

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
AUDITOR'S REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2014
(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, 2014, and 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 the 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 the 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, in all material respects, the financial position of Beauty Community Public Company Limited as at March 31, 2014, and the result of operations, and cash flows for the three-month periods then ended, in all material respects, in accordance with the Financial Reporting Standards.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

May 12, 2014

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2014

(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

Assets	<i>Note</i>	March 31, 2014	December 31, 2013
Current assets			
Cash and cash equivalents	5	137,288,744.96	192,136,883.93
Temporary investments	6	500,000,000.00	500,000,000.00
Trade and other receivables	7, 17	23,877,939.35	25,844,476.05
Inventories	8	182,028,247.61	175,773,668.59
Total current assets		843,194,931.92	893,755,028.57
Non-current assets			
Long-term investments	9	100,000,000.00	-
Property, plant and equipment	10	163,689,509.86	157,013,575.08
Leasehold rights	11	10,867,572.93	11,100,410.71
Intangible assets	12	10,687,691.10	10,763,824.62
Deferred tax assets	13	1,102,673.31	409,123.99
Other non-current assets	14	71,443,407.40	65,015,928.68
Total non-current assets		357,790,854.60	244,302,863.08
Total assets		1,200,985,786.52	1,138,057,891.65

Notes to financial statements are parts of these financial statements.

AS AT MARCH 31, 2014
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

Liabilities and shareholders' equity	<i>Note</i>	March 31, 2014	December 31, 2013
Current liabilities			
Trade and other payables	<i>15, 17</i>	99,841,090.65	105,207,450.98
Accrued income tax		<u>38,930,330.72</u>	<u>25,483,262.52</u>
Total current liabilities		<u>138,771,421.37</u>	<u>130,690,713.50</u>
Non-current liabilities			
Employee benefit obligations	<i>16</i>	4,911,576.50	1,599,437.00
Other non-current liabilities		<u>2,922,210.00</u>	<u>2,546,550.00</u>
Total non-current liabilities		<u>7,833,786.50</u>	<u>4,145,987.00</u>
Total liabilities		<u>146,605,207.87</u>	<u>134,836,700.50</u>
Shareholders' equity			
Share capital			
Authorized share capital			
300,000,000 common shares of Baht 1 each		<u>300,000,000.00</u>	<u>300,000,000.00</u>
Paid-up share capital			
300,000,000 common shares of Baht 1 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	27,858,528.96
Unappropriated		<u>167,940,949.78</u>	<u>118,923,033.32</u>
Total shareholders' equity		<u>1,054,380,578.65</u>	<u>1,003,221,191.15</u>
Total liabilities and shareholders' equity		<u>1,200,985,786.52</u>	<u>1,138,057,891.65</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, 2014
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	<i>Note</i>	2014	2013
Revenues from sales		274,272,812.67	226,504,985.31
Cost of sales		<u>(87,659,693.76)</u>	<u>(62,696,916.58)</u>
Gross profit		<u>186,613,118.91</u>	<u>163,808,068.73</u>
Other income			
Interest income		4,862,054.03	5,319,935.14
Others		<u>1,732,743.93</u>	<u>1,012,493.84</u>
Total other income		<u>6,594,797.96</u>	<u>6,332,428.98</u>
Selling expenses		(98,832,747.80)	(77,100,530.43)
Administrative expenses		(27,420,934.69)	(25,074,509.93)
Finance costs		-	(101,093.72)
Profit before income tax		66,954,234.38	67,864,363.63
Income tax	<i>13</i>	<u>(13,361,784.48)</u>	<u>(13,668,104.86)</u>
Profit for the period		<u>53,592,449.90</u>	<u>54,196,258.77</u>
Other comprehensive income			
Actuarial gains(loss) on defined employee benefits plans			
Net of income tax		<u>(2,433,062.40)</u>	<u>-</u>
Other comprehensive income for the period		<u>(2,433,062.40)</u>	<u>-</u>
Comprehensive income for the period		<u><u>51,159,387.50</u></u>	<u><u>54,196,258.77</u></u>
 Basic earnings per share			
Earnings per share		0.18	0.18
Number of weighted average common shares (share)		300,000,000	300,000,000

