

SUMMARY OF KEY FINANCIAL INFORMATION
30/09/2008

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30/09/2008	30/09/2007	30/09/2008	30/09/2007
		RM'000	RM'000	RM'000	RM'000
1	Revenue	44,114	36,523	91,171	74,393
2	Profit/(loss) before tax	3,230	4,466	6,798	7,318
3	Profit/(loss) for the period	2,492	3,208	5,428	5,416
4	Profit/(loss) attributable to ordinary equity holders of the parent	2,492	3,208	5,428	5,416
5	Basic earnings/(loss) per share (sen)	1.89	2.43	4.11	4.29
6	Proposed/Declared dividend per share (sen)	0.00	0.00	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)	0.9900		0.9400	

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

Remarks :

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

Unaudited Condensed Consolidated Income Statements
For The Second Quarter Ended 30 September 2008

	<u>Note</u>	Individual Period		Cumulative Periods	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		30/09/2008 (RM'000)	30/09/2007 (RM'000)	30/09/2008 (RM'000)	30/09/2007 (RM'000)
Revenue		44,114	36,523	91,171	74,393
Cost of sales / services		(18,994)	(15,531)	(41,765)	(33,333)
Gross profit		25,120	20,992	49,406	41,060
Other income		662	140	1,280	395
Other expenses		(22,552)	(16,887)	(43,940)	(34,403)
Results from operating activities		3,230	4,245	6,746	7,052
Finance cost		(6)	(1)	(22)	(22)
Interest income		29	64	60	144
Share of (loss) / profit after tax of equity accounted associates		(23)	158	14	144
Profit before tax		3,230	4,466	6,798	7,318
Tax expense	B5	(738)	(1,258)	(1,370)	(1,902)
Profit for the period / year		2,492	3,208	5,428	5,416
Attributable to:					
Shareholders of the Company		2,492	3,208	5,428	5,416
Profit for the period / year		2,492	3,208	5,428	5,416
Earnings per share attributable to Shareholders of the Company:					
Basic earnings per share (sen)	B13	1.89	2.43	4.11	4.29
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A
Weighted average number of shares ('000)		132,000	132,000	132,000	126,230

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2008 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 September 2008

	<u>Note</u>	<u>As at 30/09/08 (RM '000)</u>	<u>As at 31/03/08 (RM '000)</u>
ASSETS			
Non-current assets			
Property, plant and equipment	A9	52,188	51,055
Intangible assets		3,779	3,791
Prepaid lease payments		844	853
Investment properties		2,408	4,714
Investments in associates		2,462	2,448
Deferred tax assets		845	781
		<u>62,526</u>	<u>63,642</u>
Current assets			
Other Investment		-	554
Receivables, deposits and prepayments		40,184	36,797
Inventories		46,361	47,064
Tax recoverable		592	431
Cash and cash equivalents		11,404	12,948
		<u>98,541</u>	<u>97,794</u>
TOTAL ASSETS		<u>161,067</u>	<u>161,436</u>
EQUITY AND LIABILITIES			
Equity attributable to Shareholders of the Company			
Share capital	A6	66,000	66,000
Reserves		7,408	5,589
Retained earnings		57,709	52,281
TOTAL EQUITY		<u>131,117</u>	<u>123,870</u>
Non-current liabilities			
Borrowings		73	83
Deferred tax liabilities		639	985
		<u>712</u>	<u>1,068</u>
Current liabilities			
Deferred revenue		8,427	8,529
Payables and accruals		18,208	25,490
Borrowings		27	26
Taxation		2,576	2,453
		<u>29,238</u>	<u>36,498</u>
TOTAL LIABILITIES		<u>29,950</u>	<u>37,566</u>
TOTAL EQUITY AND LIABILITIES		<u>161,067</u>	<u>161,436</u>
Net assets per share attributable to Shareholders of the Company (RM)		0.99	0.94

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report as at 31 March 2008 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 30 September 2008

