

P R O S P E C T U S



ESTHETICS INTERNATIONAL GROUP BERHAD

(Formerly known as Esthetics International Berhad)

(Company No.: 408061-P)

(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 23,340,000 NEW ORDINARY SHARES OF RM0.50 COMPRISING:

- 4,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC
- 8,000,000 NEW ORDINARY SHARES OF RM0.50 EACH BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS
- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY ELIGIBLE EMPLOYEES AND BUSINESS ASSOCIATES OF ESTHETICS INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARY COMPANIES
- 5,340,000 NEW ORDINARY SHARES OF RM0.50 EACH TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

OFFER FOR SALE OF 6,660,000 ORDINARY SHARES OF RM0.50 EACH TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE/OFFER PRICE OF RM0.75 PER ORDINARY SHARE OF RM0.50 EACH PAYABLE IN FULL ON APPLICATION

IN CONJUNCTION WITH ITS LISTING ON THE MAIN BOARD OF THE MALAYSIA SECURITIES EXCHANGE BERHAD

Adviser, Underwriter and Placement Agent



HWANG-DBS SECURITIES BERHAD

(Company No.: 14389-U)

(A Participating Organisation of the Malaysia Securities Exchange Berhad)

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 4 HEREIN

This Prospectus is dated 20 February 2004

ALL EXPRESSION USED HEREIN, SHALL HAVE THE SAME MEANING AS THE EXPRESSION CONTAINED IN THE SECTION ENTITLED "DEFINITION" HEREAFTER.

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS, PROMOTERS AND THE OFFERORS OF ESTHETICS, AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT ESTIMATE AND THE PROFIT FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT ESTIMATE AND THE PROFIT FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

HWANG-DBS, AS THE ADVISER, UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND THE PROFIT FORECAST FOR THE FINANCIAL YEARS ENDED/ENDING 31 JANUARY 2004 AND 31 JANUARY 2005 RESPECTIVELY (FOR WHICH THE DIRECTORS OF ESTHETICS ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF ESTHETICS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SC HAS APPROVED THE INITIAL PUBLIC OFFERING ON 2 OCTOBER 2003. HOWEVER, THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE INITIAL PUBLIC OFFERING WHICH IS THE SUBJECT OF THIS PROSPECTUS. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF ESTHETICS AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THE MSEB SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF ESTHETICS AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE MSEB IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, THE COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. A COPY OF THIS PROSPECTUS TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

TENTATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM60,000,000 comprising 120,000,000 Esthetics Shares on the Main Board of the MSEB is set out below:

Date	Event
20 January 2004	Opening date of Application
1 March 2004	Closing date of Application
3 March 2004	Target date for balloting of application
8 March 2004	Target date of allotment of shares
11 March 2004	Target date for listing of the Company's entire enlarged issued and paid-up share capital on the Main Board of the MSEB

Note:

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application for the Public Issue Shares and Offer Shares will open and close at the time and date as stated above or such further period as the Directors and Offerors of Esthetics as well as the Underwriter may mutually decide. Esthetics will notify the public via an advertisement in a widely circulated English newspaper in the event there is an extension of time on the closing date of the application.

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DEFINITIONS

In this Prospectus, except where the context otherwise indicates, the following definitions shall apply throughout:

“Act”	: Companies Act, 1965, as amended from time to time
“ADA”	: Authorised Depository Agent
“ADA Code”	: ADA (Broker) Code
“AMSB”	: Averine (Malaysia) Sdn Bhd (364717-K), a wholly-owned subsidiary of Esthetics
“ATM”	: Automated Teller Machine
“BHT”	: Thai Baht
“BL Centre(s)”	: Belle Lina skin care centre(s)
“BLFISB”	: Belle Lina Franchise International Sdn Bhd (formerly known as HTT (PJ)), (320728-T), a wholly-owned subsidiary of Esthetics
“Board”	: Board of Directors of Esthetics
“Bonus Issue”	: The bonus issue of 95,259,980 new Esthetics Shares to the existing shareholders of Esthetics on the basis of approximately 68.04 new Esthetics Shares for every one (1) existing Esthetics Share held before the Offer For Sale and Public Issue
“BSB”	: Beuxstar Sdn Bhd (583486-D), a wholly-owned subsidiary of Esthetics
“CCM”	: Companies Commission of Malaysia
“Closing Date”	: Last date for the receipt of the application for the Public Issue which shall be within five (5) business days from the date of the issuance of the Prospectus or such other date as may be extended by the Company provided that such extended date shall not exceed three (3) months from the date of the Underwriting Agreement and shall only be granted subject to the consent of the Managing Underwriter
“CMSB”	: Clinelle (M) Sdn Bhd (formerly known as Olvera Corporation Sdn Bhd), (587026-H), a wholly-owned subsidiary of Esthetics
“CDS”	: Central Depository System
“DBKL”	: Dewan Bandaraya Kuala Lumpur
“DCA”	: Drug Control Authority
“DCCL”	: Dermal Concept Co. Ltd (468/2542), a 49.9%-owned associated company of Esthetics
“DESB”	: Dermal Esthetica Sdn Bhd (178535-D), a wholly-owned subsidiary of Esthetics
“DI”	: Dermalogica Inc, USA
“Distribution Agreement”	: Exclusive distributorship entered into between DI and DESB on 1 May 2002
“Directors”	: Directors of the Company

DEFINITIONS (Cont'd)

