

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**AS AT 31 DECEMBER 2012**

## AUDITOR'S REPORT

To The Shareholders of  
BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

I have audited the accompanying financial statements of BEAUTY COMMUNITY PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of BEAUTY COMMUNITY PUBLIC COMPANY LIMITED as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with the financial reporting standards.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

22 February 2013

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2012**

*(Unit: Baht)*

<b>Assets</b>	<i>Note</i>	<b>2012</b>	<b>2011</b>
<b>Current assets</b>			
Cash and cash equivalents	5	298,264,197.19	105,236,513.11
Temporary investments	6	460,000,000.00	-
Trade and other receivables	7	11,763,267.71	6,997,606.45
Inventories	8	123,574,042.18	92,645,953.72
<b>Total current assets</b>		893,601,507.08	204,880,073.28
<b>Non-current assets</b>			
Property, plant and equipment	9	122,111,200.12	94,643,138.90
Leasehold rights	10	12,035,852.20	13,261,480.60
Intangible assets	11	1,847,966.94	1,357,803.31
Other non-current assets	12	48,928,634.13	38,890,672.65
<b>Total non-current assets</b>		184,923,653.39	148,153,095.46
<b>Total assets</b>		1,078,525,160.47	353,033,168.74

Notes to financial statements are parts of these financial statements.

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2012**

*(Unit: Baht)*

Liabilities and shareholders' equity	<i>Note</i>	2012	2011
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	68,832,567.88	63,800,108.74
Current portion of financial lease liabilities	<i>14</i>	266,129.62	373,500.27
Current portion of long-term loans	<i>15</i>	1,052,214.69	1,016,724.04
Accrued income tax		12,951,319.69	50,317,866.59
<b>Total current liabilities</b>		<u>83,102,231.88</u>	<u>115,508,199.64</u>
<b>Non-current liabilities</b>			
Financial lease liabilities	<i>16</i>	558,505.27	815,089.86
Long -term loans	<i>15</i>	4,919,111.94	6,086,461.39
Loans from directors	<i>16,18</i>	-	954,073.32
Employee benefit obligations	<i>17</i>	1,281,551.00	987,304.00
Other non-current liabilities		2,212,754.30	1,616,400.00
<b>Total non-current liabilities</b>		<u>8,971,922.51</u>	<u>10,459,328.57</u>
<b>Total liabilities</b>		<u>92,074,154.39</u>	<u>125,967,528.21</u>
<b>Shareholders' equity</b>			
Share capital			
Authorized share capital			
300,000,000 common shares of Baht 1 each	<i>19.1</i>	<u>300,000,000.00</u>	
550,000 common shares of Baht 100 each	<i>19.2</i>		<u>55,000,000.00</u>
Issued and paid-up share capital			
300,000,000 common shares of Baht 1 each	<i>19.1</i>	300,000,000.00	
550,000 common shares of Baht 100 each			55,000,000.00
Premium on share capital	<i>19.1</i>	556,439,628.87	-
Retained earnings			
Appropriated			
Legal reserve	<i>20, 21</i>	10,787,500.00	-
Unappropriated		119,223,877.21	172,065,640.53
<b>Total shareholders' equity</b>		<u>986,451,006.08</u>	<u>227,065,640.53</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,078,525,160.47</u>	<u>353,033,168.74</u>

Notes to financial statements are parts of these financial statements.

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

*(Unit: Baht)*

	<i>Note</i>	<b>2012</b>	<b>2011</b>
Revenues from sales		769,887,779.59	612,075,315.29
Cost of sales		(221,161,961.08)	(175,161,521.77)
<b>Gross profit</b>		<u>548,725,818.51</u>	<u>436,913,793.52</u>
Other income			
Interest		4,178,036.85	950,193.45
Others		3,588,297.61	2,287,775.19
<b>Total other income</b>		<u>7,766,334.46</u>	<u>3,237,968.64</u>
Selling expenses		(255,071,421.39)	(168,660,614.38)
Administrative expenses		(82,450,901.06)	(72,803,075.42)
Finance costs		(456,496.46)	(978,875.83)
<b>Profit before income tax</b>		<u>218,513,334.06</u>	<u>197,709,196.53</u>
Income tax		(44,817,597.38)	(63,485,366.59)
<b>Profit for the year</b>		<u>173,695,736.68</u>	<u>134,223,829.94</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>173,695,736.68</u></u>	<u><u>134,223,829.94</u></u>
<b>Basic earnings per share</b>	<i>4.18</i>		
Earnings per share		1.35	21.53
Number of weighted average common shares (share)		128,565,574	6,232,877

Notes to financial statements are parts of these financial statements.

