

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

AUDITOR'S REPORT ON REVIEW

AND INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016

(UNAUDITED / REVIEWED ONLY)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To The Shareholders of

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

I have reviewed the accompanying statement of financial position of Beauty Community Public Company Limited as at March 31, 2016, the related statement of comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the three-month periods then ended and the summary of significant accounting policies and other notes. The Company's management is responsible for the preparation and presentation of these interim financial statements, in all material respects, in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim financial statements based on my reviews.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on these reviewed interim financial statements.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial statements are not presented fairly, in all material respects, the financial position of Beauty Community Public Company Limited as at March 31, 2016, the result of operations, and cash flows for the three-month periods then ended, in accordance with Thai Financial Reporting Standards.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

May 10, 2016

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2016

(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

Assets	<i>Note</i>	March 31, 2016	December 31, 2015
Current assets			
Cash and cash equivalents	4	287,907,238.24	119,014,136.48
Temporary investments	5	540,000,000.00	620,000,000.00
Trade and other receivables	6, 16	46,113,065.89	40,926,531.69
Inventories	7	<u>289,928,597.95</u>	<u>290,105,336.84</u>
Total current assets		<u>1,163,948,902.08</u>	<u>1,070,046,005.01</u>
Non-current assets			
Pledged deposits with financial institutions	8	10,000,000.00	10,000,000.00
Property, plant and equipment	9	306,406,606.80	292,526,796.72
Leasehold rights	10	8,349,726.72	8,697,380.26
Intangible assets	11	14,457,951.17	14,775,170.69
Deferred tax assets	12	8,759,561.11	8,219,866.57
Other non-current assets	13	<u>88,767,013.03</u>	<u>88,651,604.50</u>
Total non-current assets		<u>436,740,858.83</u>	<u>422,870,818.74</u>
Total assets		<u><u>1,600,689,760.91</u></u>	<u><u>1,492,916,823.75</u></u>

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2016
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

Liabilities and shareholders' equity	<i>Note</i>	March 31, 2016	December 31, 2015
Current liabilities			
Trade and other payables	<i>14, 16</i>	218,046,763.24	272,956,981.37
Accrued income tax		<u>94,589,128.89</u>	<u>61,595,543.56</u>
Total current liabilities		<u>312,635,892.13</u>	<u>334,552,524.93</u>
Non-current liabilities			
Employee benefit obligations	<i>15</i>	6,639,927.50	6,899,868.00
Other non-current liabilities		<u>3,677,600.00</u>	<u>3,462,792.00</u>
Total non-current liabilities		<u>10,317,527.50</u>	<u>10,362,660.00</u>
Total liabilities		<u>322,953,419.63</u>	<u>344,915,184.93</u>
Shareholders' equity			
Share capital			
Authorized share capital			
3,000,000,000 common shares of Baht 0.10 each	<i>17</i>	<u>300,000,000.00</u>	<u>300,000,000.00</u>
Paid-up share capital			
3,000,000,000 common shares of Baht 0.10 each		300,000,000.00	300,000,000.00
Premium on share capital		556,439,628.87	556,439,628.87
Retained earnings			
Appropriated			
Legal reserve	<i>18</i>	30,000,000.00	30,000,000.00
Unappropriated		<u>391,296,712.41</u>	<u>261,562,009.95</u>
Total shareholders' equity		<u>1,277,736,341.28</u>	<u>848,001,638.82</u>
Total liabilities and shareholders' equity		<u>1,600,689,760.91</u>	<u>1,192,916,823.75</u>

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016
(UNAUDITED / REVIEWED ONLY)

	<i>Note</i>	2016	2015
			<i>(Unit: Baht)</i>
Revenues from sales		524,544,310.14	357,925,565.36
Cost of sales		<u>(175,179,375.37)</u>	<u>(114,748,815.69)</u>
Gross profit		<u>349,364,934.77</u>	<u>243,176,749.67</u>
Other income			
Interest income		3,324,921.00	4,530,541.28
Others		<u>2,037,469.69</u>	<u>2,011,163.44</u>
Total other income		<u>5,362,390.69</u>	<u>6,541,704.72</u>
Selling expenses		(146,670,102.14)	(120,495,969.78)
Administrative expenses		<u>(46,507,000.07)</u>	<u>(34,374,168.00)</u>
Profit before income tax expenses		161,550,223.25	94,848,316.61
Income tax expenses	12	<u>(32,326,216.79)</u>	<u>(18,845,315.99)</u>
Profit for the period		<u>129,224,006.46</u>	<u>76,003,000.62</u>
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss			
Actuarial profit		638,370.00	-
Less Taxable effects		<u>(127,674.00)</u>	<u>-</u>
Other comprehensive income (expense) for the period		<u>510,696.00</u>	<u>-</u>
Total comprehensive income for the period		<u>129,734,702.46</u>	<u>76,003,000.62</u>
Basic earnings per share	3.23		
Earnings per share		0.04	0.03