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31 , 2014
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	<i>Note</i>	Paid-up share capital	Premium on share capital	Retained earnings		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Balance as at December 31, 2012		300,000,000.00	556,439,628.87	10,787,500.00	119,584,860.36	986,811,989.23
Total comprehensive income for the period		-	-	-	54,196,258.77	54,196,258.77
Legal reserve	18	-	-	2,709,812.94	(2,709,812.94)	-
Balances as at March 31, 2013		<u>300,000,000.00</u>	<u>556,439,628.87</u>	<u>13,497,312.94</u>	<u>171,071,306.19</u>	<u>1,041,008,248.00</u>
Balance as at December 31, 2013		300,000,000.00	556,439,628.87	27,858,528.96	118,923,033.32	1,003,221,191.15
Profit for the period		-	-	-	53,592,449.90	53,592,449.90
Other comprehensive income for the period		-	-	-	(2,433,062.40)	(2,433,062.40)
Legal reserve	18	-	-	2,141,471.04	(2,141,471.04)	-
Balances as at March 31, 2014		<u>300,000,000.00</u>	<u>556,439,628.87</u>	<u>30,000,000.00</u>	<u>167,940,949.78</u>	<u>1,054,380,578.65</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, 2014
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	2014	2013
Cash flows from operating activities		
Profit before income tax	66,954,234.38	67,864,363.63
Adjustment profit before income tax to cash receipt (disbursement)		
from operating activities		
Depreciation and amortization	9,893,779.37	7,091,199.00
Doubtful accounts	8,156.89	-
Loss (reversal) on devaluation of inventories	140,802.45	461,277.10
Gain on sales of assets	(277.38)	(71,294.61)
Loss on write off of assets	-	111,791.85
Employee benefit expenses	270,811.50	79,471.50
Interest expenses	-	101,093.72
Profit from operation before changes of		
operating assets and liabilities	77,267,507.21	75,637,902.19
(Increase) Decrease in changes of operating assets		
Trade and other receivables	1,958,379.81	(5,165,117.30)
Inventories	(6,395,381.47)	(25,522,650.01)
Other non-current assets	(6,427,478.72)	(6,386,302.02)
(Increase) Decrease in changes of operating assets	(10,864,480.38)	(37,074,069.33)
Increase (Decrease) in changes of operating liabilities		
Trade and other payables	(14,862,711.46)	3,307,236.37
Other non-current liabilities	375,660.00	(23,654.30)
Increase (Decrease) in changes of operating liabilities	(14,487,051.46)	3,283,582.07
Cash generated (paid) from operation	51,915,975.37	41,847,414.93
Interest paid	-	(101,093.72)
Income tax paid	-	(7,767.13)
Net cash provided by (used in) operating activities	<u>51,915,975.37</u>	<u>41,738,554.08</u>

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2014
(UNAUDITED / REVIEWED ONLY)

(Unit: Baht)

	2014	2013
Cash flows from investing activities		
(Increase) Decrease in changes of temporary investments	-	(100,000,000.00)
(Increase) Decrease in long-term investments	(100,000,000.00)	-
Building and equipment acquisition	(6,538,698.46)	(3,333,575.04)
Proceeds from sales of equipment	280.38	560,747.66
Leasehold rights acquisition	(147,196.26)	-
Intangible assets acquisition	(78,500.00)	(126,000.00)
Net cash provided by (used in) investing activities	<u>(106,764,114.34)</u>	<u>(102,898,827.38)</u>
Cash flows from financing activities		
Payments for financial lease liabilities	-	(65,351.65)
Repayments for long-term loans from financial institutions	-	(295,318.34)
Net cash provided by (used in) financing activities	<u>-</u>	<u>(360,669.99)</u>
Net increase (decrease) in cash and cash equivalents	(54,848,138.97)	(61,520,943.29)
Cash and cash equivalents as at the beginning of period	<u>192,136,883.93</u>	<u>298,264,197.19</u>
Cash and cash equivalents as at the end of period	<u><u>137,288,744.96</u></u>	<u><u>236,743,253.90</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, 2013
(UNAUDITED/REVIEWED ONLY)

1. GENERAL INFORMATION

Beauty Community Public Company Limited (“the Company”), the Company 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 PREPARATION OF INTERIM FINANCIAL STATEMENTS

The financial statements have been prepared in conformity with the 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.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current accounting period.