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

*(Unit: Baht)*

	<i>Note</i>	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
<b>Balance as at 31 December 2011</b>		55,000,000.00	-	-	172,065,640.53	227,065,640.53
Increase - ordinary shares	19.1	245,000,000.00	556,439,628.87	-	-	801,439,628.87
Legal reserve	20,21	-	-	10,787,500.00	(10,787,500.00)	-
Dividend payment	21	-	-	-	(215,750,000.00)	(215,750,000.00)
Total comprehensive income for the year		-	-	-	173,695,736.68	173,695,736.68
<b>Balances as at 31 December 2012</b>		<b>300,000,000.00</b>	<b>556,439,628.87</b>	<b>10,787,500.00</b>	<b>119,223,877.21</b>	<b>986,451,006.08</b>
<b>Balance as at 31 December 2010</b>		5,000,000.00	-	-	37,841,810.59	42,841,810.59
Increase - ordinary shares	19.2	50,000,000.00	-	-	-	50,000,000.00
Total comprehensive income for the year		-	-	-	134,223,829.94	134,223,829.94
<b>Balance as at 31 December 2011</b>		<b>55,000,000.00</b>	<b>-</b>	<b>-</b>	<b>172,065,640.53</b>	<b>227,065,640.53</b>

Notes to financial statements are parts of these financial statements.

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

*(Unit: Baht)*

	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	218,513,334.06	197,709,196.53
Adjustment profit before income tax to cash receipt (disbursement)		
from operating activities		
Depreciation and amortization	22,667,566.17	17,346,389.54
Loss on devaluation of inventories	287,940.94	784,907.87
Reversed allowance for devaluation of inventories	(3,777,404.21)	-
Gain on sales of assets	(104,998.00)	(50,899.91)
Loss on write off of assets	404,754.33	1,606,739.54
Employee benefit expenses	294,247.00	744,079.00
Interest expenses	456,496.46	978,875.83
Profit from operation before changes of		
operating assets and liabilities	238,741,936.75	219,119,288.40
(Increase) Decrease in changes of operating assets		
Trade and other receivables	(4,765,661.26)	(3,668,395.48)
Inventories	(27,438,625.19)	(20,372,952.31)
Other non-current assets	(10,037,961.48)	(19,845,958.55)
(Increase) Decrease in changes of operating assets	(42,242,247.93)	(43,887,306.34)
Increase (Decrease) in changes of operating liabilities		
Trade and other payables	(8,386,440.57)	(1,932,408.03)
Other non-current liabilities	596,354.30	402,697.55
Increase (Decrease) in changes of operating liabilities	(7,790,086.27)	(1,529,710.48)
Cash generated (paid) from operation	188,709,602.55	173,702,271.58
Interest paid	(456,496.46)	(978,875.83)
Income tax paid	(82,184,144.28)	(26,162,497.77)
<b>Net cash provided by (used in) operating activities</b>	<b>106,068,961.81</b>	<b>146,560,897.98</b>

