



INFORMATION OF MEMORANDUM
REGARDING THE LAND LEASING AND INVESTMENT OF BUILDINGS CONSTRUCTION
BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

(Translation)
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BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

The Board of Directors' Meeting of Beauty Community Public Company Limited (the "Company " or "BEAUTY"), No. 6/ 2012 on October 5, 2012, and the resolution of the shareholders of the Company No. 3/2012 on October 17, 2012 approved the land leasing from Mrs. Tanyapon Kraibhubes who is a director and major shareholder of the Company to construct the Buildings for warehouse, staff accommodation, training center and office space. The vacant land has, Estate Title Deed No. 168083, plot number 1951 located at Klong Kum district (Bang kapi) BuengKum, Bangkok with the space of Estate 3 rai - 15 square wah, located near the headquarter of the Company which facilitate operation business. The leasing period was 20 years with the total fee of Baht 21.84 million (appraised by an independent appraiser). The Company registered the land lease agreement with the Land Department, on June 11, 2013.

Subsequently, The Board of Directors' Meeting, No. 2/2014 on February 25, 2014 and No. 3/2014 on March 5, 2014, approved the revision of the land leasing by attaching the amended terms and conditions as following:

1. To extend the period of the leased land for 10 more years starting from 2034 -2063 and pay the rental fee, based on the appraisal report from an independent appraiser, of Baht 16.44 million resulting in a total lease term of 30 years and the lease value of approximately Baht 38.28 million. The Company received the report of the building structure and value from an engineer company who supervise construction of building. Warehouse and training center have a usage life of 30 years therefore the Company would like to extend the period of leased land to 30 years to be consistent with the usage life of the Buildings and maximize benefit to the Company. The total value of the buildings including utilities, safety system and additional construction (all called construction) is Baht 133.12 million therefore the cost of construction increase Baht 59.83 million more than estimated of Baht 73.29 million, total of Baht 133.12 million (excluding VAT)

2. Agree to amend the condition of demolishing of the Buildings at the expiration of the contract "when the lease is expired or if the lessee breaches the agreement which causes the landlord to terminate the contract prematurely, lessee who has the ownership of the Buildings, other construction agreed to demolish the Buildings and other construction to return the vacant land at the cost of lessee and removing all other assets from the building."

3. Agree to amend lease payment, to allow lessee to utilize the land from January 1, 2014. The parties agree that lease payment shall start from the date of construction completed or January 1st 2016, whichever comes first. Lessor and lessee will not collect the payment in first and second year (2014-2015) however the payment for in first and second year will be distributed from third to twentieth years.

4. At the expiration of the contract (30 years), lessor agrees to give options to lessee either to continue leasing the land (not less than 2 years) or to purchase the land before any other party, only if the lessor wishes to sell. Lessor will notify lessee in written at least 90 days prior expiration of the contract. If the lessee doesn't notify the lessor whether to continue leasing or purchase the land 90 days prior expiration date, lessor is able to seek other party to lease or sell the land.

In terms of the buildings to be constructed on leased land, the Board of Directors meeting of the Company No. 6/ 2012 and shareholders meeting No. 3/2012 had approved cost for building warehouse, training center, office and staff accommodation (all called the "Buildings") of Baht 73.29 million (excluding cost of furniture and office equipment of Baht 3.6 million and interior decoration of Baht 3.6 million and general reserves Baht 0.36 million) which was appraised on October 5, 2012. The Board Meeting No. 3/ 2014 on March 5, 2014, revalued and added value to the Buildings of Baht 59.83 million (excluding cost of decoration). The total value of the Buildings is approximately Baht 133.12 million (excluding VAT) or Baht 142.43 million (including VAT) (value of the Buildings was estimated by construction company not the final value of the construction contract). The amendment is due to the increase of construction cost per square meter from that of 2012 and the additional construction which is to cover and support the products and inventory turnover which also increase as the Company expands distribution channels. Total value of the investment which need the approval of shareholders is less than Baht 180.71 million (excluding VAT). The Company expects the construction between June 2014 to December 2015 and decoration for furniture and equipment during May to December 2015 and ready to move in for operation in January 2016.

Considering that at the end of the leasing period, there will be no transfer of ownership of the building to the lessor. Lessee is obligated to demolish and reverts the land to the original condition in order to deliver back to the lessor. As for the purpose of constructing the Buildings for the Company's business operation, the Board of Directors has the discretion to calculate the leased land throughout 30 years and the value of the Buildings to ask for approval to annual general meeting.

BEAUTY hereby discloses the information related to the transaction to the Stock Exchange of Thailand ("SET") or any other action in order to meet the criteria of the Securities and Exchange Commission ("SEC") including meetings of shareholders for approving the transaction which must have the votes of not less than 3 out of 4 of the total votes of shareholders attending the meeting and entitled to vote, excluding the shareholders who has vested interest of connected party. The Company is obligated to conduct a meeting of the shareholders of the Company to approve the transaction and other related items and disclosure information on such items as follows.

1. Date, month and year on which the transaction occurs

The Company will enter into long-term lease for 30 years with the Land Department and start the construction after the approval of the General Meeting of Shareholders in 2014 which will be held on April 25, 2014. The Company expects the building to be completed within 19 months or December 2016.

2. The parties involved, relationship with the Company

Lessee : Beauty Community Public Company Limited

Lessor : Mrs. Tanyapon Kraibhubes

Relationship with the Company : Mrs. Tanyapon Kraibhubes is a major shareholder, director and Vice Chief Executive Officer

3. General characteristics of the transaction, Calculation of size of the transaction and details of connected transaction

3.1 General description

The Company will extend the term of the leased land with Mrs. Tanyapon Kraibhubes for another 10 more years and designated compensation as the appraisal report from an independent appraiser. The total estimation value of Baht 16.44 million, resulting in a total lease term of 30 years and the leased value of approximately Baht 38.28 million. The Company received the reports of the building structure and value from an engineer company who supervises construction of building. Warehouse and training center have a usage life of 30 years therefore the Company would like to extend the period of leased land to 30 years to be consistent with the usage life of the Buildings and maximize benefit to the Company. The lessee may start construction from January 1, 2014. The parties agreed that lease payment shall start from the date of construction completed or January 1, 2016, whichever comes first. Lessor and lessee will not collect the payment in first and second year (2014-2015) however the payment for first and second year will be distributed to third to twentieth years.

