

November 15, 2013

The President

The Stock Exchange of Thailand

Re : Management Discussion and Analysis on 3Q13 and YTD3Q13

Financial Performance Summary – 3Q13 and YTD3Q13

Beauty Community Public Co.,Ltd. is pleased to announce its 3Q13 and YTD3Q13 the management discussion and analysis.

- Total Revenue 3Q13 of THB 247.83 million growth 26.01% and YTD3Q13 of THB 728.06 million growth 30.33% YoY
- Gross Profit 3Q13 of THB 169.28 million growth 21.32% and YTD3Q13 of THB 504.70 million growth 28.19% YoY
- Selling expenses 3Q13 of THB 90.61 million increased 31.07% and YTD3Q13 of THB 252.07 million increased 38.85% YoY
- Administrative expenses 3Q13 of THB 24.91 million increased 10.28% and YTD3Q13 of THB 74.41 million increased 29.74% YoY
- Net Profit 3Q13 of THB 48.24 million growth 27.53% and YTD3Q13 of THB 157.63 million growth 27.57% YoY

Million Baht	Q3				YoY		Q2		QoQ		YTD Q3				YoY				
	2013	%	2012	%	+/-	%	2013	%	+/-	%	2013	%	2012	%	+/-	%			
Revenue from sales	241.22	97.33%	195.11	99.20%	46.11	23.64%	241.07	97.45%	0.15	0.06%	708.80	97.35%	552.41	98.89%	156.39	28.31%			
Cost of sales	71.94	29.03%	55.57	28.25%	16.37	29.46%	69.46	28.08%	2.48	3.57%	204.10	28.03%	158.70	28.41%	45.40	28.61%			
Gross profit (GP)	169.28	70.18%	139.54	71.52%	29.74	21.32%	171.61	71.19%	-	2.33	-1.36%	504.70	71.21%	393.71	71.27%	110.99	28.19%		
Other Income	6.61	2.67%	1.58	0.80%	5.03	319.51%	6.31	2.55%	0.30	4.77%	19.26	2.65%	6.22	1.11%	13.04	209.72%			
Total Revenue	247.83	100.00%	196.68	100.00%	51.15	26.01%	247.38	100.00%	0.45	0.18%	728.06	100.00%	558.63	100.00%	169.43	30.33%			
Selling expenses	90.61	36.56%	69.13	35.15%	21.48	31.07%	84.36	34.10%	6.25	7.41%	252.07	34.62%	181.54	32.50%	70.53	38.85%			
Administrative expenses	24.91	10.05%	22.59	11.48%	2.32	10.28%	24.43	9.87%	0.48	1.97%	74.41	10.22%	57.36	10.27%	17.06	29.74%			
Profit before interest & tax (EBIT)	60.37	24.36%	49.39	25.11%	10.98	22.22%	69.13	27.95%	-	8.76	-12.68%	197.48	27.12%	161.04	28.83%	36.44	22.63%		
Finance costs	-	0.00%	0.11	0.05%	-	0.11	-100.0%	0.11	0.04%	-	0.11	-100.0%	0.21	0.03%	0.34	0.06%	-	0.13	-38.94%
Income tax	12.13	4.89%	11.46	5.83%	0.67	5.85%	13.84	5.60%	-	1.71	-12.38%	39.64	5.44%	37.14	6.65%	2.50	6.74%		
Total comprehensive income for the period (NPAT)	48.24	19.46%	37.83	19.23%	10.41	27.53%	55.18	22.31%	-	6.94	-12.58%	157.63	21.65%	123.56	22.12%	34.07	27.57%		
EBITDA	68.29	27.56%	55.01	27.97%	13.28	24.14%	76.60	30.96%	-	8.31	-10.84%	219.65	30.17%	176.24	31.55%	43.40	24.63%		

Note : % GP margin calculated to sales

Total Revenue

Total Revenue 3Q13 were THB 247.83 million growth 26.01% YoY and growth 0.18% QoQ and YTD3Q13 were THB 728.06 million growth 30.33% YoY. Total Revenue were mainly increased from the shop expansion that increased 53 shops from 161 shops on 30 September 2012 (BEAUTY BUFFET 137 shops, BEAUTY COTTAGE 24 shops) to be 214 shops on 30 September 2013 (BEAUTY BUFFET 168 shops, BEAUTY COTTAGE 45 shops, BEAUTY MARKET 1 shops) and increased from the Same Store Sales Growth : YTD3Q13 were 6.01%. 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 80.33%, Beauty Cottage 14.79%, Beauty Market 0.46%, Franchises 2.25%, Modern Trade 0.88%, Wholesales and other 1.29%.

Gross Profit

Gross Profit 3Q13 were THB 169.28 million growth 21.32% YoY and decreased 1.36% QoQ and YTD3Q13 were THB 504.70 million growth 28.19% YoY.

