SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-05-16** | Period of Report: **2013-03-31**
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FILER

DS HEALTHCARE GROUP, INC.	Mailing Address	Business Address
CIK:**1463959**| IRS No.: **208380461** | State of Incorp.:**FL** | Fiscal Year End: **1231**	*1601 GREEN ROAD* *POMPANO BEACH FL 33064*	*1601 GREEN ROAD* *POMPANO BEACH FL 33064* *888-404-7770*
Type: **10-Q** | Act: **34** | File No.: **001-35763** | Film No.: **13851037**		
SIC: **2844** Perfumes, cosmetics & other toilet preparations		

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

☑ Quarterly Report Pursuant to Section 13 or 15(d) of Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2013**

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _______ to _______.

Commission File No. 000-53680

DS HEALTHCARE GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida	**20-8380461**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1601 Green Road, Pompano Beach, Florida	**33064**
(Address of Principal Executive Offices)	(Zip Code)

(888) 404-7770
(Issuer' s Telephone Number, Including Area Code)

____
(Former Name, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its Corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer £	Accelerated filer £
Non-accelerated filer £ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No ☑

There were 12,160,014 shares of common stock outstanding as of May 10, 2013.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.)(d/b/a DS Laboratories) and Subsidiaries
Condensed Consolidated Balance Sheets

	March 31, 2013 **(Unaudited)**	December 31, 2012
ASSETS		
Current Assets		
Cash	**$ 196,513**	$ 412,488
Accounts receivable, net	**2,368,864**	2,125,641
Inventory	**3,482,883**	3,453,950
Prepaid expenses and other current assets	**117,041**	159,164
Total Current Assets	**6,165,301**	6,151,243
Furniture and Equipment, net	**277,699**	293,720
Advances to Related Parties	**26,000**	17,973
Intangible Assets, net	**1,647,694**	1,674,852
Other Assets	**103,635**	86,888
TOTAL ASSETS	**$ 8,220,329**	$ 8,224,676
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	**$ 2,324,417**	$ 2,327,540
Accrued expenses	**449,836**	704,882
Credit facility	**538,284**	448,658
Shareholder loans	**659,100**	353,000
Other current liabilities	**376,150**	227,407
Total Current Liabilities	**4,347,787**	4,061,487
Long Term Debt	**42,845**	45,177
TOTAL LIABILITIES	**4,390,632**	4,106,664
COMMITMENTS AND CONTINGENCIES		
Equity		
Preferred stock, $0.001 par value, 30 million shares authorized: 5,500,000 shares issued and outstanding at March 31, 2013 and December 31, 2012	**5,500**	5,500
Common stock, $0.001 par value, 300 million shares authorized:12,160,014 and 12,119,705 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	**12,160**	12,120
Additional paid-in-capital	**9,342,958**	9,244,748
Stock subscription	**(30,000)**	(30,000)
Accumulated deficit	**(5,555,984)**	(5,097,990)
Other comprehensive income	**75,551**	–
Total Shareholders' Equity	**3,850,185**	4,134,378
Non-Controlling Interest	**(20,488)**	(16,366)
Total Equity	**3,829,697**	4,118,012
TOTAL LIABILITIES AND EQUITY	**$ 8,220,329**	$ 8,224,676