The Company will invest in warehouse, training center, office and staff accommodation including construction, building structure and additional construction with the amount of Baht 133.12 million (excluding VAT) or Baht 142.44 million (including VAT) (value of construction was estimated by an engineering company not the final value of the construction contract). The additional construction which is to cover and support the products and inventory turnover which also increase as the Company expands distribution channels.

Considering that at the end of the leasing period, there will be no transfer of ownership of the building to the lessor. Lessee is obligated to demolish and reverts the land to the original condition in order to deliver back to the lessor. As for the purpose of constructing the Buildings for the Company's business operation, the Board of Directors has the discretion to calculate the leased land throughout 30 years and the value of the Buildings to consider the transaction

In the event the shareholders do not approve the Transaction, the Company cannot extend the leasing period for another 10 years, but the land leasing agreement for 20 years is not terminated and remains effective. However, if the Company cannot lease the land for 30 years, it will not cover the usage of building's life and will not be accordance with the accounting standard regarding assets depreciation. Therefore, if the shareholders do not

approve the Transaction, the Company will terminate the 20-year lease agreement and find other options to construct the Buildings. Therefore, the transaction above will be proposed in the general meeting of shareholders in 2014 for consideration and approval. Details are as following:

3.2 Calculation of size of the transaction

Calculating the size of the acquisition, as detailed below.

Size of the transaction (leasing fee of land and buildings construction) Baht 180.72 million

<u>(Unit : Million)</u>	<u>The Company</u>
Total Assets	1,138.06
Intangible Assets	10.76
Deferred Tax	0.41
Total Liabilities	134.84
Net Total Assets	1,126.88
Net Tangible Assets (NTA)	992.05

Note: * Consolidated Financial Statements at December 31, 2013 was audited by the auditor.

Calculation of transactions based on comparison calculation.

- 1 Value of Consideration Criteria
 - Unable to calculate
- 2 Net Profit Criteria
 - Unable to calculate
- 3 Total Compensation value =
$$\frac{\text{Compensation or Paid Amount} \times 100}{\text{Total Assets of the Listed Company}}$$

$$= \frac{180.72 \times 100}{1,126.88}$$

$$= 16.04\%$$
- 4 Equity value of listed Company
 - Unable to calculate

Note : NTA is total assets - intangible assets - total liabilities – minority

Intangible assets is goodwill or amortizing assets

Calculation of size of the connected transaction

$$\begin{aligned} \text{Asset Value} &= \frac{\text{Value of Consideration} \times 100}{\% \text{ NTA of the Listed Company}} \\ &= \frac{180.72 \times 100}{992.05} \\ &= 18.22\% \end{aligned}$$

Note : NTA is total assets - intangible assets - total liabilities – minority

Intangible assets is goodwill or amortizing assets

4. Details of the acquired assets

Information of Land

Leasing Estate	Estate Title Deed No. 168083 , plot number 1951 Klong Kum district (Bang kapi), Bueng Kum, Bangkok
Address	Soi Nuanchan 34 Nuanchan Road Klong Kum(Bang kapi), Bueng Kum, Bangkok 10230
Size of the estate	3-0-15 rais (1,215 square wah)
Ownership	Mrs. Tanyapon Kraibhubes
Obligation	None
Other conditions:	<ul style="list-style-type: none">- Both parties agree as indicate with the period of 30 years starting from January 1, 2014. The parties agreed to collect payment from the date of construction completed or January 1, 2016, whichever comes first.- Allow lessee to construct buildings and other construction in January 1, 2014- At the expiration of the contract (30 years), the lessor agrees to give options to lessee either to continue leasing the estate (not less than 2 years) or to purchase the land before any other party in the event that the lessor wishes to sell. The lessor will notify lesser by written form 90 days prior expiration of the contract. If the lessee hasn't notified the lessor whether to continue leasing or sell the land 90 days prior expiration date, the lessor will seek other party to lease or sell the land.- In case of lessee continues leasing or purchase the land, the leasing fee for the first 2 years after the expiration will increase up to 3% from the last payment and charged at the market price after the first 2 years or the market price in case of purchasing the land.

Construction detail

The Company hired Pisit Architect Atelier Co., Ltd., an engineer who supervises the construction and design of the building and other construction, to construct warehouse, training center, additional office space, and staff accommodation design and estimate utilized spaces. The costs of the Buildings are as follow:

	Size	Usable area (sqm.)	Estimate cost of construction, excluding VAT (Baht million)	Estimate cost of construction , Including VAT (Baht million)
1. Warehouse	Reinforced concrete 3 levels Size 14.85*20 meters	2,318	42.21	45.16
2. Training Center and Office	Reinforced concrete 4 levels Size 17.7 * 30 meters	2,024	32.56	34.84
3. Staff Accommodation	Reinforced concrete 2 levels Size 17 *18 meters	524	8.39	8.98
4. Car parking and landscape	Size 9.30 * 53 meters	3,286	9.13	9.77
Expense for preparing			2.36	2.52
Additional projects such as air conditioning system, elevator Emergency lighting systems etc.			20.77	22.22
Operating fees by contractor			11.36	12.16
Reserved expenses (5%)			6.34	6.78
Total			133.12	142.43

The total cost of construction, the Buildings was estimated of Baht 133.12 million (excluding VAT) or Baht 142.43 million (including VAT) (value of construction was estimated by construction company not the final value of the construction contract).

5. Total Compensation value

1. Leased land title Deed No. 168083, plot number 1951 Klong Kum district (Bang kapi), Bueng Kum , Bangkok, a total area of 3 rai - 15 square wah for 30 years representing Baht 38.28 million.