“ECSB”	: Esthetics Concept Sdn Bhd (305356-X), a wholly-owned subsidiary of Esthetics
“EIGP”	: EIG Pharma Asia Pacific Sdn Bhd (638699-H), a wholly-owned subsidiary of Esthetics
“EIHK”	: Esthetics International (HK) Limited (718951), a subsidiary of Esthetics
“EPS”	: Earnings per share
“Electronic Share Application” or “ESA”	: An application for the Public Issue Shares through a Participating Financial Institution's ATM
“Esthetics” or the “Company”	: Esthetics International Group Berhad (formerly known as Esthetics International Berhad) (408061-P)
“Esthetics Group” or the “Group”	: Esthetics, its subsidiaries and associated companies
“Esthetics Share(s)” or the “Share(s)”	: Ordinary share of RM0.50 each in Esthetics
“FIC”	: Foreign Investment Committee
“FMCG”	: Fast Moving Consumer Goods
“Flotation Scheme” or the “Scheme”	: The scheme for the flotation of Esthetics on the Main Board of the MSEB as discussed in Section 5.2 of this Prospectus
“Franchising Concept”	: Franchising system held under BLFISB
“GDP”	: Gross Domestic Product
“GNP”	: Gross National Product
“HTT (KL)”	: Head To Toe Skin Care Center (KL) Sdn Bhd (318080-D), a wholly-owned subsidiary of Esthetics
“HTT (PJ)”	: Head To Toe Skin Care Center (PJ) Sdn Bhd (320728-T) (now known as BLFISB), a wholly-owned subsidiary of Esthetics
“HTTBC”	: Head To Toe Beauty Care Centre
“HKD”	: Hong Kong Dollar
“Hwang-DBS”	: Hwang-DBS Securities Berhad (14389-U)
“IEI”	: Institute of Esthetics International
“Initial Public Offering”	: Public Issue and Offer for Sale, collectively
“Issue / Offer Price”	: The issue / offer price of RM0.75 per Esthetics Share for the Public Issue / Offer For Sale
“IT”	: Information technology
“LD Centre(s)”	: Leonard Drake skin care centre(s)
“LDM”	: Leonard Drake (M) Sdn Bhd (422149-D), a wholly-owned subsidiary of Esthetics

DEFINITIONS (*Cont'd*)

“LDFM”	: Leonard Drake Fitness (M) Sdn Bhd (436251-M), a wholly-owned subsidiary of Esthetics
“LDPSC”	: Leonard Drake Professional Skin Care Centre
“LDT”	: Leonard Drake (Thai) Co. Ltd (839/2543), a 99.9%-owned subsidiary company of DCCL, which in turn is a 49.9%-owned associated company of Esthetics
“LPS”	: Loss per share
“Malaysian Public”	: Malaysian Citizens as well as companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
“Master Franchisee”	: The exclusive franchisee who will enter into the Master Franchise Agreement with BLFISB. This Master Franchise Agreement will grant the Master Franchisee, the exclusive rights to operate the professional skin care salons under the “Belle Lina” trademark in the territory in which it has contracted with BLFISB (“Assigned Territory”). As a Master Franchisee, it could recruit and collect royalties from the franchisees in its Assigned Territory. However, all recruitments of the franchisees will be subject to prior clearance from BLFISB
“MCD”	: Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of the MSEB
“MI”	: Minority interests
“MIH” or the “Issuing House”	: Malaysian Issuing House Sdn Bhd (258345-X)
“MITI”	: Ministry of International Trade and Industry
“MPAJ”	: Majlis Perbandaran Ampang Jaya
“MPPJ”	: Majlis Perbandaran Petaling Jaya
“MPPP”	: Majlis Perbandaran Pulau Pinang
“MPS”	: Majlis Perbandaran Selayang
“MPSJ”	: Majlis Perbandaran Subang Jaya
“MSEB”	: Malaysia Securities Exchange Berhad
“NTA”	: Net tangible assets
“Offer Share(s)”	: 6,660,000 Esthetics Shares made available for sale by the Offerors pursuant to the Offer For Sale
“Offer for Sale” or “OFS”	: Offer for sale by the Offerors of 6,660,000 Esthetics Shares at the Offer Price, payable in full on application, to Bumiputera investors nominated by MITI

DEFINITIONS (Cont'd)

“Offeror(s)”	: Offerors of the Offer Shares and the number of Offer Shares to be offered by the respective offerors are as follows:
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Offerors	No. of Offer Shares	% of enlarged issued and paid-up share capital
Lim Yee Soon	1,953,602	1.63
Melissa M. Chen	1,953,602	1.63
Kan Kok Chee	976,800	0.81
Dato’ Mohamad Wajdi bin Haji Ishak	887,998	0.74
Datin Nonadiah binti Abdullah	887,998	0.74
Total	6,660,000	5.55

“Overseas Country Sub-distributors”	: The authorised overseas distributors who have been given the exclusive rights by Esthetics Group to distribute and market in a particular country of all or any of Esthetics’ products (in-house brands and third party brands)
“Participating Financial Institution(s)”	: Participating financial institution(s) for Electronic Share Application as listed in Section 12.5 of this Prospectus
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“PE Multiple”	: Price-earnings multiple
“Percent” or “%”	: Per centum
“Placement”	: Placement of 8,000,000 of the Public Issue Shares at the Issue Price to parties identified by Esthetics Group and the Placement Agent
“Placement Agent”	: Hwang-DBS Securities Berhad (14389-U)
“Professional Skin Care Centre(s)”	: These include all the professional skin care salons owned by the Group, which could either be incorporated under the trade-mark of “ <i>Belle Lina</i> ” or “ <i>Leonard Drake</i> ”. The corporate-owned salons that are incorporated under the trade-mark of “Leonard Drake” are referred to as the “ <i>LD Centres</i> ”; whilst those incorporated under the “Belle Lina” trade-mark are referred to as the “ <i>BL Centres</i> ”
“Promoters”	: Lim Yee Soon, Melissa M. Chen and Kan Kok Chee
“Public Issue”	: Public issue of 23,340,000 new Esthetics Shares at the Issue Price, payable in full on application, to Bumiputera investors nominated by MITI, places pursuant to the Placement, eligible employees, business associates of the Esthetics Group and Malaysian Public
“Public Issue Shares”	: 23,340,000 new Esthetics Shares to be issued by Esthetics pursuant to the Public Issue at an issue price of RM0.75 per share
“Public Shareholding Spread”	: Requirement imposed by MSEB that the Company must, following the Public Issue, have at least 25% of the total number of shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 shares each
“Restructuring”	: Collectively, Bonus Issue, Offer for Sale and Public Issue