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

*(Unit: Baht)*

	<b>2012</b>	<b>2011</b>
<b>Cash flows from investing activities</b>		
Purchase of temporary investments	(460,000,000.00)	-
Purchase of building and equipment	(35,384,780.32)	(22,160,652.10)
Proceed from sales of equipment	105,000.00	2,624,252.34
Purchase of intangible assets	(1,001,238.92)	(945,680.52)
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<b>Net cash provided by (used in) investing activities</b>	<b>(496,281,019.24)</b>	<b>(20,482,080.28)</b>
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<b>Cash flows from financing activities</b>		
Payments for financial lease liabilities	(363,955.24)	(2,464,269.17)
Repayments for long-term loans from financial institution	(1,131,858.80)	(1,436,801.22)
Decrease in loans from directors	(954,073.32)	(33,039,899.16)
Proceeds from share capital increase	822,500,000.00	-
Payments for cost of sale share capital	(21,060,371.13)	-
Dividend paid	(215,750,000.00)	-
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<b>Net cash provided by (used in) financing activities</b>	<b>583,239,741.51</b>	<b>(36,940,969.55)</b>
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<b>Net increase (decrease) in cash and cash equivalents</b>	<b>193,027,684.08</b>	<b>89,137,848.15</b>
<b>Cash and cash equivalents as at the beginning of period</b>	<b>105,236,513.11</b>	<b>16,098,664.96</b>
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<b>Cash and cash equivalents as at the end of period</b>	<b>298,264,197.19</b>	<b>105,236,513.11</b>
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Notes to financial statements are parts of these financial statements.

**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**1. GENERAL INFORMATION**

Beauty Community Public Company Limited (formerly named “Monopolitan Company Limited”) (“the Company”) was incorporated in Thailand as a company limited on 19 October 2000 and converted its status to be public company limited and changed the name of the Company on 31 July 2012. 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 PREPARATION OF 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 28 September 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 ACCOUNTING STANDARDS ISSUANCE**

The Federation of Accounting Professions issued new and revise financial reporting standards of which pronounced in the Royal Gazette but have not been effective in the year 2012 as follows:

	Contents	Effective date
Accounting Standards		
TAS 12	Income Taxes	1 January 2013
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	1 January 2013
Financial Reporting Standards		
TFRS 8	Operating Segments	1 January 2013

	Contents	Effective date
Standing Interpretations		
TSIC 10	Government Assistance-No Specific Relation to Operating Activities	1 January 2013
TSIC 21	Income Taxes-Recovery of Revalued Non-depreciable Assets	1 January 2013
TSIC 25	Income Taxes-Changes in the Tax Status of an Enterprises or its Shareholders	1 January 2013
TSIC 29	Service Concession Arrangements Disclosures	1 January 2014
Financial Reporting Interpretations		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customers Loyalty Programmes	1 January 2014
Accounting Guidance		
	Transfers of Financial Assets	1 January 2013

The abovementioned financial reporting standards which are effective on 1 January 2013 and 2014, 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 recognised 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 within 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 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.

#### **4.11 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 97 for monthly staff At 100 % of TMO 97 for daily staff

#### 4.13.2 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.

#### 4.14 Income tax

The Company records income tax to be paid in each year as expenses in the fiscal period based on the condition described in the Revenue Code.

#### 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 generally accepted accounting principles 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 year by the number of weighted average common shares issued and paid - up during the year

For the year ended 31 December 2011, 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.

The calculation of basic earnings per share for the year ended 31 December 2012 and 2011 is presented as follows:

	<b>2012</b>	<b>2011</b>
Total comprehensive income for the year	173,695,736.68	134,223,829.94
Number of ordinary shares issued as at 1 January	55,000,000	5,000,000
Effects of increase ordinary shares issuance	73,565,574	1,232,877
Weighted average number of ordinary shares (share)	128,565,574	6,232,877
Basic earnings per share (Baht/share)	1.35	21.53



## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2012 and 2011 are as follows:

	<i>(Unit: Baht)</i>	
	<b>2012</b>	<b>2011</b>
Cash on hand	3,044,785.80	2,889,012.00
Current accounts	17,907,422.33	12,919,115.32
Savings deposit	146,561,520.81	48,978,757.79
Fixed deposits	100,000,000.00	10,000,000.00
Bills of exchange	30,000,000.00	30,000,000.00
Unbilled for credit card slip	750,468.25	449,628.00
Total	<u>298,264,197.19</u>	<u>105,236,513.11</u>

## 6. TEMPORARY INVESTMENTS

The company has temporary investment in form of short-term deposits at various local financial institutions as at 31 December 2012 and 2011 are as follows:

	At interest	<i>(Unit: Baht)</i>	
	rate per annum	<b>2012</b>	<b>2011</b>
Fixed deposits four months	3.10 – 3.20	360,000,000.00	-
Fixed deposits six months	3.25	<u>100,000,000.00</u>	-
Total		<u>460,000,000.00</u>	<u>-</u>

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivable as at 31 December 2012 and 2011 are as follows:

	<i>(Unit: Baht)</i>	
	<b>2012</b>	<b>2011</b>
Trade accounts receivables		
Franchise receivable	2,484,329.21	1,689,226.97
Employees receivable	141,491.34	213,744.00
Other parties receivable	543,028.91	-
Total trade accounts receivable	<u>3,168,849.46</u>	<u>1,902,970.97</u>

	<i>(Unit: Baht)</i>	
	<b>2012</b>	<b>2011</b>
<b>Other receivables</b>		
Prepaid expenses	1,472,660.07	1,161,963.26
Accrued income	3,940,056.73	259,625.55
Goods deposit	1,234,317.90	1,317,123.98
Employees receivable	-	1,085,994.00
Advance payment	253,176.00	-
Others	1,694,207.55	1,269,928.69
Total other receivables	<u>8,594,418.25</u>	<u>5,094,635.48</u>
Total trade and other receivable	<u>11,763,267.71</u>	<u>6,997,606.45</u>

As at 31 December 2012 and 2011 the Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	<b>2012</b>	<b>2011</b>
Trade accounts receivable due in term	2,970,687.40	1,810,230.07
Overdue trade accounts receivable		
- Less than 3 months	186,415.72	91,725.70
- Over 3 months but less than 6 months	11,746.34	1,015.20
Total trade accounts receivable	<u>3,168,849.46</u>	<u>1,902,970.97</u>

## 8. INVENTORIES

Inventories as at 31 December 2012 and 2011 are as follows:

	<i>(Unit: Baht)</i>	
	<b>2012</b>	<b>2011</b>
Finished goods	83,236,928.12	55,002,756.25
Packaging	31,629,635.99	36,096,468.22
Work in process	7,573,321.24	2,987,046.01
Supplies	1,422,097.77	2,337,087.45
Total	123,861,983.12	96,423,357.93
Allowance for devaluation of inventories	<u>(287,940.94)</u>	<u>(3,777,404.21)</u>
Net	<u>123,574,042.18</u>	<u>92,645,953.72</u>

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2012 and 2011 consist of:

	<i>(Unit: Baht)</i>							
	Land	Building and improvement	Furniture	Office tools and equipment	Computer	Vehicles	Construction in progress	Total
<b>Cost:</b>								
As at 31 December 2010	-	22,785,256.36	53,790,280.23	9,231,843.54	6,945,081.91	11,401,869.16	617,810.00	104,772,141.20
Purchase	19,240,000.00	-	22,098,330.84	3,957,348.20	1,740,589.76	1,653,000.00	5,398,847.43	54,088,116.23
Disposal	-	-	-	-	-	(8,428,500.00)	-	(8,428,500.00)
Write off/adjustment	-	6,016,657.43	(11,905,143.81)	(2,647,448.81)	(2,269,770.28)	-	(6,016,657.43)	(16,822,362.90)
As at 31 December 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 31 December 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
<b>Depreciation:</b>								
As at 31 December 2010	-	(5,100,656.26)	(22,718,297.78)	(5,504,879.03)	(4,530,789.19)	(6,372,860.38)	-	(44,227,482.64)
Depreciation	-	(1,159,043.40)	(9,667,707.03)	(1,510,675.71)	(1,518,049.84)	(1,954,570.00)	-	(15,810,045.98)
Disposal	-	-	-	-	-	5,855,147.57	-	5,855,147.57
Write off/adjustment	-	(3,120.88)	10,701,191.97	2,322,354.58	2,198,357.62	(2,657.87)	-	15,216,125.42
As at 31 December 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 31 December 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)
Net book value:								
As at 31 December 2011	19,240,000.00	22,539,093.25	42,298,654.42	5,848,542.77	2,565,419.98	2,151,428.48	-	94,643,138.90
As at 31 December 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

Depreciation for the year ended 31 December 2012 and 2011 amounted to Baht 20.93 million and Baht 15.81 million respectively.