2. Cost of the Buildings including warehouse, training center, office and staff accommodation and car parking space of approximately Baht 133.12 million (excluding cost of decoration) or Baht 142.44 million (including VAT).

Total value of the consideration is Baht 171.40 million (excluding VAT) or Baht 180.72 million (including VAT). Criteria used to determine the value of the considerations are as agreed in the contract (leased land for 30 years) which is based on general commercial terms, reference from appraised by an independent appraiser. The payment will be made monthly for 30 years, the payment for construction will be paid as construction progress for 19 months period.

6. Value of assets acquired

The value of the assets acquired from land leasing for 30 years and construction of Buildings is Baht 180.72 million (Including VAT).

7. Criteria used to determine the value of consideration

The value of consideration for entering the acquisition of land leasing for 30 years is Baht 38.28 million which is the estimation from independent appraisal company and construction of the Buildings of Baht 142.44 million from an engineering company who design structure for building including building construction, structure and additional project.

8. Benefits expected to be occurred to the Company

8.1 Increase the ability in sale, service and competitiveness

Currently, the lacking in working space does not support the expansion of the company's business as it can be recognize by the increasing in sale and branches therefore the expansion of working space, warehouse, training center and office including employees accommodation are to support and beneficial to sale, service and also to increase competitiveness.

8.2 Ownership of construction for 30 years

The Buildings (designed by the Company) can meet the need of the Company since the Company could not find other warehouse, training center, office and staffs accommodation that are in the same area and close to current office for long term lease of 30 years. The Company constructs new Buildings to raise the image of the Company to the potential customers and investors as a listed company, leading cosmetic retailers in Thailand and able to arrange the Company visit event to the investors hence investors are more confidence investing in the Company.

8.3 Increase management flexibility

Currently, warehouse management is scatter and inflexible, if the Company can manage its own warehouse the Company can manage its raw materials, finished goods and packaging in the same area and easy to transport. In case of staffs training, if the Company has spaces for employees training it will increase the employee potential. There are times when staff from the office gives a lecture which will be easier and allow staffs to be closer to each other. There is also photography studio for marketing to access since marketing used to share meeting room or renting photograph studio for their work.

8.4 To increase business expansion

After the completion of the Buildings, the Company expects that new Buildings will support the growth of income and profit continuously since the Company can expand more branches and availability of space to store inventory. The training program for both product knowledge and selling technique will build their customers' confidence which will help sales promotion.

8.5 Increase efficiency of cost management

Having the space allows the Company to lower the cost, the Company doesn't need to rent warehouse, space for training and accommodation. The Company expects that the new building will support in the long run.

8.6 Increase efficiency in employees

The Company has its own building to train its staffs and provide accommodation for its staffs because they consider that staff is one of key success for doing business and providing knowledge to sales staff will generate income to the Company. If the Company can organize training program more frequently, it will increase staff's capability to be professional. The providing of accommodation is one of welfare to staff to keep the quality of employee to be with Company for a long period of time.

9. Sourced of fund

The Transaction that BEAUTY to enter into long-term lease for 30 years with construction of the Buildings, which requires approximately Baht 180.72 million, is divided into 2 categories which are monthly payment as agreed in the Agreement and payment for the construction of the Buildings to be completed within 19 months. Fund will be from the remaining of the IPO proceeds and cash from operation of the Company.

10. Term of Transaction

BEAUTY will hold a shareholder meeting to approve of such a transaction. The vote must not be less than 3 out of 4 of the total votes of shareholders or proxies (if any) attending the meeting and entitled to vote, excluding the shareholders who has vested interest of connected party. The shareholder meeting will hold on April 25, 2014.

11. Opinion of Independent expertise

The appraisal report was done by True Valuation Co.,Ltd which has been approved by Thai Valuers Association (TVA) and the Valuers Association of Thailand (VAT). True Valuation Co.,Ltd has no affiliation or relationship with the Company and appraisal report is for public which can be disclosed.

12. Nature and Scope of interest of connected person

Mrs. Tanyapon Kraibhubes, as the lessor to the Company, director and Vice Chief Executive Officer, consider as a connected party. Details are as following:

Name	Relationship	Position in BEAUTY	Number of shares	
			Shares	(%)
Mrs. Tanyapon Kraibhubes	Related Person	Director and Deputy Chief Executive Officer	64,999,800	21.67
Mr. Suwin Kraibhubes	Spouse of Mrs. Tanyapon Kraibhubes	Director and Chief Executive Officer	97,000,000	32.33
Mrs. Turian Sriyong	Mrs. Tanyapon Kraibhubes's mother	-	22,185,300	7.40
Mr. Boonchuay Yokkrabat	Mrs. Tanyapon Kraibhubes's father	-	3,982,400	1.33
Ms. Monsoothatip Malaukaranun	Mrs. Tanyapon Kraibhubes's sister	Director	4,000,000	1.33
Total			192,167,500	64.06

13. Opinion of Board of Directors concerning a decision to enter into a transaction

The Board of directors, excluding the directors who are connected parties, considered that the transaction is reasonable that such a connected transaction is needed and is for beneficial for the Company such as expanding the space to support the expansion of the branches, increase efficiency of cost management and employees etc therefore the board has approved and proposed to shareholder meeting to approve.

14. Opinions of the Company's Audit Committee which are different from the opinions of the Board of Directors

Audit committee of the Company considered and agreed with the Board of Director and will propose opinion of audit committee of connected transaction to the 2014 annual general shareholder meeting which will be held on April 25, 2014.

15. The invitation letter to the shareholders of the Company

The Company will send the invitation letter to attend the 2014 annual general shareholder meeting which will be held on April 25, 2014 including opinion of independent financial advisor to shareholder at least 14 days prior to meeting.

The Board of Director certifies information of memorandum regarding transaction as appropriated to propose to the 2014 annual general shareholder meeting and appointed Mr. Suwin Kraibhubes as Chief executive officer to sign in the information of memorandum.

