

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**31/12/2007**

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
		RM'000	RM'000	RM'000	RM'000
1	Revenue	47,271	28,693	121,664	82,306
2	Profit/(loss) before tax	7,981	4,538	15,299	13,164
3	Profit/(loss) for the period	5,747	3,363	11,163	9,991
4	Profit/(loss) attributable to ordinary equity holders of the parent	5,747	3,363	11,163	9,991
5	Basic earnings/(loss) per share (sen)	4.35	2.80	8.71	8.33
6	Proposed/Declared dividend per share (sen)	2.50	2.50	2.50	2.50
		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)	0.9200		0.8800	

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

Remarks :

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

**Unaudited Condensed Consolidated Income Statements**  
**For The Third Quarter Ended 31 December 2007**

	Individual Period		Cumulative Periods		
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period	
	Note	31/12/2007 (RM'000)	31/12/2006 (RM'000)	31/12/2007 (RM'000)	31/12/2006 (RM'000)
<b>Revenue</b>		47,271	28,693	121,664	82,306
Cost of sales / services		(19,665)	(14,203)	(52,998)	(42,060)
<b>Gross profit</b>		27,606	14,490	68,666	40,246
Other income		166	68	561	3,483
Other expenses		(19,669)	(10,639)	(54,072)	(31,325)
<b>Results from operating activities</b>		8,103	3,919	15,155	12,404
Finance cost		(1)	(22)	(23)	(39)
Interest income		33	611	177	769
Share of (loss)/profit after tax of equity accounted associates		(154)	30	(10)	30
<b>Profit before tax</b>		7,981	4,538	15,299	13,164
Tax expense	B5	(2,234)	(1,175)	(4,136)	(3,173)
<b>Profit for the period</b>		5,747	3,363	11,163	9,991
Attributable to: Shareholders of the Company		5,747	3,363	11,163	9,991
<b>Profit for the period</b>		5,747	3,363	11,163	9,991
<b>Earnings per share attributable to Shareholders of the Company:</b>					
Basic earnings per share (sen)	B13	4.35	2.80	8.71	8.33
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2007 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 December 2007

	<u>Note</u>	<u>As at 31/12/07 (RM '000)</u>	<u>As at 31/03/07 (RM '000)</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	47,227	46,035
Intangible assets		3,816	3,477
Investment properties		4,736	4,801
Investments in associates		2,172	1,034
Deferred tax assets		627	512
		<u>58,578</u>	<u>55,859</u>
<b>Current assets</b>			
Other Investment		595	592
Receivables, deposits and prepayments		39,376	34,078
Inventories		38,038	34,448
Tax recoverable		87	421
Cash and cash equivalents		12,023	13,624
		<u>90,119</u>	<u>83,163</u>
<b>TOTAL ASSETS</b>		<u>148,697</u>	<u>139,022</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Shareholders of the Company</b>			
Share capital	A6	66,000	60,000
Reserves		5,480	3,226
Retained earnings		50,113	42,250
<b>TOTAL EQUITY</b>		<u>121,593</u>	<u>105,476</u>
<b>Non-current liabilities</b>			
Borrowings		112	107
Deferred tax liabilities		636	848
		<u>748</u>	<u>955</u>
<b>Current liabilities</b>			
Deferred revenue		8,965	11,223
Payables and accruals		15,237	20,793
Borrowings		2	27
Taxation		2,152	548
		<u>26,356</u>	<u>32,591</u>
<b>TOTAL LIABILITIES</b>		<u>27,104</u>	<u>33,546</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>148,697</u>	<u>139,022</u>
<b>Net assets per share attributable to Shareholders of the Company (RM)</b>		<b>0.92</b>	<b>0.88</b>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report as at 31 March 2007 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 2007**

