

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013

(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, 2013, the related statement of comprehensive income for the three-month and six-month periods ended June 30, 2013, 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 Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim financial statements based on my reviews.

Scope of Review

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

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial statements are not presented, in all material respects, the financial position of Beauty Community Public Company Limited as at June 30, 2013, and the result of operations for the three-month and six-month periods ended June 30, 2013, and cash flows for the six-month periods then ended, in all material respects, in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my conclusion, I draw your attention to notes 3.1 and 5 to the interim financial statements as explained involving the impacts on the Company from changes in new accounting policy since Thai accounting standard No.12 "Income Taxes" was applied.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

August 13, 2013

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2013

(UNAUDITED/REVIEWED ONLY)

(Unit: Baht)

| Assets | <i>Note</i> | June 30, 2013 | December 31, 2012 | January 1, 2012 |
|---------------------------------|-------------|--------------------------------|--------------------------------|------------------------------|
| | | | (Restated) | (Restated) |
| Current assets | | | | |
| Cash and cash equivalents | 6 | 219,149,264.22 | 298,264,197.19 | 105,236,513.11 |
| Temporary investments | 7 | 500,000,000.00 | 460,000,000.00 | - |
| Trade and other receivables | 8, 19 | 18,723,154.72 | 11,763,267.71 | 6,997,606.45 |
| Inventories | 9 | 143,695,802.44 | 123,574,042.18 | 92,645,953.72 |
| Total current assets | | <u>881,568,221.38</u> | <u>893,601,507.08</u> | <u>204,880,073.28</u> |
| Non-current assets | | | | |
| Property, plant and equipment | 10 | 131,587,065.22 | 122,111,200.12 | 94,643,138.90 |
| Leasehold rights | 11 | 11,423,038.00 | 12,035,852.20 | 13,261,480.60 |
| Intangible assets | 12 | 10,669,540.57 | 1,847,966.94 | 1,357,803.31 |
| Deferred tax assets | 5, 13 | 555,356.21 | 360,983.15 | 1,095,882.89 |
| Other non-current assets | 14 | 56,588,378.34 | 48,928,634.13 | 38,890,672.65 |
| Total non-current assets | | <u>210,823,378.34</u> | <u>185,284,636.54</u> | <u>149,248,978.35</u> |
| Total assets | | <u><u>1,092,391,599.72</u></u> | <u><u>1,078,886,143.62</u></u> | <u><u>354,129,051.63</u></u> |

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2013
(UNAUDITED/REVIEWED ONLY)

(Unit: Baht)

| Liabilities and shareholders' equity | Note | June 30, 2013 | December 31, 2012 (Restated) | January 1, 2012 (Restated) |
|---|--------|-------------------------|---------------------------------|-------------------------------|
| Current liabilities | | | | |
| Trade and other payables | 15, 19 | 69,777,727.75 | 68,832,567.88 | 63,800,108.74 |
| Current portion of financial lease liabilities | 16 | - | 266,129.62 | 373,500.27 |
| Current portion of long-term loans | | | | |
| from financial institutions | 17 | - | 1,052,214.69 | 1,016,724.04 |
| Accrued income tax | | 27,620,664.86 | 12,951,319.69 | 50,317,866.59 |
| Total current liabilities | | <u>97,398,392.61</u> | <u>83,102,231.88</u> | <u>115,508,199.64</u> |
| Non-current liabilities | | | | |
| Financial lease liabilities | 16 | - | 558,505.27 | 815,089.86 |
| Long-term loans from financial institutions | 17 | - | 4,919,111.94 | 6,086,461.39 |
| Loans from directors | | - | - | 954,073.32 |
| Employee benefit obligations | 18 | 1,440,494.00 | 1,281,551.00 | 987,304.00 |
| Other non-current liabilities | | 2,360,000.00 | 2,212,754.30 | 1,616,400.00 |
| Total non-current liabilities | | <u>3,800,494.00</u> | <u>8,971,922.51</u> | <u>10,459,328.57</u> |
| Total liabilities | | <u>101,198,886.61</u> | <u>92,074,154.39</u> | <u>125,967,528.21</u> |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Authorized share capital | | | | |
| | 20 | | | |
| 300,000,000 common shares of Baht 1 each | | <u>300,000,000.00</u> | <u>300,000,000.00</u> | |
| 550,000 common shares of Baht 100 each | | | | <u>55,000,000.00</u> |
| Issued and paid-up share capital | | | | |
| 300,000,000 common shares of Baht 1 each | | 300,000,000.00 | 300,000,000.00 | |
| 550,000 common shares of Baht 100 each | | | | 55,000,000.00 |
| Premium on share capital | | 556,439,628.87 | 556,439,628.87 | - |
| Retained earnings | | | | |
| Appropriated | | | | |
| Legal reserve | 21 | 22,513,578.35 | 10,787,500.00 | - |
| Unappropriated | | 112,239,505.89 | 119,584,860.36 | 173,161,523.42 |
| Total shareholders' equity | | <u>991,192,713.11</u> | <u>986,811,989.23</u> | <u>228,161,523.42</u> |
| Total liabilities and shareholders' equity | | <u>1,092,391,599.72</u> | <u>1,078,886,143.62</u> | <u>354,129,051.63</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 JUNE 30, 2013
(UNAUDITED/REVIEWED ONLY)