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	Paid-up share capital	Premium on share capital	Retained earnings		Total shareholders' equity
			Appropriated Legal reserve	Unappropriated	
Balance as at December 31, 2014	300,000,000.00	556,439,628.87	30,000,000.00	201,068,833.63	1,087,508,462.50
Total comprehensive income for the period	-	-	-	76,003,000.62	76,003,000.62
Balance as at March 31, 2015	<u>300,000,000.00</u>	<u>556,439,628.87</u>	<u>30,000,000.00</u>	<u>277,071,834.25</u>	<u>1,163,511,463.12</u>
Balance as at December 31, 2015	300,000,000.00	556,439,628.87	30,000,000.00	261,562,009.95	1,148,001,638.82
Total comprehensive income for the period	-	-	-	129,734,702.46	129,734,702.46
Balance as at March 31, 2016	<u>300,000,000.00</u>	<u>556,439,628.87</u>	<u>30,000,000.00</u>	<u>391,296,712.41</u>	<u>1,277,736,341.28</u>

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	2016	2015
Cash flows from operating activities		
Profit before income tax expenses	161,550,223.25	94,848,316.61
Adjustment profit before income tax to cash receipt (disbursement) from operating activities		
Depreciation and amortization	12,925,809.00	12,095,711.74
Loss on devaluation of inventories	931,528.33	280,709.46
(Gain) loss on sales of assets	-	(20,540.88)
Loss on write off assets	917,173.48	746,947.92
Deferred (income) for reward points	(1,740,485.00)	(267,713.56)
Employee benefit expenses	378,429.50	293,964.24
Profit from operation before changes in operating assets and liabilities	174,962,678.56	107,977,395.53
(Increase) Decrease in changes of operating assets		
Trade and other receivables	(5,186,534.20)	(280,280.36)
Inventories	(754,789.44)	(58,292,260.60)
Other non-current assets	(115,408.53)	(1,442,067.66)
(Increase) Decrease in changes of operating assets	(6,056,732.17)	(60,014,608.62)
Increase (Decrease) in changes of operating liabilities		
Trade and other payables	(67,344,595.99)	2,631,583.76
Other non-current liabilities	214,808.00	33,470.00
Increase (Decrease) in changes of operating liabilities	(67,129,787.99)	2,665,053.76
Cash generated (paid) from operation	101,776,158.40	50,627,840.67
Net cash provided by (used in) operating activities	101,776,158.40	50,627,840.67

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	2016	2015
Cash flows from investing activities		
(Increase) Decrease in temporary investments	80,000,000.00	(70,000,000.00)
Building and equipment acquisition	(12,883,056.64)	(28,529,062.47)
Proceeds from sales of equipment	-	29,700.00
Intangible assets acquisition	-	(66,500.00)
Net cash provided by (used in) investing activities	<u>67,116,943.36</u>	<u>(98,565,862.47)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	168,893,101.76	(47,938,021.80)
Cash and cash equivalents as at the beginning of the period	<u>119,014,136.48</u>	<u>174,562,208.49</u>
Cash and cash equivalents as at the end of the period	<u><u>287,907,238.24</u></u>	<u><u>126,624,186.69</u></u>

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016
(UNAUDITED / REVIEWED ONLY)

1. GENERAL INFORMATION

Beauty Community Public Company Limited (“the Company”), the Company was registered as a listed company in the Stock Exchange of Thailand on December 12, 2012. The registered address is located at 10/915, Soi Nuanchan 34, Nuanchan, Bungkum, Bangkok.

The principle business of the Company is to retail of cosmetics.

2. BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION

2.1 Preparation of financial statements

The financial statements have been prepared in conformity with Thai Financial Reporting Standards, enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development, the Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and the regulation of the Securities and Exchange Commission regarding the preparation and presentation of the financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 The financial reporting standards that are effective for the current year

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee, which are expected to be effective for the financial statements beginning on or after January 1, 2016 as follows:

Contents

Accounting Standards

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors

Contents

Accounting Standards

TAS 10 (Revised 2015)	Events After the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Venture
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Contents

Financial Reporting Standards

TFRS 2 (Revised 2015)	Share-Based Payments
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Standing Interpretations Committee

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes- Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Financial Reporting Interpretations Committee

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Contents

Financial Reporting Interpretations Committee

TFRIC 7 (Revised 2015) Applying the Restatement Approach under TAS 29 (Revised 2015)

Financial Reporting in Hyperinflationary Economies

TFRIC 10 (Revised 2015) Interim Financial Reporting and Impairment

TFRIC 12 (Revised 2015) Service Concession Arrangements

TFRIC 13 (Revised 2015) Customer Loyalty Programmers

TFRIC 14 (Revised 2015) The Limit on a Defined Benefit Asset, Minimum Funding

Requirements and their Interaction for TAS 19 (Revised 2015)

Employee Benefits

TFRIC 15 (Revised 2015) Agreements for the Construction of Real Estate

TFRIC 17 (Revised 2015) Distributions of Non - cash Assets to Owners

TFRIC 18 (Revised 2015) Transfers of Assets from Customers

TFRIC 20 (Revised 2015) Stripping Costs in the Production Phase of Surface Mine

TFRIC 21 Levies

The above accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee will have no significantly impacts on these financial statements.