DEFINITIONS (Cont'd)

“RM” and “sen”	: Ringgit Malaysia and sen respectively
“SC”	: Securities Commission
“SC Guidelines”	: SC’s Policies and Guidelines on Issue/Offer of Securities
“sq. ft.”	square feet
“Territory”	: Countries which DESB has exclusive rights in distributing Dermalogica range, namely, Malaysia, Hong Kong, Thailand, Singapore, Indonesia, Philippines, Brunei, Vietnam and Cambodia
“Underwriter”	: Hwang-DBS Securities Berhad (14389-U)
“USA”	: United States of America

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Occupation
Lim Yee Soon <i>(Executive Chairman)</i>	No. 17, Jalan Ara, SD7/1B Bandar Sri Damansara 52200 Kuala Lumpur	Malaysian	Company Director
Melissa M. Chen <i>(Group Chief Executive Officer)</i>	No. 17, Jalan Ara, SD7/1B Bandar Sri Damansara 52200 Kuala Lumpur	Malaysian	Company Director
Kan Kok Chee <i>(Executive Director)</i>	No. 260, Taman Mantin Jaya Mantin Jaya 71700 Negeri Sembilan	Malaysian	Company Director
Chieng Ing Huong <i>(Independent Non-Executive Director)</i>	No. 47, Jalan Midah 2 Taman Midah 56000 Kuala Lumpur	Malaysian	Company Director
Wong Chin Mun <i>(Independent Non-Executive Director)</i>	Suite B-19-2 Wisma Pantai No. 5, Jalan 4/83A Off Jalan Pantai Baru 59200 Kuala Lumpur	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Chieng Ing Huong	Chairman	Independent Non-Executive Director
Wong Chin Mun	Member	Independent Non-Executive Director
Lim Yee Soon	Member	Executive Chairman

COMPANY SECRETARIES	: Lum Chee Yeng (MAICSA 0880217) No. 14, Jalan SS22/35 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan
	: Tai Yit Chan (MAICSA 7009143) No. 888, Happy Garden Jalan Kuchai Lama 58200 Kuala Lumpur

REGISTERED OFFICE	: Level 7, Setia 1 No. 15, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2095 7188
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1. CORPORATE DIRECTORY (Cont'd)

HEAD OFFICE	: Wisma Dermal Esthetica Nos. 54-58, Jalan SS 22/25 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8333 Website: www.estheticsgroup.com
PRINCIPAL BANKERS	: Malayan Banking Berhad Bangsar Business Centre Level 8, Mayban Assurance Tower Dataran Maybank No. 1, Jalan Maarof 59200 Kuala Lumpur Tel No.: 03-2284 7743 HSBC Bank Malaysia Berhad Main Office, No. 2, Leboh Ampang 50100 Kuala Lumpur Tel No.: 03-2050 7676 Public Bank Berhad Cawangan Damansara Utama: No, 49, 51 & 53 Jalan SS21/60, Damansara Utama 47400 Petaling Jaya, Selangor Tel No.: 03-7728 9376 RHB Bank Berhad Commercial Banking Business Centre No. 15A & 17A, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7725 8950
AUDITORS AND REPORTING ACCOUNTANTS	: KPMG Chartered Accountants Wisma KPMG, Jalan Dungun Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2095 3388
SOLICITORS FOR THE COMPANY	: Seow Megat Suite 15.02, Level 15 The Heritage House No. 33, Jalan Yap Ah Shak 50300 Kuala Lumpur Tel No.: 03-2698 8384 Lincoln & Co Suite D-05-06 Plaza Mon't Kiara No. 2, Jalan Kiara, Mon't Kiara 50480 Kuala Lumpur Tel No.: 03-6201 7851

1. **CORPORATE DIRECTORY (Cont'd)**

- SOLICITORS FOR DUE DILIGENCE** : Raslan Loong
SERLAH Level 3A
Menara John Hancock
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur
Tel No.: 03-2093 3939
- INDEPENDENT BUSINESS AND
MARKET RESEARCH CONSULTANT** : Vital Factor Consultings Sdn Bhd
Nos. 75C & 77C Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No.: 03-7728 0248
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No.: 03-2693 2075
- SHARE REGISTRAR** : Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 03-4041 6522
- ADVISER, UNDERWRITER AND
PLACEMENT AGENT** : Hwang-DBS Securities Berhad
Level 8, Wisma Sri Pinang
No. 60, Green Hall
10200 Pulau Pinang
Tel No.: 04-263 6996
- LISTING SOUGHT** : Main Board of MSEP

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2. INFORMATION SUMMARY

THE FOLLOWING IS ONLY A SUMMARY OF SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. THIS SUMMARY SHOULD BE READ IN CONJUNCTION WITH, AND IS QUALIFIED IN ITS ENTIRETY, BY THE MORE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN ESTHETICS.

2.1 HISTORY AND BUSINESS

Esthetics was incorporated in Malaysia under the Act on 29 October 1996 as a private limited company under the name of Esthetics International Sdn Bhd. Subsequently on 17 May 2002, it was converted into a public limited company. It subsequently assumed its present name on 27 November 2003.