(Mr. Suwin Kraibhubes)

Chief Executive Officer

ATTACHMENT RELATING TO BEAUTY'S INFORMATION

1. Company and Summary of Operation

(Investors can learn more about Company in the annual report 2013 which is delivered with Information Memorandum)

Beauty Community Public Company Limited (the "Company" or "BEAUTY") is formerly known as Monopolitan Co., Ltd. The Company was established on October 19, 2000 with a paid-up capital of 1 million baht and founded by Mr. Suwin and Mrs. Tanyapon Kraibhubes. The Company is in cosmetic and skincare products retail business. In July 2012, the Company had its registered capital of Baht 300 million and listed the Company's ordinary shares in the Stock Exchange of Thailand on December 12, 2012.

The company's business engages with cosmetic and skincare products that contain natural extracts, currently products are distributed under the 5 categories:

1. BEAUTY BUFFET

"BEAUTY BUFFET" is a unique and outstanding brand which presents a mixed concept between buffet restaurant and cosmetic shop. Target customers are teenage high school to adults. As at December 31, 2013, BEAUTY BUFFET has 179 retailers in Thailand and 4 retailers overseas which 3 of them are in Cambodia and 1 in Vietnam.

2. BEAUTY COTTAGE

"BEAUTY COTTAGE" is made of natural ingredients. The product packaging and retail shop has a vintage theme which blends art and craft concept and distributes under the brand "Beauty Cottage" (Single brand) by targeting college student and adults. As at December 31, 2013, BEAUTY COTTAGE has 50 retailers in Thailand which focus on shopping malls in Bangkok and upcountry. There are 2 international retailers which are in Cambodia and Vietnam.

3. BEAUTY MARKET

"BEAUTY MARKET" is a mixture of supermarket and cosmetic shop with the concept of supermarket and the excitement of cosmetic shopping created Beauty specialty store that focuses on beauty. BEAUTY MARKET products are divided into make-up, skin care, body hygiene, perfume, hair care, deodorant, beauty drink, food supplement, accessories, men's care, etc. Targeting customers are both female and male. BEAUTY MARKET was established in July 2013 and at the end of 2013 BEAUTY MARKET has 3 retail stores which are located at Seacon Square Srinakarin, Future Park Rangsit and Central Airport Chiang Mai.

4. MADE IN NATURE

Its concept involves products from nature presented through packaging design with natural tone. The products include high quality skin care with imported ingredients especially from Korea, are to be offered at premium mass level through large retail shops or modern trade. The target group is male and female who cares about his/her personal appearance and are high-end supermarket customers. In 2013, the Company launched 5 SKUs new products which are bath cream, skincare serum, cleansing foam, skincare product for night time and mineral water spray under the concept of Collagen&Q10. The products are distributed through 11 modern trade and major super

market channels such as BIGC Supermarket (115 branches), Tesco Lotus (153 branches), Top Supermarket (49 branches).

5. Girly Girl

In the 4th Quarter of 2013, the Company launched 8 SKUs new product under the brand Girly Girl which is Fighting Brand skincare and cosmetic for teenagers under the concept of White & Baby. The product focuses in modern and the size of the products which is small so that it can be distributed through convenience stores and catalog for instant Seven Eleven, Family Mart, Seven Catalog, Friday Catalog and Traditional Trade by focuses in teenager customer with reasonable price. The products have been distributed through Seven Catalog at the end of 2013.

Revenue Structure

1. Revenue Structure by Distribution Channel

(Unit : Million)

Revenue By Distribution Channel	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Branches	592.55	96.30	736.66	94.73	924.03	92.16
Franchise	13.73	2.23	20.84	2.68	23.90	2.38
Wholesales & Others	5.79	0.94	6.12	0.79	9.39	0.94
Modern Trade	-	-	6.26	0.80	18.94	1.89
Other	3.24	0.53	7.77	1.00	26.41	2.63
Total	615.31	100.00	777.65	100.00	1,002.66	100.00

2. Revenue Structure by Products

(Unit: Million)

Revenue structure by Products	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Makeup	314.28	51.08	383.67	49.34	452.67	45.15
Skincare	257.57	41.86	339.13	43.61	461.15	45.99
Food supplement	-	-	-	-	1.13	0.11
Accessories	40.22	6.54	47.09	6.06	61.30	6.11
Total	612.07	99.48	769.88	99.00	976.25	97.37
Other	3.24	0.53	7.77	1.00	26.42	2.63
Total	615.31	100.00	777.65	100.00	1,002.66	100.00

3. Revenue Structure by Brands

(Unit: Million)

Revenue Structure	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Revenue from Beauty Buffet						
Make up	311.42	50.61	347.42	44.68	382.83	38.18
Skincare	253.15	41.14	287.23	36.94	359.21	35.83
Food Supplement	-	-	-	-	0.87	0.09
Accessories	39.58	6.43	41.41	5.32	49.45	4.93
Total Revenue from Beauty Buffet	604.14	98.18	676.06	86.94	792.36	79.03
Revenue from Beauty Cottage						
Make up	2.86	0.47	36.25	4.66	64.09	6.39
Skincare	4.41	0.72	44.98	5.78	70.98	7.08
Accessories	0.66	0.11	5.68	0.73	11.14	1.11
Total Revenue from Beauty Cottage	7.93	1.29	86.91	11.18	146.21	14.58
Revenue from Beauty Market						
Make up	-	-	-	-	5.75	0.57
Skincare	-	-	-	-	4.79	0.48
Food Supplement	-	-	-	-	0.26	0.03
Accessories	-	-	-	-	0.71	0.07
Total Revenue from Beauty Market	-	-	-	-	11.50	1.15
Revenue from <u>Made in nature</u>	-	-	6.92	0.89	25.77	2.57
Revenue from <u>Girly Girl</u>	-	-	-	-	0.40	0.04
Other	3.24	0.53	7.77	1.00	26.42	2.63
Total Revenue	615.31	100.00	777.65	100.00	1,002.66	100.00