	<b>9 months and year-to-date ended 31/12/07 (RM '000)</b>	<b>9 months and year-to-date ended 31/12/06 (RM '000)</b>
<b>Cash flows from operating activities</b>		
Profit before tax	15,299	13,164
Adjustments for : -		
Depreciation of property, plant and equipment	5,143	3,346
Depreciation of investment properties	65	-
Property, plant and equipment written off	82	128
Interest expense	23	39
Interest income	(177)	(769)
Gain on disposal of property, plant and equipment	(55)	(2,899)
Share of loss/(profit) of equity accounted associates	10	(30)
Unrealised loss on foreign exchange	331	75
Inventories written off	57	155
	<b>20,778</b>	<b>13,209</b>
Operating profit before changes in working capital		
Changes in working capital		
Inventories	(3,647)	(1,505)
Receivables, deposits and prepayments	(5,495)	(1,111)
Payables and accruals	(5,788)	1,555
Deferred revenue	(2,258)	1,459
Cash generated from operating activities	3,590	13,607
Tax paid	(2,525)	(2,680)
<b>Net cash generated from operating activities</b>	<b>1,065</b>	<b>10,927</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	793	4,982
Purchase of property, plant and equipment	(7,165)	(7,411)
Investment in equity accounted associates	(1,333)	(1,157)
Acquisition of intangible assets	(248)	(115)
Acquisition of subsidiaries, net of cash acquired	1	-
Interest received	177	769
<b>Net cash used in investing activities</b>	<b>(7,775)</b>	<b>(2,932)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	8,570	-
Dividend paid	(3,300)	(3,000)
Interest paid	(23)	(39)
Repayment of borrowings	(20)	(36)
<b>Net cash generated from/(used in) financing activities</b>	<b>5,227</b>	<b>(3,075)</b>
<b>Exchange differences on translation of the financial statements of foreign entities</b>	(118)	(417)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,601)	4,503
<b>Cash and cash equivalents at beginning of financial period</b>	13,624	8,095
<b>Cash and cash equivalents at end of financial period</b>	<b>12,023</b>	<b>12,598</b>
<b>Note :</b>		
<b>Cash and cash equivalents at end of financial period comprise:-</b>		
Short term deposits	1,974	5,320
Cash and bank balances	10,049	7,278
	<b>12,023</b>	<b>12,598</b>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2007 and the accompanying explanatory notes enclosed with the Quarterly Report.

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

**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For The Third Quarter Ended 31 December 2007**

Note	Share Capital (RM '000)	<i>Non-distributable</i> Share Premium (RM '000)	<i>Translation</i> Reserve (RM '000)	<i>Distributable</i> Retained Earnings (RM '000)	Total Equity (RM '000)
<b>Nine (9) months ended 31 December 2007</b>					
At 1 April 2007	60,000	3,527	(301)	42,250	105,476
Exchange differences recognised directly in equity	-	-	(316)	-	(316)
Net profit for the period	-	-	-	11,163	11,163
Total recognised income and expense for the period	-	-	(316)	11,163	10,847
Shares issued	6,000	2,570	-	-	8,570
Dividend	-	-	-	(3,300)	(3,300)
	A7				
At 31 December 2007	<u>66,000</u>	<u>6,097</u>	<u>(617)</u>	<u>50,113</u>	<u>121,593</u>
<b>Nine (9) months ended 31 December 2006</b>					
At 1 April 2006	60,000	3,527	(137)	33,681	97,071
Exchange differences recognised directly in equity	-	-	(417)	-	(417)
Net profit for the period	-	-	-	9,991	9,991
Total recognised income and expense for the period	-	-	(417)	9,991	9,574
Dividend	-	-	-	(3,000)	(3,000)
	A7				
At 31 December 2006	<u>60,000</u>	<u>3,527</u>	<u>(554)</u>	<u>40,672</u>	<u>103,645</u>

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

## Notes to the Quarterly Report for the Third Quarter ended 31 December 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 year ended 31 March 2007.

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 year ended 31 March 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial periods beginning on or after the following dates:

	<b>Effective for financial periods beginning on or after</b>
FRS 117 Leases	1 October 2006
FRS 124 Related Party Disclosures	1 October 2006

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Company, other than the change discussed below:

#### **FRS 117: Leases**

Prior to 1 April 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of the other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. As such, leasehold land and the corresponding liability arising from the lease from Government have been removed from the balance sheet as at 1 January 2007. Lease payments are recognised in the income statement on an accrual basis. The Company has applied this change in accounting policy prospectively.