The Federation of Accounting Professions issued accounting standards, standing interpretations and financial reporting interpretations, which are expected to effective for the financial statements beginning on or after January 1, 2014 as follows:

	<i>Contents</i>	<i>Effective date</i>
Accounting Standards		
TAS 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS 17 (Revised 2012)	Leases	January 1, 2014
TAS 18 (Revised 2012)	Revenue	January 1, 2014

	<i>Contents</i>	<i>Effective date</i>
Accounting Standards		
TAS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rate	January 1, 2014
TAS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28 (Revised 2012)	Investments in Associates	January 1, 2014
TAS 31 (Revised 2012)	Interests in Joint Venture	January 1, 2014
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 36 (Revised 2012)	Impairment of Assets	January 1, 2014
TAS 38 (Revised 2012)	Intangible assets	January 1, 2014
Financial Reporting Standards		
TFRS 2 (Revised 2012)	Share - Based Payments	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 5 (Revised 2012)	Non-current Asset Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
Standing Interpretations		
TSIC 15	Operating Leases-Incentives	January 1, 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSIC 29	Service Concession Arrangements: Disclosures	January 1, 2014
TSIC 32	Intangible Assets-Web Site Costs	January 1, 2014
Financial Reporting Interpretations		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	January 1, 2014

	<i>Contents</i>	<i>Effective date</i>
Financial Reporting Interpretations		
TFRIC 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customer Loyalty Programmes	January 1, 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC 18	Transfers of Assets from Customers	January 1, 2014

The management of the Company has assessed the effects of the above accounting standards, financial reporting standards, standing interpretations and financial reporting interpretations, and believes that they will have no significantly impact on the financial statements.

3.2 Accounting standards will be effective for the future

The Federation of Accounting Professions has issued notifications, already published in the Royal Gazette, mandating the use of Accounting Standards, Financial Reporting Standards, Standing Interpretations and Financial Reporting Interpretations as follows.

	<i>Contents</i>	<i>Effective date</i>
Financial Reporting Standards		
TFRS 4	Insurance Contracts	January 1, 2016

The management of the Company has assessed the effect of the above financial reporting standard and believe that they are not relevant to the business of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

Other income and expenses

Other income and expenses are recognized on accrual basis.

4.2 Cash and cash equivalents

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

4.3 Temporary investments

Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions.

4.4 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.

4.5 Inventories

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

4.6 Long-term Investments

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

4.7 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	20, 5
Furniture	5
Office tools and equipment	5
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 year-end.

4.8 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 5 years.

4.9 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 periods for 10 years.

4.10 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.

4.11 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.

4.12 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 leases

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.

4.13 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.

4.14 Employee benefits and provident fund

4.14.1. 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 principal actuarial assumptions used were as follows;

	2014	2013
Discount rate	per annum	per annum
For monthly staff	4.76	4.31
For daily staff	4.92	4.57
Turnover rate		
For monthly staff	0-63	0-14
For daily staff	0-82	0-100
Mortality rate		
For monthly staff and daily staff	According to Thailand TMO 1997 tables	

4.14.2 Provident fund

The Company establish provident fund under the defined contribution plan. The fund's assets are separated entitles which are administered by the external fund manager. The Company 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.

4.15 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 year, 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 recognised 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 years 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.

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.

4.16 Financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, temporary investments, trade accounts receivable long-term investments. 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.

4.17 Accounting estimates

Preparation of financial statements in conformity with 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 year related to allowance for doubtful accounts, and provision for impairment of assets at the statements of financial position date. Other estimates are further described in the corresponding disclosures.

4.18 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.

4.19 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 periods.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31, 2014 and December 31, 2013 are as follows:

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Cash	3,751,189.75	4,363,421.12
Current accounts	19,429,065.15	26,650,332.09
Savings deposit	113,374,845.31	160,398,144.22
Unbilled for credit card slip	733,644.75	724,986.50
Total	<u>137,288,744.96</u>	<u>192,136,883.93</u>

6. TEMPORARY INVESTMENTS

The Company has temporary investment in form of short-term deposits at various local financial institutions as at March 31, 2014 and December 31, 2013 are as follows:

	At interest rate per annum		<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Fixed deposits	3.20 -3.38	3.00 -3.38	500,000,000.00	500,000,000.00

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at March 31, 2014 and December 31, 2013 are as follows:

	March 31, 2014	December 31, 2013
Trade accounts receivable		
Related parties	258,648.47	655,887.38
Other parties		
- Franchise receivable	1,502,181.00	4,069,462.66
- Employees receivable	2,873.50	124,226.70
- Other parties receivable	6,302,454.63	5,192,357.73
Total other parties receivable	7,807,509.13	9,386,047.09
Total trade accounts receivable	8,066,157.60	10,041,934.47
Other receivables		
Prepaid expenses	1,604,510.32	1,992,277.84
Accrued income	9,113,265.71	8,110,476.71
Goods deposit	2,003,095.07	1,607,384.51
Advance payment	705,335.00	697,027.00
Others	2,385,575.65	3,395,375.52
Total other receivables	15,811,781.75	15,802,541.58
Total trade and other receivables	23,877,939.35	25,844,476.05

As at March 31, 2014 and December 31, 2013, the Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Trade accounts receivable due in term	4,355,922.78	7,402,909.72
Overdue trade accounts receivable		
- Less than 3 months	2,319,821.10	2,234,463.12
- Over 3 months but less than 1 year	1,390,413.72	404,561.63
Total trade accounts receivable	<u>8,066,157.60</u>	<u>10,041,934.47</u>

8. INVENTORIES

Inventories as at March 31, 2014 and December 31, 2013 are as follows:

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Finished goods	138,558,023.21	127,874,992.12
Packaging	35,438,326.80	35,921,070.91
Work in process	6,633,842.19	10,086,318.77
Supplies	1,777,897.99	2,130,326.92
Total	182,408,090.19	176,012,708.72
Allowance for devaluation of inventories	(379,842.58)	(239,040.13)
Net	<u>182,028,247.61</u>	<u>175,773,668.59</u>

9. LONG-TERM INVESTMENTS

The Company's long-term investment, in form of long-term deposits at local financial institutions as at March 31, 2014 and December 31, 2013 consist of.

	<i>(Unit: Baht)</i>		
	<u>At interest rate per annum</u>		
	March 31, 2014	March 31, 2014	December 31, 2013
Fixed deposits	3.30	100,000,000.00	-
Total		<u>100,000,000.00</u>	<u>-</u>

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at March 31, 2014 and December 31, 2013 consist of:

	<i>(Unit: Baht)</i>							
	Land	Building and improvement	Furniture	Office tools and equipment	Computer	Vehicles	Construction in progress	Total
Cost:								
As at December 31, 2012	19,240,000.00	30,090,551.82	94,290,902.38	15,450,763.98	9,164,627.99	9,751,998.14	624,000.00	178,612,844.31
Acquisition	-	9,000.00	49,932,410.30	3,558,192.35	5,871,823.63	5,925,700.93	2,470,000.00	67,767,127.21
Disposal	-	-	(83,000.00)	-	-	(2,532,000.00)	-	(2,615,000.00)
Write off/adjustment	-	-	(2,111,891.77)	(288,054.57)	(301,179.83)	-	(624,000.00)	(3,325,126.17)
As at December 31, 2013	<u>19,240,000.00</u>	<u>30,099,551.82</u>	<u>142,028,420.91</u>	<u>18,720,901.76</u>	<u>14,735,271.79</u>	<u>13,145,699.07</u>	<u>2,470,000.00</u>	<u>240,439,845.35</u>
Acquisition	-	-	13,757,482.03	770,453.11	1,482,304.15	-	-	16,010,239.29
Disposal	-	-	-	(3,224.31)	-	-	-	(3,224.31)
Write off/adjustment	-	-	111,583.89	(115,167.00)	(101,189.75)	-	-	(104,772.86)
As at March 31, 2014	<u>19,240,000.00</u>	<u>30,099,551.82</u>	<u>155,897,486.83</u>	<u>19,372,963.56</u>	<u>16,116,386.19</u>	<u>13,145,699.07</u>	<u>2,470,000.00</u>	<u>256,342,087.47</u>
Depreciation:								
As at December 31, 2012	-	(7,848,543.76)	(33,438,649.75)	(6,568,918.42)	(5,524,408.17)	(3,121,124.09)	-	(56,501,644.19)
Depreciation	-	(1,699,090.02)	(21,555,644.23)	(2,859,866.22)	(2,421,077.99)	(1,764,097.76)	-	(30,299,776.22)
Disposal	-	-	16,104.04	-	-	1,531,380.10	-	1,547,484.14
Write off/adjustment	-	-	1,318,328.88	229,284.09	280,053.03	-	-	1,827,666.00
As at December 31, 2013	<u>-</u>	<u>(9,547,633.78)</u>	<u>(53,659,861.06)</u>	<u>(9,199,500.55)</u>	<u>(7,665,433.13)</u>	<u>(3,353,841.75)</u>	<u>-</u>	<u>(83,426,270.27)</u>
Depreciation	-	(418,991.34)	(6,798,969.87)	(802,857.21)	(884,461.85)	(453,831.54)	-	(9,359,111.81)
Disposal	-	-	-	3,221.31	-	-	-	3,221.31
Write off/adjustment	-	-	(75,592.73)	107,895.09	97,280.80	-	-	129,583.16
As at March 31, 2014	<u>-</u>	<u>(9,966,625.12)</u>	<u>(60,534,423.66)</u>	<u>(9,891,241.36)</u>	<u>(8,452,614.18)</u>	<u>(3,807,673.29)</u>	<u>-</u>	<u>(92,652,577.61)</u>
Net book value:								
As at December 31, 2013	<u>19,240,000.00</u>	<u>20,551,918.04</u>	<u>88,368,559.85</u>	<u>9,521,401.21</u>	<u>7,069,838.66</u>	<u>9,791,857.32</u>	<u>2,470,000.00</u>	<u>157,013,575.08</u>
As at March 31, 2014	<u>19,240,000.00</u>	<u>20,132,926.70</u>	<u>95,363,063.17</u>	<u>9,481,722.20</u>	<u>7,663,772.01</u>	<u>9,338,025.78</u>	<u>2,470,000.00</u>	<u>163,689,509.86</u>