Esthetics' initial foray in the skin care business started when Melissa M. Chen, its co-founder set up her first skin care centre at Imbi Plaza, Kuala Lumpur in 1984. The sole proprietorship was known as HTTBC. As the business expanded, in 1985, HTTBC was moved to a bigger premise in KL Plaza, Kuala Lumpur. In the same year, Lim Yee Soon and Kan Kok Chee were invited to be partners of Melissa M. Chen. Consequently, HTTBC was converted from a sole proprietorship enterprise into a partnership entity.

In 1990, the second skin care centre, HTT (PJ) was established at Wisma Atria, Petaling Jaya, Selangor.

Backed by the entrepreneurial drive and experience of the Promoters in skin care business, in 1989, the Esthetics Group managed to secure its first exclusive distributorship to distribute Dermalogica range of professional skin care products in Malaysia. Over the years, the Esthetics Group has further secured exclusive distributorships to distribute Dermalogica range of professional skin care products in Thailand, Singapore, Indonesia, Vietnam, Brunei, Cambodia, Hong Kong and Philippines from DI. DI is an internationally renowned skin care manufacturer from the USA. In 1989, DESB was incorporated and was made the import/export as well as distribution arm of the Group in relation to the Dermalogica range of professional skin care products. The business arrangement with DI has also entitled the Group to use the Leonard Drake trademark for its professional skin care services centres.

With its new corporate identity and market position, in 1992, Melissa M. Chen and her co-founders have established their first professional skin care centre known as LDPSC in Bangsar, Kuala Lumpur.

In 1994, HTT (KL) and BLFISB were incorporated as private limited companies for trading in skin care products and provision of skin care services. In 1997, HTT (KL) and BLFISB took over the partnership businesses of HTTBC and Head To Toe Skin Care Centre (PJ) respectively.

In 1997, LDM was incorporated to take over the partnership business of LDPSC. Subsequently, in 1998, the operations of HTT (KL) and BLFISB were consolidated and absorbed into LDM. HTT (KL) ceased operations in 1999 and remained dormant ever since then. HTT (PJ) (*now known as BLFISB*) ceased operations in 1999. However, BLFISB began operations again in 2003 with the opening of its first Belle Lina outlet in Selayang Mall, Kuala Lumpur.

Since 1989, after securing the exclusive distribution rights for the Dermalogica range of skin care products, the Promoters have been aggressively promoting and expanding their business operations. As at 27 January 2004, the Group has a total of twenty-two (22) Professional Skin Care Centres and one (1) kiosk strategically located in the prominent shopping complexes in Penang and Klang Valley. As at 27 January 2004, it also has a total of three hundred and thirty nine (339) appointed dealers who independently own skin care centre. These dealers are actively promoting and distributing the Group's skin care and cosmetics products and serving the needs of the end user of its products.

2. INFORMATION SUMMARY *(Cont'd)*

The business operations of the Group have grown rapidly, particularly, within the last five (5) years. In 2000, the Group embarked on its maiden overseas venture by setting up EHK in Hong Kong to tap on the competitive but fast growing skin care and cosmetics market in Hong Kong and China.

As at 27 January 2004, in addition to the Dermalogica range of skin care products, the Group has secured the exclusive distributor rights from the following:

- (i) Eve Taylor (London) Limited for its range of aromatherapy products in 1992;
- (ii) Nemectron GmbH for its range of Electro-Cosmetic (Beauty) Equipment in 1993;
- (iii) Weyergans High Care AG for its range of beauty equipments in 2003;
- (iv) DANYCARE Medical Beauty GmbH for its range of medical products in 2003;
- (v) ROS'S ESTHETICA Y ELECTROMEDICINA for its range of beauty equipments in 2003.

In addition, as at 27 January 2004, the Group has launched three (3) in-house brand of products, namely, the Averine range of cosmetics products, Bioxil range of whitening and firming essence, and the Efilim range of slimming products (for external application only). This is part of its expansion plan to increase the depth and width of its existing range of products line.

In addition to the LD Centres, Esthetics has embarked on its new marketing concept by franchising the concept to potential entrepreneurs locally as well as overseas. As part of the franchise system development, the Esthetics Group has set up its first corporate-owned BL Centre in 2003.

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2. INFORMATION SUMMARY (Cont'd)

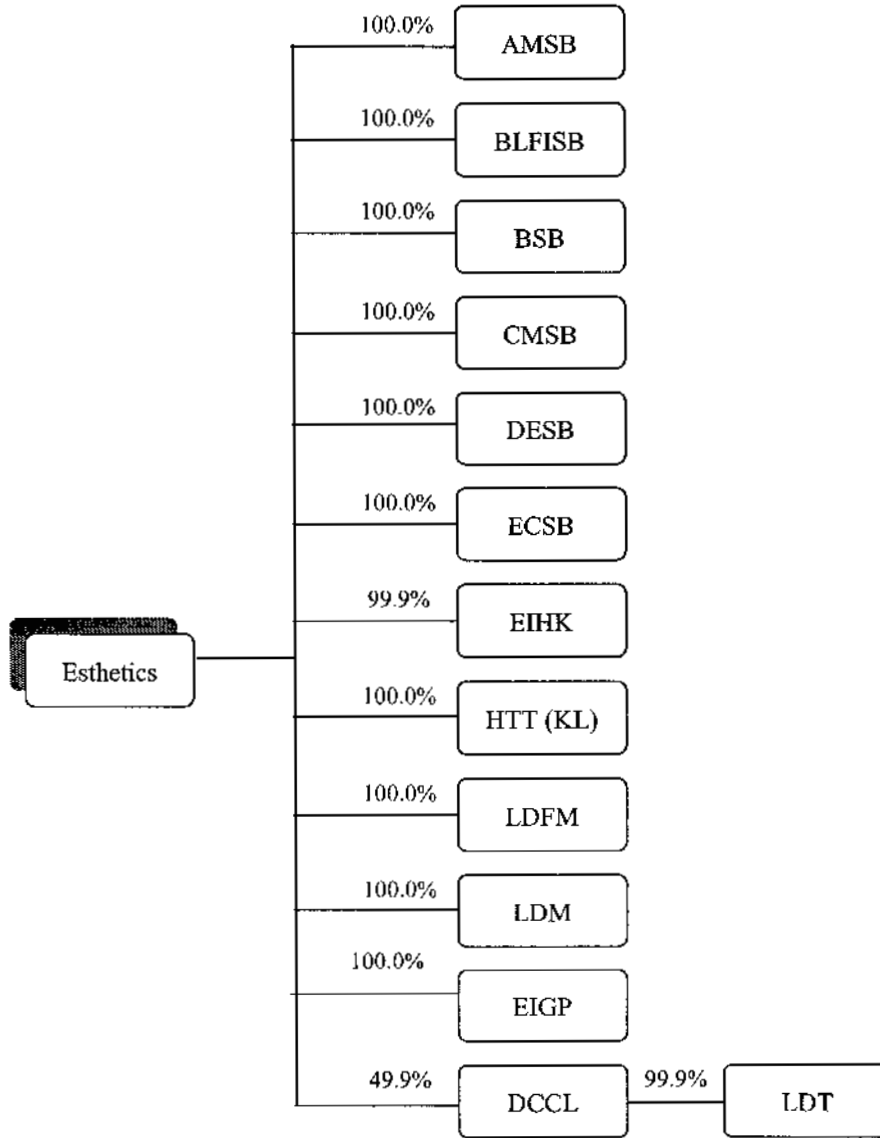
Esthetics is principally an investment holding company. The principal activities of the Company's subsidiaries and associated company are as follows:

Company	Date/Country of incorporation	Equity interest held %	Issued and paid-up share capital RM	Principal activities
<i>Subsidiaries of Esthetics</i>				
AMSB	25.10.1995/ Malaysia	100.00	103	Trading of cosmetics products
BLFISB	21.10.1994/ Malaysia	100.00	104	Operating the corporate owned BL Centres, providing skin care services and sales of skin care products. It is envisaged to commence franchising activities upon the relevant approvals being obtained
BSB	19.06.2002/ Malaysia	100.00	2	Apply for, purchase or otherwise acquire any patents, patents rights, copyrights and trademarks
CMSB	22.07.2002/ Malaysia	100.00	2	Development and distribution of skin care and wellness products
DESB	10.02.1989/ Malaysia	100.00	600,000	Importing and distributing skin care and hair care products, cosmetics and beauty equipment and operating a beauty training centre
ECSB	20.06.1994/ Malaysia	100.00	100,000	Letting of motor vehicle and property
EIHK	02.06.2000/ Hong Kong	Ordinary: 99.99 Preference: : 66.67	Ordinary: HKD1,700,000 Preference: HKD300,000	Distribution of skin and hair care and health care products
HTT (KL)	30.09.1994/ Malaysia	100.00	103	Dormant
LDM	08.03.1997/ Malaysia	100.00	100,000	Providing skin care services and sales of skin care products
LDFM	23.06.1997/ Malaysia	100.00	100,000	Operating a gym and fitness centre. It has temporarily ceased operation
EIGP	05.01.2004/ Malaysia	100.00	21	Trading of FMCG
<i>Associated company of Esthetics</i>				
DCCL	15.07.1999/ Thailand	49.90	BHT16,000,000	Importing and distributing skin care and hair care products, cosmetics and beauty equipment

Further information on the subsidiaries and associated company are set out in Section 5.6 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

The Group's corporate structure is depicted as follows:



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2. INFORMATION SUMMARY (Cont'd)

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

2.2.1 Promoters

The interest, direct and indirect, of the Promoters in Esthetics Shares before and after the Initial Public Offering are as follows:

Name	Designation	Nationality	Before the Initial Public Offering ⁽ⁱ⁾				After the Initial Public Offering			
			----Direct----		--Indirect--		----Direct----		--Indirect--	
			No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lim Yee Soon	Executive Chairman	Malaysian	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Melissa M. Chen	Group Chief Executive Officer	Malaysian	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Kan Kok Chee	Executive Director	Malaysian	14,176,806	14.7	-	-	13,200,000	11.0	-	-

Note:

(i) Based on the Register of Shareholders as at 27 January 2004.

Further information on the Promoters is set out in Section 6.1 of this Prospectus.

2.2.2 Substantial shareholders

The interest, direct and indirect, of the substantial shareholders in Esthetics Shares before and after the Initial Public Offering is as follows:

Name	Designation	Nationality	Before the Initial Public Offering ⁽ⁱ⁾				After the Initial Public Offering			
			----Direct----		--Indirect--		----Direct----		--Indirect--	
			No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lim Yee Soon	Executive Chairman	Malaysian	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Melissa M. Chen	Group Chief Executive Officer	Malaysian	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Kan Kok Chee	Executive Director	Malaysian	14,176,806	14.7	-	-	13,200,000	11.0	-	-
Datin Nonadiah Binti Abdullah	-	Malaysian	12,888,002	13.3	-	-	12,000,000	10.0	-	-
Dato' Mohamad Wajdi Bin Haji Ishak	-	Malaysian	12,887,992	13.3	-	-	12,000,000	10.0	-	-

Note:

(i) Based on the Register of Substantial Shareholders as at 27 January 2004.

Further information on the substantial shareholders is set out in Section 6.1 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.2.3 Directors

The interest, direct and indirect, of the Directors in Esthetics Shares before and after the Initial Public Offering is as follows:

Name	Designation	Nationality	Before the Initial Public Offering ⁽ⁱ⁾				After the Initial Public Offering			
			----Direct----		--Indirect--		----Direct----		--Indirect--	
			No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lim Yee Soon	Executive Chairman	Malaysian	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Melissa M. Chen	Group Chief Executive Officer	Malaysian	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Kan Kok Chee	Executive Director	Malaysian	14,176,806	14.7	-	-	13,200,000	11.0	-	-
Chieng Ing Huong	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Wong Chin Mun	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-

Note:

(i) Based on the Register of Directors as at 27 January 2004.