### **A2. Auditor’s report of previous annual financial report**

The Group’s previous annual financial report for the financial year ended 31 March 2007 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.

**A5. Significant estimates and changes in estimates**

There were no changes in estimates that had material effect on 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 except for the issuance of 12,000,000 new ordinary shares of RM0.50 each pursuant to the private placement exercise undertaken on 28 June 2007.

**A7. Dividends paid**

An interim dividend of 5% less 27% tax amounting to RM2,190,000 has been accrued for in the financial year ended 31 March 2007 and paid on 9 April 2007. On 10 September 2007, the Company paid a final tax exempt dividend of 5% amounting to RM3,300,000 in respect of the financial year ended 31 March 2007.

**A8. Segmental information**

	Current Year Quarter Ended 31 December 2007		Current Year To Date Ended 31 December 2007	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	21,708	4,675	57,489	7,742
Product distribution	39,627	4,371	96,054	9,339
Others	-	(65)	-	(440)
Total	61,335	8,981	153,543	16,641
Elimination	(14,064)	(878)	(31,879)	(1,486)
Consolidated	47,271	8,103	121,664	15,155

**A9. Property, plant and equipment**

The property, plant and equipment of the Group are carried at historical cost less accumulated depreciation. Accordingly, no valuations have been brought forward from the previous annual financial report.

**A10. Subsequent event**

The Company has on 16 January 2008, increased its investment in Esthetics International (HK) Limited (EIHK), a wholly owned subsidiary company, by the subscription of an additional 3,000,000 ordinary shares of HK\$1.00 each for a total cash consideration of HK\$3,000,000. The total investment of the Company in EIHK after the share subscription is 5,000,000 shares of HK\$1.00 each.

**A11. Changes in composition of the Group****(i) EIG Global Australia Pte. Ltd**

On 7 June 2007, the Company incorporated EIG Global Australia Pte. Ltd. (EIG Australia) as a wholly-owned subsidiary in Australia. The proposed business activities of EIG Australia is investment holding. EIG Australia has yet to commence operations.

**A11. (ii) Klientec International Sdn Bhd**

On 5 December 2007, the Company announced the acquisition of 100% equity interest in Klientec International Sdn Bhd (Klientec) for a cash consideration of RM125,000. Klientec is principally engaged in the business of information technology that focuses on developing Marketing Automation Solution with internet tools and technology, web-based application development, interactive multimedia and website development.

Klientec has been awarded MSC Malaysia-status by Multimedia Development Corporation on 7 June 2006. Consequent thereto, Klientec has been granted Pioneer Status under the Promotion of Investments Act, 1986 on 30 June 2006.

The above acquisition has been completed on 7 December 2007.

**A12. Changes in contingent liabilities**

	<u>31 December 2007 Limit (RM'000)</u>	<u>31 December 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	12,347

**A13. Capital commitments**

	<u>31 December 2007 RM'000</u>
<b>Property, plant and equipment</b>	
Contracted but not provided for in the financial statements	<u>5,605</u>

**A14. Related party transactions**

There were no material related party transactions during the current financial period under review.

## Additional information required by Bursa Malaysia Listing Requirements

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

The Group recorded revenue of RM121.7 million for the financial period ended 31 December 2007 as compared to Group revenue of RM82.3 million for the financial period ended 31 December 2006, a growth of RM39.4 million or 48%. The growth has been attributed to the new contribution in revenue from wholly-owned subsidiaries namely Ina Gail Pte Ltd and Leonard Drake (S) Pte Ltd in Singapore and Leonard Drake (HK) Ltd in Hong Kong, increase in turnover from sales to Hong Kong dealers, higher revenue from Leonard Drake (M) Sdn Bhd and Asterspring Franchise International Sdn Bhd and higher sales from EIG Pharma Asia Sdn Bhd.

