

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

AUDITOR'S REPORT ON REVIEW AND INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 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 June 30, 2014, the related statement of comprehensive income for the three-month and six-month periods ended June 30, 2014, statement of changes in shareholders' equity, and statement of cash flows for the six-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 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 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 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 June 30, 2014, the result of operations for the three-month and six-month periods ended June 30, 2014, and cash flows for the six-month periods then ended, in all material respects, in accordance with Financial Reporting Standards.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

August 13, 2014

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

(Unit: Baht)

Assets	<i>Note</i>	June 30, 2014	December 31, 2013
Current assets			
Cash and cash equivalents	5	156,079,585.26	192,136,883.93
Temporary investments	6	420,000,000.00	500,000,000.00
Trade and other receivables	7, 17	20,048,921.00	25,844,476.05
Inventories	8	<u>199,954,585.51</u>	<u>175,773,668.59</u>
Total current assets		<u>796,083,091.77</u>	<u>893,755,028.57</u>
Non-current assets			
Long-term investments	9	100,000,000.00	-
Property, plant and equipment	10	163,321,580.40	157,013,575.08
Leasehold rights	11	11,621,336.22	11,100,410.71
Intangible assets	12	9,312,242.54	10,763,824.62
Deferred tax assets	13	1,221,094.31	409,123.99
Other non-current assets	14	<u>75,018,227.77</u>	<u>65,015,928.68</u>
Total non-current assets		<u>360,494,481.24</u>	<u>244,302,863.08</u>
Total assets		<u><u>1,156,577,573.01</u></u>	<u><u>1,138,057,891.65</u></u>

Notes to financial statements are parts of these financial statements.

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

(Unit: Baht)

Liabilities and shareholders' equity	<i>Note</i>	June 30, 2014	December 31, 2013
Current liabilities			
Trade and other payables	<i>15, 17</i>	108,129,747.91	105,207,450.98
Accrued income tax		<u>29,074,937.95</u>	<u>25,483,262.52</u>
Total current liabilities		<u>137,204,685.86</u>	<u>130,690,713.50</u>
Non-current liabilities			
Employee benefit obligations	<i>16</i>	5,182,388.00	1,599,437.00
Other non-current liabilities		<u>3,239,470.00</u>	<u>2,546,550.00</u>
Total non-current liabilities		<u>8,421,858.00</u>	<u>4,145,987.00</u>
Total liabilities		<u>145,626,543.86</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>
Issued and 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>124,511,400.28</u>	<u>118,923,033.32</u>
Total shareholders' equity		<u>1,010,951,029.15</u>	<u>1,003,221,191.15</u>
Total liabilities and shareholders' equity		<u>1,156,577,573.01</u>	<u>1,138,057,891.65</u>

Notes to financial statements are parts of these financial statements.

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BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2014
(UNAUDITED/REVIEWED ONLY)

(Unit: Baht)

	2014	2013
Revenues from sales	308,516,399.23	241,071,762.88
Cost of sales	<u>(102,432,507.85)</u>	<u>(69,460,176.69)</u>
Gross profit	<u>206,083,891.38</u>	<u>171,611,586.19</u>
Other income		
Interest income	4,832,828.96	5,574,686.10
Others	1,853,985.08	734,468.08
Total other income	<u>6,686,814.04</u>	<u>6,309,154.18</u>
Selling expenses	(106,262,110.52)	(84,358,510.94)
Administrative expenses	(29,428,695.65)	(24,427,645.53)
Finance costs	-	(106,304.17)
Profit before income tax	<u>77,079,899.25</u>	<u>69,028,279.73</u>
Income tax	(15,509,448.75)	(13,843,814.62)
Profit for the period	<u>61,570,450.50</u>	<u>55,184,465.11</u>
Other comprehensive income:		
Actuarial gains(loss) on defined employee benefits plans		
- Net of income tax	-	-
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>61,570,450.50</u></u>	<u><u>55,184,465.11</u></u>
 Basic earnings per share		
Earnings per share	0.21	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 COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014
(UNAUDITED/REVIEWED ONLY)

(Unit: Baht)