	6 months and year-to-date ended 30/09/08 (RM '000)	6 months and year-to-date ended 30/09/07 (RM '000)
Cash flows from operating activities		
Profit before tax	6,798	7,318
Adjustments for : -		
Depreciation of property, plant and equipment	3,981	3,261
Amortisation of intangible assets	12	-
Amortisation of prepaid lease payments	9	10
Change in fair value of investment properties	40	43
Finance costs	22	22
Gain on disposal of property, plant and equipment	(83)	(27)
Gain on disposal of investment properties	(540)	-
Loss on disposal of other investment	41	-
Interest income	(60)	(144)
Property, plant and equipment written off	586	120
Inventories written off	789	1
Share of profit of equity accounted associates	(14)	(144)
Unrealised foreign exchange loss	527	199
Operating profit before changes in working capital	<u>12,108</u>	<u>10,659</u>
Changes in working capital		
Inventories	(86)	180
Receivables, deposits and prepayments	(3,401)	471
Payables and accruals	(7,282)	(8,718)
Deferred revenue	(102)	(826)
Cash generated from operating activities	<u>1,237</u>	<u>1,766</u>
Interest received	60	144
Tax paid	(1,818)	(1,729)
Net cash (used in)/ generated from operating activities	<u>(521)</u>	<u>181</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,203)	(3,896)
Acquisition of intangible assets	-	(248)
Investment in associates	-	(1,333)
Proceeds from disposal of property, plant and equipment	220	630
Proceeds from investment properties	1,510	-
Net cash used in investing activities	<u>(2,473)</u>	<u>(4,847)</u>
Cash flows from financing activities		
Net proceeds from issuance of shares	-	8,570
Dividends paid to shareholders of the Company	-	(3,300)
Repayment of borrowings	(9)	(13)
Interest paid	(22)	(22)
Net cash (used in)/ generated from financing activities	<u>(31)</u>	<u>5,235</u>
Net (decrease)/ increase in cash and cash equivalents	(3,025)	569
Effect of exchange rate fluctuations on cash held	1,481	(316)
Cash and cash equivalents at beginning of financial year	12,948	13,624
Cash and cash equivalents at end of financial period	<u><u>11,404</u></u>	<u><u>13,877</u></u>
<u>Note :</u>		
Cash and cash equivalents at end of financial period comprise:-		
Deposits placed with licensed banks	3,058	6,140
Cash and bank balances	8,346	7,737
	<u><u>11,404</u></u>	<u><u>13,877</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2008 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 Period Ended 30 September 2008

Note	<u>Share Capital (RM '000)</u>	<u>Non-distributable Share Premium (RM '000)</u>	<u>Translation Reserve (RM '000)</u>	<u>Distributable Retained Earnings (RM '000)</u>	<u>Total (RM '000)</u>
Six (6) months ended 30 September 2008					
At 1 April 2008	66,000	6,097	(508)	52,281	123,870
Exchange differences on translation of the financial statements of foreign entities	-	-	1,819	-	1,819
Net profit for the period	-	-	-	5,428	5,428
Total recognised income and expense for the period	-	-	1,819	5,428	7,247
At 30 September 2008	<u>66,000</u>	<u>6,097</u>	<u>1,311</u>	<u>57,709</u>	<u>131,117</u>
Six (6) months ended 30 September 2007					
At 1 April 2007	60,000	3,527	(301)	42,250	105,476
Exchange differences on translation of the financial statements of foreign entities	-	-	(449)	-	(449)
Net profit for the period	-	-	-	5,416	5,416
Total recognised income and expense for the period	-	-	(449)	5,416	4,967
Shares issued	6,000	2,570	-	-	8,570
Dividends	-	-	-	(3,300)	(3,300)
	A7				
At 30 September 2007	<u>66,000</u>	<u>6,097</u>	<u>(750)</u>	<u>44,366</u>	<u>115,713</u>

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

Notes to the Quarterly Report for the Second Quarter ended 30 September 2008

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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2008 except for the adoption of the following revised Financial Reporting Standards (FRSs) and new Interpretations effective for financial periods beginning on or after 1 April 2008:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

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 Group.

A2. Auditor’s report of previous annual financial report

The Group’s previous annual financial report for the financial year ended 31 March 2008 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.

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.

A7. Dividends paid

An interim dividend of 5% less 26% tax amounting to RM2,442,000 has been accrued for in the financial year ended 31 March 2008 and paid on 25 April 2008.

A8. Segmental information

	Current Year Quarter Ended 30 September 2008		Current Year To Date Ended 30 September 2008	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales	20,169	636	39,807	1,274
Product distribution	36,150	2,585	76,721	6,738
Others	-	(157)	-	(249)
Total	56,319	3,064	116,528	7,763
Elimination	(12,205)	165	(25,357)	(1,018)
Consolidated	44,114	3,229	91,171	6,745

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 had on 23 October 2008 increased its investment in its subsidiary, namely Leonard Drake (S) Pte. Ltd. ("LDS") by the subscription of an additional one hundred thousand (100,000) ordinary shares of S\$1.00 each for a total cash consideration of S\$100,000 via its wholly-owned subsidiary, EIG Global Pte. Ltd. ("EIG Global"). The total investment of the Company in LDS held through EIG Global after the share subscription is two hundred thousand (200,000) shares of S\$1.00 each representing 100% of the issued and paid up capital of LDS.

A11. Changes in composition of the Group

There were no changes in the composition of the Group during the financial period under review.