2.3 Financial Reporting Standards issued and revised which will be effective in the future

Thai Financial Reporting Standards are being prepared and revised by the Accounting Standards Committee for corresponding with the requirements of International Financial Reporting Standards, bound volume 2016 without early application for the period ended December 31, 2015 which are mandatorily effective for the annual period beginning on or after January 1, 2017. The Company still has not a plan to adopt such financial reporting standards early application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

Revenues from sales

Revenues from sales of goods are recognized as income whenever the goods, the significant risk and rewards of ownership have been transferred to the buyer.

Sales of goods - Customer Loyalty programmers

The Company operates a loyalty programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can then be redeemed for discounted goods in the future.

Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed and the Company fulfill their obligations to supply awards.

Other income and expenses

Other income and expenses are recognized on accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, bills of exchange which the original maturity is less than three months and without on withdrawal restrictions.

3.3 Temporary investments

Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and are not subject to withdrawal restrictions.

3.4 Trade and other receivables

Trade and other receivables are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

3.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average basis.

3.6 Long-term investments

Long-term investments are long-term deposits with financial institutions with maturity of more than one year and no restrictions on the withdrawal.

3.7 Property, plant and equipment

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to its cost on the straight-line basis over the following estimated useful lives: -

	Number of years
Building and improvement	5, 20, 30
Furniture	5
Office tools and equipment	5, 10
Computer	3
Vehicles	5

Land and construction in progress were not depreciated.

The Company includes the initial estimate of the cost of assets dismantling, removing the item and restoring the site on which it is located, the obligation for which the Company incurs as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant part of property, plant and equipment with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial period-end.

3.8 Leasehold rights

Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated by reference to cost of leasehold right on a straight-line basis over the lease period.

3.9 Intangible assets

Intangible assets are computer software which is stated at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is determined by reference to the cost of assets on a straight-line basis over the estimated useful lives for approximate 10 years.

3.10 Deferred tax asset

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.11 Deferred income for reward points

The deferred income arising from reward point program granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and average reward prices and is presented in other payable in the statements of financial position.

3.12 Impairment of assets

The Company has assessed the impairment of assets whenever events or changes indicate that the carrying amount of assets exceeds its recoverable value. The impairment loss will be recognized in statements of comprehensive income. The Company will reverse the impairment loss whenever there is no longer impairment or reduction in impairment.

Recoverable value of asset is the net selling price of the asset under current operations or its utilization values whichever is higher. The impairment will be assessed for each asset item or each asset unit generating cash flow, whichever is practical.

3.13 Related parties

Enterprise and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company which has a power in planning and operating control.

3.14 Long-term lease

Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income over the lease term.

Finance lease

Long-term lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company is accounted for as a financial lease. The Company capitalized the equipment at the lower of estimated present value of the underlying lease payments or at the fair value of the equipment at the contractual date. The lease obligation reduced with financial costs will be recorded as long-term liability. Interest is recognized as expenses in the statements of comprehensive income over the period of the lease. The depreciation policy for assets acquired under financial lease agreement is determined on the useful lives or over the period of the lease whichever is lower.

3.15 Transactions in foreign currencies

The Company records the transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same day.

Gain or loss on exchange is taken into income or expense as incurred.

3.16 Employee benefits and provident fund

3.16.1 Employee benefits

The Company provide for post employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company and consider the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

The Company recognized total actuarial gains (losses) incurred in other comprehensive income (expense) and employee benefit expense in profit or loss.

3.16.2 Provident fund

The Company established provident fund under the defined contribution plan. The fund's assets are separated entitles which are administered by the external fund manager. The Company's employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the incurred period.

3.17 Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax is recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax period based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 Financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, temporary investments, trade accounts receivable, pledged deposits with financial institutions. Financial liabilities shown in statements of financial position consist of trade accounts payable. Accounting policies regarding to recognition and measurement have been disclosed for each related transaction.

3.19 Accounting estimates

Preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

The Company makes estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial period related to allowance for devaluation of inventories at the statements of financial position date. Other estimates are further described in the corresponding disclosures.

3.20 Provisions

The Company recognizes a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, it is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

3.21 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of financial reporting standards, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as selling prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

- The Company recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.22 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred income for reward points

The deferred income is calculated on the estimates of redemption rate of the reward points earned by the customers and average reward prices.

3.23 Basic earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings (loss) per share which is determined by dividing the profit for the period by the number of weighted average common shares issued and paid-up during the period.