| | <i>Note</i> | 2013 | 2012 <i>(Unit: Baht)</i> <i>(Restated)</i> |
|--|-------------|-----------------------------|---|
| Revenues from sales | | 241,071,762.88 | 187,936,005.20 |
| Cost of sales | | <u>(69,460,176.69)</u> | <u>(52,317,135.61)</u> |
| Gross profit | | <u>171,611,586.19</u> | <u>135,618,869.59</u> |
| Other income | | | |
| Interest | | 5,574,686.10 | 873,808.10 |
| Others | | <u>734,468.08</u> | <u>1,848,278.41</u> |
| Total other income | | <u>6,309,154.18</u> | <u>2,722,086.51</u> |
| Selling expenses | | (84,358,510.94) | (59,668,953.18) |
| Administrative expenses | | (24,427,645.53) | (17,154,621.14) |
| Finance costs | | <u>(106,304.17)</u> | <u>(116,357.53)</u> |
| Profit before income tax | | 69,028,279.73 | 61,401,024.25 |
| Income tax | | <u>(13,843,814.62)</u> | <u>(14,162,744.25)</u> |
| Profit for the period | | <u>55,184,465.11</u> | <u>47,238,280.00</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | | <u><u>55,184,465.11</u></u> | <u><u>47,238,280.00</u></u> |
| Basic earnings per share | <i>4.18</i> | | |
| Earnings per share | | 0.18 | 0.86 |
| Number of weighted average common shares (share) | | 300,000,000 | 55,000,000 |

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, 2013
(UNAUDITED/REVIEWED ONLY)

| | <i>Note</i> | 2013 | <i>(Unit: Baht)</i> 2012 (Restated) |
|--|-------------|------------------------------|--|
| Revenues from sales | | 467,576,748.19 | 357,301,217.94 |
| Cost of sales | | <u>(132,157,093.27)</u> | <u>(103,124,473.53)</u> |
| Gross profit | | <u>335,419,654.92</u> | <u>254,176,744.41</u> |
| Other income | | | |
| Interest | | 10,894,621.24 | 1,530,101.47 |
| Others | | <u>1,746,961.92</u> | <u>3,112,793.16</u> |
| Total other income | | <u>12,641,583.16</u> | <u>4,642,894.63</u> |
| Selling expenses | | (161,459,041.37) | (112,403,450.85) |
| Administrative expenses | | (49,502,155.46) | (34,769,644.63) |
| Finance costs | | <u>(207,397.89)</u> | <u>(234,196.97)</u> |
| Profit before income tax | | 136,892,643.36 | 111,412,346.59 |
| Income tax | <i>13</i> | <u>(27,511,919.48)</u> | <u>(25,688,346.43)</u> |
| Profit for the period | | <u>109,380,723.88</u> | <u>85,724,000.16</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | | <u><u>109,380,723.88</u></u> | <u><u>85,724,000.16</u></u> |
| Basic earnings per share | <i>4.18</i> | | |
| Earnings per share | | 0.36 | 1.56 |
| Number of weighted average common shares (share) | | 300,000,000 | 55,000,000 |

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 , 2013
(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, 2011 (as previously reported) | | 55,000,000.00 | - | - | 172,065,640.53 | 227,065,640.53 |
| Cumulative effect of changes in accounting policy | 5 | - | - | - | 1,095,882.89 | 1,095,882.89 |
| Balance as at December 31, 2011 (after restated) | | 55,000,000.00 | - | - | 173,161,523.42 | 228,161,523.42 |
| Total comprehensive income for the period (restated) | | - | - | - | 85,724,000.16 | 85,724,000.16 |
| Balance as at June 30, 2012 | | <u>55,000,000.00</u> | <u>-</u> | <u>-</u> | <u>258,885,523.58</u> | <u>313,885,523.58</u> |
| Balance as at December 31, 2012 (as previously reported) | | 300,000,000.00 | 556,439,628.87 | 10,787,500.00 | 119,223,877.21 | 986,451,006.08 |
| Cumulative effect of changes in accounting policy | 5 | - | - | - | 360,983.15 | 360,983.15 |
| Balance as at December 31, 2012 (after restated) | | 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 | 21 | - | - | 11,726,078.35 | (11,726,078.35) | - |
| Dividend paid | 22 | - | - | - | (105,000,000.00) | (105,000,000.00) |
| Balance 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> |

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013
(UNAUDITED/ REVIEWED ONLY)

(Unit: Baht)

| | 2013 | 2012 |
|--|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit before income tax | 136,892,643.36 | 111,412,346.59 |
| Adjustment profit before income tax to cash receipt (disbursement) | | |
| from operating activities | | |
| Doubtful accounts | 246,000.00 | - |
| Depreciation and amortization | 14,858,636.66 | 10,199,810.03 |
| Loss on devaluation of inventories | 1,048,346.08 | 2,416,043.09 |
| Gain on sales of assets | (71,294.61) | - |
| Loss on write off of assets | 153,198.20 | - |
| Employee benefit expenses | 158,943.00 | 147,123.48 |
| Interest expenses | 207,397.89 | 234,196.97 |
| | | |
| Profit from operation before changes of | | |
| operating assets and liabilities | 153,493,870.58 | 124,409,520.16 |
| (Increase) Decrease in changes of operating assets | | |
| Trade and other receivables | (7,205,887.01) | 274,945.62 |
| Inventories | (21,170,106.34) | (4,649,097.27) |
| Other non-current assets | (7,659,744.21) | (3,715,236.86) |
| | | |
| (Increase) Decrease in changes of operating assets | (36,035,737.56) | (8,089,388.51) |
| Increase (Decrease) in changes of operating liabilities | | |
| Trade and other payables | (6,728,574.33) | (22,583,167.06) |
| Other non-current liabilities | 147,245.70 | 382,711.42 |
| | | |
| Increase (Decrease) in changes of operating liabilities | (6,581,328.63) | (22,200,455.64) |
| Cash generated (paid) from operation | 110,876,804.39 | 94,119,676.01 |
| Interest paid | (207,397.89) | (234,196.97) |
| Income tax paid | (13,036,947.37) | (50,317,866.59) |
| | | |
| Net cash provided by (used in) operating activities | 97,632,459.13 | 43,567,612.45 |

Notes to financial statements are parts of these financial statements.