	2014	2013
Revenues from sales	582,789,211.90	467,576,748.19
Cost of sales	<u>(190,092,201.61)</u>	<u>(132,157,093.27)</u>
Gross profit	<u>392,697,010.29</u>	<u>335,419,654.92</u>
Other income		
Interest income	9,694,882.99	10,894,621.24
Others	3,586,729.01	1,746,961.92
Total other income	<u>13,281,612.00</u>	<u>12,641,583.16</u>
Selling expenses	(205,094,858.32)	(161,459,041.37)
Administrative expenses	(56,849,630.34)	(49,502,155.46)
Finance costs	-	(207,397.89)
Profit before income tax	144,034,133.63	136,892,643.36
Income tax 13	(28,871,233.23)	(27,511,919.48)
Profit for the period	<u>115,162,900.40</u>	<u>109,380,723.88</u>
Other comprehensive income:		
Actuarial gains(loss) on defined employee benefits plans		
- Net of income tax	(2,433,062.40)	-
Other comprehensive income for the period	<u>(2,433,062.40)</u>	<u>-</u>
Total comprehensive income for the period	<u><u>112,729,838.00</u></u>	<u><u>109,380,723.88</u></u>
 Basic earnings per share		
Earnings per share	0.38	0.36
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 SIX-MONTH PERIODS ENDED JUNE 30 , 2014
(UNAUDITED/ REVIEWED ONLY)

(Unit: Baht)

	<i>Note</i>	Issued and 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		-	-	-	109,380,723.88	109,380,723.88
Legal reserve	18	-	-	11,726,078.35	(11,726,078.35)	-
Payments for dividend		-	-	-	(105,000,000.00)	(105,000,000.00)
Balances as at June 30, 2013		<u>300,000,000.00</u>	<u>556,439,628.87</u>	<u>22,513,578.35</u>	<u>112,239,505.89</u>	<u>991,192,713.11</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		-	-	-	115,162,900.40	115,162,900.40
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)	-
Payments for dividend	19	-	-	-	(105,000,000.00)	(105,000,000.00)
Balances as at June 30, 2014		<u>300,000,000.00</u>	<u>556,439,628.87</u>	<u>30,000,000.00</u>	<u>124,511,400.28</u>	<u>1,010,951,029.15</u>

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014
(UNAUDITED/ REVIEWED ONLY)

(Unit: Baht)

	2014	2013
Cash flows from operating activities		
Profit before income tax	144,034,133.63	136,892,643.36
Adjustment profit before income tax to cash receipt (disbursement)		
from operating activities		
Depreciation and amortization	20,680,176.98	14,858,636.66
Doubtful accounts	32,627.56	246,000.00
Loss (reversal) on devaluation of inventories	434,334.09	1,048,346.08
Gain on sales of assets and write off of fixed assets	(791,454.49)	(71,294.61)
Loss on write off of intangible assets	1,225,440.00	153,198.20
Employee benefit expenses	541,623.00	158,943.00
Interest expenses	-	207,397.89
Profit from operation before changes of		
operating assets and liabilities	166,156,880.77	153,493,870.58
(Increase) Decrease in changes of operating assets		
Trade and other receivables	5,762,927.49	(7,205,887.01)
Inventories	(24,615,251.01)	(21,170,106.34)
Other non-current assets	(10,002,299.09)	(7,659,744.21)
(Increase) Decrease in changes of operating assets	(28,854,622.61)	(36,035,737.56)
Increase (Decrease) in changes of operating liabilities		
Trade and other payables	(8,342,528.49)	(6,728,574.33)
Other non-current liabilities	692,920.00	147,245.70
Increase (Decrease) in changes of operating liabilities	(7,649,608.49)	(6,581,328.63)
Cash generated (paid) from operation	129,652,649.67	110,876,804.39
Interest paid	-	(207,397.89)
Income tax paid	(25,483,262.52)	(13,036,947.37)
Net cash provided by (used in) operating activities	104,169,387.15	97,632,459.13

Notes to financial statements are parts of these financial statements.