Depreciation for the three-month periods ended March 31, 2014 and December 31, 2013 amounted to Baht 9.36 million and Baht 6.63 million respectively.

As at March 31, 2014 and December 31, 2013, the Company has fixed assets at cost amount of Baht 17.74 million and Baht 17.41 million respectively which have been fully depreciated but are still in use.

11. LEASEHOLD RIGHTS

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Cost:		
Beginning balance as at January 1	20,708,980.80	20,408,980.80
Increase	147,196.26	300,000.00
At the end of the period	<u>20,856,177.06</u>	<u>20,708,980.80</u>
Accumulated amortization:		
Beginning balance as at January 1	9,608,570.09	8,373,128.60
Amortization	380,034.04	1,235,441.49
At the end of the period	<u>9,988,604.13</u>	<u>9,608,570.09</u>
Net book value	<u><u>10,867,572.93</u></u>	<u><u>11,100,410.71</u></u>

Amortization of leasehold right for the three-month periods ended March 31, 2014 and December 31, 2013 amounted to Baht 0.38 million and Baht 0.31 million respectively.

12. INTANGIBLE ASSETS

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Computer software		
Cost:		
Beginning balance as at January 1	3,648,394.44	3,138,394.44
Acquisition	2,000.00	510,000.00
At the end of the period	<u>3,650,394.44</u>	<u>3,648,394.44</u>
Accumulated amortization:		
Beginning balance as at January 1	1,916,009.82	1,290,427.50
Amortization	154,633.52	625,582.32
At the end of the period	<u>2,070,643.34</u>	<u>1,916,009.82</u>
Net book value	<u>1,579,751.10</u>	<u>1,732,384.62</u>
Software under installation		
Beginning balance as at January 1	9,031,440.00	-
Acquisition	76,500.00	9,031,440.00
At the end of the period	<u>9,107,940.00</u>	<u>9,031,440.00</u>
Total	<u>10,687,691.10</u>	<u>10,763,824.62</u>

Amortization of intangible assets for the three-month periods ended March 31, 2014 and December 31, 2013 amounted to Baht 0.15 million and Baht 0.15 million respectively.

13. DEFERRED TAX ASSETS

	<i>(Unit :Baht)</i>	
	March 31, 2014	December 31, 2013
Deferred tax assets		
Allowance for devaluation of inventories	75,968.52	47,808.03
Employee benefit obligations	982,315.30	319,887.40
Provisions	44,389.49	41,428.56
Total	<u>1,102,673.31</u>	<u>409,123.99</u>