2. The Company's Board of Directors and major shareholders at the closing book date are as follows:

Board of Directors consist of 8 directors:

Name – Last name		Position
1	Pol.Lt.Gen. Padet Charuchinda	Independent Director and Chairman of the Board
2	Mr. Suwin Kraibhubes	Director
3	Mrs. Tanyapon Kraibhubes	Director
4	Ms. Monsoothatip Malaukaranon	Director
5	Mr. Praty Levan	Director
6	Dr. Peerapong Kitiveshpokawat	Independent Director and Chairman of the Audit Committee
7	Col. Attapon Srisangwan	Independent Director and Audit Committee
8	Mr. Viboon Pojanalai	Independent Director and Audit Committee

Authorized Directors to sign and bind the Company include: Mrs.Tanyapon Kraibhubes jointly signs with Mr.Suwin Kraibhubes and affix the Company's seal or Mrs.Tanyapon Kraibhubes or Mr.Suwin Kraibhubes jointly sign with Ms. Monsuthathip Mala-akaranun or Mr.Praty Levan, totaling 2 signatures, and affix the Company's seal or filing any documents to The Revenue Department, Ministry of Labour and Social Welfare, Immigration Bureau, Customs Department, Department of Land and the application for registration of rights and juristic acts with the Department of Lands property, office or land and the filling of financial statements, shareholders at the Department of Business Development, Ministry of Commerce to Mrs. Tanyapon Kraibhubes or Mr.Suwin Kraibhubes or Ms.Monsuthathip Mala-akaranun or Mr. Praty Levan two/fourth (2/4) jointly signed and affix the Company's seal.

Major Shareholders

Shareholders	As at 12 March 2014	
	No. of shares	%
1	Mr. Suwin Kraibhubes's group includes	
	1.1 Mr. Suwin Kraibhubes	97,000,000
	1.2 Tanyapon Kraibhubes	64,999,800
	1.3 Mrs. Thurian Sriyong	22,185,300
	1.4 Mr. Boonchuay Yokkabutr	3,982,400
	1.5 Ms. Monsoothatip Malaukaranon	4,000,000
	Mr. Suwin Kraibhubes's group	192,167,500
2	Mr. Pracha Dumrongsuthipong	11,200,000
3	Thai NVDR Co.,Ltd.	8,411,600
4	HSBC (SINGAPORE) NOMINEES PTE LTE	5,349,400

Shareholders		As at 12 March 2014	
		No. of shares	%
5	Mr. Praty Levan	4,000,000	1.33
6	STATE STREET BANK AND TRUST COMPANY	3,038,800	1.01
7	Mr. Soonthorn Curatanapisarn	2,509,000	0.84
8	Mr. Jeradech Jongwattanasinkul	2,300,000	0.77
9	Mr. Attapon Thammanon	2,162,400	0.72
10	Mr. Amornwat Tirakritporn	2,150,000	0.72
	Other	66,711,300	22.24
	Total	300,000,000	100.00

3. Connected Transaction (Year 2013)

Person/juristic person who may have conflict of interest	relations	Type of transaction	Amount (Baht)	Necessity and reasonableness	Opinion of the Audit Committee
Mr. Suwin Kraibhubes and Mrs. Tanyapon Kraiphubes	Shareholders and Company's Director	Land lease including building	348,000	The lease price was in line with market price appraised by independent appraiser. The Company uses for warehouse	The lease was reasonable and necessary for business. The lease price was fair and appraised by independent appraiser
C & N International Partnership	Mr.Praty Levan, director and shareholder of the Company holds 20% shares in the partnership.	Purchases	3,362,719	The terms and conditions of this franchise was the same to such concluded with other franchisees.	Normal transaction with reasonable trading conditions.
		Account Receivable	655,887		
		Other income	4,830	The Company collected operation costs according to the terms and conditions of franchise which were the same terms applied to other franchisees.	
B Vita International Co., Ltd. ("B Vita")	Mrs. Ratchanok Chiangthongis	Purchases	5,404,206	The price offered to the Company was lower than	Normal transaction with reasonable
		Account	922,500		

Person/juristic person who may have conflict of interest	relations	Type of transaction	Amount (Baht)	Necessity and reasonableness	Opinion of the Audit Committee
	the director and shareholder is a sister of Mr.Pratya Levan	Receivable		that of other customers as the Company ordered the large amount and it was also the lowest price compared with those offered by other distributors. Gross profit from the sale of such instant coffee was at similar level to certain Company's products.	trading conditions.

4. Financial Statement (the latest 3 years)

(Investors can learn more on financial analysis and Company operation in annual report 2013)

Balance Sheet (Unit: Baht)	2011 (Adjusted)		2012 (Adjusted)		2013	
	Amount	%	Amount	%	Amount	%
Asset						
Current Asset						
Cash and cash equivalents	105,236,513	29.72	298,264,197	27.65	192,136,884	16.88
Temporary investment	-	-	460,000,000	42.65	500,000,000	43.93
Trade account receivables and other receivables	6,997,606	1.98	11,763,268	1.09	25,844,476	2.27
Inventory	92,645,954	26.16	123,574,042	11.45	175,773,669	15.45
Total current assets	204,880,073	57.85	893,601,507	82.83	893,755,029	78.53
Non-Current Assets						
Property plant and equipment	94,643,139	26.73	122,111,200	11.32	157,013,575	13.80
leasehold	13,261,481	3.74	12,035,852	1.12	11,100,411	0.98
Intangible Assets	1,357,803	0.38	1,847,967	0.17	10,763,825	0.95
Deferred Tax	1,095,883	0.31	360,983	0.03	409,124	0.04
Other non-current assets	38,890,673	10.98	48,928,634	4.54	65,015,929	5.71
Total non-current assets	149,248,979	42.15	185,284,636	17.17	244,302,863	21.47