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013
(UNAUDITED/ REVIEWED ONLY)

(Unit: Baht)

| | 2013 | 2012 |
|---|------------------------------|------------------------------|
| Cash flows from investing activities | | |
| Purchase of temporary investments | (40,000,000.00) | - |
| Purchase of building and equipment | (16,380,738.25) | (13,330,795.39) |
| Proceeds from sales of equipment | 560,747.67 | - |
| Purchase of intangible assets | <u>(9,131,440.00)</u> | <u>(726,159.48)</u> |
| Net cash provided by (used in) investing activities | <u>(64,951,430.58)</u> | <u>(14,056,954.87)</u> |
| Cash flows from financing activities | | |
| Payments for financial lease liabilities | (824,634.89) | (195,272.79) |
| Repayments for long-term loans from financial institutions | (5,971,326.63) | (553,447.82) |
| Decrease in loans from directors | - | (954,073.32) |
| Dividend paid | <u>(105,000,000.00)</u> | <u>-</u> |
| Net cash provided by (used in) financing activities | <u>(111,795,961.52)</u> | <u>(1,702,793.93)</u> |
| Net increase (decrease) in cash and cash equivalents | (79,114,932.97) | 27,807,863.65 |
| Cash and cash equivalents as at the beginning of period | <u>298,264,197.19</u> | <u>105,236,513.11</u> |
| Cash and cash equivalents as at the end of period | <u><u>219,149,264.22</u></u> | <u><u>133,044,376.76</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, 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 12 December 2012. The registered address is located at 10/915, Soi Nuanchan 34, Nuanchan, Bungkum, Bangkok

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

2. BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION

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

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

3. NEW FINANCIAL REPORTING STANDARDS ISSUANCE

3.1 Accounting standards adoption during the period

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations and accounting guidance which is expected to be effective for the financial statements beginning on or after January 1, 2013 as follows:

Contents

| | |
|-------------------------------|---|
| Accounting Standards | |
| TAS 12 | Income Taxes |
| TAS 20 (Revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rate |
| Financial Reporting Standards | |
| TFRS 8 | Operating Segments |
| Standing Interpretations | |
| TSIC 10 | Government Assistance-No Specific Relation to Operating Activities |

Contents

| | |
|---------------------|---|
| TSIC 21 | Income Taxes-Recovery of Revalued Non-depreciable Assets |
| TSIC 25 | Income Taxes-Changes in the Tax Status of an Enterprises or its Shareholders |
| Accounting Guidance | Transfers of Financial Assets |

Those accounting standards, financial reporting standards, standing interpretations and accounting guidance will have no significantly impacts on these financial statements except for TAS 12 "Income Taxes" and disclosure in notes 5 to financial statements.

3.2 New accounting standards in issue not yet effective

During the current periods, the Federation of Accounting Professions issued the financial reporting standards which pronounced in the Royal Gazette and required to adopt 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 |
| Standing Interpretations | | |
| TSIC 29 | Service Concession Arrangements: Disclosures | 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 |
| 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 |

At present, the Company is being evaluated the effects of those standards on the financial statements in the year in which they are initially applied.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue and Expense recognition

Revenue 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 revenues 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 are due not exceed three months and without 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 accounts and other receivable 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 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.

4.7 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.

4.8 Leasehold rights

Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated by reference to cost of leasehold right on a straight-line basis over the lease periods for 7 and 10 years.

4.9 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.

4.10 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 given 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.

4.11 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.

4.12 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.

4.13 Employee benefits and provident fund

4.13.1. 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 subsidiaries 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;

| | |
|------------------------|--|
| Discount rate | At 4.31 % per annum for monthly staff At 4.57% per annum for daily staff |
| Employee turnover rate | Separate by age of monthly and daily staff |
| Mortality rate | At 50% of TMO 2008 for monthly staff At 100 % of TMO 2008 for daily staff |

4.13.2 Provident fund

The Company establish provident fund under the defined contribution plan. The fund's assets are separated entities 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.

4.14 Income tax

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

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

Deferred tax is 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.

4.15 Financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents and temporary investments and trade accounts receivable. Financial liabilities shown in statements of financial position consist of short-term loans from financial institutions, trade accounts payable, financial lease liabilities and long-term loans. Accounting policies regarding to recognition and measurement have been disclosed for each related transaction.

4.16 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.

4.17 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.

4.18 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 comprehensive income for the periods by the number of weighted average common shares issued and paid-up during the periods.