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

	(Expense)		(Expense)			
	As at	income in	As at	As at	income in	
	December	statement of	March	December	statement of	
	31, 2012	income	31, 2013	31, 2013	income	
					As at March	
					31, 2014	
Deferred tax assets						
Allowance for devaluation of goods	66,226.42	83,617.19	149,843.61	47,808.03	28,160.49	75,968.52
Employee benefit obligations	294,756.73	(22,552.33)	272,204.50	319,887.40	662,427.90	982,315.30
Provisions	-	-	-	41,428.56	2,960.93	44,389.49
Total	<u>360,983.15</u>	<u>61,064.96</u>	<u>422,048.11</u>	<u>409,123.99</u>	<u>693,549.32</u>	<u>1,102,673.31</u>

Income tax expenses for the three-month periods ended March 31, 2014 and 2013 can be summarized as follows:

	(Unit :Baht)	
	2014	2013
<i>Current tax:</i>		
Income tax for the period	13,447,068.20	13,729,169.82
<i>Deferred tax :</i>		
Deferred tax (income) derived from temporary differences and reversal of temporary differences presented in statement of comprehensive income	<u>(85,283.72)</u>	<u>(61,064.96)</u>
Income tax expenses in statements of income	<u>13,361,784.48</u>	<u>13,668,104.86</u>
Income tax (income) related actuarial (loss) on define employee benefit plans statement of other comprehensive income	<u>(608,265.60)</u>	<u>-</u>
Total	<u>(608,265.60)</u>	<u>-</u>

Reconciliation amount between income tax expenses and multiplication of taxable profits and tax rates used for the three-month periods ended March 31, 2014 and 2013 can be presented as follows:

	<i>(Unit :Baht)</i>	
	2014	2013
Accounting profit before income tax	66,954,234.38	67,864,363.63
Income tax rates	20%	20%
Accounting profit before income tax multiply by tax rates	13,390,846.88	13,572,872.73
 <i>Taxable effects for :</i>		
Accounting base differ from tax base		
Different from expenses	<u>(29,062.40)</u>	<u>95,232.13</u>
Total	<u>(29,062.40)</u>	<u>95,232.13</u>
 Income tax expenses presented in statements of		
comprehensive income	<u>13,361,784.48</u>	<u>13,668,104.86</u>
Effective income tax rate	19.96%	20.14%

14. OTHER NON-CURRENT ASSETS

Other non-current assets as at March 31, 2014 and December 31, 2013 consist of:

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Rental and services deposit	69,264,507.84	63,391,342.54
Others	<u>2,178,899.56</u>	<u>1,624,586.14</u>
Total	<u>71,443,407.40</u>	<u>65,015,928.68</u>

15. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31, 2014 and December 31, 2013 consist of:

	<i>(Unit: Baht)</i>	
	March 31, 2014	December 31, 2013
Trade accounts payable		
-Related parties	2,500,000.00	922,500.00
-Other parties	47,385,101.41	52,149,823.96
Total trade accounts payable	<u>49,885,101.41</u>	<u>53,072,323.96</u>
Other payables		
Accrued expenses	27,848,362.20	24,003,743.46
Revenue Department payable	5,551,462.81	6,337,129.71
Assets payables	16,267,181.39	21,209,879.16
Others	288,982.84	584,374.69
Total other payables	<u>49,955,989.24</u>	<u>52,135,127.02</u>
Total trade and other payables	<u><u>99,841,090.65</u></u>	<u><u>105,207,450.98</u></u>

16. EMPLOYEE BENEFIT OBLIGATIONS

Long-term employee benefit obligations are compensation paid to employees when they retired for the three-month periods as at March 31, 2014 are as follows:

	<i>(Unit: Baht)</i>
	2014
Employee benefit obligations as at December 31, 2013	1,599,437.00
Current costs of services and interest	270,811.50
Actuarial (loss) on defined statement of other comprehensive income	
During the period	3,041,328.00
Benefits paid during the period	<u>-</u>
Employee benefit obligations as at March 31, 2014	<u><u>4,911,576.50</u></u>

17. 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 persons and persons name</u>	<u>Relationship</u>	<u>Related transactions</u>
<i>1. Persons consist of:-</i>		
Mrs. Tanyapon Kraibhubes	Shareholder and director	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
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

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

	<i>(Unit: Baht)</i>	
	<u>For the three-month periods ended</u>	
	March 31, 2014	March 31, 2013
Revenues from sales		
C&N International Ordinary Partnership	578,227.76	692,146.30
Other income		
C&N International Ordinary Partnership	1,260.00	1,260.00
Purchase of goods		
Bevita International Co., Ltd.	3,037,383.18	1,313,084.12
Land with its construction rental		
Mrs. Tanyapon Kraibhubes	87,000.00	87,000.00
Land rental		
Mrs. Tanyapon Kraibhubes	218,700.00	-