Balance Sheet (Unit: Baht)	2011 (Adjusted)		2012 (Adjusted)		2013	
	Amount	%	Amount	%	Amount	%
	Total Assets	354,129,052	100.00	1,078,886,143	100.00	1,138,057,892
Liabilities						
Current Liabilities						
Payable and other payable	63,800,109	18.02	68,832,568	6.38	105,207,451	9.24
Financial lease due in 1 year	373,500	0.11	266,130	0.02	-	-
Short term loan from financial institution due in 1 year	1,016,724	0.29	1,052,215	0.10	-	-
Income tax payable	50,317,867	14.21	12,951,320	1.20	25,483,263	2.24
Total current liabilities	115,508,200	32.62	83,102,232	7.71	130,690,714	11.48
Non-Current liabilities						
Financial lease	815,090	0.23	558,505	0.05	-	-
Loan from financial institution	6,086,461	1.72	4,919,112	0.46	-	-
Loan from director	954,073	0.27	-	-	-	-
Retirement benefit obligation	987,304	0.28	1,281,551	0.12	1,599,437	0.14
Other non-current liabilities	1,616,400	0.46	2,212,754	0.21	2,546,550	0.22
Total non-current liabilities	10,459,329	2.96	8,971,923	0.83	4,145,987	0.36
Total Liabilities	125,967,528	35.57	92,074,154	8.54	134,836,701	11.85
Shareholder Equity						
Authorize capital	55,000,000	15.53	300,000,000	27.81	300,000,000	26.36
Issued and paid up capital	55,000,000	15.53	300,000,000	27.81	300,000,000	26.36
Premium on capital	-	-	556,439,629	51.59	556,439,629	48.89
Retain earning – Appropriated - Appropriated for legal reserved	-	-	10,787,500	1.00	27,858,529	2.45
Retain earning - Inappropriate	173,161,523	48.90	119,584,860	11.08	118,923,033	10.45
Total Shareholder's Equity	228,161,523	64.43	986,811,989	91.47	1,003,221,191	88.15
Total Liabilities and Shareholder's Equity	354,129,052	100.00	1,078,886,143	100.00	1,138,057,892	100.00

Asset

The Company' total assets at the end of 2011-2013 were Baht 354.13 million, Baht 1,078.89 million and Baht 1,138.06 million respectively. Total assets expanded 204.66% and 5.48%, respectively. The main causes of total assets growing in 2012 are the Beauty Buffet products which have the continuous growing sales' rates including the introduction of Beauty Cottage products. Both reasons made the Company gained cash from operation, increased

more inventory stock and increased more fixed assets from expanding business and also gained more capital increases in share capital which distributed to public in December, 2012.

The current assets at the end of 2011 – 2013 were Baht 204.88 million, Baht 893.60 million and Baht 893.76 million, respectively. It is considered as 57.85%, 82.83% and 78.53% of the total assets, respectively. The Company's current assets consist of the important assets as below;

(1) Cash and Cash Equivalents at the end of 2011 – 2013 were Baht 105.24 million, Baht 298.26 million and Baht 192.14 million respectively. It is considered as 29.72%, 27.65% and 16.88% of the total assets respectively. In 2012, Cash and Cash Equivalents had been increased immensely from the profit of operation and from the capital increases in share capital which distributed to public in December, 2012.

(2) At the end of 2012-2013, the Company owned the temporary investment in amount Baht 460 million and Baht 500 million. It is considered as 42.64% and 43.93% of the total assets, respectively. It was the short-term deposits with the financial institutions which was the assets gained from the capital increases in share capital which distributed to public in December, 2012.

(3) Net trade account receivables at the end of 2011-2013 were Bath 1.90 million and Baht 3.17 million, respectively. It is considered as 0.54%, 0.29% and 0.88% of the total assets, respectively. The Company had little trade account receivables compare to total assets because distributing mainly in cash sales with 1-2 day average collection period. The Company gave the trade credit only for the franchise receivables, oversea customer and company staff, but in 2012, the Company started to distribute Made-In Nature products via Modern Trade, it increased more trade credits for this trade partner and with the increasing of sales from franchises, so, the total trade receivables were increased also. However, the Company still retained the 1-2 day average collection period, so the main unpaid-debt receivables were trade franchise receivables, and the Company staff trade receivables which have the great abatement more than ordinary receivables. Anyway, the Company has no the outstanding receivables with exceeding 1 year unpaid balance and has no any doubtful accounts.

(4) Other receivables at the end of 2011-2013 were Baht 5.09 million, Baht 8.59 million and Baht 15.80 million respectively. It is considered as 1.44%, 0.80% and 1.39% of the total assets, respectively. Most of which are the goods deposit, prepaid expenses, accrued interests and etc.

(5) Inventory at the end of 2011-2013 were Baht 92.65 million, Baht 123.57 million and Baht 175.77 million, respectively, it is considered as 26.16%, 11.45% and 15.45% of the total assets, respectively. The Company's inventories are divided into finished goods, packaging and consumable materials.

The Company doesn't have any policies to produce the products by itself, but order from the factories who provide all the production line. So that, most of inventory stock are finished goods and the packaging which have the average values around 93% of the total inventory. The finished goods have policy to book an allowance for devaluation by the aging of inventories.

At the end of 2011 – 2013, the inventory days of the Company were 170 days, 176 days and 187 days respectively. It is considered quite long because the packaging stock were in calculation. However, if we calculate only for the average finished goods days at the end of 2011-2013, the finished goods days will be 113 days, 113 days and 132 days respectively. It is reasonable to stock the products for more expansion shops and also to support newly launched concept “Beauty Market” which is larger than other branches. The Company has regularly checked the shelf-life and has managed the life of each product’s group. It retains 98.11% of the instant products and packaging in the warehouse to have not exceeding 1 year aging and the risk of the devaluation is in the low level.

(6) Non-current assets at the end of 2011 - 2013 were Baht 149.25 million, Baht 185.28 million and Baht 244.30 million, respectively. It is considered as the 42.15%, 17.17% and 21.47% of the total assets, respectively. The main non-current assets are property, plant and equipment. The values of the main non-current assets at the end of 2011 – 2013 were Baht 94.64 million, Baht 122.11 million and Baht 157.01 million, respectively. It is considered as the 29.02% and 28.58% growth, respectively. The majority investments were in the equipment and furniture for expanding Beauty Buffet, Beauty Cottage and Beauty Market retailer branches.