See accompanying notes to condensed consolidated financial statements

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.)(d/b/a DS Laboratories) and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	For the Three Months Ended March 31,	
	2013	2012
Revenue:		
Product sales	$ 4,589,550	$ 2,108,424
Less allowances	(624,185)	(124,442)
Net revenue	3,965,365	1,983,982
Cost of Goods Sold	2,190,681	933,662
Gross Profit	1,774,684	1,050,320
Operating Costs and Expenses:		
Selling and marketing		
Commissions and consulting	259,769	299,800
Other selling and marketing expenses	497,229	463,351
	756,998	763,151
General and administrative		
Salary and personnel costs	485,730	308,722
Professional fees and consulting costs	366,842	279,496
Other general and administrative expenses	656,103	127,138
	1,508,675	715,356
Total operating costs and expenses	2,265,673	1,478,507
Operating Loss	(490,989)	(428,187)
Other Income (Expense)		
Interest income	–	591
Interest expense	(19,745)	–
Other	56,615	(12,741)
Total other income (expense)	36,870	(12,150)
Loss Before Taxes	(454,119)	(440,337)
Income Tax	7,996	–
Net Loss	(462,115)	(440,337)
Net Loss Attributable to Non-Controlling Interest	(4,122)	–
Net Loss Attributable to Shareholders	$ (457,993)	$ (440,337)
Basic and Diluted Earnings per Share:		
Weighted average shares	12,137,997	10,513,002
Loss per share	$ (0.04)	$ (0.04)
Other Comprehensive Income:		
Foreign currency translation adjustment	$ 75,551	$ –
Comprehensive loss	$ (382,442)	$ –

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.)(d/b/a DS Laboratories) and Subsidiaries
Condensed Consolidated Statements of Changes in Equity
For the Period From January 1, 2012 to March 31, 2013

	Preferred Stock		Common Stock		Additional Paid In Capital	Subscription/ Stock Receivable	Accumulated Deficit	Other Comprehensive Income	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	Shares	Amount	Shares	Amount							
January 1, 2012	**10,000,000**	**$ 10,000**	**10,502,961**	**$ 10,503**	**$6,606,668**	**$ (100,000)**	**$(1,506,893)**	**$ –**	**$ 5,020,278**	**$ (15,032)**	**$ 5,005,246**
Shares Issued:											
Sold to private investors			292,000	292	731,708				732,000		**732,000**
Less: Issuance costs					(146,400)				(146,400)		**(146,400)**
For services											
Investor relations			104,697	105	237,289	70,000			307,394		**307,394**
Employee/ associate compensation			58,249	58	158,857				158,915		**158,915**
Distributor award			78,704	79	234,060				234,138		**234,138**
Consulting			2,000	2	3,998				4,000		**4,000**
Purchase Mexican distributor			600,000	600	1,302,400	–			1,303,000		**1,303,000**
Fair value adjustment of Mexican distributors					2,879				2,879		**2,879**
Purchase brand rights			15,385	15	49,985				50,000		**50,000**
Fractional shares from reverse split			9						–		–
Shares Cancelled / Surrendered:											
Issued in error and returned			(20,000)	(20)	(55,980)				(56,000)		**(56,000)**
Surrendered			(5,000)	(5)	(16,795)				(16,800)		**(16,800)**
Warrants and Options:											
Vested for trading symbol					128,000				128,000		**128,000**
Exercised			40,700	41	4,029				4,070		**4,070**
Preferred shares converted	(4,500,000)	(4,500)	450,000	450	4,050				–		–
Disposal of Brazil distribution joint venture							15,647		15,647	15,032	**30,679**
2012 Net Loss							(3,606,744)		(3,606,744)	(16,366)	**(3,623,110)**
December 31, 2012	**5,500,000**	**$ 5,500**	**12,119,705**	**$ 12,120**	**$9,244,748**	**$ (30,000)**	**$(5,097,990)**	**$ –**	**$ 4,134,378**	**$ (16,366)**	**$ 4,118,012**

(Continued)

See accompanying notes to condensed consolidated financial statements

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.)(d/b/a DS Laboratories) and Subsidiaries
Condensed Consolidated Statements of Changes in Equity (Continued)
For the Period From January 1, 2012 to March 31, 2013