Further information on the Directors is set out in Section 6.2 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.2.4 Key management

The interest, direct and indirect, of the key management in Esthetics Shares before and after the Initial Public Offering is as follows:

Name	Designation	Nationality	Before the Initial Public Offering ⁽ⁱ⁾				After the Initial Public Offering			
			----Direct-----		--Indirect--		----Direct ⁽ⁱⁱ⁾ ----		--Indirect--	
			No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Soo Kim Yeu	General Manager	Malaysian	-	-	-	-	60,000	0.05	-	-
Tan Thiam Keat	Regional General Manager	Malaysian	-	-	-	-	80,000	0.07	-	-
Ng Wai Hou	Chief Financial Officer	Malaysian	-	-	-	-	80,000	0.07	-	-
Chen Yoke Chin	Assistant Head of Training	Malaysian	-	-	-	-	-	-	-	-
Wey Hiok Liong	Regional Training Manager	Malaysian	-	-	-	-	78,000	0.07	-	-
Peter Teoh Bor Teik	National Sales Manager of DESB	Malaysian	-	-	-	-	93,600	0.08	-	-
Gary Chin Wei Meng	General Manager for Marketing	Malaysian	-	-	-	-	20,000	Neg	-	-
Yap Wai Yin	Finance Manager	Malaysian	-	-	-	-	45,000	Neg	-	-

Notes:

(i) Based on the Register of Shareholders as at 27 January 2004.

(ii) Assuming full subscription of their respective entitlements for the pink form share allocation.

Neg Negligible

Further information on the key management is set out in Section 6.4 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.3 RISK FACTORS

The following are some of the risk factors (which may not be exhaustive) as extracted from Section 4 of this Prospectus. Applicants for the Public Issue Shares should carefully consider in addition to the other information contained elsewhere in this Prospectus before applying for the Public Issue Shares and Offer Shares:

2.3.1 No prior market for Esthetics Shares

Prior to the Initial Public Offering, there has been no public market for Esthetics Shares and, as such there can be no assurance that an active market may be developed upon the Company's listing on the Main Board of the MSEC or if developed, that such market will be sustained. There can be no assurance that the Shares will be traded above the Issue Price of RM0.75 upon or subsequent to the listing of Esthetics.

2.3.2 Capital market risk

As an investor of the Esthetics Group, it is to be noted that the Group will be listed on the Main Board of the MSEC. The performance of the MSEC is dependent on various factors including external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the MSEC, thus adding risk to the market price of the shares of Esthetics.

2.3.3 Business risk

The Group is susceptible to certain business risk which includes, amongst others, dependency on exclusive distribution rights from DI in the USA, restriction in selling of new professional skin care products by DI in the same distribution channel, support of its Overseas Country Sub-distributors and operational risks.

2.3.4 Infringement on intellectual property rights by third parties

DESB has been granted the exclusive rights to use the "Leonard Drake" trademarks and to distribute and sell the Dermalogica range of products manufactured by DI under the Distribution Agreement. Any infringement of the trademark by third parties in the Territory may result in a significant impact on the business and profitability of the Group. The Group is required to notify DI of any infringement of intellectual property rights, of which the Group becomes aware of.

2.3.5 Reliance on successful leasing of prime locations

The growth of the Group's business is fairly dependent on its ability to lease retail outlets for its corporate-owned skin care centres in appropriate shopping malls or shophouses, where there are good pedestrian traffic and close proximity to its customers and target market. Any failure to establish successful or maintain the Group's current retail outlets at prime locations may lead to reduced revenue and increased costs and hence may have an adverse effect on the Group's financial position and future growth. The Group may also risk losing goodwill attached to the business carried on at such premises should they fail to renew the lease/ tenancy agreements.

2. INFORMATION SUMMARY (Cont'd)

2.3.6 Competition

The competition in the professional skin care and cosmetic industry in Malaysia is intense. The Group may face keen competition from both local and foreign players, some of which may have more extensive financial, marketing and product resources as well as long-established name recognition than the Group. In addition, the Group may face competition from new market entrants. Generally, competition may arise in respect of pricing, distribution outlet, market reputation, products quality, professional skin care services quality as well as customer services.

2.3.7 Brand-switching

Brand switching is common within consumer products sector. This is due to the nature of consumer products whereby there is a higher tendency for consumers to try other brands either on a temporary basis or permanently change brands altogether. This also applies to the professional skin care and cosmetics industry. The tendency for consumers to switch brands may adversely impact the revenue of the Esthetics Group.

2.3.8 Market acceptance of services / products to be launched by Esthetics

To maintain its competitiveness in the industry, Esthetics has widened its product portfolio to include a wider range of skin care, cosmetics, whitening skin care, hair care and slimming products in addition to the Dermalogica range of professional skin care products. The Group also introduced new service packages to support its current products. If ever Esthetics fails to respond to any future changes in consumer demand, or if there is any decline in the popularity of Dermalogica range of products in the Territory, the business of the Group may be adversely affected.

2.3.9 Fluctuation in foreign exchange rate

The Group is vulnerable to fluctuation in foreign exchange rate due to its high level of imports for the skin care and cosmetic products. The Asian financial crisis in 1997 had resulted in the adverse fluctuation of RM against other major currencies. As a result, it had pressured on the profitability of the Group when the Group had to absorb the price differences. The effect was however, mitigated in October 1998 as the risk of fluctuations was reduced due to the imposition of a fixed exchange rate of USD1.00 to RM3.80.

There could be no assurance that future foreign exchange fluctuations would not have an adverse impact on the Company, as that would depend on the economic and political climate of the country.