	<b>Current Year Quarter 31/12/2007 (RM'000)</b>	<b>Preceding Year Corresponding Quarter 31/12/2006 (RM'000)</b>	<b>Current Year To Date 31/12/2007 (RM'000)</b>	<b>Preceding Year Corresponding Period 31/12/2006 (RM'000)</b>
Profit before tax	7,981	4,538	15,299	13,164
Gain on disposal of properties, plant and equipment*	-	-	-	(2,843)
	<u>7,981</u>	<u>4,538</u>	<u>15,299</u>	<u>10,321</u>

\* Representing the gain on disposal of the old corporate office at Damansara Jaya, Selangor, Malaysia.

The profit before tax for year 2007 was higher than that of 2006 despite the inclusion of RM2.8 million gain on disposal of properties, plant and equipment in the last financial year. After the exclusion of the above gain on disposal, profit before tax from operating activities for the current quarter has increased by RM3.4 million or 76% while profit before tax for the nine (9) months ended 31 December 2007 has increased by RM5.0 million or 48%.

The revenue from the regional and export businesses of the Group have increased to 50% (from 33% in the previous year corresponding period) of total Group revenue.

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

For the quarter ended 31 December 2007, the Group recorded profit before tax of RM8.0 million over revenue of RM47.3 million as compared to profit before tax of RM4.5 million over revenue of RM36.5 million in the preceding quarter. The profit before tax margin has improved, standing at 17% versus 12% for the preceding quarter.

### **B3. Commentary on prospects**

The wellness and beauty industry is expected to continue to grow in year 2008 while remaining competitive.

The Group's main growth and earnings drivers, both locally and regionally, for the new financial year are as follows:

- introduction of new wellness products and services;
- continuous extension of distribution network of dealers/distributors and corporate owned outlets;
- expansion of the fast moving consumer goods business;
- growth of the direct selling business;
- franchise scheme and expansion of the education and training business; and
- export of Company 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 December 2007 RM'000</b>	<b>Current Year-to-date Ended 31 December 2007 RM'000</b>
Current tax expense		
Malaysian	1,223	2,940
Overseas	687	1,212
Deferred tax expense		
Malaysian	144	(196)
Overseas	180	180
	2,234	4,136

The Group effective tax rate for the financial year-to-date is 27.0% which is higher than the Malaysian statutory tax rate principally due to no group relief has been claimed for losses incurred by certain subsidiaries and certain expenses being disallowed for taxation purposes, offsetted by 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.

**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**

On 11 April 2007, the Company announced the implementation of 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 private placement of 12,000,000 new ordinary shares of RM0.50 each of the Company at the issue price of RM0.72 per share was granted listing and quotation on the Main Board of Bursa Malaysia on 28 June 2007. The total proceeds raised from the private placement of RM8,640,000 were utilised for working capital requirements of the Group and for defraying of expenses incidental to the private placement.

**B9. Borrowings and debt securities**

<b>Borrowings</b>	<b>Securities</b>	<b>As at 31 December 2007 RM'000</b>
<i>Short Term</i>		
Hire purchase liabilities	Secured	2
<i>Total short term borrowings</i>		<u>2</u>
<i>Long term</i>		
Hire purchase liabilities	Secured	112
<i>Total long term borrowings</i>		<u><u>112</u></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% (31/3/06 final dividend: 5% tax exempt) amounting to RM3,300,000 (31/3/06: RM3,000,000) in respect of the financial year ended 31 March 2007 on 10 September 2007.

The Board of Directors recommends an interim dividend of 5% less 26% tax amounting to RM2,442,000 for the current financial year to date (31/3/07 interim dividend: 5% less 27% tax). The date of entitlement to the interim dividend is 28 March 2008 and the payment date is 25 April 2008.

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 the Group's net profit, 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 (Basis EPS)**

Basic EPS is calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Current Year Quarter Ended</b>		<b>Current Year To Date Ended</b>	
	<b>31/12/2007</b>	<b>31/12/2006</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Net profit attributable to shareholders of the Company (RM'000)	5,747	3,363	11,163	9,991
Weighted average number of ordinary shares in issue ('000)	132,000	120,000	128,160	120,000
Basic EPS (Sen)	<u>4.35</u>	<u>2.80</u>	<u>8.71</u>	<u>8.33</u>

This announcement is dated 20 February 2008.