	Preferred Stock		Common Stock		Additional Paid In Capital	Subscription/ Stock Receivable	Accumulated Deficit	Other Comprehensive Income	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	Shares	**Amount**	**Shares**	**Amount**							
December 31, 2012	**5,500,000**	**$ 5,500**	**12,119,705**	**$ 12,120**	**$9,244,748**	**$ (30,000)**	**$ (5,097,990)**	**$ –**	**$ 4,134,378**	**$ (16,366)**	**$4,118,012**
Shares Issued:											
For services											
Investor relations			20,000	20	43,980				44,000		**44,000**
Distributor award			15,300	15	38,235				38,250		**38,250**
Board of Directors			5,000	5	15,995				16,000		**16,000**
Fractional shares from reverse split			9						–		–
Other Comprehensive Income								75,551	75,551		**75,551**
2013 Net Loss							(457,993)		(457,993)	(4,122)	**(462,115)**
March 31, 2013 (Unaudited)	**5,500,000**	**$ 5,500**	**12,160,014**	**$ 12,160**	**$9,342,958**	**$ (30,000)**	**$ (5,555,984)**	**$ 75,551**	**$ 3,850,185**	**$ (20,488)**	**$3,829,697**

See accompanying notes to condensed consolidated financial statements

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.)(d/b/a DS Laboratories) and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012
Cash Flows from Operating Activities:		
Net Loss	**$ (462,115)**	$ (440,337)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**143,284**	47,682
Bad debt allowance (recovery)	**201,622**	(36,758)
Change in inventory allowance	**(47,031)**	20,000
Stock issued for services	**98,250**	119,182
Warrants issued for other services	–	48,000
Changes in operating assets and liabilities:		
Accounts receivable	**(444,845)**	480,688
Inventory	**18,098**	(618,662)
Prepaid expenses and other current assets	**5,175**	(3,700)
Accounts payable	**(3,123)**	10,578
Accrued expenses	**(255,045)**	–
Other current liabilities	**148,743**	27,379
Net cash used in operating activities	**(596,987)**	(345,948)
Cash Flows from Investing Activities:		
Purchase of furniture and equipment	**(12,037)**	(14,360)
Purchase of injection molds	**(35,139)**	–
Advances to related parties	**(8,027)**	–
Disposal of Brazil Joint Venture	–	4,678
Security deposits	–	(3,000)
Net cash used in investing activities	**(55,203)**	(12,682)
Cash Flows from Financing Activities:		
Net proceeds of credit facility	**89,626**	–
Proceeds of shareholders' loans	**310,000**	–
Repayment of loans and notes	**(6,232)**	–
Net cash provided by financing activities	**393,394**	–
Effect of exchange rate changes on cash	**42,821**	–
Decrease in cash	**(215,975)**	(358,630)
Cash, Beginning of Period	**412,488**	1,284,343
Cash, End of Period	**$ 196,513**	$ 925,713
Supplemental Information:		
Cash paid for interest	**$ 19,745**	$ –

See accompanying notes to condensed consolidated financial statements

NOTE 1. – ORGANIZATION AND NATURE OF BUSINESS

Terms and Definitions

AICPA	American Institute of Certified Public Accountants
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
FASB	Financial Accounting Standards Board
FIFO	First-in, First-out
GAAP (US)	Generally Accepted Accounting Principles as applied in the United States
IFRS	International Financial Reporting Standards
SEC	Securities Exchange Commission
SFAS or FAS	Statement of Financial Accounting Standards
13-QTR	Three months ended March 31, 2013
12-QTR	Three months ended March 31, 2012
VIE	Variable Interest Entity

Organization and Nature of Business

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.) (d/b/a DS Laboratories) (the “Company”, “DS Laboratories”, ”DSKX”, “we”, “us” or “our”) was organized under the laws of the State of Florida in January 2007. Through its predecessors, the Company has been developing and marketing hair care, skin care and personal care products for over fifteen years. The Company has grown steadily over the last few years with a network of top specialty retailers and distributors throughout North America, Europe, Asia and South America. The Company researches and develops its own products, which management believes keeps the Company at the forefront of innovation. Management believes the Company is currently a leading innovator of “Liposome Technology”, which acts as a carrier agent, and has been designed to enhance the action of the active ingredients in our products. We currently offer products are within the following broad product categories:

- Hair Care
- Skin Care
- Health and Personal Care

History of the Company

The Company was incorporated in January 2007 and capitalized with the assets recovered from a terminated predecessor New York corporation. DS Laboratories, Inc. (a Florida corporation) was also incorporated in January 2007. The companies were founded by common shareholders.