As at 31 December 2012 and 2011, the Company has fixed assets at cost amount of Baht 10.67 million and Baht 11.05 million respectively which have been fully depreciated but are still in use.

As at 31 December 2012 and 2011, the Company has vehicles under financial lease at carrying value amount of Baht 1.17 million and Baht 1.78 million respectively.

## 10. LEASEHOLD RIGHTS

	<i>(Unit: Baht)</i>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Cost:</b>		
At the beginning of the year	20,408,980.80	20,408,980.80
At the end of the year	<u>20,408,980.80</u>	<u>20,408,980.80</u>
<b>Accumulated amortization:</b>		
At the beginning of the year	7,147,500.20	5,921,871.80
Amortization	<u>1,225,628.40</u>	<u>1,225,628.40</u>
At the end of the year	<u>8,373,128.60</u>	<u>7,147,500.20</u>
<b>Net book value</b>	<u><u>12,035,852.20</u></u>	<u><u>13,261,480.60</u></u>

Amortization of leasehold right for the year ended 31 December 2012 and 2011 amounted to Baht 1.23 million.

The Company used leasehold right at carrying as at 31 December 2012 and 2011 amount of Baht 12.04 million and Baht 13.26 million respectively as guarantee against long-term loans from financial institution as stated in note 15.

## 10. INTANGIBLE ASSETS

	<i>(Unit: Baht)</i>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Computer software</b>		
<b>Cost:</b>		
At the beginning of the year	2,137,155.52	1,401,575.00
Purchase	1,001,238.92	945,680.52
Disposal	<u>-</u>	<u>(210,100.00)</u>
At the end of the year	<u>3,138,394.44</u>	<u>2,137,155.52</u>
<b>Accumulated amortization:</b>		
At the beginning of the year	779,352.21	678,234.99
Amortization	<u>511,075.29</u>	<u>310,715.16</u>
Disposal	<u>-</u>	<u>(209,597.94)</u>
At the end of the year	<u>1,290,427.50</u>	<u>779,352.21</u>
<b>Net book value</b>	<u><u>1,847,966.94</u></u>	<u><u>1,357,803.31</u></u>

Amortization of intangible assets for the year ended 31 December 2012 and 2011 amounted to Baht 0.51 million and Baht 0.31 million.

## 12. OTHER NON-CURRENT ASSETS

Other non-current assets as at 31 December 2012 and 2011 consist of:

	<i>(Unit: Baht)</i>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
Rental and services deposit	47,911,662.17	38,083,030.44
Others	1,016,971.96	807,642.21
Total	<u>48,928,634.13</u>	<u>38,890,672.65</u>

## 13. TRADE AND OTHER PAYABLES

Trade and other payables as at 31 December 2012 and 2011 consist of:

	<i>(Unit: Baht)</i>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
Trade accounts payable		
Trade accounts payable	36,897,819.50	31,105,942.54
Notes payable	207,439.42	2,969,307.71
Total trade accounts payable	<u>37,105,258.92</u>	<u>34,075,250.25</u>
Other payables		
Accrued expenses	14,924,903.52	12,669,238.65
Revenue Department payable	4,254,544.91	4,158,454.75
Assets payables	12,535,040.35	12,687,464.13
Others	12,820.18	209,700.96
Total other payables	<u>31,727,308.96</u>	<u>29,724,858.49</u>
Total trade and other payables	<u>68,832,567.88</u>	<u>63,800,108.74</u>

#### 14. FINANCIAL LEASE LIABILITIES

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

	<i>(Unit: Baht)</i>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
Within 1 year	297,527.96	419,568.00
Over 1 year but less than 5 years	558,505.27	870,681.00
Total	856,033.23	1,290,249.00
Less: Deferred interest	(31,398.34)	(101,658.87)
Present value of the minimum amount to be paid under financial lease	824,634.89	1,188,590.13
Less: Current portion of liabilities	(266,129.62)	(373,500.27)
Net	<u>558,505.27</u>	<u>815,089.86</u>

#### 15. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

	<i>(Unit: Baht)</i>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
Long-term loans from bank	5,971,326.63	7,103,185.43
Less: Current portion of loans	(1,052,214.69)	(1,016,724.04)
Net	<u>4,919,111.94</u>	<u>6,086,461.39</u>

On 31 July 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 10 including the benefit from insurance policy of those assets to the lender and the Company's director guarantee.