For the three-month periods ended March 31, 2016, basic earnings (loss) per share is re-determined by the weighted average number of convertible ordinary shares as if the convertible share incurred since the first period of reporting the calculation of basic earnings per share presented as follows:

	<i>(Unit: Baht)</i>	
	Previously	
	reported	Restatement
Profit for the period	76,003,000.62	76,003,000.62
Number of ordinary shares issued	300,000,000	3,000,000,000
Basic earnings per share (Baht/share)	0.25	0.03

4. CASH AND CASH EQUIVALENTS

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Cash	4,169,219.74	4,829,554.00
Current accounts	10,382,856.03	14,956,563.02
Savings deposit	272,243,315.97	98,391,864.71
Unbilled for credit card slip	1,111,846.50	836,154.75
Total	<u>287,907,238.24</u>	<u>119,014,136.48</u>

5. TEMPORARY INVESTMENTS

The Company has temporary investment in form of short-term deposits at various local financial institutions.

	<i>(Unit: Baht)</i>			
	At interest rate per annum			
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Fixed deposits	1.90 - 2.50	2.00 - 3.00	540,000,000.00	620,000,000.00

6. TRADE AND OTHER RECEIVABLES

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Trade accounts receivable		
Related parties	264,013.31	2,372,218.72
Other parties		
- Franchise receivable	2,226,123.79	2,568,502.29
- Employees receivable	331,904.53	249,678.89
- Other parties receivable	15,743,262.90	20,623,080.56
- Sale with right of redemption agreement receivables	12,049,607.69	4,705,308.87
Total other parties receivable	30,350,898.91	28,146,570.61
Total trade accounts receivable	30,614,912.22	30,518,789.33
Other receivables		
Prepaid expenses	3,913,686.73	2,821,650.84
Accrued interest	2,020,226.53	984,444.78
Goods deposit	2,724,262.68	2,210,050.67
Advance payment	833,974.00	1,073,646.00
Suspense input tax	5,706,853.91	3,026,572.40
Others	299,149.82	291,377.67
Total other receivables	15,498,153.67	10,407,742.36
Total trade and other receivables	46,113,065.89	40,926,531.69

As at March 31, 2016 and December 31, 2015 the Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Trade accounts receivable due in term	27,393,627.86	25,024,272.55
Overdue trade accounts receivable		
- Less than 3 months	3,220,918.86	4,976,676.45
- Over 3 months but less than 1 year	365.50	517,840.33
Total trade accounts receivable	30,614,912.22	30,518,789.33

7. INVENTORIES

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Finished goods	224,218,507.34	225,032,557.55
Packaging	49,991,943.76	46,135,403.56
Work in process	16,655,104.97	19,169,181.46
Supplies	1,957,145.67	1,730,769.73
Total	<u>292,822,701.74</u>	<u>292,067,912.30</u>
Less Allowance for devaluation of inventories	<u>(2,894,103.79)</u>	<u>(1,962,575.46)</u>
Net	<u><u>289,928,597.95</u></u>	<u><u>290,105,336.84</u></u>

8. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTIONS

As at March 31, 2016 and December 31, 2015, the Company had fixed deposits with 10 months maturity in the amount of Baht 10 million at the interest rate of 2.00% per annum which is restricted on withdrawal due to guarantee against letters of credit line, trust receipts, foreign currency forward contracts with financial institutions.

9. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2016 and December 31, 2015 consist of:

	Land	Building and improvement	Furniture	Office tools and equipment	Computer	Vehicles	Construction in progress	Total
<i>(Unit: Baht)</i>								
Cost:								
As at December 31, 2014	19,240,000.00	30,712,520.50	189,969,423.82	23,547,401.33	19,053,139.25	12,750,699.07	26,407,288.12	321,680,472.09
Acquisition	-	15,500.00	29,264,304.44	3,607,768.37	3,065,091.35	2,038,314.02	104,749,466.21	142,740,444.39
Disposal	-	-	(24,500.00)	(83,189.72)	-	-	-	(107,689.72)
Write off/adjustment	-	-	(7,571,115.03)	(378,732.21)	(623,215.04)	(3,900.00)	-	(8,576,962.28)
As at December 31, 2015	19,240,000.00	30,728,020.50	211,638,113.23	26,693,247.77	21,495,015.56	14,785,113.09	131,156,754.33	455,736,264.48
Acquisition	-	-	5,687,221.74	7,473,129.94	1,696,157.84	12,500.00	12,188,909.98	27,057,919.50
Disposal	-	-	-	-	-	-	-	-
Transfer in (out)	-	97,555,333.88	-	41,444,649.83	-	-	(138,999,983.7)	-
Write off/adjustment	-	-	(1,678,036.96)	(2,944.58)	(214,429.27)	-	-	(1,895,410.81)
As at March 31, 2016	19,240,000.00	128,283,354.38	215,647,298.01	75,608,082.96	22,976,744.13	14,797,613.09	4,345,680.60	480,898,773.17
Accumulated depreciation:								
As at December 31, 2014	-	(11,278,155.59)	(83,681,955.47)	(12,411,041.18)	(11,493,621.46)	(4,382,332.58)	-	(123,247,106.28)
Depreciation for the year	-	(1,824,001.23)	(33,784,285.16)	(3,874,640.82)	(4,500,218.29)	(1,813,338.82)	-	(45,796,484.32)
Depreciation for disposal	-	-	15,340.88	74,927.66	-	-	-	90,268.54
Write off/adjustment	-	-	4,826,845.15	320,787.47	593,313.99	2,907.69	-	5,743,854.30
As at December 31, 2015	-	(13,102,156.82)	(112,624,054.60)	(15,889,966.87)	(15,400,525.76)	(6,192,763.71)	-	(163,209,467.76)
Depreciation for the period	-	(587,004.50)	(8,828,712.48)	(1,293,075.53)	(1,102,873.86)	(449,269.57)	-	(12,260,935.94)
Depreciation for disposal	-	-	-	-	-	-	-	-
Write off/adjustment	-	-	747,731.94	17,625.66	212,879.73	-	-	978,237.33
As at March 31, 2016	-	(13,689,161.32)	(120,705,035.14)	(17,165,416.74)	(16,290,519.89)	(6,642,033.28)	-	(174,492,166.37)
Net book value:								
As at March 31, 2016	19,240,000.00	114,594,193.06	94,942,262.87	58,442,666.22	6,686,224.24	8,155,579.81	4,345,680.60	306,406,606.80
As at December 31, 2015	19,240,000.00	17,625,863.68	99,014,058.63	10,803,280.90	6,094,489.80	8,592,349.38	131,156,754.33	292,526,796.72