In the first quarter of 2009,

- the Company acquired 100% of the outstanding shares of DS Laboratories, Inc. (a Florida corporation) and Sigma Development and Holding Co., Inc. (a Florida corporation) (“Sigma”), both for a nominal amount. DS Laboratories has been idle since its inception in 2007.
- Sigma was founded as an upscale brand addition to the Company’s product portfolio.
- Polaris Labs, Inc. (a Florida corporation) was founded to distribute versions of the Company’ s products that, for marketing purposes, are sold through physicians and foreign distributors under the Polaris brand.

The primary operating entity is DS HealthCare Group, Inc. (formerly Divine Skin, Inc.) and currently conducts its business under the “DS Laboratories” and “Divine Skin” trade names.

NOTE 1. – ORGANIZATION AND NATURE OF BUSINESS (Continued)

In the fourth quarter of 2009, we completed an agreement with DS Laboratories Brazil, LTDA to distribute our products and additional future products specifically tailored for the Brazilian market. The costs associated with procuring this agreement have been capitalized and are amortized over the life of the agreement.

In the first quarter of 2011, we began distribution of Nutra Origin brand nutraceutical products under an exclusive distribution agreement with the manufacturer. Our Chief Executive Officer' s father is part owner and COO of the manufacturer of Nutra Origin brand products.

In the third quarter of 2011, the Company finalized discussions with DS Laboratories Brazil, LTDA, to modify its joint venture distribution agreement. In exchange for 100% ownership in the joint venture, our Brazilian distributor has fully funded the product development and licensing of our products in Brazil. We will remain the license holder once the license is granted and we retain our exclusivity for Brazilian distribution. We commenced sales in the fourth quarter 2012. As of December 31, 2012, the Company had invested $26,000 in this venture which will be repaid by our distributor.

In the second quarter of 2012, we engaged in negotiations to license or acquire the Nutra Origin brand. Negotiations were completed and closed in the fourth quarter of 2012 whereby we pay $7,500 per month for an exclusive 10 year license to use the Nutra Origin brand. As part of the closing, we issued $50,000 in DSKX stock and granted a 7% equity interest in a newly formed subsidiary, Nutra Origin, Inc. We also acquired the 100% of the Pure Guild brand license (see Note 7).

In the fourth quarter of 2012, we closed on the acquisition of Divine Skin Laboratories, S.A. de CV, our Mexican Distributor ("DS Mexico") (see Note 20).

During the fourth quarter of 2012, we also completed a 10:1 reverse split and effected a name change to DS Healthcare Group, Inc. All share and per share information contained in this report gives retroactive effect to the 10:1 reverse split.

NOTE 2. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Presentation

The consolidated financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

The consolidated financial statements include the accounts of the Company and its wholly owned operating subsidiaries DS Laboratories, Inc., Sigma Development and Holding Co., Inc., Polaris Labs, Inc., Nutra Origin, Inc. and Divine Skin Laboratories, S.A. de CV. Also included in the consolidated financial statements are the activities of Velocity Storage and Packaging, LLC, and Wally Group, LLC which are accounted for as VIEs. All significant intercompany balances and transactions have been eliminated in consolidation.

Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements presented herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim condensed consolidated financial statements should be read in conjunction with the Company' s annual consolidated financial statements, notes and accounting policies included in the Company' s Annual Report. In the opinion of management, all adjustments which are necessary to provide a fair presentation of financial position as of March 31, 2013 and the related operating results and cash flows for the interim periods presented have been made. All adjustments are of a normal recurring nature. The results of operations, for the periods presented are not necessarily indicative of the results to be expected for future periods or for the year ending December 31, 2013.