#### 16. LOANS FROM DIRECTORS

The Company has obtained loans from director in order to use as the Company's working capital without agreement entering and interest bearing.

## 17. EMPLOYEE BENEFIT OBLIGATIONS

Long-term employee benefit obligations are compensation paid to employees when they retired as at 31 December 2012 are as follows:

	<i>(Unit: Baht)</i>
Employee benefit obligations as at 31 December 2011	987,304.00
Current costs of services and interest	294,247.00
Benefits paid during the period	-
Employee benefit obligations as at 31 December 2012	<u>1,281,551.00</u>

## 18. 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. Tanyapon Kraibhubes	Shareholder and director	Loans form director, guarantee liabilities without remuneration
Mr. Praty Levan	Shareholder and director (since 20 April 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 rental, land with its construction rental

<u>Related persons and persons name</u>	<u>Relationship</u>	<u>Related transactions</u>
C&N International Ordinary Partnership	Shareholder and director , and director's relative ( by Mr. Praty Levan)	Sale of goods (franchise)
Bevita International Co., Ltd.	Director's relative (Mrs. Rukchanok Chiangtong is near relative of Mr. Praty Levan)	Purchase of goods
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 1 October 2012, Mr. Wasan Khocharoen is not related person of the Company since there is no any land lease transactions with Thanaphumi Body of persons.)

<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 rental	As indicated in agreement
Land with its construction rental	As indicated in agreement equal to appraisal value of independent appraiser

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

	<i>(Unit: Baht)</i>	
	<b>For the years ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues from sales</b>		
C&N International Ordinary Partnership	3,755,926.07	-
V&P Ordinary Partnership	2,767,838.21	2,472,390.38
Mr. Wasan Khocharoen	276,072.58	715,661.40
<b>Other income</b>		
C&N International Ordinary Partnership	8,970.00	-
V&P Ordinary Partnership	438,098.37	514,145.76
S&V Ordinary Partnership	18,691.59	-
Mr. Wasan Khocharoen	4,379.26	33,213.58
<b>Purchase of goods</b>		
Bevita International Co., Ltd.	5,259,346.00	4,892,523.36



(Unit: Baht)

	<b>For the years ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Land rental</b>		
Thanaphumi Body of persons	-	944,516.13
<b>Land with its construction rental</b>		
Thanaphumi Body of persons	348,000.00	-
(since 1 October 2012, rented from Mrs. Tanyapon Kraibhubes )		
<b>Purchase of land</b>		
Mr.Suwin Kraibhubes and Mrs. Tanyapon Kraibhubes	-	19,240,000.00
( note 19.2 )		

18.2 The balance with its related persons and parties as at 31 December 2012 and 2011 are as follow:

(Unit: Baht)

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Trade accounts receivable</b>		
C&N International Ordinary Partnership	351,673.50	-
V&P Ordinary Partnership	-	307,706.96
Mr. Wasan Khocharoen	-	98,241.38
<b>Trade accounts payable</b>		
Bevita International Co., Ltd.	980,000.00	-
<b>Loans from directors</b>		
Mr.Suwin Kraibhubes and Mrs. Tanyapon Kraibhubes	-	954,073.32

18.3 Guarantees

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

Guarantee financial lease liabilities (note 14)

Guarantee loans under long-term loans agreement (note 15)

## 19. SHARE CAPITAL

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

- 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 31 July 2012.

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 31 July 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 31 July 2012 and on 1 August 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 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 6 December 2012.

