

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 2Q13 and 1H13

Financial Performance Summary – 2Q13 and 1H13

Beauty Community Public Co.,Ltd. is pleased to announce its 2Q13 and 1H13 the management discussion and analysis.

- Total Revenue 2Q13 of THB 247.4 million growth 29.7% and 1H13 of THB 480.2 million growth 32.7% YoY
- Gross Profit 2Q13 of THB 171.6 million growth 26.5% and 1H13 of THB 335.4 million growth 32.0% YoY
- Selling expenses 2Q13 of THB 84.4 million increased 41.4% and 1H13 of THB 161.5 million increased 43.6% YoY
- Administrative expenses 2Q13 of THB 24.4 million increased 42.4% and 1H13 of THB 49.5 million increased 42.4% YoY
- Net Profit 2Q13 of THB 55.2 million growth 16.8% and 1H13 of THB 109.4 million growth 27.6% YoY

Description (MB)	Q2				YoY		Q1		QoQ		YTD Q2				YoY	
	2013	%	2012	%	+/-	%	2013	%	+/-	%	2013	%	2012	%	+/-	%
Sales	241.1	97.4%	187.9	98.6%	53.1	28.3%	226.5	97.3%	14.6	6.4%	467.6	97.4%	357.3	98.7%	110.3	30.9%
COGS	69.5	28.1%	52.3	27.4%	17.1	32.8%	62.7	26.9%	6.8	10.8%	132.2	27.5%	103.1	28.5%	29.0	28.2%
GP	171.6	71.2%	135.6	72.2%	36.0	26.5%	163.8	72.3%	7.8	4.8%	335.4	71.7%	254.2	71.1%	81.2	32.0%
Other Income	6.3	2.6%	2.7	1.4%	3.6	132.0%	6.3	2.7%	0.0	-0.3%	12.6	2.6%	4.6	1.3%	8.0	172.3%
Total Revenue	247.4	100.0%	190.7	100.0%	56.7	29.7%	232.8	100.0%	14.6	6.2%	480.2	100.0%	361.9	100.0%	118.3	32.7%
Total S&D	84.4	34.1%	59.7	31.3%	24.7	41.4%	77.1	33.1%	7.3	9.4%	161.5	33.6%	112.4	31.1%	49.1	43.6%
Total G&A	24.4	9.9%	17.2	9.0%	7.3	42.4%	25.1	10.8%	-0.6	-2.6%	49.5	10.3%	34.8	9.6%	14.7	42.4%
EBIT	69.1	27.9%	61.5	32.3%	7.6	12.4%	68.0	29.2%	1.2	1.7%	137.1	28.5%	111.6	30.8%	25.5	22.8%
Interest	0.1	0.0%	0.1	0.1%	- 0.0	-8.3%	0.1	0.0%	0.0	10.0%	0.2	0.0%	0.2	0.1%	- 0.0	-11.4%
Tax	13.8	5.6%	14.2	7.4%	- 0.3	-2.3%	13.7	5.9%	0.2	1.2%	27.5	5.7%	25.7	7.1%	1.8	7.1%
NPAT	55.2	22.3%	47.2	24.8%	7.9	16.8%	54.2	23.3%	1.0	1.8%	109.4	22.8%	85.7	23.7%	23.7	27.6%
EBITDA	76.6	31.0%	66.6	34.9%	10.0	15.0%	74.8	32.1%	1.8	2.5%	151.3	31.5%	121.2	33.5%	30.1	24.8%

Total Revenue

Total Revenue 2Q13 were THB 247.4 million growth 29.7% YoY and growth 6.2% QoQ and 1H13 were THB 480.2 million growth 32.7% YoY. Total Revenue were mainly increased from the shop expansion that increased 52 shops from 152 shop on 30 June 2012 (BB 131 shops, BC 21 shops) to be 204 shops on 30 June 2013 (BB 160 shops, BC 44 shops) and increased from the Same Store Sales Growth : 1H13 were 7.4%. The other income were mainly came from interest income. Revenue structure were mainly came from selling through the retail cosmetic shop : Beauty Buffet shops were 80.0% , Beauty Cottage 15.3%, Franchises 3.3%, Modern Trade 0.7% Wholesales and other 0.7%.