NOTE 2. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Period Reclassifications

Certain prior period amounts that were combined in the December 31, 2012 consolidated financial statements (accounts payable and accrued expenses, and shareholder loans and other current liabilities) have been reclassified for comparability with the March 31, 2013 presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management' s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. We believe our estimates and assumptions are reasonable; however, such estimates and assumptions are subject to a number of risks and uncertainties that may cause actual results to differ materially from such estimates. Significant estimates and assumptions underlying these consolidated financial statements include:

- Estimates of allowances for uncollectable accounts receivable,
- Estimates of inventory obsolescence and overhead and labor cost allocations,
- Estimates assuming future earning capacity of our exclusive Brazilian distribution agreement,
- Estimates of value of equity transactions for services rendered,
- Estimates of returned or damaged product, and
- Estimates made in our deferred income tax calculations.
- Estimates made with respect to the fair values of assets acquired and liabilities assumed in our acquisition of DS Mexico.

Risks and Uncertainties

The Company' s business could be impacted by price pressure on its product manufacturing, acceptance of its products in the market place, new competitors, changes in federal and/or state legislation and other factors. The Company also has been experiencing significant growth which puts serious strains on its cash availability requirements. If the Company is unsuccessful in securing adequate liquidity, its plans may be curtailed. Adverse changes in these areas could negatively impact the Company' s financial position, results of operations and cash flows.

Cash

Cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

Accounts Receivable

Accounts receivable are reported at their net realizable value. The Company establishes an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, historical trends, and other information. Delinquent accounts are written-off when it is determined that the amounts are uncollectible. The Company also provides for allowances against accounts receivables for product returns and cooperative advertising allowances. At March 31, 2013 and December 31, 2012, the allowance for uncollectable accounts was $525,602 and $323,981 respectively. At March 31, 2013 and December 31, 2012, the Company provided $210,000 at both dates for defectives and product returns and $60,000 at both dates for advertising credits.

Inventory

Inventory is reported at the lower of cost or market on the first-in, first-out (“FIFO”) method. Our inventory is subject to expiration and obsolescence, accordingly quantities purchased and sell through rates are periodically monitored for potential overstocking or pending expiration as a basis for establishing the appropriate reserve for any estimated expiration or obsolescence.

NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture and Equipment

Furniture and equipment are recorded at cost and depreciation is provided using the straight line depreciation method over the estimated useful lives of the assets, which range from 5 to 7 years. The Company recorded $28,058 and $5,865 in depreciation expense during the three months ended March 31, 2013 and 2012, respectively. Accumulated depreciation was $179,691 and $151,633 at March 31, 2013 and December 31, 2012, respectively. Expenditures for repairs and maintenance of equipment are charged to expense as incurred. Major replacements and betterments are capitalized and depreciated over the remaining useful lives of the assets.

Long-Lived Assets

The Company has adopted ASC 360-10, *"Accounting for Impairment or Disposal of Long-Lived Assets"*, which requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Long Term Debt

Interest expense is recognized on the outstanding loan obligation as incurred and is recorded in "Interest Expense". The Company entered into a loan agreement to purchase certain warehouse equipment on December 10, 2012. (see Note 11).

Non-Controlling Interest

Non-controlling interest consists of the minority owned portion of the following:

Nutra Origin, Inc. - During the fourth quarter of 2012 the Company completed its license of the Nutra Origin brand. In addition, the Company established a new subsidiary to operate the Nutra Origin brand. As part of the license agreement, the licensor was granted a 7% non-controlling interest in the newly formed subsidiary.

Revenue Recognition

Revenue is recognized when a product is shipped and risk of loss is transfered. The Company manages the collection process for transactions processed on its website, but it outsources its fulfillment (delivery) process to third parties.

The Company' s revenue recognition policies are in compliance with ASC Topic 605, "*Revenue Recognition*", which establishes criteria that must be satisfied before revenue is realized or realizable and earned. The Company recognizes revenue when all of the following four criteria are met:

- persuasive evidence of a sales arrangement exists,
- delivery has occurred,
- the sales price is fixed or determinable and
- collectability is probable.

Shipping and handling charges related to sales transactions are recorded as sales revenues when billed to customers or included in the sales price in accordance with ASC Topic 605, "*Accounting for Shipping and Handling Fees and Costs*". Shipping and handling costs are included in cost of goods sold.

NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and Development

The Company currently maintains a functional laboratory employing two full time chemists, a part time chemist/consultant and a lab technician that identify new technology, test product alternatives and improve existing formulations. In addition, our founder and CEO devotes a substantial portion of his time in identifying new technologies and formulations to develop new products and improve existing products with the newest technology available. ASC Topic 730, "*Accounting for Research and Development Costs*" requires such activities be expensed in the year incurred. Such costs include laboratory supplies, salaries, materials and consultant fees. These costs are classified as product development, salaries, selling, general and administrative expenses in the condensed consolidated statements of operations, and amounted to $28,998 and $43,415 for the three months ended March 31, 2013 and 2012, respectively.

Income Taxes

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Income tax expense is the result of Mexican operations.

Earnings per share

The Company computes basic and diluted earnings per share amounts in accordance with ASC Topic 260, "*Earnings per Share"*. Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. Vested warrants for 253,893 shares and vested options for 32,633 shares were excluded from the earnings per share calculation because they would be anti-dilutive.

Segment Information

ASC Topic 280, "*Disclosures about Segments of an Enterprise and Related Information*," established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports issued to stockholders. Management has determined that the Company operates in one business segment, which is the commercialization and development of personal care products.

Fair Value of Financial Instruments

Fair value is defined as an exit price, which is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in measuring the fair value of assets and liabilities generally correlates to the level of pricing observability. Financial assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial assets and liabilities that are rarely traded or not quoted have less price observability and are generally measured at fair value using valuation models that require more judgment. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency of the asset, liability or market and the nature of the asset or liability. We currently do not have any financial assets and liabilities that are recurring that would require us to disclose them at fair value.

NOTE 2. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Currency

The U.S. dollar is the functional currency of our consolidated entities operating in the United States. The functional currency for our consolidated entity operating outside of the United States is the Mexican peso. We translate their financial statements into U.S. dollars as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the financial statement date.
- Income statement accounts are translated using the weighted average exchange rate for the period.

We include translation adjustments from currency exchange and the effect of exchange rate changes on intercompany transactions of a long-term investment nature as a separate component of shareholders' equity. There are currently no transactions of a long-term investment nature, nor any gains or losses from non-U.S. currency transactions.

NOTE 3. – LIQUIDITY

As of March 31, 2013, we had $196,513 in cash. The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which contemplate continuation as a going concern. We have sustained substantial operational losses since our inception, and such operational losses have continued through March 31, 2013. We have financed our operations primarily through the issuance of shares of our common stock, a line of credit and the issuance of promissory notes. At March 31, 2013, we had an accumulated deficit of approximately $5,555,984. The Company cannot predict how long it will continue to incur further losses or whether it will ever become profitable which is dependent upon the reduction of certain operating expenses and success of new and existing products. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. We have commenced implementing, and will continue to implement, various measures to address our financial condition, including:

- Continuing to seek debt and equity financing. However, there can be no assurances that the Company will be able to raise additional capital on favorable terms, or at all.
- Curtailing our rate of expansion until our cash flow improves and we can recommence these activities with appropriate working capital or funding.
- Curtailing operations where feasible to conserve cash through deferring certain of our marketing activities until our cash flow improves and we can recommence these activities with appropriate working capital of funding.

NOTE 4. – RECENT ACCOUNTING PRONOUNCEMENTS

In February 2013, the FASB amended its guidance to require an entity to present the effect of certain significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. The new accounting guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance is effective prospectively for fiscal years beginning after December 15, 2012. The Company adopted these new provisions for the quarter beginning January 1, 2013. As the guidance requires additional presentation only, there was no impact to the Company' s consolidated results of operations or financial position.

NOTE 5. – INVENTORY

Significant components of inventory at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Bulk product and raw materials	**$ 2,516,357**	$ 2,402,331
Work in process	**293,772**	237,284
Merchandise inventory	**1,121,483**	1,074,833
Inventory in transit	**4,240**	239,502
Less: Allowance	**(452,969)**	(500,000)
	$ 3,482,883	$ 3,453,950

Bulk product and raw materials – Bulk product consists of completed product formulations that have not yet been packaged in market ready packaging. Raw materials consist of bulk quantities of the various chemical components of our product along with bottles, pumps, labels and other packaging materials.