Gross profit increased mainly came from total sales increased. Gross profit margin 3Q13 were 70.18% slightly decreased from 3Q12 (71.52%) and slightly decreased from 2Q13 (71.19%) due to we've Mid Year Sale promotion during June-July 2013 to increase sales volume. Moreover, we've opened new concept shop : Beauty Market on July 19, 2013 that gross margin lower than Beauty Buffet and Beauty Cottage. Gross profit margin for YTD3Q13 were 71.21% slightly lower than YTDQ312 (71.27%).

Selling expenses

Selling expenses for 3Q13 were THB 90.61 million increased 31.07% YoY, increased 7.41% QoQ and for YTD3Q13 were THB 252.07 million increased 38.85% 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 4Q13 and also minimum wages effect.

Administrative expenses

Administrative expenses 3Q13 were THB 24.91 million increased 10.28% YoY , increased 1.97% QoQ and YTD3Q13 were THB 74.41 million increased 29.74% 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 3Q13 were THB 48.24 million growth 27.53% YoY, decreased 12.58% QoQ and YTD3Q13 were THB 157.63 million growth 27.57% 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 as at September 30, 2013 were THB 1,066.23 million slightly decreased THB 12.65 million or 1.17% from 31 December 2012 mainly came from used in investing activities and financing activities. Total liabilities were THB 116.79 million increased THB 24.72 million or 26.85% from 31 December 2012, liabilities were trade account payable THB 46.96 million, accrued expenses THB 31.47 million, and Revenue Department payable THB 12.50 million. Total shareholders' equity were THB 949.44 million decreased THB 37.37 million or 3.79% from December 31, 2012 mainly increased came from net profit for the period but decreased from dividend payment.

Statement of Cash Flows

During 9 months of this year 2013, the company had net cash inflows by operating activities of THB 135.80 million and cash and cash equivalents as at the end of period of THB 105.99 million. Mainly used in proceeds from temporary investments – net THB 90.0 million (Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions). Used in for purchased of fixed assets of THB 27.91 million, repayments for long-term loans from financial institutions of THB 5.97 million and dividend paid of THB 194.84 million (Accrued dividend from cheque not yet withdraw THB 0.16 million).

Therefore, income tax paid THB 40.70 million was 2012 accrued company income tax that have to pay to Revenue Department within 150 days after year end amount THB 12.95 million, half year 2013 company income tax that have to pay to Revenue Department within 60 days after half year closing period amount THB 27.63 million, and withholding tax that be deducted amount THB 0.12 million (tax credit).

Financial Ratio

Financial Ratio	30/9/2013	31/12/2012	31/12/2011
Current ratio	7.52	10.75	1.77
Finished goods days	132	113	113
Return on equity	21.7%	28.6%	99.4%
Return on assets	19.6%	24.3%	49.7%
Debt to equity	0.11	0.09	0.55

Current ratio was 7.52 time show that company has more capability to repay short term liabilities but decreased slightly from last year due to current assets decreased and current liabilities increased from trade account payable and accrued expenses.

Inventory days (Finished goods) was 132 days that better to our operation but increased from last year due to we have to stock inventory for shop expansion and new shop concept Beauty Market.

Return on equity was 21.7% decreased from last year due to average total shareholders' equity was very high this year.

Return on assets was 19.6% decreased from last year due to average total assets was very high this year.

Debt to equity ratio was 0.11 time slightly increased from last year due to total liabilities increased but total shareholders' equity decreased.

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 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 9 months of 2013 result.

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 modern trade and super markets, at present they're distributed by 12 super markets 409 branches such as Big-C, Tesco Lotus, Tops supermarket and be launched 5 new skus body care distributed by Big-C (other channels will be later). Therefore, in 3rd quarter 2013, we've developed for "Beauty Market" the new concept shop : The Beauty Convenience Store, the big multi-brands shop with 4,000-9,000 sku, 300 beauty brands from both domestic and inter brands such as Japan, Korea, America, England, France, and Europe countries, etc. We've grand opening the 1st shop on July 19, 2013 by located at Secon Square, Srinakarin Road and opening the 2nd shop on October 18, 2013 by located at Future Park, Rangsit and we have target to open totally 3 shops within this year.

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. 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 shop to be totally 10 shops within this year. On September 21, 2013 we've opening 2 shops both Beauty Buffet and Beauty Cottage by located at Ho Chi Minh City, Vietnam which has received a good acceptance and response from customers. We will continue to open new shops for both brands in Myanmar and Laos, shops in Myanmar and Laos are under construction. We will add 2 more shops of Beauty Buffet to make the total number of shops to be 3 shops and will open 1 Beauty Cottage shop in Cambodia.

Your faithfully,

Beauty Community Public Company Limited

(Surapon Phetklung)

Director of Financial and Accounting