17.2 The balance with its related persons and parties as at March 31, 2014 and December 31, 2013 are as follow:

(Unit: Baht)

	March 31, 2014	December 31, 2013
Trade accounts receivable		
C&N International Ordinary Partnership	258,648.47	655,887.38
Trade accounts payable		
Bevita International Co., Ltd.	2,500,000.00	922,500.00
Accrued rental		
Mrs. Tanyapon Kraibhubes	218,700.00	-

17.3 Land lease agreement obligations

The Company has commitment under land lease agreement for warehouse construction in accordance with agreement dated June 11, 2013 for the period of 20 years. The rental is determined equal to the value of the independent appraiser commenced from January 1, 2014. As at March 31, 2014, the Company is liable on payment the remaining rental as follows:

(Unit: Baht)

Payment within	
1 year	874,800.00
Over 1 year not exceed 5 years	3,532,005.00
Over 5 years (to 20 years)	17,215,515.00
Total	<u>21,622,320.00</u>

According to the minutes of Board of directors' meeting No. 3/2014 held on March 5, 2014, passed the resolution as follows the Company change the agreement by making memorandum attached to lease agreement that to extend the lease period to the next 10 years in the amount of Baht 16.44 million as stated in note 26.2. 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 constrection or since January 1, 2016 which ever is earlier until the maturity of lease period). However, the Company started to record rental since January 1, 2014 onwards.

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 reaches 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 B.E. 2535 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, 2014 amount of Baht 0.40 million.

21. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the three-month periods ended March 31, 2014 and 2013 are as follow:

	<i>(Unit:Baht)</i>	
	2014	2013
Changes in finished goods and work in progress	(7,230,554.51)	(17,518,907.59)
Acquire of goods	93,896,540.41	87,052,231.01
Employee benefit expenses	47,138,393.71	37,803,194.15
Management benefit expenses	4,941,745.60	5,220,820.63
Directors' remuneration	278,250.00	150,000.00
Depreciation and amortization	9,893,779.37	7,091,199.00
Rental and services	43,551,311.84	32,620,727.82
Advertising and sale promotion expenses	3,892,396.96	2,632,314.17
Reversal of loss on devaluation of inventories	140,802.45	461,227.10

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 chanel 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 amount so the Company did not present financial information by segent.

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, 2014 as follows:

(Unit: Baht)

Payment within	
1 year	155,607,893.94
Over 1 year but less than 3 years	<u>134,729,986.72</u>
Total	<u><u>290,337,880.66</u></u>

23.2 The Company is liable on payment building construction plan agreement as at March 31, 2014 amount of Baht 0.13 million.

23.3 The Company is liable on payment for computer software installation as at March 31, 2014 amount of Baht 6.43 million.

23.4 The Company is liable on payment for commitment under lease of car as at March 31, 2014 amount of Baht 4.12 million.

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 4.16, 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 expected to be minimal.

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, 2014, the Company has debt to equity ratio equal to 0.14.

26. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of annual shareholders' general meeting for the year 2014 held on April 25, 2014, passed the resolution as follows:

1. Dividend

To approve dividend payment from the 2013 results of operations to the shareholders for 300 million shares at Baht 0.65 per share, amount of Baht 195 million, for which the interim dividend was paid in 2013 at Baht 0.30 per share, amount of Baht 90 million, the remaining dividend to be paid at Baht 0.35 per share, amount of Baht 105 million will be paid on May 22, 2014.

2. Lease of land and construction on leased land

To amend land lease agreement (as stated in note 17.3) by making 1 issue of memorandum attached to land lease agreement for the significant matter is to extend the lease period for the next 10 year to be 30 year and determine lease remuneration only the extension period of 10 years to be Baht 16.44 million, totaling Baht 38.28 million for 30 year and approve to change the building construction for the another Baht 59.83 million. Total value of construction on leased land approximately Baht 142.44 million (excluding value added tax) (construction value is estimated by the Company whose the building structure project is designed). Land rental and building construction value total amounted to Baht 180.72 million. The lessee has to dismantle such constructions when the lease is terminated since there is no transferring the construction ownership to the lessee when the lease land agreement is matured.

27. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were approved and authorized for issue by the Company's Board of directors on May 12, 2014.