Work in process – Work in process inventory consists of merchandise inventory currently in interim production stage that is partially completed and not yet market ready.

Merchandise inventory – Merchandise inventory consists of completed formulations in market ready packaging. Our formulations are batch controlled and subject to various government regulations which, among other things, govern the purity and safety of our product.

Inventory in transit – In transit inventory consists of primarily bulk product and raw materials where title has transferred to the Company but the inventory has yet to arrive in a designated warehouse facility either Company owned or under contract.

Management evaluated the inventory at March 31, 2013 and December 31, 2012. At March 31, 2013 and December 31, 2012, a $452,696 and $500,000 allowance, respectively, for slow moving and obsolete inventory was considered necessary and recorded by the Company. The allowance applies primarily to chemical components that have expired and packaging components that are usable and in good condition except that they may no longer be used in current production due to packaging changes or were ordered in excess quantities based on current production consumption. Generally, finished goods does not require a reserve.

NOTE 6. – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Prepaid rent	**$ –**	$ 21,200
Prepaid insurance	**27,777**	24,304
Deferred issuance costs, net of amortization	**49,463**	61,828
Prepaid VAT	**7,960**	30,228
Other prepaid	**31,841**	21,604
	$ 117,041	$ 159,164

Prepaid rent – Represents the temporary timing of rent payments.

Prepaid insurance – Represents the temporary advance of deposits and scheduled premium payments made in excess of premiums expensed over the policy period. These advances totaled approximately $98,568 of which $70,791 was expensed over the policy year to date including $25,665 that was expensed during the first quarter of 2013.

Deferred issuance costs – These amounts were made in connection with obtaining financing arrangements from our asset based lender discussed more fully in Note 11, which consisted of loan origination fees, legal and due diligence fees. These deferred issuance costs totaled approximately $98,924 of which $49,461 has been amortized since origination of the financing during the second quarter of 2012. $12,365 was amortized during the first quarter of 2013.

NOTE 7. - INTANGIBLE ASSETS

Significant components of intangible assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Distribution rights in Brazil	**$ 750,000**	$ 750,000
Less: Accumulated amortization	**(262,500)**	(243,750)
Net distribution rights	**487,500**	506,250
Pure Guild brand rights	**159,086**	159,086
Less: Accumulated amortization	**(81,485)**	(77,790)
Net brand right	**77,601**	81,296
Nutra Origin license	**144,307**	144,307
Less: Accumulated amortization	**(18,526)**	(6,500)
Net license	**125,781**	137,807
DS Mexico Customer list	**981,819**	932,000
Less: Accumulated amortization	**(61,293)**	(16,945)
Net customer list	**920,526**	915,055
Goodwill	**36,286**	34,444
	$ 1,647,694	$ 1,647,852

Brazilian distribution rights - During 2009, the Company issued 300,000 shares of common stock to a Brazilian distributor in exchange for a 10 year exclusive distribution agreement in Brazil. The transaction was valued at $2.50 per share. The Company, through its exclusive distributor and former joint venture partner, is currently developing a generic Minoxidil product along with appropriate packaging for the Brazilian market, which was introduced in the 4th quarter of 2012. $18,750 was amortized during both 13-QTR and 12-QTR. During, the 3rd quarter of 2011, due to the costs involved, the Company entered into agreement with its former joint venture partner, whereby the former joint venture partner agreed to provide all required financing for the product in exchange for 100% ownership of the joint venture. The Company retained its distribution rights.

Pure Guild brand rights - During the 3rd quarter of 2009, we were approached by a customer/distributor to develop a private label brand of premium products and associated packaging materials. The Pure Guild brand of products was the result. As part of this project we obtained a 50% interest in the Pure Guild brand and the permanent exclusive rights to manufacture the Pure Guild products. In exchange for these rights, we provided $106,666 of product representing approximately 70% the initial stocking order. These rights were being amortized over 5 years, representing the basic term of the supplier agreement.