(7) The other important non-current assets are rights for long-term rental at MBK. In addition, the other non-current assets are rental deposits which have been increasing continuously from expanding branches and intangible assets such as the computer programs which were used for operating business.

Sourced of Fund

The total liabilities of the Company at the end of 2011 - 2013 were Baht 125.97 million, Baht 92.07 million and Baht 134.84 million respectively. The important current liabilities were following;

(1) The total amount for trade account payables at the end of 2011 - 2013 were Baht 34.08 million, Baht 37.11 million and Baht 53.07 million respectively. It is calculated as 9.65%, 3.44% and 4.66% of the total assets, respectively. The payment periods were 64 days, 58 days and 56 days, respectively. The increasing in trade account payable in 2013 was due to purchasing order for Beauty Market to distribute its product which is larger than other branches and stocking products for in end of the year.

(2) Other trade payables were accrued expenses, Revenue Department Payable, renders payable, for example, rental cost, building and office equipment. At the end of 2011 – 2013, the Company paid for Baht 29.72 million, Baht 31.73 million and Baht 52.14 million, respectively. It is calculated to be 8.42%, 2.94% and 4.58% of the total asset, respectively.

Non-current liabilities of the Company at the end of 2011 - 2013 were Baht 10.46 million, Baht 8.97 million and Baht 4.15 million, respectively. At the end of 2013, the Company spent Baht 5.97 million repay long term loans from financial institutions and Baht 0.82 million for financial leasing liabilities which was the car leasing for the executive. The other non-current liability was the employee benefit obligations.

At the end of 2011 – 2013, the shareholders' equity were Baht 228.16 million, Baht 986.81 million and Baht 1,003.22 million, respectively. In 2013, the shareholders' equity were increased more than 2012 because the increasing of the retained earnings from the Company's net profit. The Company paid out dividend 0.35 per share in 2012 for 300 million shares with the total amount of Baht 105 million. The Board of Director meeting No. 4/2013 on August 13, 2013 has passed the resolution for the Company to pay dividend for the first 6 months end at June 30, 2013 of Baht 0.30 per share for 300 million shares with the total amount of Baht 90 million (paid at September 12, 2014).

Income Statement (Unit: Baht)	2011		2012 (Adjusted)		2013	
	Amount	%	Amount	%	Amount	%
Revenue from sales	612,075,315	99.47	769,887,780	99.00	976,246,542	97.37
Cost of goods sold	175,161,522	28.47	221,161,961	28.44	287,874,460	28.71
Gross Profit*	436,913,794	71.38	548,725,819	71.27	688,372,083	70.51
Other income						
Interest	-	-	4,178,037	0.54	21,565,360	2.15
Other	3,237,969	0.53	3,588,298	0.46	4,850,539	0.48
Total Other Revenue	3,237,969	0.53	7,766,334	1.00	26,415,899	2.63
Total Revenue	615,313,284	100.00	777,654,114	100.00	1,002,662,441	100.00
Earning before expense	440,151,762	71.53	556,492,153	71.56	714,787,981	71.29
Selling expense	168,660,614	27.41	255,071,421	32.80	348,199,472	34.73
Administrative expense	72,803,075	11.83	82,450,901	10.60	101,732,337	10.15
Total Expenses	241,463,690	39.24	337,522,322	43.40	449,931,809	44.87
Profit before interest and tax	198,688,072	32.29	218,969,831	28.16	264,856,172	26.42
Interest expense	978,876	0.16	456,496	0.06	207,398	0.02
Profit before tax	197,709,197	32.13	218,513,336	28.10	264,648,774	26.39
Tax	63,485,367	10.32	45,552,497	5.86	53,239,573	5.31
Net Profit	134,223,830	21.81	172,960,837	22.24	211,409,201	21.08

Note: * Gross profit margin is calculated by gross profit divided by revenue from sale (excluding other income) which is consisting with gross profit margin in the ratio analysis.

Revenue

In 2011-2013, the total revenue were Baht 615.31million, Baht 777.65 million baht and Baht 1,002.66 million respectively which were 26.38% and 28.93% of growing rate. So, the incomes are from distributing 4 type of main products; make-up, skin care, food supplement and accessories that the average sales are 46.37%, 47.24%, 0.12% and 6.28%, respectively.

The income has been growing continuously because of the expansion of Beauty Buffet retailers, Beauty Cottage and the first release of Beauty Market in the 3rd quarter of 2013 including an increasing of Modern Trade channels in the concept of Made-In Nature which had first presented in the 2nd quarter of 2012 and Girly Girl which distributed through convenient stores, catalog and traditional trade in 4th quarter of 2013.

Cost of sales and gross profit

Cost of sales in 2011-2013 were Baht 175.16 million, Baht 221.16 million and Baht 287.87 million, respectively which calculated respectively as the 71.38%, 71.27% and 70.51% gross profit margin. Gross profit margin in 2013 declined since In the 3rd quarter of 2013, the Company started to distribute through Beauty Market which has lower gross profit margin than distributing through Beauty Buffet and Beauty therefore it decreased the total gross profit rate in 2013 comparing to the 2012.

Due to the Company doesn't have any policies to produce the products by themselves, so, the main element of the cost of sales is the cost of production for the Beauty Buffet, Beauty Cottage, and Beauty Market representing more than 99% of the cost of goods sold. The ratio is rather stable in every year because there is a little bit the fluctuation affected to the production price. The Company plans annually for the production order and the product releasing, this will provide flexibility for adjusting the pricing process conforming to the cost of production. For the other involving costs are cost of delivery, taxes and other importing expenses. These factors are considered at average as the 0.5% of total cost of sales.