For the three-month and six-month periods ended June 30, 2012, basic earnings per share is re-determined by the weighted average number of convertible ordinary shares as if the convertible share incurred since the first period of reporting as follows:

| | For the three-month periods | | For the six-month periods | |
|---|-----------------------------|--------------------|---------------------------|--------------------|
| | ended June 30, 2012 | | ended June 30, 2012 | |
| | <u>Before</u> | <u>After</u> | <u>Before</u> | <u>After</u> |
| | <u>restatement</u> | <u>restatement</u> | <u>restatement</u> | <u>restatement</u> |
| Profit for the period (after restatement) | 47,238,280.00 | 47,238,280.00 | 85,724,000.16 | 85,724,000.16 |
| Weighted average number of common shares | 550,000 | 55,000,000 | 550,000 | 55,000,000 |
| Earnings per share (Baht) | 85.89 | 0.86 | 155.86 | 1.56 |

5. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICY FROM NEW ACCOUNTING STANDARDS ADOPTION

Since January 1, 2013, the Company has changed the significant accounting policy as stated in notes 3.1 to financial statements caused by the Company adopted TAS 12 "Income Taxes". The Company has recorded deferred tax on temporary differences of carrying value of assets and liabilities at the end of the reporting period with tax bases of those assets and liabilities using the tax rates enacted or substantively enacted. The Company recorded deferred tax as an adjustment to the beginning retained earnings of 2013 and made retroactively adjustment the 2012 financial statements by using cumulative effects of such changes in accounting policy.

The amounts of adjustments reflected to the statements of financial position and the statements of comprehensive income are summarized below.

(Unit: Baht)

Statement of financial position

As at January 1, 2012

| | Before adjustment | Adjustment | After adjustment |
|----------------------------------|----------------------|--------------|---------------------|
| Deferred tax assets | - | 1,095,882.89 | 1,095,882.89 |
| Unappropriated retained earnings | 172,065,640.53 | 1,095,882.89 | 173,161,523.42 |

(Unit: Baht)

Statement of financial position

As at December 31, 2012

| | Before adjustment | Adjustment | After adjustment |
|----------------------------------|----------------------|------------|---------------------|
| Deferred tax assets | - | 360,983.15 | 360,983.15 |
| Unappropriated retained earnings | 119,223,877.21 | 360,983.15 | 119,584,860.36 |

(Unit: Baht)

Statements of comprehensive income

For the three-month periods ended June 30, 2012

| | Before adjustment | Adjustment | After adjustment |
|---|----------------------|--------------|---------------------|
| Income tax | 14,300,277.48 | (137,533.23) | 14,162,744.25 |
| Profit for the period | 47,100,746.77 | 137,533.23 | 47,238,280.00 |
| Earning per share (after convertible share) | 0.86 | 0.00 | 0.86 |

(Unit: Baht)

Statements of comprehensive income

For the six-month periods ended June 30, 2012

| | Before adjustment | Adjustment | After adjustment |
|---|----------------------|--------------|---------------------|
| Income tax | 26,277,874.74 | (589,528.31) | 25,688,346.43 |
| Profit for the period | 85,134,471.85 | 589,528.31 | 85,724,000.16 |
| Earning per share (after convertible share) | 1.55 | 0.01 | 1.56 |

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at June 30, 2013 and December 31, 2012 are as follows:

| | <i>(Unit: Baht)</i> | |
|-------------------------------|-----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Cash on hand | 4,317,099.75 | 3,044,785.80 |
| Current accounts | 9,668,130.81 | 17,907,422.33 |
| Savings deposit | 174,466,761.66 | 146,561,520.81 |
| Fixed deposits | - | 100,000,000.00 |
| Bills of exchange | 30,000,000.00 | 30,000,000.00 |
| Unbilled for credit card slip | 697,272.00 | 750,468.25 |
| Total | <u>219,149,264.22</u> | <u>298,264,197.19</u> |

7. TEMPORARY INVESTMENTS

The Company has temporary investment in form of short-term deposits at various local financial institutions as at June 30, 2013 and December 31, 2012 are as follows:

| | <u>At interest rate per annum</u> | | <i>(Unit: Baht)</i> | |
|-------------------|-----------------------------------|--------------------------|-----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 | June 30, 2013 | December 31, 2012 |
| Fixed deposits | 3.00-3.25 | 3.10-3.25 | 450,000,000.00 | 460,000,000.00 |
| Bills of exchange | 3.25 | - | 50,000,000.00 | - |
| Total | | | <u>500,000,000.00</u> | <u>460,000,000.00</u> |

8. TRADE AND OTHER RECEIVABLES

Trade and other receivable as at June 30, 2013 and December 31, 2012 are as follows:

| | <i>(Unit: Baht)</i> | |
|--|----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Trade accounts receivables | | |
| Related parties | 889,502.53 | 351,673.50 |
| Other parties | | |
| - Franchise receivable | 4,270,442.56 | 2,132,655.71 |
| - Employees receivable | 173,713.22 | 141,491.34 |
| - Other parties receivable | 3,043,194.31 | 543,028.91 |
| Total other parties account receivable | <u>7,487,350.10</u> | <u>2,817,175.96</u> |
| Total trade accounts receivable | <u>8,376,852.63</u> | <u>3,168,849.46</u> |

| | <i>(Unit: Baht)</i> | |
|----------------------------------|----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Other receivables | | |
| Prepaid expenses | 2,847,870.08 | 1,472,660.07 |
| Accrued income | 4,656,115.72 | 3,940,056.73 |
| Goods deposit | 1,051,970.05 | 1,234,317.90 |
| Advance payment | 307,928.00 | 253,176.00 |
| Others | 1,482,418.24 | 1,694,207.55 |
| Total other receivables | <u>10,346,302.09</u> | <u>8,594,418.25</u> |
| Total trade and other receivable | <u>18,723,154.72</u> | <u>11,763,267.71</u> |