Part of buildings at net book value amount of Baht 97.42 million are constructed on land leased from director as stated in note 16.3.

Depreciation for the three-month periods ended March 31, 2016 and 2015 amounted to Baht 12.26 million and Baht 11.18 million respectively.

As at March 31, 2016 and December 31, 2015 the Company has fixed assets at cost amount of Baht 54.42 million and Baht 37.27 million respectively which have been fully depreciated but are still in use.

10. LEASEHOLD RIGHTS

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Cost:		
Beginning balance as at January 1	12,726,380.80	22,075,486.48
Increase	-	-
Adjustment/ write off	(280,000.00)	(9,349,105.68)
At the end of the period	<u>12,446,380.80</u>	<u>12,726,380.80</u>
Accumulated amortization:		
Beginning balance as at January 1	4,029,000.54	11,474,906.29
Amortization	347,653.54	1,439,135.06
Adjustment/ write off	(280,000.00)	(8,885,040.81)
At the end of the period	<u>4,096,654.08</u>	<u>4,029,000.54</u>
Net book value	<u>8,349,726.72</u>	<u>8,697,380.26</u>

Amortization of leasehold right for the three-month periods ended March 31, 2016 and 2015 amounted to Baht 0.35 million and Baht 0.38 million respectively.

11. INTANGIBLE ASSETS

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Computer software		
Cost:		
Beginning balance as at January 1	14,652,741.44	14,650,394.44
Acquisition	-	465,372.00
Write off	-	(463,025.00)
At the end of the period	<u>14,652,741.44</u>	<u>14,652,741.44</u>
Accumulated amortization:		
Beginning balance as at January 1	3,521,220.75	2,523,950.61
Amortization	317,219.52	1,460,285.14
Write off	-	(463,015.00)
At the end of the period	<u>3,838,440.27</u>	<u>3,521,220.75</u>
Net book value	<u>10,814,301.17</u>	<u>11,131,520.69</u>
Software under installation		
Beginning balance as at January 1	8,568,780.00	7,949,000.00
Acquisition	-	891,280.00
Write off	-	(271,500.00)
At the end of the period	<u>8,568,780.00</u>	<u>8,568,780.00</u>
Less Allowance for devaluation of assets	<u>(4,925,130.00)</u>	<u>(4,925,130.00)</u>
Net	<u>3,643,650.00</u>	<u>3,643,650.00</u>
Total	<u><u>14,457,951.17</u></u>	<u><u>14,775,170.69</u></u>

Amortization of intangible asset for the three-month periods ended March 31, 2016 and 2015 amounted to Baht 0.32 million and Baht 0.38 million respectively.

12. DEFERRED TAX ASSETS

	<i>(Unit :Baht)</i>	
	March 31, 2016	December 31, 2015
Deferred tax assets	8,759,561.11	8,219,866.57
Deferred tax liabilities	-	-
Net	<u>8,759,561.11</u>	<u>8,219,866.57</u>

Movements of deferred tax assets and liabilities incurred during the period as follows:

	<i>(Unit :Baht)</i>					
	As at December 31, 2014	Expense (income) in statement of income	As at March 31, 2015	As at December 31, 2015	Expense (income) in statement of income	As at March 31, 2016
Deferred tax assets						
Allowance for devaluation of goods	82,076.94	56,141.88	138,218.82	392,515.09	186,305.67	578,820.76
Allowance for devaluation of assets	-	-	-	985,026.00	-	985,026.00
Employee benefit obligations	1,144,802.20	58,792.85	1,203,595.05	1,379,973.60	(51,988.10)	1,327,985.50
Deferred income for reward points	2,317,144.82	53,839.63	2,370,984.45	4,772,711.94	227,232.30	4,999,944.24
Accrued expenses	-	280,240.13	280,240.13	689,639.94	178,144.67	867,784.61
Total	<u>3,544,023.96</u>	<u>449,014.49</u>	<u>3,993,038.45</u>	<u>8,219,866.57</u>	<u>539,694.54</u>	<u>8,759,561.11</u>