For the Made-In Nature products, there is the cost structure differed from the others due to the Company distributed the products via Modern Trade. The Modern Trade distribution will be the outright sales. Term condition whether the outright sale or consignment causes the cost of goods sold for Made in Nature to be higher than Beauty Buffet and Beauty Cottage However, these kinds of distributing will decrease the expenses from sales and management of the Company such as salary of sales representatives, rental cost, training cost, commissions and etc. With this decreasing, the net profit rate of distributing Made-In Nature will be nearly with the other products.

In the 4th Quarter of 2013, the Company launched 8 SKUs new product under the brand Girly Girl which is fighting brand skincare and cosmetic for teenagers under the concept of White & Baby. Active ingredients are imported from Japan. The packaging focuses on modern teenage and the size of the products which is small so it can distribute through convenience stores and catalog for instant Seven Eleven, Family Mart, Seven Catalog, Friday Catalog and Traditional Trade by focuses in teenager customer with reasonable price. The products have been

distributed through Seven Catalog at the end of 2013. The cost of goods sold structure of Girly Girl is similar with Made in Nature.

Selling and general administrative expenses

Selling expenses in 2011 - 2013 were Baht 168.66 million, 255.07 million and Baht 348.20 million, respectively. It is considered as 27.41%, 32.80% and 34.73 of the total incomes, respectively. The Company's selling and expenses mainly came from rental and service expenses in retailer branches which were amount Baht 75.27 million, Baht 122.13 million and Baht 166.56 million, respectively in 2011-2013. It is considered as 12.23%, 15.71 and 16.61% of the total revenue, respectively. The major other selling expenses are staff costs and commission which equivalent to 10.0%, 9.93% and 10.69% of the total revenue, respectively. Advertising and promotion cost were considered on the average as 2.0%, 2.16% and 2.18% of the total income, respectively. The selling expenses has been increasing due to rental and the service costs from expanding new branches continuously including the entrance fee paid to Modern Trade for distributing Made-In Nature products and the increasing in the minimum wages.

The general administrative expenses in 2011 - 2013 were Baht 72.80 million, Baht 82.45 million and Baht 101.73 million, respectively. It is calculated as 11.83%, 10.60% and 10.15% of total incomes, respectively. The main general administrative expenses were the staff cost, in 2011 to 2013, the staff cost were Baht 38.95 million, Baht 53.87 million and Baht 73.54 million, respectively. It is calculated as 6.33%, 63.93% and 7.33% of the total incomes. For the other general administrative expenses such as travelling, training, fees, office expenses, depreciation and others were considered as 3.67% and 2.82% of total incomes in 2013 and 2012, respectively.

Net profit

The Company gained the net profit for 2011-2013 in amount of Baht 134.22 million, 172.96 million and Baht 211.41 million, respectively. It is considered as the 21.81%, 22.24% and 21.08% net profit margin, respectively. The net profit margin increased because of the increasing sales and the Company paid the income tax rate which was lessened from 23% in 2012 to 20% in 2013.

Cash Flow

Statement of Cash Flow (Unit: Baht)	2011	2012	2013
Net cash provided by operating activities	146,560,898	106,068,962	192,154,071
Net cash provided by investing activities	(20,482,080)	(496,281,019)	(96,485,422)
Net cash provided by financial activities	(36,940,970)	583,239,742	(201,795,962)
Net Increase (Decrease) in Cash and Cash Equivalents	89,137,848	193,027,684	(106,127,313)

Cash Flow Liquidity

The cash flow from the Company operating activities in 2011 – 2013 were Baht 146.56 million, Baht 106.07 million and Baht 192.15 million, respectively. Mainly came from the increasing inventory to support the expansion in sales and the payment of Baht 40.76 million and Baht 82.18 million for the income tax to the Revenue Department in 2013 and 2012, respectively.

The cash flow from investing activities in 2011 - 2013 were Baht (20.48) million, Baht (496.28) million and Baht (96.49) million respectively. The Company's had a temporary investment in 2013 of Baht 40.00 million and purchased fixed asset such as the building, the equipment, the office furniture and computer program for the business operation.

Cash flow from financing activities in 2011 - 2013 were Baht (36.94) million, Baht 583.24 million and Baht (201.80) million respectively. In 2013, cash used in the financing activities, was negative because the Company repaid long term loan from financial institutions of Baht 5.97 million, Baht 0.82 million for financial leasing and Baht 195 million for dividend.

Financial ratio

Financial Ratios			2011	2012	2013
1	Liquidity Ratios				
	Current Ratio	(Times)	1.77	10.75	6.84
	Quick Ratio	(Times)	0.93	9.27	5.49
	Accounts Receivable Turnover	(Times)	402	304	148
	Average Collection Period	(Days)	1	1	2
	Inventory Turnover	(Times)	2.11	2.05	1.92
	Average Day's Sales in Inventory	(Days)	170	176	187
	Accounts Payable Turnover	(Times)	5.60	6.21	6.38
	Average Payment Period	(Days)	64	58	56
	Cash Cycle	(Days)	107	119	133
2	Profit Ratios				
	Gross Profit Margin	(%)	71.38%	71.27%	70.51%
	Operation Profit Margin	(%)	32.46%	28.16%	26.42%
	Net Profit Margin	(%)	21.81%	22.34%	21.08%
	Return in Equity	(%)	99.37%	28.63%	21.25%
3	Efficiency Ratios				
	Return on Fixed Assets	(%)	110.49%	179.58%	173.19%
	Return on Total Assets	(%)	49.68%	24.27%	19.07%
	Total Asset Turnover	(Times)	2.28	1.09	0.90

Financial Ratios			2011	2012	2013
4	Financial Policy Ratios				
	Debt to Equity Ratio	(Times)	0.55	0.09	0.13
	Interest Coverage Ratio (Cash Basis)	(Times)	177.45	331.53	1,184
	Dividend Payout Ratio	(%)	0.00%	124.21%	92.24%

5. Legal Disputes

As of December 31, 2013, the Company has no legal dispute which may cause damage to the Company more than 5% of the shareholders' equity or any other disputes that can significantly give rise to impact on its business operation.