As at June 30, 2013 and December 31, 2012, the Company has outstanding trade accounts receivable classified by aging as follows:

| | <i>(Unit: Baht)</i> | |
|--|----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Trade accounts receivable due in term | 6,397,197.90 | 2,970,687.40 |
| Overdue trade accounts receivable | | |
| - Less than 3 months | 930,544.00 | 186,415.72 |
| - Over 3 months but less than 6 months | 1,049,110.73 | 11,746.34 |
| Total trade accounts receivable | <u>8,376,852.63</u> | <u>3,168,849.46</u> |

9. INVENTORIES

Inventories as at June 30, 2013 and December 31, 2012 are as follows:

| | <i>(Unit: Baht)</i> | |
|--|-----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Finished goods | 93,486,895.16 | 83,236,928.12 |
| Packaging | 43,847,397.60 | 31,629,635.99 |
| Work in process | 6,232,174.04 | 7,573,321.24 |
| Supplies | 1,465,622.66 | 1,422,097.77 |
| Total | <u>145,032,089.46</u> | <u>123,861,983.12</u> |
| Allowance for devaluation of inventories | (1,336,287.02) | (287,940.94) |
| Net | <u>143,695,802.44</u> | <u>123,574,042.18</u> |

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at June 30, 2013 and December 31, 2012 consist of:

(Unit: Baht)

| | Land | Building and improvement | Furniture | Office tools and equipment | Computer | Vehicles | Construction in progress | Total |
|-------------------------|---------------|-----------------------------|-----------------|-------------------------------|----------------|----------------|-----------------------------|-----------------|
| Cost: | | | | | | | | |
| As at December 31, 2011 | 19,240,000.00 | 28,801,913.79 | 63,983,467.26 | 10,541,742.93 | 6,415,901.39 | 4,626,369.16 | - | 133,609,394.53 |
| Purchase | - | 1,246,438.03 | 33,482,945.75 | 3,848,543.89 | 2,961,164.02 | 5,546,728.98 | 624,000.00 | 47,709,820.67 |
| Disposal | - | - | - | - | - | (425,000.00) | - | (425,000.00) |
| Write off/adjustment | - | 42,200.00 | (3,175,510.63) | 1,060,477.16 | (212,437.42) | 3,900.00 | - | (2,281,370.89) |
| 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 |
| Purchase | - | 9,000.00 | 18,109,638.70 | 1,479,910.30 | 1,732,278.59 | 2,463,644.86 | 260,000.00 | 24,054,472.45 |
| Disposal | - | - | - | - | - | (1,088,000.00) | - | (1,088,000.00) |
| Write off/adjustment | - | - | (299,121.38) | (196,146.63) | (177,004.16) | - | - | (672,272.17) |
| As at June 30, 2013 | 19,240,000.00 | 30,099,551.82 | 112,101,419.70 | 16,734,527.65 | 10,719,902.42 | 11,127,643.00 | 884,000.00 | 200,907,044.59 |
| Depreciation: | | | | | | | | |
| As at December 31, 2011 | - | (6,262,820.54) | (21,684,812.84) | (4,693,200.16) | (3,850,481.41) | (2,474,940.68) | - | (38,966,255.63) |
| Depreciation | - | (1,575,130.62) | (14,237,403.70) | (2,171,623.43) | (1,875,638.69) | (1,071,066.04) | - | (20,930,862.48) |
| Disposal | - | - | - | - | - | 424,998.00 | - | 424,998.00 |
| Write off/adjustment | - | (10,592.60) | 2,483,566.79 | 295,905.17 | 201,711.93 | (115.37) | - | 2,970,475.92 |
| 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 | - | (842,485.29) | (9,821,847.24) | (1,351,612.95) | (1,081,322.37) | (838,688.24) | - | (13,935,956.09) |
| Disposal | - | - | - | - | - | 598,546.94 | - | 598,546.94 |
| Write off/adjustment | - | - | 203,660.28 | 150,713.38 | 164,700.31 | - | - | 519,073.97 |
| As at June 30, 2013 | - | (8,691,029.05) | (43,056,836.71) | (7,769,817.99) | (6,441,030.23) | (3,361,265.39) | - | (69,319,979.37) |
| Net book value: | | | | | | | | |
| As at December 31, 2012 | 19,240,000.00 | 22,242,008.06 | 60,852,252.63 | 8,881,845.56 | 3,640,219.82 | 6,630,874.05 | 624,000.00 | 122,111,200.12 |
| As at June 30, 2013 | 19,240,000.00 | 21,408,522.77 | 69,044,582.99 | 8,964,709.66 | 4,278,872.19 | 7,766,377.61 | 884,000.00 | 131,587,065.22 |

Depreciation for the six-month periods ended June 30, 2013 and 2012 amounted to Baht 13.94 million and Baht 9.37 million respectively.

As at June 30, 2013 and December 31, 2012, the Company has fixed assets at cost amount of Baht 12.59 million and Baht 10.67 million respectively which have been fully depreciated but are still in use.

As at December 31, 2012, the Company has vehicles under financial lease at carrying value amount of Baht 1.17 million.

11. LEASEHOLD RIGHTS

| | <i>(Unit: Baht)</i> | |
|-----------------------------------|----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Cost: | | |
| Beginning balance as at January 1 | <u>20,408,980.80</u> | <u>20,408,980.80</u> |
| At the end of the period | <u>20,408,980.80</u> | <u>20,408,980.80</u> |
| Accumulated amortization: | | |
| Beginning balance as at January 1 | 8,373,128.60 | 7,147,500.20 |
| Amortization | <u>612,814.20</u> | <u>1,225,628.40</u> |
| At the end of the periods | <u>8,985,942.80</u> | <u>8,373,128.60</u> |
| Net book value | <u>11,423,038.00</u> | <u>12,035,852.20</u> |

Amortization of leasehold right for the six-month periods ended June 30, 2013 and 2012 amounted to Baht 0.61 million and Baht 0.61 million respectively.