Income tax expenses for the three-month periods ended March 31, 2016 and 2015 can be summarized as follows:

	<i>(Unit :Baht)</i>	
	2016	2015
<i>Current tax:</i>		
Income tax for the periods	32,993,585.33	19,294,330.48
<i>Deferred tax :</i>		
Deferred tax (income) derived from temporary differences and reversal of temporary differences presented in statement of comprehensive income	<u>(667,368.54)</u>	<u>(449,014.49)</u>
Income tax expenses in statements of comprehensive income	<u>32,326,216.79</u>	<u>18,845,315.99</u>
Income tax (income) related actuarial profit directly recorded to other comprehensive income	<u>127,674.00</u>	<u>-</u>
Total	<u>127,674.00</u>	<u>-</u>

Reconciliation amount between income tax expenses and multiplication of accounting profits and tax rates used for the three-month periods ended as at March 31, 2016 and 2015 can be presented as follows:

	<i>(Unit :Baht)</i>	
	2016	2015
Accounting profit before income tax	161,550,223.25	94,848,316.61
Income tax rates	20%	20%
Accounting profit before income tax multiply by tax rates	32,310,044.65	18,969,663.33
<i>Taxable effects for :</i>		
Accounting base differ from tax base		
different from expenses	16,172.14	(124,347.34)
Total	16,172.14	(124,347.34)
Income tax expenses presented in statements of		
comprehensive income	32,326,216.79	18,845,315.99
Effective income tax rate	20.01%	19.87%

13. OTHER NON-CURRENT ASSETS

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Rental and services deposit	85,361,708.94	83,907,391.66
Others	3,405,304.09	4,744,212.84
Total	88,767,013.03	88,651,604.50

14. TRADE AND OTHER PAYABLES

	<i>(Unit: Baht)</i>	
	March 31, 2016	December 31, 2015
Trade accounts payable		
Related parties	-	2,500,000.00
Other parties	97,589,264.78	132,158,251.38
Total trade accounts payable	<u>97,589,264.78</u>	<u>134,658,251.38</u>
Other payables		
Accrued expenses	51,722,165.69	64,857,338.17
Revenue Department payable	9,975,313.58	9,660,069.58
Assets payables	28,925,095.98	19,525,491.72
Amount received advance for goods	284,960.48	16,804,787.33
Deferred income for reward points	24,999,721.22	23,863,559.69
Others	4,550,241.51	3,587,483.50
Total other payables	<u>120,457,498.46</u>	<u>138,298,729.99</u>
Total trade and other payables	<u><u>218,046,763.24</u></u>	<u><u>272,956,981.37</u></u>

Fair value of deferred income for reward points is calculated on the estimates of exercise right of the reward points earned by the customers and average reward prices in the current which categorized into level 3 fair value (note 3.21).

15. EMPLOYEE BENEFIT OBLIGATIONS

Long-term employee benefit obligations are compensation paid to employees when they retired for the three-month periods ended as at March 31, 2016 and 2015, are as follows:

	<i>(Unit: Baht)</i>	
	2016	2015
Employee benefit obligations as at December 31	6,899,868.00	5,724,011.00
Current costs of services and interest	378,429.50	293,964.24
Actuarial loss recognized in statement of other comprehensive income during the periods	(638,370.00)	-
Employee benefit obligations as at March 31	<u><u>6,639,927.50</u></u>	<u><u>6,017,975.24</u></u>

Long-term employee benefit expense for the three-month periods ended as at March 31, 2016 and 2015 recognized in administrative expenses in profit or loss are summarized below:

	2016	2015
Selling expenses	57,286.95	52,839.40
Administrative expenses	<u>321,142.55</u>	<u>241,124.84</u>
Total	<u>378,429.50</u>	<u>293,964.24</u>

Actuarial (gains) and losses recognized in other comprehensive income arising from:

	<i>(Unit : Baht)</i>
	2016
Financial assumptions	1,315,424.00
Demographic assumptions	(2,021,486.00)
Experience adjustment	<u>67,692.00</u>
Total	<u>(638,370.00)</u>

Significant actuarial assumptions are summarized below:

	2016	2015
Discount rate	% per annum	% per annum
For monthly staff	3.21	4.76
For daily staff	3.45	4.92
Salary increase rate		
For monthly staff	6	7.05
For daily staff	6	4.94
Turnover rate		
For monthly staff	0 - 64	0 - 63
For daily staff	0 - 57	0 - 82
Mortality rate		
For monthly staff and daily staff	According to Thailand TMO 2008 tables	

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at March 31, 2016 are summarized below:

	<i>(Unit : Baht)</i>	
	Increase	Decrease
Discount rate (0.5% movement)	(1,553,962.75)	1,711,488.00
Future salary increase rate (0.5% movement)	1,714,292.75	(1,550,673.25)
Turnover rate (1% movement)	(1,445,032.00)	1,844,245.75

16. TRANSACTION WITH RELATED PERSONS AND PARTIES

The Company had transaction with related persons and parties. These transactions are related in the normal course of business and on the basis of the Company and related persons or parties concerned.