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/ REVIEWED ONLY)

(Unit: Baht)

	2014	2013
Cash flows from investing activities		
(Increase) Decrease in changes of temporary investments	80,000,000.00	(40,000,000.00)
(Increase) Decrease in changes of long-term investments	(100,000,000.00)	-
Building and equipment acquisition	(15,436,945.70)	(16,380,738.25)
Proceeds from sales of equipment	1,616,265.56	560,747.67
Leasehold rights acquisition	(1,327,505.68)	-
Intangible assets acquisition	<u>(78,500.00)</u>	<u>(9,131,440.00)</u>
Net cash provided by (used in) investing activities	<u>(35,226,685.82)</u>	<u>(64,951,430.58)</u>
Cash flows from financing activities		
Payments for financial lease liabilities	-	(824,634.89)
Repayments for long-term loans from financial institutions	-	(5,971,326.63)
Dividend paid	<u>(105,000,000.00)</u>	<u>(105,000,000.00)</u>
Net cash provided by (used in) financing activities	<u>(105,000,000.00)</u>	<u>(111,795,961.52)</u>
Net increase (decrease) in cash and cash equivalents	(36,057,298.67)	(79,114,932.97)
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>156,079,585.26</u></u>	<u><u>219,149,264.22</u></u>

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014
(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	January 1, 2014
<i>Financial Reporting in Hyperinflationary Economies</i>		

	<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 June 30, 2014 and December 31, 2013 are as follows:

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Cash	3,623,547.54	4,363,421.12
Current accounts	13,987,234.25	26,650,332.09
Savings deposit	137,838,641.22	160,398,144.22
Unbilled for credit card slip	630,162.25	724,986.50
Total	<u>156,079,585.26</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 June 30, 2014 and December 31, 2013 are as follows:

	At interest rate per annum		<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Fixed deposits	2.70 - 3.38	3.00 - 3.38	220,000,000.00	500,000,000.00
Bill of exchange	2.95 - 3.20	-	200,000,000.00	-
Total			<u>420,000,000.00</u>	<u>500,000,000.00</u>

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at June 30, 2014 and December 31, 2013 are as follows:

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Trade accounts receivable		
Related parties	269,496.87	655,887.38
Other parties		
- Franchise receivable	1,888,571.00	4,069,462.66
- Employees receivable	3,233.75	124,226.70
- Other parties receivable	5,922,269.42	5,192,357.73
Total other parties receivable	<u>7,814,074.17</u>	<u>9,386,047.09</u>
Total trade accounts receivable	<u>8,083,571.04</u>	<u>10,041,934.47</u>
Other receivables		
Prepaid expenses	2,657,764.16	1,992,277.84
Accrued income	4,430,541.79	8,110,476.71
Goods deposit	767,169.98	1,607,384.51
Advance payment	374,453.00	697,027.00
Suspense input tax	1,796,097.58	3,181,839.96
Others	1,939,323.45	213,535.56
Total other receivables	<u>11,965,349.96</u>	<u>15,802,541.58</u>
Total trade and other receivables	<u>20,048,921.00</u>	<u>25,844,476.05</u>

As at June 30, 2014 and December 31, 2013, the Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Trade accounts receivable due in term	6,726,431.16	7,402,909.72
Overdue trade accounts receivable		
- Less than 3 months	1,320,314.67	2,234,463.12
- Over 3 months but less than 1 year	36,825.21	404,561.63
Total trade accounts receivable	<u>8,083,571.04</u>	<u>10,041,934.47</u>

8. INVENTORIES

Inventories as at June 30, 2014 and December 31, 2013 are as follows:

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Finished goods	152,895,565.56	127,874,992.12
Packaging	35,247,258.20	35,921,070.91
Work in process	10,541,327.45	10,086,318.77
Supplies	1,943,808.52	2,130,326.92
Total	200,627,959.73	176,012,708.72
Allowance for devaluation of inventories	(673,374.22)	(239,040.13)
Net	<u>199,954,585.51</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 June 30, 2014 and December 31, 2013 consist of:

	<i>(Unit: Baht)</i>	
	<u>At interest rate per annum</u>	
	June 30, 2014	June 30, 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 June 30, 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	19,240,000.00	30,099,551.82	142,028,420.91	18,720,901.76	14,735,271.79	13,145,699.07	2,470,000.00	240,439,845.35
Acquisition	-	-	22,130,288.10	1,785,835.77	2,570,647.25	-	215,000.00	26,701,771.12
Disposal	-	-	(26,352.00)	(3,224.31)	-	(395,000.00)	-	(424,576.31)
Write off/adjustment	-	-	(1,324,875.01)	(152,082.78)	(143,531.18)	-	-	(1,620,488.97)
As at June 30, 2014	19,240,000.00	30,099,551.82	162,807,482.00	20,351,430.44	17,162,387.86	12,750,699.07	2,685,000.00	265,096,551.19
Accumulated 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	-	(9,547,633.78)	(53,659,861.06)	(9,199,500.55)	(7,665,433.13)	(3,353,841.75)	-	(83,426,270.27)
Depreciation	-	(842,638.15)	(14,281,847.69)	(1,640,568.14)	(1,891,195.13)	(912,705.62)	-	(19,568,954.73)
Disposal	-	-	2,952.53	3,221.31	-	394,999.00	-	401,172.84
Write off/adjustment	-	-	542,698.29	139,337.63	137,045.45	-	-	819,081.37
As at June 30, 2014	-	(10,390,271.93)	(67,396,057.93)	(10,697,509.75)	(9,419,582.81)	(3,871,548.37)	-	(101,774,970.79)
Net book value:								
As at December 31, 2013	19,240,000.00	20,551,918.04	88,368,559.85	9,521,401.21	7,069,838.66	9,791,857.32	2,470,000.00	157,013,575.08
As at June 30, 2014	19,240,000.00	19,709,279.89	95,411,424.07	9,653,920.69	7,742,805.05	8,879,150.70	2,685,000.00	163,321,580.40

Depreciation for the six-month periods ended June 30, 2014 and 2013 amounted to Baht 19.57 million and Baht 13.94 million respectively.

As at June 30, 2014 and December 31, 2013, the Company has fixed assets at cost amount of Baht 19.07 million and Baht 17.41 million respectively which have been fully depreciated but are still in use.

11. LEASEHOLD RIGHTS

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Cost:		
Beginning balance as at January 1	20,708,980.80	20,408,980.80
Increase	1,327,505.68	300,000.00
At the end of the period	<u>22,036,486.48</u>	<u>20,708,980.80</u>
Accumulated amortization:		
Beginning balance as at January 1	9,608,570.09	8,373,128.60
Amortization	806,580.17	1,235,441.49
At the end of the period	<u>10,415,150.26</u>	<u>9,608,570.09</u>
Net book value	<u>11,621,336.22</u>	<u>11,100,410.71</u>

Amortization of leasehold right for the six-month periods ended June 30, 2014 and 2013 amounted to Baht 0.81 million and Baht 0.61 million respectively.

12. INTANGIBLE ASSETS

	<i>(Unit: Baht)</i>	
	June 30, 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	304,642.08	625,582.32
At the end of the period	<u>2,220,651.90</u>	<u>1,916,009.82</u>
Net book value	<u>1,429,742.54</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
Write off	<u>(1,225,440.00)</u>	-
At the end of the period	<u>7,882,500.00</u>	<u>9,031,440.00</u>
Total	<u><u>9,312,242.54</u></u>	<u><u>10,763,824.62</u></u>

Amortization of intangible assets for the six-month periods ended June 30, 2014 and 2013 amounted to Baht 0.30 million and Baht 0.31 million respectively.

13. DEFERRED TAX ASSETS

	<i>(Unit :Baht)</i>	
	June 30, 2014	December 31, 2013
Deferred tax assets		
Allowance for devaluation of inventories	134,674.85	47,808.03
Employee benefit obligations	1,036,477.60	319,887.40
Provisions	<u>49,941.86</u>	<u>41,428.56</u>
Total	<u><u>1,221,094.31</u></u>	<u><u>409,123.99</u></u>

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

	(Expense)		(Expense)			
	As at	income in	As at	As at	As at	
	December	statement of	June	December	statement of	
	31, 2012	income	30, 2013	31, 2013	income	
					30, 2014	
Deferred tax assets						
Allowance for devaluation of goods	66,226.42	201,030.99	267,257.41	47,808.03	86,866.82	134,674.85
Employee benefit obligations	294,756.73	(6,657.93)	288,098.80	319,887.40	716,590.20	1,036,477.60
Provisions	-	-	-	41,428.56	8,513.30	49,941.86
Total	<u>360,983.15</u>	<u>194,373.06</u>	<u>555,356.21</u>	<u>409,123.99</u>	<u>811,970.32</u>	<u>1,221,094.31</u>