19.2 According to the shareholders' extraordinary meeting No.1/2011 held on 22 December 2011, the Company passed the resolution to proceed with the following:

- 1.) Increase the Company's share capital from Baht 5 million to Baht 55 million by issuing new 500,000 ordinary shares of Baht 100 each amounting to Baht 50 million which allotted to the existing shareholders.
- 2.) Pay the increase share capital by the other assets rather than monetary, land in which the ownership belongs to Mr.Suwin Kraibhubes and Mrs. Tanyapon Kraibhubes that had fair value from appraisal value by the independent appraiser amount of Baht 19.24 million and received the transferring of loans repayment from directors in the amount of Baht 30.76 million.

The Company has registered the increase share capital with the Ministry of Commerce on 23 December 2011.

## **20. 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 until 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

## **21. DIVEDEND PAID**

- 1.) According to the shareholders' extraordinary meeting No.2/2012 held on 31 July 2012, the Company passed the resolution to proceed the dividend payment for which the Company has retained earnings up to 31 December 2011 amount of Baht 172.07 million, net profit for the three-month periods ended 31 March 2012 amount of Baht 38.03 million, retainings earnings as at 31 March 2012 amount of Baht 210.10 million. The Company has resolution to pay dividend from such retained earning to the shareholders whose names appear in the shareholders register as at 30 June 2012 for 550,000 shares at Baht 329 each amounting to Baht 180.95 million. Such dividend was paid on 31 July 2012 and 1 August 2012 and appropriated for legal reserve amount of Baht 9.05 million.
- 2.) According to the Board of directors' meeting No.5/2012 held on 6 August 2012, the Company passed the resolution to pay interim dividend from the results of operations for the six months ended 30 June 2012 to the shareholders whose names appear in the shareholders register as at 8 August 2012 for 217.5 million shares at Baht 0.16 each amounting to Baht 34.80 million. Such dividend was paid on 10 August 2012 and appropriated for legal reserve amount of Baht 1.74 million.

The Company has paid the above mentioned dividend total amount of Baht 215.75 million and appropriated legal reserve amount of Baht 10.79 million.

## **22. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES**

### **22.1 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.

### **22.2 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.

## **23. 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 year ended 31 December 2012 amount of Baht 0.91 million.

## 24. EXPENSE ANALYZED BY NATURE

The significant expenses analyzed by nature for the years ended 31 December 2012 and 2011 as follow:

	<i>(Unit: Baht)</i>	
	<b>2012</b>	<b>2011</b>
Chnages in finished goods		
and work in progress	(32,820,447.10)	(19,097.02)
Purchase of goods	252,119,487.01	193,782,414.97
Employee benefit expenses	116,743,452.97	84,169,872.68
Management benefit expenses	15,773,511.38	13,316,775.90
Directors' remuneration	1,013,827,.00	50,000.00
Depreciation and amortization	22,667,566.17	17,346,389.54
Rental and services	107,645,713.00	74,837,045.87
Advertising and sales promotion expenses	17,507,632.37	6,924,081.85
Loss from devaluation of inventories	287,940.94	784,907.87
Reversed allowance for devaluation of inventories	(3,777,404.21)	-

## 25. 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.

## 26. COMMITMENT AND CONTINGENT LIABILTIES

The Company has obligations under lease of space and services agreements of the Company's branches for the periods from 1year to 3 years. The Company is liable on payment rental and service under agreement as at 31 December 2012 as follows:

	<i>(Unit:Baht)</i>
Payment within	
1 year	111,410,223.12
Over 1 year but less than 3 years	105,622,602.43
Total	<u>217,032,825.55</u>

## **27. 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.

### **27.1 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 15 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.

### **27.2 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.

**28. 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 31 December 2012, the Company has debt to equity ratio equal to 0.09.

**29. EVENTS AFTER THE REPORTING PERIOD**

According to the minutes of Board of directors' meeting No1/2012 held on 22 February 2013, passed the resolution to submit the approval to the shareholders' meeting for dividend payment from the 2012 results of operation for the increment from interim dividend payment as stated in note 21 for 300 million shares at Baht 0.35 each, totaling Baht 105.00 million.

**30. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Company's Board of directors on 22 February 2013.