The Company used leasehold right at carrying as at December 31, 2012 amount of Baht 12.04 million as guarantee against long-term loans from financial institution as stated in note 17.

In the second quarter of 2013, the Company has made the payment of loans in full and redeemed such collateral.

12. INTANGIBLE ASSETS

| | <i>(Unit: Baht)</i> | |
|----------------------------------|-----------------------------|----------------------------|
| | June 30, 2013 | December 31, 2012 |
| Computer software | | |
| Cost: | | |
| At the beginning of the periods | 3,138,394.44 | 2,137,155.52 |
| Purchase | 196,000.00 | 1,001,238.92 |
| At the end of the periods | <u>3,334,394.44</u> | <u>3,138,394.44</u> |
| Accumulated amortization: | | |
| At the beginning of the periods | 1,290,427.50 | 779,352.21 |
| Amortization | 309,866.37 | 511,075.29 |
| At the end of the periods | <u>1,600,293.87</u> | <u>1,290,427.50</u> |
| Net book value | 1,734,100.57 | 1,847,966.94 |
| Software under installation | 8,935,440.00 | - |
| Total | <u><u>10,669,540.57</u></u> | <u><u>1,847,966.94</u></u> |

Amortization of intangible assets for the six-month periods ended June 30, 2013 and 2012 amounted to Baht 0.31 million and Baht 0.22 million respectively.

13. DEFERRED TAX/ INCOME TAX EXPENSES

| | <i>(Unit :Baht)</i> | |
|--|--------------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Deferred tax assets | | |
| Allowance for devaluation of inventories | 267,257.41 | 66,226.42 |
| Employee benefit obligations | 288,098.90 | 294,756.73 |
| Total | <u><u>555,356.21</u></u> | <u><u>360,983.15</u></u> |

Income tax expenses for the six-month periods ended June 30, 2013 and 2012 can be summarized as follows:

| | 2013 | 2012 |
|--|-----------------------------|-----------------------------|
| <i>Current tax:</i> | | |
| Income tax for the six-month periods | 27,706,292.54 | 26,277,874.74 |
| <i>Deferred tax</i> | | |
| Deferred tax resulted from temporary differences and reversal of temporary differences | <u>(194,373.06)</u> | <u>(589,528.31)</u> |
| Income tax expenses presented in statements of comprehensive income | <u><u>27,511,919.48</u></u> | <u><u>25,688,346.43</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, 2013 and 2012 can be presented as follows:

| | 2013 | 2012 |
|---|-------------------|------------------|
| Accounting profit before income tax | 136,892,643.36 | 111,412,346.59 |
| Income tax rates | 20% | 23% |
| Accounting profit before income tax multiply by tax rates | 27,378,528.67 | 25,624,839.72 |
| <i>Taxable effects for :</i> | | |
| Accounting base differ from tax base | | |
| Taxable expenses, increase | (11,500.00) | |
| Prohibited expenses | 144,890.81 | 63,506.71 |
| Total | <u>133,390.81</u> | <u>63,506.71</u> |
| Income tax expenses presented in statements of | | |
| comprehensive income | 27,511,919.48 | 25,688,346.43 |
| Effective income tax rate | 20.10% | 23.06% |

14. OTHER NON-CURRENT ASSETS

Other non-current assets as at June 30, 2013 and December 31, 2012 consist of:

| | <i>(Unit: Baht)</i> | |
|-----------------------------|----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Rental and services deposit | 55,029,464.87 | 47,911,662.17 |
| Others | <u>1,558,913.47</u> | <u>1,016,971.96</u> |
| Total | <u>56,588,378.34</u> | <u>48,928,634.13</u> |

15. TRADE AND OTHER PAYABLES

Trade and other payables as at June 30, 2013 and December 31, 2012 consist of:

| | <i>(Unit: Baht)</i> | |
|--------------------------------|-----------------------------|-----------------------------|
| | June 30, 2013 | December 31, 2012 |
| Trade accounts payable | | |
| -Related parties | 920,000.00 | 980,000.00 |
| -Other parties | 31,564,677.17 | 36,125,258.92 |
| Total trade accounts payable | <u>32,484,677.17</u> | <u>37,105,258.92</u> |
| Other payables | | |
| Accrued expenses | 24,711,964.73 | 14,924,903.52 |
| Revenue Department payable | 4,901,618.47 | 4,254,544.91 |
| Assets payables | 7,673,734.20 | 12,535,040.35 |
| Others | 5,733.18 | 12,820.18 |
| Total other payables | <u>37,293,050.58</u> | <u>31,727,308.96</u> |
| Total trade and other payables | <u><u>69,777,727.75</u></u> | <u><u>68,832,567.88</u></u> |

16. FINANCIAL LEASE LIABILITIES

Long-term financial lease liabilities will be due under financial lease as follows:

| | <i>(Unit: Baht)</i> | |
|---|----------------------|--------------------------|
| | June 30, 2013 | December 31, 2012 |
| Within 1 year | - | 297,527.96 |
| Over 1 year but less than 5 years | - | 558,505.27 |
| Total | - | <u>856,033.23</u> |
| Less: Deferred interest | - | <u>(31,398.34)</u> |
| Present value of the minimum amount to be paid under financial lease | - | 824,634.89 |
| Less: Current portion of liabilities | - | <u>(266,129.62)</u> |
| Net | - | <u><u>558,505.27</u></u> |

In the second quarter of 2013, the Company has made payment for the remaining financial lease liabilities before maturity.