Relationship of the Company and related persons and parties can be summarized as follows:

<u>Related parties and persons</u> <u>name</u>	<u>Relationship</u>	<u>Related transactions</u>
<i>1. Persons consist of:-</i>		
Mrs. Tanyapon Kraibhubes	Shareholder and director	Rental deposit, land with is its construction rental, land rental, obligations under land lease agreement
Mr. Praty Levan	Shareholder and director	Sale of goods (franchise), purchase of goods
<i>2. Body of persons consist of:-</i>		
C&N International Ordinary Partnership	Shareholder and director (Mr. Praty Levan)	Sale of goods (franchise)
Bevita International Co., Ltd.	Director's relative (Mrs. Rukchanok Chiangtong is near relative of Mr. Praty Levan)	Purchase of goods

Related transactions	Pricing policy
Rental deposit	Rental rates for three months
Revenues from sales (franchise)	Market price as applicable to other franchises
Other income	As indicated in agreement
Purchase of goods	Market price as applicable to major customers
Land with its construction rental	As indicated in agreement
Land rental	As indicated in agreement
Land lease agreement obligations	As indicated in agreement (rental rate is determined by independent appraiser)

16.1 Transactions between the Company with related persons and parties can be summarized as follow:

(Unit: Baht)

	For the three-month periods ended	
	March 31, 2016	March 31, 2015
Revenues from sales		
C&N International Ordinary Partnership	988,942.52	1,356,476.13
Other income		
C&N International Ordinary Partnership	6,720.00	1,365.00
Purchase of goods		
Bevita International Co., Ltd.	-	1,943,925.23
Land with its construction rental		
Mrs. Tanyapon Kraibhubes	87,000.00	87,000.00
Land rental		
Mrs. Tanyapon Kraibhubes	319,073.26	319,073.29

- 16.2 The balance with its related persons and parties as at March 31, 2016 and December 31, 2015 are as follow:

	March 31, 2016	December 31, 2015
		<i>(Unit: Baht)</i>
Trade accounts receivable		
C&N International Ordinary Partnership	264,013.31	2,372,218.72
Non-current assets-rental deposit		
Mrs. Tanyapon Kraibhubes	87,000.00	87,000.00
Trade accounts payable		
Bevita International Co., Ltd.	-	2,500,000.00
Accrued rental		
Mrs. Tanyapon Kraibhubes	2,628,659.32	2,552,586.00

- 16.3 Lease agreement obligations

16.3.1 The Company has commitment under land lease agreement for warehouse construction in accordance with agreement period of 30 years in the amount of Baht 38.28 million. The lease agreement period is commenced on January 1, 2014 - December 31, 2043 (the counterparties agreed to collect rental since the completion of buildings and others construction or since January 1, 2016 whichever is earlier until the maturity of lease period). However, the Company started to record rental since January 1, 2014 onwards. The construction structured on such lease land was not transferred the ownership to the lessor, the lessee should dismantled such construction when the lease in terminated.

As at March 31, 2016, the Company is liable on payment the remaining rental under lease agreement as follows:

	<i>(Unit:Baht)</i>
Payment within	
1 year	874,800.00
Over 1 year not exceed 5 years	3,794,445.00
Over 5 years (to 30 years)	31,651,245.90
Total	<u><u>36,320,490.90</u></u>

16.3.2 As at March 31, 2016, the Company is liable on payment the remaining rental as follows:

(Unit: Baht)

Payment within	
1 year	348,000.00
Over 1 year not exceed 5 years	<u>609,000.00</u>
Total	<u><u>957,000.00</u></u>

17. SHARE CAPITAL

According to the minutes of annual shareholders' general meeting for the year 2015 held on April 24, 2015, passed the resolution to approve the changes in par value of share capital from Baht 1 each for 300,000,000 shares amounting to Baht 300 million to Baht 0.10 each for 3,000,000,000 shares amounting to Baht 300 million. The Company has registered the changes in par value of share capital with the Ministry of Commerce on May 8, 2015.

18. LEGAL RESERVE

By virtue of the Public Companies Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of annual net profit after deduction with deficit brought forwards (if any) until the reserve reach an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.

19. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

19.1 Directors' remuneration

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act, excluded salaries and related benefits to be paid to executive directors.

19.2 Management benefit expenses

Management benefit expenses focus salaries, remunerations and other benefits paid to their directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels and includes the accounting and financial executive officer, the manager level above or persons in position comparable.

20. PROVIDENT FUND

The Company and employees have jointed to be a member of provident fund name “THE SIN SATA PORN REGISTERED PROVIDENT FUND” in accordance with the Provident Fund Act B.E. 2530. The Company and employees have to contribute to the fund at the same rate 3-5% of employees’ salaries. The provident fund is managed by BBL Asset Management Co., Ltd. The employees will entitle the accumulation and benefit when they retired according to the provident fund regulation.

