

**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**

	<b>Current Year Quarter Ended 31 March 2007 RM'000</b>	<b>Current Year-to-date Ended 31 March 2007 RM'000</b>
Current tax expense		
Malaysian	660	3,437
Overseas	291	562
Deferred tax expense		
Malaysian	72	197
Overseas	146	146
	1,169	4,342

The Group effective tax rate for the financial year-to-date of 24.0% is lower than the Malaysian statutory tax rate principally due to profit arising from disposal of properties attracting a lower Real Property Gains Tax rate and the lower regional statutory tax rates.

**B6. Unquoted investment and properties**

There were no sales of unquoted investment or properties during the current quarter and financial year-to-date other than for Dermal Esthetica Sdn Bhd, a wholly-owned subsidiary of the Company, has on 30 September 2006 entered into three concurrent Sale and Purchase Agreements with Gamuda Paper Industries Sdn Bhd for the disposal of three contiguous units of four-storey shop-office at No. 54, 56 and 58, Jalan SS22/25, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan for a total selling price of RM4,850,000. The net profit attributable to the above disposal is RM2,725,100.

**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 but not completed**

**I. Proposed Private Placement**

On 11 April 2007, the Company announced a private placement of new ordinary shares of RM0.50 each representing not more than 10% of the issued and paid-up share capital.

The Securities Commission has on 14 May 2007 approved the above private placement.

**II. Joint Venture with Energy Medicine Naturopathy Sdn Bhd (EMN)**

On 11 April 2007, the Group entered into a shareholder agreement with EMN to form a 51% : 49% joint venture company to penetrate into the preventive medicine, quantum medicine, energy medicine, complementary medicine, regenerative medicine market, and the distribution of related wellness and lifestyle products and services.

**B9. Borrowings and debt securities**

<b>Borrowings</b>	<b>Securities</b>	<b>As at 31/3/2007 RM'000</b>
<i>Short Term</i>		
Hire purchase liabilities	Secured	27
<i>Total short term borrowings</i>		<u>27</u>
<i>Long term</i>		
Hire purchase liabilities	Secured	107
<i>Total long term borrowings</i>		<u>107</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 tax exempt dividend of 5% amounting to RM3,000,000 in respect of the financial period ended 31 March 2006 on 8 September 2006 and an interim dividend of 5% less 27% tax (31/3/06 interim dividend : 5% less 28% tax) amounting to RM2,190,000 for the financial year ended 31 March 2007 on 9 April 2007.

The Board of Directors recommends a final tax exempt dividend of 5% amounting to RM3,000,000 for the financial year ended 31 March 2007 (31/3/06 final dividend : 5% tax exempt) 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 (31/3/06 : 5% tax exempt and 5% less tax).

The Board of Directors has on 25 May 2007 approved a general dividend policy. It is the intention of the Board to endeavour to distribute between 30% to 50% of its net profit 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 2007 and financial year-to-date is calculated by dividing net profit for the quarter/year 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 25 May 2007