A12. Changes in contingent liabilities

	30 September 2008 Limit (RM'000)	30 September 2008 Utilised (RM'000)
Corporate guarantees extended by the Company to financial institutions in consideration of credit facilities given to subsidiary companies	23,500	15,472

A13. Capital commitments

**30 September
2008
RM'000**

Property, plant and equipment

Contracted but not provided for in the financial statements

2,133

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 RM91.2 million for the financial period ended 30 September 2008 as compared to Group revenue of RM74.4 million for the financial period ended 30 September 2007, a growth of RM16.8 million or 23%. The growth has been attributable to higher revenue generated from Lexwel International Sdn Bhd, EIG Global (HK) Ltd. and Leonard Drake (HK) Ltd. in Hong Kong and Leonard Drake (S) Pte. Ltd. in Singapore.

Profit before tax for the current financial period was RM6.8 million versus RM7.3 million for the previous year corresponding period. Despite the decrease of 7% in the profit before tax for both the comparative financial periods, the Group was able to maintain the same level of profit after tax of RM5.4 million given the lower Group's effective tax rate as explained in note B5 below. Nevertheless, the contributing factors for the decrease in the profitability of the Group were as follows:-

- (i) the current challenging economic environment has resulted in minimal growth in sales in to retail customers in certain outlets of Asterspring and Leonard Drake in comparison to the higher salon rental and operating costs;
- (ii) higher advertising and promotion expenses invested on the launch of the Bioxil Skin Labs in Malaysia, Singapore and Hong Kong in comparison to the lower revenue generated during the start-up period of the brand;
- (iii) inventories written off amounting to RM0.8 million for expired inventories as well as allowance for slow moving inventories;
- (iv) one-off restoration expenditure and property, plant and equipment written off of RM0.7 million for the top Leonard Drake outlet in Singapore which has been relocated due to excessive and unviable rental increase from the landlord.

Despite the more challenging economic environment, the mass market business under the fast moving consumer goods segment and the multi level marketing business have turnaround to record combined profits representing approximately 15% of the total profit before tax for the current financial period under review.

The revenue from the regional and export businesses of the Group have increased to 50% (from 48% 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 30 September 2008, the Group recorded profit before tax of RM3.2 million over revenue of RM44.1 million as compared to profit before tax of RM3.6 million over revenue of RM47.1 million in the preceding quarter.

B3. Commentary on prospects

The wellness and beauty industry is expected to continue to grow in year 2008/09 while remaining competitive.

The Group's main growth and earnings drivers, both locally and regionally, for the current 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) development of the ethical market;
- f) growth of the distribution of beauty equipment;
- g) franchise scheme and expansion of the education and training business; and
- h) export of Company brands/mergers and acquisitions.

Barring any unforeseen circumstances, the Board is cautiously optimistic about the Group performance for the financial year ending 31 March 2009.

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 September 2008 RM'000	Current Year-to-date Ended 30 September 2008 RM'000
Current tax expense		
Malaysian	592	777
Overseas	155	458
Deferred tax expense		
Malaysian	(9)	89
Overseas	-	46
	738	1,370

The Group effective tax rate for the financial year-to-date of 20.2% is lower than the Malaysian statutory tax rate principally due to lower regional statutory tax rates and utilisation of business losses brought forward by Malaysian subsidiaries where the deferred tax assets are not recognised in previous financial year.

B6. Unquoted investment and properties

During the period under review, Dermal Esthetica Sdn. Bhd. ("DESB"), a wholly-owned subsidiary, disposed off two (2) units of its investment properties to a third party on 22 August 2008 with total consideration of RM1.5 million and registered a gain on disposal of RM0.5 million to the Group.

B7. Quoted investment

There were no purchases and/or disposal of quoted investment for the current financial period under review except for Ina Gail Pte. Ltd., a wholly owned subsidiary of the Company had on 30 June 2008, disposed of the quoted shares in Malaysia under other investment at a loss of RM41,000.

B8. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the reporting date.

B9. Borrowings and debt securities

Borrowings	Securities	As at 30 September 2008 RM'000
<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	73
<i>Total long term borrowings</i>		<u>73</u>

B10. Off balance sheet financial instruments

As at the date of this announcement, the Group has no outstanding 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 shareholders have on 20 August 2008 approved the payment of final dividend of 7% less 26% tax amounting to RM3,418,800 for the financial year ended 31 March 2008 (31/3/07 final dividend: 5% tax exempt). As at the date of this announcement, the final dividend has been paid by the Company on 8 October 2008. The total dividends for the financial year ended 31 March 2008 were 12% less tax (31/3/07: 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 the Group's 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 (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.

	Current Year Quarter Ended 30/09/2008	Current Year Quarter Ended 30/09/2007	Current Year To Date Ended 30/09/2008	Current Year To Date Ended 30/09/2007
Profit attributable to shareholders of the Company (RM'000)	2,492	3,208	5,428	5,416
Weighted average number of ordinary shares in issue ('000)	132,000	132,000	132,000	126,230
Basic EPS (Sen)	<u>1.89</u>	<u>2.43</u>	<u>4.11</u>	<u>4.29</u>

This announcement is dated 19 November 2008