Income tax expenses for the six-month periods ended June 30, 2014 and 2013 can be summarized as follows:

	<i>(Unit :Baht)</i>	
	2014	2013
<i>Current tax:</i>		
Income tax for the six-month periods	29,074,937.95	27,706,292.54
<i>Deferred tax :</i>		
Deferred tax (income) derived from temporary differences and reversal of temporary differences presented in statement of comprehensive income	<u>(203,704.72)</u>	<u>(194,373.06)</u>
Income tax expenses in statements of income	<u>28,871,233.23</u>	<u>27,511,919.48</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 six-month periods ended June 30, 2014 and 2013 can be presented as follows:

	<i>(Unit :Baht)</i>	
	2014	2013
Accounting profit before income tax	144,034,133.63	136,892,643.36
Income tax rates	20%	20%
Accounting profit before income tax multiply by tax rates	28,806,826.73	27,378,528.67
<i>Taxable effects for :</i>		
Accounting base differ from tax base		
Different from expenses	<u>64,406.50</u>	<u>133,390.81</u>
Total	<u>64,406.50</u>	<u>133,390.81</u>
Income tax expenses presented in statements of		
comprehensive income	<u>28,871,233.23</u>	<u>27,511,919.48</u>
Effective income tax rate	20.04%	20.10%

14. OTHER NON-CURRENT ASSETS

Other non-current assets as at June 30, 2014 and December 31, 2013 consist of:

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Rental and services deposit	72,685,554.65	63,391,342.54
Others	<u>2,332,673.12</u>	<u>1,624,586.14</u>
Total	<u><u>75,018,227.77</u></u>	<u><u>65,015,928.68</u></u>

15. TRADE AND OTHER PAYABLES

Trade and other payables as at June 30, 2014 and December 31, 2013 consist of:

	<i>(Unit: Baht)</i>	
	June 30, 2014	December 31, 2013
Trade accounts payable		
-Related parties	750,000.00	922,500.00
-Other parties	58,154,317.90	52,149,823.96
Total trade accounts payable	<u>58,904,317.90</u>	<u>53,072,323.96</u>
Other payables		
Accrued expenses	31,392,364.13	24,003,743.46
Revenue Department payable	4,677,042.14	6,337,129.71
Assets payables	12,053,363.20	21,209,879.16
Others	1,102,660.54	584,374.69
Total other payables	<u>49,225,430.01</u>	<u>52,135,127.02</u>
Total trade and other payables	<u><u>108,129,747.91</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 six-month periods as at June 30, 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	541,623.00
Actuarial loss recognized in statement of other comprehensive income	
During the period	3,041,328.00
Benefits paid during the period	<u>-</u>
Employee benefit obligations as at June 30, 2014	<u><u>5,182,388.00</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. Pratyva 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. Pratyva Levan)	Sale of goods (franchise)
Bevita International Co., Ltd.	Director's relative (Mrs. Rukchanok Chiangtong is near relative of Mr. Pratyva Levan)	Purchase of goods

<u>Related transactions</u>	<u>Pricing policy</u>
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:

(Unit: Baht)

	For the six-month periods ended	
	June 30, 2014	June 30, 2013
Revenues from sales		
C&N International Ordinary Partnership	1,346,960.12	1,981,382.34
Other income		
C&N International Ordinary Partnership	2,625.00	2,625.00
Purchase of goods		
Bevita International Co., Ltd.	5,607,476.63	2,691,588.79
Land with its construction rental		
Mrs. Tanyapon Kraibhubes	174,000.00	174,000.00
Land rental		
Mrs. Tanyapon Kraibhubes	643,546.50	-

17.2 The balance with its related persons and parties as at June 30, 2014 and December 31, 2013 are as follow:

(Unit: Baht)