The Company has paid the contribution to the fund for the three-month periods ended as at March 31, 2016 amount of Baht 0.68 million.

21. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the three-month periods ended March 31, 2016 and 2015 as follow:

		<i>(Unit:Baht)</i>
	2016	2015
Changes in finished goods		
and work in progress	3,328,126.70	(45,384,382.98)
Purchase of goods	179,275,056.20	172,952,530.94
Employee benefit expenses	74,731,699.95	58,092,875.97
Management benefit expenses	6,061,689.67	4,219,015.12
Directors’ remuneration	582,159.15	484,122.08
Depreciation and amortization	12,925,809.00	12,095,711.74
Rental and services	60,281,735.82	53,380,898.52
Advertising and sale promotion expenses	11,553,965.35	4,477,242.31
Loss on devaluation of inventories	931,528.33	280,709.46

22. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported corresponding with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance.

The Company's operations involve virtually a single in retail of cosmetics business in the geographical segment in Thailand and channel of distribution for selling goods to franchise and business centre. Besides, the Company has overseas income, and selling to franchise and business centre lower than 10 % of total sale volumn, so therefore, the Company did not present financial information by segment.

23. COMMITMENT AND CONTINGENT LIABILITIES

23.1 The Company has obligations under lease of space and services agreements of the Company's branches for the periods from 1 year to 3 years. The Company is liable on payment rental and service under agreement as at March 31, 2016 as follows:

	<i>(Unit:Baht)</i>
Payment within	
1 year	200,387,758.17
Over 1 year but less than 3 years	<u>139,220,502.04</u>
Total	<u><u>339,608,260.21</u></u>

23.2 The Company is liable on payment for the capital expenditure as at March 31, 2016 amount of Baht 0.44 million.

23.3 The Company is liable on payment for computer software installation as at March 31, 2016 amount of Baht 3.83 million.

23.4 The Company is liable on payment for commitment under lease of car as at March 31, 2016 amount of Baht 1.97 million.

23.5 Commitment under lease agreement with related person.

23.5.1 Commitment under lease land agreement for warehouse building construction.

	<i>(Unit:Baht)</i>
Payment within	
1 year	874,800.00
Over 1 year not exceed 5 years	3,794,445.00
Over 5 year (to 30 years)	<u>31,651,245.00</u>
Total	<u><u>36,320,490.00</u></u>

23.5.2 Commitment under lease land and with its construction.

	<i>(Unit:Baht)</i>
Payment within	
1 year	348,000.00
Over 1 year not exceed 5 years	<u>609,000.00</u>
Total	<u><u>957,000.00</u></u>

24. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

For off-statement of financial position, the Company has no policy to hold derivative financial instruments for speculation and trading.

24.1 Management risk policy

The significant accounting policies and method adopted the basis of recognition and measurements relating to each class of financial assets and liabilities have been disclosed in note 3.18, and disclosure and presentation of financial instruments. The Company has a risk in respect of such financial instruments and has management risk policy as follow:

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company do not have high concentrations of credit risk since it has a little of customer base since its policy is in the form of cash selling. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to their cash at financial institutions, temporary investments and long-term investment. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is minimum.

Exchange rate risk

The Company exposed to foreign currencies exchange rate risk in the minimum level since the business transactions denominated in Thai Baht currency.

24.2 Fair value of financial instruments

Most of the Company's financial assets and liabilities are classified as short-term, and the rates of loan interest are based on the market value. The book value of financial assets and liabilities shown in statements of financial position are close to their fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

25. CAPITAL MANAGEMENT

The objective of capital management of the Company is to appropriate properly financial structure and to preserve the ability to continue its operation as a going concern.

As at March 31, 2016, the Company has debt to equity ratio equal to 0.25 fold.

26. EVENTS AFTER THE REPORTING PERIOD

According to the annual general shareholders' meeting for the year 2016 held on April 25, 2016, the shareholders passed the resolution as follows:

1. Approve to the shareholders' general meeting for payment the dividend from the 2015 results of operations to the shareholders for 3,000 million shares at Baht 0.133 each, amounting to Baht 399 million. The Company has already paid interim dividend in 2015 at Baht 0.05 per share amounting to Baht 150 million, the remaining dividend to be paid of Baht 0.083 per share amounting to 249 million.
2. Approve to the shareholders' general meeting for issuance and offering warrants to purchase ordinary shares of the Company for 22,610,000 units to the directors who are the Company's management and employees (ESOP warrant-1).
3. Approve to the shareholders' general meeting for approval the increase share capital for another Baht 2,261,000.00 dividend into 22,610,000 ordinary shares at par of Baht 0.10 each from Baht 300,000,000.00 to Baht 302,261,000.00 to reserve the exercise right of warrants issuance.

27. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were approved and authorized for issue by the Company's Board of directors on May 10, 2016.