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

(Unit: Baht)

| | June 30, 2013 | December 31, 2012 |
|--------------------------------|----------------------|--------------------------|
| Long-term loans from bank | - | 5,971,326.63 |
| Less: Current portion of loans | - | (1,052,214.69) |
| Net | <u>-</u> | <u>4,919,111.94</u> |

On July 31, 2009, the Company has obtained loans in Thai Baht currency from local bank for credit amount of Baht 9.46 million (withdrawn in full) in order to settle leasehold right and related other expenses. These loans are charged interest rate at the rate of MLR-1.5% for the first three year and MLR-1% thereafter. The principal and interest is repayable on a monthly basis not less than Baht 0.13 million each, commenced in October 2009 and the loans repayment should be completed in September 2017.

Such loans are guaranteed by assigning leasehold right agreement as stated in note 11 including the benefit from insurance policy of those assets to the lender and the Company's director guarantee.

In the second quarter of 2013, the Company has made payment such loans before maturity and already redeemed the leasehold right collateral.

18. EMPLOYEE BENEFIT OBLIGATIONS

Long-term employee benefit obligations are compensation paid to employees when they retired for six-month periods ended June 30, 2013 are as follows:

(Unit: Baht)

| | |
|--|---------------------|
| Employee benefit obligations as at December 31, 2012 | 1,281,551.00 |
| Current costs of services and interest | 158,943.00 |
| Benefits paid during the period | <u>-</u> |
| Employee benefit obligations as at June 30,2013 | <u>1,440,494.00</u> |

19. 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> | | |
| Mr.Suwin Kraibhubes | Shareholder and director | Loans form director |
| Mrs. Tanyaporn Kraibhubes | Shareholder and director | Loans form director, guarantee liabilities without remuneration, land with its construction rental, land lease agreement obligations |
| Mr. Pratya Levan | Shareholder and director (since April 20, 2012) | Sale of goods (franchise), purchase of goods |
| Mr. Wasan Khocharoen | Director's relative and authorized person from directors of Thanaphumi Body of persons | Sale of goods |
| <i>2. Body of persons consist of:-</i> | | |
| Thanaphumi Body of persons | Director's relative, shareholder and director (by Mr. Wasan Khocharoen and Mrs. Tanyapon Kraibhubes) | Land with its construction rental |
| C&N International Ordinary Partnership | Shareholder and director , and director's relative (by Mr. Pratya Levan) | Sale of goods (franchise) |
| Bevita International Co., Ltd. | Director's relative (Mrs. Rukchanok Chiangtong is near relative of Mr. Pratya Levan) | Purchase of goods |
| V&P Ordinary Partnership | Director's relative (by Mr. Wasan Khocharoen) | Sale of goods (franchise) |
| S&V Ordinary Partnership | Director's relative (by Mr. Wasan Khocharoen) | Sale of goods (franchise) |

(Note: from October 1, 2012, Mr. Wasan Khocharoen is not related person of the Company since there is no any land lease transactions with Thanaphumi Body of persons.)

| 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 equal to appraisal value of independent appraiser |
| Land lease agreement obligations | As indicated in agreement |

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

(Unit: Baht)

| | For the six-month periods ended | |
|--|--|----------------------|
| | June 30, 2013 | June 30, 2012 |
| Revenues from sales | | |
| C&N International Ordinary Partnership | 1,981,382.34 | 758,599.25 |
| V&P Ordinary Partnership | - | 1,719,161.66 |
| Mr. Wasan Khocharoen | - | 276,072.58 |
| Other income | | |
| C&N International Ordinary Partnership | 2,625.00 | 1,260.00 |
| V&P Ordinary Partnership | - | 298,369.42 |
| Mr. Wasan Khocharoen | - | 4,379.26 |
| Purchase of goods | | |
| Bevita International Co., Ltd. | 2,691,588.79 | 1,186,915.89 |
| Land with its construction rental | | |
| Thanaphumi Body of persons (since 1 October 2012, rented from Mrs. Tanyaporn Kraibhubes) | - | 174,000.00 |
| Mrs. Tanyaporn Kraibhubes | 174,000.00 | - |

19.2 The balance with its related persons and parties as at June 30, 2013 and December 31, 2012 are as follow:

(Unit: Baht)

| | June 30, 2013 | December 31, 2012 |
|--|----------------------|--------------------------|
| Trade accounts receivable | | |
| C&N International Ordinary Partnership | 889,502.53 | 351,673.50 |
| Trade accounts payable | | |
| Bevita International Co., Ltd. | 920,000.00 | 980,000.00 |

19.3 Guarantees

As at December 31, 2012, Mrs. Tanyaporn Kraibhubes, the Company's director got into guarantee without remuneration as follow:-

Guarantee financial lease liabilities (note 16)

Guarantee loans under long-term loans agreement (note 17)

As at June 30, 2013, the above mentioned guarantee is ended since the payment for liabilities is made in full.