	June 30, 2014	December 31, 2013
Trade accounts receivable		
C&N International Ordinary Partnership	269,496.87	655,887.38
Trade accounts payable		
Bevita International Co., Ltd.	750,000.00	922,500.00
Accrued rental		
Mrs. Tanyapon Kraibhubes	643,546.50	-

17.3 Lease agreement obligations

17.3.1 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 and according to the annual general meeting of the shareholders for the year 2014 held on April 25, 2014 passed the resolution to approve the Company's 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, total agreement period of 30 years in the amount of Baht 38.28 million in accordance with the agreement dated July 23, 2014. 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 which ever 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 June 30, 2014, the Company is liable on payment the remaining rental as follows:

	<i>(Unit:Baht)</i>
Payment within	
1 year	874,800.00
Over 1 year not exceed 5 years	3,564,810.00
Over 5 years (to 30 years)	<u>33,411,780.00</u>
Total	<u><u>37,851,390.00</u></u>

17.3.2 As at June 30, 2014, the Company is liable on payment the remaining rental as follows:

	<i>(Unit:Baht)</i>
Payment within	
1 year	348,000.00
Over 1 year not exceed 5 years	<u>174,000.00</u>
Total	<u><u>522,000.00</u></u>

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. DIVIDEND

According to the annual general meeting of shareholders for the year 2014 held on April 25, 2014, passed the resolution to pay dividend from the result of operation for the year 2013 to the shareholders for 300 million shares at Baht 0.65 each, totally amount of Baht 195.00 million which was made interim dividend payment at Baht 0.30 per share, totally amount of Baht 90 million, the remaining dividend to be paid at Baht 0.35 per share, amount of Baht 105.00 million. The Company has already paid such dividend on May 22, 2014.

20. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

20.1 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.

20.2 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.

21. 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 six-month periods ended as at June 30, 2014 amount of Baht 0.93 million.

22. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the three-month and six-month periods ended June 30, 2014 and 2013 as follow:

(Unit: Baht)

	For the three-month		For the six-month	
	ended June 30,		ended June 30,	
	2014	2013	2014	2013
Changes in finished goods				
and work in progress	(18,245,027.61)	8,285,646.13	(25,475,582.12)	(9,233,261.46)
Purchase of goods	120,144,562.48	64,517,722.07	214,041,102.89	151,767,331.35
Employee benefit expenses	50,165,230.53	38,782,266.96	97,303,624.24	76,585,461.11
Management benefit expenses	4,426,317.41	5,392,152.32	9,368,063.01	10,612,972.95
Directors' remuneration	211,578.00	189,000.00	489,828.00	339,000.00
Depreciation and amortization	10,786,397.61	7,767,437.66	20,680,176.98	14,858,636.66
Rental and services	46,603,233.93	36,409,557.97	90,154,545.77	69,030,285.79
Advertising and sale promotion expenses	5,177,450.42	3,690,629.95	9,069,847.38	6,322,944.12
Loss on devaluation of inventories				
(reversal) inventories	293,531.64	587,068.98	434,334.09	1,048,346.08

23. 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.

24. COMMITMENT AND CONTINGENT LIABILITIES

24.1 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 June 30, 2014 as follows:

(Unit: Baht)

Payment within	
1 year	153,812,647.72
Over 1 year but less than 3 years	134,966,408.60
Total	<u>288,779,056.32</u>

24.2 The Company is liable on payment building construction plan agreement as at June 30, 2014 amount of Baht 0.13 million.

24.3 The Company is liable on payment for computer software installation as at June 30, 2014 amount of Baht 6.43 million.

24.4 The Company is liable on payment for commitment under lease of car as at June 30, 2014 amount of Baht 3.85 million.

25. 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.

25.1 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.

25.2 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.

26. 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 June 30, 2014, the Company has debt to equity ratio equal to 0.14.

27. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of Board of directors No. 5/2014 held on August 13, 2014, passed the resolution to pay interim dividend from the results of operation for the six-month periods ended June 30, 2014 to the shareholders whose the name listed in the register as at August 28, 2014 for 300 million shares 0.35 amounting to Baht 105.00 million which will be paid on September 12, 2014.

28. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were approved and authorized for issue by the Company's Board of directors on August 13, 2014.