2.3.10 Dependence on key personnel

The Group believes that its continued success depends to a significant extent upon the abilities and continued effort of the Group to retain its existing executive directors and key management. The loss of any key member of the Group's executive directors and key management may, to a certain extent, affect the Group's continued ability to maintain and improve its performance. However, efforts are presently made by the Group to groom the other members of the management team to assume more responsibilities, hence ensuring a smooth transition should changes occur. The Group's future success will also depend upon its ability to attract, retain and motivate its skilled/ technical personnel.

2.3.11 Staff turnover

The Esthetics Group, which involved in providing professional skin care services, is highly labour intensive. Staff turnover is common in this industry. The Group believes that the staff turnover will not significantly affect the performance of the Company's business as the Group is constantly training its employees and also there is a continuous efforts to groom the younger employees to progressively take over from the senior employees.

2. INFORMATION SUMMARY (Cont'd)

2.3.12 Control by substantial shareholders

Upon completion of the Public Issue, certain substantial shareholders, namely, Lim Yee Soon, Melissa M. Chen and Kan Kok Chee will collectively own a total of 55% of the enlarged share capital of the Company. As such, they may be able to influence the outcome of certain matters requiring the vote of the Company's shareholders.

2.3.13 Changes in general economic, political and legislative conditions

As with any other company, the performance of the Group is also subject to the overall economic, political, legislative, business and credit environment, both domestically and internationally.

2.3.14 Profit estimate and profit forecast

The profit estimate and profit forecast in this Prospectus are based on assumptions that are subject to uncertainties and contingencies. Therefore, there can be no assurance that the profit estimate and profit forecast contained herein will be realised. The actual results may be materially different from those shown.

2.3.15 Forward looking statement

Other than statements of historical facts, this Prospectus also contains forward-looking statements that are reasonable at this point in time. There can be no assurance that such expectations will prove to be correct in the future.

2.3.16 Failure/delay in the listing exercise

The success of the listing exercise is also exposed to the risk that it may fail or be delayed.

2.3.17 Risk of termination of Distribution Agreement in the event of change in management control

In the event a Material Change is proposed by either DESB or DI, the party proposing the change shall inform the other party in writing not less than sixty (60) days in advance of such proposed Material Change. The other party shall then have the right to renegotiate the terms and conditions of the Agreement. Such re-negotiation shall not result in the termination of the Agreement, save and except where a competitor of DI or a distributor of products competitive to DI proposes to assume management control of DESB.

Further information on the risk factors is set out in Section 4 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.4 FINANCIAL INFORMATION

2.4.1 Historical financial information

The following, which has been extracted from the Accountants' Report in Section 8 of this Prospectus, should be read in conjunction with the notes thereto, is a summary of the audited consolidated results of the Group for the past five (5) financial years ended 31 January 2003 and the seven (7)-month financial period ended 31 August 2003:

	← Financial year ended 31 January →					Seven (7)- month financial period ended 31 August 2003
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
Revenue	24,997	34,006	44,502	56,374	65,575	34,813
Profit before taxation, interest and depreciation	8,336	9,960	14,211	17,206	19,300	9,126
Depreciation	(1,100)	(1,237)	(1,720)	(2,248)	(2,246)	(1,206)
Interest expense	(1,226)	(511)	(118)	(16)	(5)	(5)
Interest income	13	9	28	347	461	145
Operating profit	6,023	8,221	12,401	15,289	17,510	8,060
Share of loss in associated company	-	(52)	(73)	(187)	(215)	(160)
PBT	6,023	8,169	12,328	15,102	17,295	7,900
Taxation	(317)	(2,316)	(4,151)	(4,547)	(5,653)	(2,437)
PAT	5,706	5,853	8,177	10,555	11,642	5,463
MI	(96)	-	-	(18)	(31)	(9)
PAT after MI	5,610	5,853	8,177	10,537	11,611	5,454
No. of ordinary shares of RM1.00 each ('000)	700	700	700	700	700	-
No. of ordinary shares of RM0.50 each ('000)	-	-	-	-	-	1,400
Gross EPS (RM)	8.47	11.67	17.61	21.55	24.66	9.66#
Net EPS (RM)	8.01	8.36	11.68	15.05	16.59	6.68#

The results were annualised to calculate the earnings per share

2. INFORMATION SUMMARY (Cont'd)

Notes:

- (i) *There were no exceptional or extraordinary items for the financial years/period under review. The results in all the financial years/period under review were not subject to any audit qualification.*
- (ii) *Turnover of the Group is mainly contributed by the sales of skin care products and service income of DESB and LDM. The growth rate in turnover has remained consistent throughout the financial years/period under review.*
- (iii) *The interest expense in 1999 was high due to high overdraft and term loan interest expense as a result of the significant increase in the interest rate.*
- (iv) *The operating profit margin (before depreciation and interest) in 2000 decreased from 33% to 29% when compared to 1999. The decline was mainly due to lower gross margin contributed by LDM from higher sales of products which has a lower gross margin as compared to gross margin earned from rendering of services.*
- (v) *Gross EPS has been calculated based on profit before taxation after minority interest and net EPS has been calculated based on profit attributable to shareholders of the Company over the number of shares in issue.*
- (vi) *The Group tax charge was low for the financial year ended 31 January 1999 as business income was not subject to tax in view of the tax waiver year for 1999. The effective tax rates of the Group for financial years 2000 to 2003 and seven (7)-month financial period 31 August 2003 were higher than statutory tax rate due to certain expenses being disallowed for taxation purposes and no group relief available for losses incurred by certain subsidiaries.*

Further information on the historical financial information of the Group are set out in Section 8 of this Prospectus.