Gross Profit

Gross Profit 2Q13 were THB 171.6 million growth 26.5% YoY and growth 4.8% QoQ and 1H13 were THB 335.4 million growth 32.0% YoY. Gross profit increased mainly came from total sales increased. Gross profit margin 2Q13 were 71.2% slightly decreased from 2Q12 (72.2%) and decreased from 1Q13 (72.3%) due to we've Mid Year Sale promotion during June 2013 to increase sales volume. Gross profit margin for 1H13 were 71.7% slightly higher than 1H12 (71.1%).

Selling expenses

Selling expenses for 2Q13 were THB 84.4 million increased 41.4% YoY, increased 9.4% QoQ and for 1H13 were THB 161.5 million increased 43.6% YoY. Selling expenses increased mainly came from shop rental and staff cost due to more shop expansion and number of staff increased to serve shop expansion and to support the new shop concept that will open on 3Q13 and also minimum wages effect.

Administrative expenses

Administrative expenses 2Q13 were THB 24.4 million increased 42.4% YoY, decreased 2.6% QoQ and 1H13 were THB 49.5 million increased 42.4% YoY. Administrative expenses increased YoY mainly came from staff cost that have to increase to support the shop expansion and also came from minimum wages effect.

Net Profit

Net profit for 2Q13 were THB 55.2 million growth 16.8% YoY, growth 1.8% QoQ and 1H13 were THB 109.4 million growth 27.6% YoY. Net profit increased mainly came from total revenue increased and the company income tax decreased from 23% to 20% for this year.

Statement of Financial Position

Total assets were THB 1,092.4 million slightly increased THB 13.5 million or 1.3% from 31 December 2012 mainly came from inventory and fixed assets increased. Total liabilities were THB 101.2 million increased THB 9.1 million or 9.9% from 31 December 2012 mainly came from accrued company income tax for 1H13 that will pay to Revenue Dept. on August 2013. Total shareholders' equity were THB 991.2 million slightly increased THB 4.4 million or 0.4% from 31 December 2012 mainly came from net profit for the period.

Statement of Cash Flows

During 2Q13, the company had net cash inflows by operating activities of THB 97.6 million and cash and cash equivalents as at the end of period of THB 219.1 million. Used in for purchased of fixed assets of THB 16.4 million, repayments for long-term loans from financial institutions of THB 5.97 million and dividend paid of THB 105.0 million.

Financial Ratio

Financial Ratio	2011	2012	Q2/2013
Current ratio	1.77	10.75	9.05
Finished goods days	113	113	120
Gross profit margin	71.4%	71.3%	71.2%
Net profit margin	21.8%	22.3%	22.3%
Return on equity	99.4%	28.6%	22.1%
Return on assets	49.7%	24.3%	20.2%
Debt to equity	0.55	0.09	0.10

Dividend payment

The Ordinary General Meeting of Shareholders on 25 April 2013 resolved to approve the dividend payment based on the company's operation for 2012, additional payment at the rate of THB 0.35 per share of total amount of THB 105.0 million, which was paid on 22 May 2013.

Therefore, on 13 August 2013, the Board of Directors Meeting approved the 2013 interim dividend payment at the rate of THB 0.30 per share, which will be paid on 12 September 2013.

Management outlook

We have the total revenue growth target 30% for this year and we are confident that we can achieve this target due to we've successfully reached the target on the first half of 2013.

We are confident that shops expansion of "Beauty Buffet" and "Beauty Cottage" will meet the target due to we have got shop in hand (shop's secured) over 50% of total shops to be opened by the end of 2013. "Made in Nature" products that sales through the super market, at present they're distributed by many super market such as Big-C and Tesco Lotus and will launch 5 new skus within 3Q13. On 19 July 2013, we've grand opening for "Beauty Market" the new concept shop : The Beauty Convenience Store located at Secon Square, Srinakarin Road. Therefore, we're the main distributor of "Girl De Provence" perfume from Korea that selling through Beauty Buffet shop since 26 July 2013.

Therefore, we've always launch the promotion and CRM to increase sales volume and to serve the customer needs such as the point redemption program at Beauty Buffet shops. We've always create and develop the new product concept and new distribution channel to serve our customers. For AEC, we've planned to expand 7 shops in Cambodia, Laos and Vietnam within this year.

Your faithfully,

Beauty Community Public Company Limited

(Surapon Phetklung)

Director of Financial and Accounting