19.4 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 June 30, 2013, the Company is liable on payment the remaining rental as follows:

| | <i>(Unit: Baht)</i> |
|--------------------------------|-----------------------------|
| Payment within | |
| 1 year | 437,400.00 |
| Over 1 year not exceed 5 years | 3,499,200.00 |
| Over 5 year | <u>17,904,422.40</u> |
| Total | <u><u>21,841,022.40</u></u> |

20. SHARE CAPITAL

According to the shareholders' extraordinary meeting No. 2/2012 held on July 31, 2012, the Company passed the resolution to proceed with the following:

20.1 Changes par value of share capital from Baht 100 each for 550,000 shares amounting to Baht 55 million to Baht 1 each for 55,000,000 shares amounting to Baht 55 million. The Company has registered the changes in par value of share capital with the Ministry of Commerce on July 31, 2012.

20.2 Increase ordinary shares of the Company for the another Baht 245 million from Baht 55 million to Baht 300 million divided into 300 million shares of Baht 1 each. The Company has registered the increase share capital with the Ministry of Commerce on July 31, 2012. The increase share capital amount of Baht 245 million divided into 245 million shares of Baht 1 each were allotted to two directors for 162.50 million shares, the public for 80 million shares and the Company's employees for 2.50 million shares. The Company has received the payment from those directors amount of Baht 162.50 million for 162.50 million shares on July 31, 2012 and on August 1, 2012 for shares offering to public and the Company's employee total amount of Baht 82.50 million at the offering price of Baht 8.00 per share. Such increase share capital was subscribed by those persons and was made payment on December 4, 2012 total amount of Baht 660 million, resulted premium on ordinary shares amount of Baht 577.50 million. The Company has taken expenses from offering share to offset premium on share capital amount of Baht 21.06 million, the remaining premium is Baht 556.44 million. The Company has registered the changes of share capital with the Ministry of Commerce on December 6, 2012.

21. 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

22. DIVIDEND PAID

According to the minutes of shareholders' general meeting for the year 2013 held on April 25, 2013, passed the resolution to pay dividend from the 2012 results of operation for the increment from interim dividend payment to the shareholders for 300 million shares at Baht 0.35 each, totaling Baht 105.00 million. The dividend payment was made on May 22, 2013.

23. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

23.1 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.

23.2 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.

24. 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 June 30, 2013 amount of Baht 1.01 million.

25. EXPENSE ANALYZED BY NATURE

The significant expenses analyzed by nature for the six-month periods ended June 30, 2013 and 2012 as follow:

| | For the three-month | | For the six-month | |
|---|----------------------------|---------------|--------------------------|----------------|
| | ended June 30, | | ended June 30, | |
| | 2013 | 2012 | 2013 | 2013 |
| Changes in finished goods | | | | |
| and work in progress | 8,285,646.13 | 6,293,928.41 | (9,233,261.46) | (3,424,686.72) |
| Purchase of goods | 64,517,722.07 | 50,659,675.51 | 151,767,331.35 | 106,142,474.70 |
| Employee benefit expenses | 38,782,266.96 | 27,137,817.21 | 76,585,461.11 | 50,291,155.90 |
| Management benefit expenses | 5,392,152.32 | 3,118,002.60 | 10,612,972.95 | 7,042,723.48 |
| Directors’ remuneration | 189,000.00 | 95,000.00 | 339,000.00 | 165,000.00 |
| Depreciation and amortization | 7,767,437.66 | 5,383,376.25 | 14,858,636.66 | 10,199,810.03 |
| Rental and services | 36,409,557.97 | 26,163,904.06 | 69,030,285.79 | 49,895,188.72 |
| Advertising and sale promotion expenses | 3,690,629.95 | 1,918,164.14 | 6,322,944.12 | 4,434,062.09 |
| Loss on devaluation of inventories (reversal) | | | | |
| inventories | 587,068.98 | 524,408.83 | 1,048,346.08 | 2,416,043.09 |

(Unit: Baht)

26. FINANCIAL INFORMATION BY SEGMENT

The Company's operations involve virtually a single in retail of cosmetics business in the geographical segment in Thailand for selling goods to franchise and Business Centre. Besides, the Company has revenue from sale lower than 10 % of total sale amount so the Company did not present financial information by segment.

27. COMMITMENT AND CONTINGENT LIABILITIES

27.1 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, 2013 as follows:

| | |
|-----------------------------------|-----------------------|
| | <i>(Unit: Baht)</i> |
| Payment within | |
| 1 year | 122,714,077.71 |
| Over 1 year but less than 3 years | 102,101,479.74 |
| Total | <u>224,815,557.45</u> |

27.2 The Company is liable on payment building construction plan agreement as at June 30, 2013 amount of Baht 2.50 million.

27.3 The Company is liable on payment for computer software installation as at June 30, 2013 amount of Baht 7.07 million.

28. 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.

28.1 Management risk policy

The significant financial instruments of the Company under the definition of TAS 32 "Financial Instruments: Disclosure and Presentation" principally comprise cash and cash equivalents, trade accounts receivable and payable, financial lease liabilities and long-term loans. 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, bank overdrafts, loans, and short-term and long-term borrowings. 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. Details of interest and maturity of loans has been disclosed in notes 17 to financial statements.

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.

28.2 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.

29. 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, 2013 and December 31, 2012, the Company has debt to equity ratio equal to 0.10 and 0.09 respectively

30. EVENTS AFTER THE REPORTING PERIOD

Accordance to the minutes of the Board of directors' meeting No 4/2013 held on August 13, 2013, passed the resolution to pay interim dividend from the results of operation for the six-month periods ended June 30, 2013 to the shareholders whose the name listed in the shareholders register as at August 28, 2013 for 300 million shares at Baht 0.30 each, amounting to Baht 90 million which will be paid on September 12, 2013.

31. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were approved and authorized for issue by the Company's Board of directors on August 13, 2013.