2.4.2 Proforma consolidated balance sheets as at 31 August 2003

The proforma consolidated balance sheets of Esthetics as at 31 August 2003 have been prepared for illustrative purposes only on the assumption that the Flotation Scheme had been effected on that date and the proceeds arising from the Public Issue were utilised in the manner as set out in Section 3.7 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

The detailed assumptions underlying the preparation of the proforma consolidated balance sheet are set out in Section 7.11 of this Prospectus. The following table shows a summary of the Proforma Consolidated Balance Sheet as at 31 August 2003:

	I	II	
	After	After I and	
	Bonus Issue	Offer for Sale	
	and Public	and Public	
	Issue ⁽¹⁾	Issue ⁽¹⁾	
	RM'000	RM'000	
Property, plant and equipment	21,995	21,995	30,995
Investment in an associate	26	26	26
CURRENT ASSETS			
Inventories	7,418	7,418	7,418
Deferred tax	30	30	30
Trade and other receivables	23,381	23,381	23,381
Cash and bank balances	11,404	11,404	17,409
	42,233	42,233	48,238
CURRENT LIABILITIES			
Trade and other creditors	3,470	3,470	3,470
Borrowings	30	30	30
Deferred revenue	717	717	717
Taxation	761	761	761
	4,978	4,978	4,978
Net current assets	37,255	37,255	43,260
	59,276	59,276	74,281
Financed by:			
Share capital	700	48,330	60,000
Share premium	-	-	3,335
Reserves	58,273	10,643	10,643
Shareholders' funds	58,973	58,973	73,978
Minority interest	114	114	114
Borrowings	189	189	189
	59,276	59,276	74,281
Net tangible assets per share (RM)	42.12	0.61	0.62
Number of shares in issue ('000)	1,400	96,660	120,000

2. INFORMATION SUMMARY (Cont'd)

Note:

(i) *The effects of proceeds utilisation for capital expenditure have been incorporated in Proforma II.*

2.4.3 Audit qualification in the audited financial statements for the past five (5) financial years

All the audited financial statements for the past five (5) financial years have not been subjected to any auditors' qualifications.

2.5 PRINCIPAL STATISTICS RELATING TO THE INITIAL PUBLIC OFFERING

2.5.1 Share capital

	RM
<i>Authorised</i>	
200,000,000 Esthetics Shares	<u>100,000,000</u>
<i>Issued and fully paid-up</i>	
96,660,000 Esthetics Shares	48,330,000
<i>To be issued and credited as fully paid-up pursuant to the Public Issue</i>	
23,340,000 Esthetics Shares	<u>11,670,000</u>
Enlarged issued and paid-up share capital	<u>60,000,000</u>

2.5.2 Issue/offer price per share

Issue/offer price per share RM0.75

2.5.3 Proforma consolidated NTA as at 31 August 2003

Proforma consolidated NTA (RM'000)	73,978
<i>(after deducting estimated listing expenses of RM2,500,000)</i>	
Proforma consolidated NTA per share (RM)	0.62
<i>(based on the enlarged issued and paid-up share capital of 120,000,000 Esthetics Shares)</i>	

Full details are set out in Section 7.10 of this Prospectus.

2.5.4 Classes of shares and ranking

There is currently only one (1) class of shares in the Company, namely ordinary shares of RM0.50 each. The Public Issue Shares, upon allotment and issue, will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of the Prospectus.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or a representative or proxy or attorney to a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held in Esthetics. A proxy may but need not be a member of the Company.

2. INFORMATION SUMMARY (Cont'd)

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

2.5.5 Consolidated profit estimate and profit forecast

Financial year ended/ending 31 January	Estimate 2004 RM'000	Forecast 2005 RM'000
Revenue	77,851	91,404
Consolidated PBT	17,614	18,800
Less: Taxation	(5,585)	(5,870)
MI	(12)	(15)
Consolidated PAT after MI	12,017	12,915

Based on the enlarged issued and paid-up share capital of 120,000,000 Esthetics Shares

Gross EPS (sen)	14.68	15.65
Net EPS (sen)	10.01	10.76
Gross PE multiple based on the issue/offer price of RM0.75 per share (times)	5.11	4.79
Net PE multiple based on the issue/offer price of RM0.75 per share (times)	7.49	6.97

Full details are set out in Section 7.5 of this Prospectus.

2.5.6 Dividend forecast

Financial year ending 31 January	Forecast 2005
Gross dividend per share (sen)	2.5
Net dividend per share (sen)	1.8
Net dividend cover (times)	5.98
Gross dividend yield based on issue/offer price of RM0.75 per share (%)	3.33
Net dividend yield based on issue/offer price of RM0.75 per share (%)	2.40

Full details are set out in Section 7.9 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.6 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM17.5 million raised from the Public Issue, will accrue entirely to Esthetics and will be utilised by the financial year ending 31 January 2006 in the following manner:

Utilisation	Amount RM'000
Establishment of six (6) new Professional Skin Care Centres	2,500
Refurbishment of twelve (12) existing Professional Skin Care Centres	1,000
Investment in information technology facilities	1,500
Advertising and promotional expenses for Esthetics Group's products	1,500
Construction of corporate office and warehouse building	2,500
Launching of the FMCG	2,000
Overseas business expansion - Hong Kong	2,000
Working capital	2,005
Estimated listing expenses	2,500
Total	17,505

Further information on the utilisation of proceeds is provided in Section 3.7 of this Prospectus.

2.7 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION**2.7.1 Capital commitments**

Save as disclosed in Section 7.4.3 of this Prospectus, the Group does not have any material capital commitment as at 27 January 2004.

2.7.2 Contingent liabilities

Save as disclosed in Section 7.4.4 of this Prospectus, the Directors are not aware of any contingent liabilities which, upon materialisation, would have a material impact on the profit or net asset of the Group as at 27 January 2004.

2.7.3 Material litigation

As at 27 January 2004, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors have no knowledge of any proceedings pending or threatened or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.