During the second quarter of 2012, we acquired the remaining 50% ownership of the Pure Guild brand from our customer/distributor in exchange for release from the exclusive supplier agreement so that we may pursue promotion of the brand through our existing distributor network. As a convenience, we also accepted return of their remaining Pure Guild inventory, which amounted to $50,000, based on the original sales price. Because we have begun to revitalize the brands position in the market, we will modify the amortization term to appropriately reflect the remaining unamortized brand rights combined with the additional brand rights acquired, to 6 years. We have evaluated the asset and determined that no impairment was considered necessary. $3,695 and $6,400 has been amortized during 13-QTR and 12-QTR, respectively.

NOTE 7. – INTANGIBLE ASSETS (Continued)

Nutra Origin brand license – We completed our negotiations to secure an exclusive license to use the Nutra Origin brand from our supplier. We have been distributing the Nutra Origin brand products for nearly a year and although the brand currently represents a relatively modest portion of our sales, we intend for this brand to expand our health and personal care product offerings into the nutraceutical market. Our CEO' s father is a part owner and was COO of the company that owns the Nutra Origin brand. He is now our Nutra Origin product manager. Our agreement requires us to pay $7,500 per month for an exclusive 10 year license to use the Nutra Origin brand, plus $50,000 in DSKX common shares. The agreement contains certain performance clauses for both parties, which permit cancellation by us after 3 years and permit cancellation by the seller if we fail to maintain stipulated minimum sales.

DS Mexico Customer list – In connection with the acquisition of our Mexican distributor, which is discussed more fully in Note 20, we acquired the customer list which was recorded at its fair value as determined by management utilizing the services of an independent appraiser. The asset is being amortized over its estimated useful life of 9 years. Accordingly, the Company recognized $44,348 of amortization expense in 13-QTR. The change in the gross value of the DS Mexico customer list is the result of foreign currency translation adjustment at March 31, 2013. The Company will assess the asset for impairment annually. At March 31, 2013 no impairment was considered necessary.

Goodwill – Also in connection with the acquisition of our Mexican distributor, which is discussed more fully in Note 20, we acquired goodwill which represents the excess of the fair value of consideration given over the fair value of the assets acquired. Its fair value as determined by an independent appraiser. The asset is not being amortized, however the Company will access the asset for impairment annually. The change in the gross value of the goodwill is the result of foreign currency translation adjustment at March 31, 2013. At March 31, 2013 no impairment was considered necessary.

The following table represents the amortized cost of the various assets over the next years.

	2013	2014	2015	2016	Beyond	Total
Asset:						
Brazil distribution rights	$ 56,250	$ 75,000	$ 75,000	$ 75,000	$ 206,250	$ 487,500
Pure Guild brand rights	11,085	14,780	14,780	14,780	22,176	77,601
Nutra Origin brand license	34,705	46,273	44,803	–	–	125,781
Mexican Customer list	76,252	101,670	101,670	101,670	539,264	920,526
	$ 178,292	$ 237,723	$ 236,253	$ 191,450	$ 767,690	$ 1,611,408

NOTE 8. – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Significant components of accounts payable and accrued expenses at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Trade payables	**$ 2,324,417**	$ 2,327,540
Accrued expenses:		
Advertising and marketing	**48,264**	60,264
Commissions	**139,396**	362,346
Facilities	**73,426**	38,023
Fees / interest	**20,658**	19,012
Insurance	**10,129**	–
Investor relations	–	44,000
Production materials	**11,000**	–
Other	–	61,807
Personnel	**25,833**	109,930
Professional fees	**33,630**	9,500
Public relations	**22,500**	–
Refunds and returns	**65,000**	–
	$ 449,836	$ 704,882

Trade payables – Consist of liabilities arising in the normal course of business, evidenced by invoices and are generally incurred in connection with the acquisition of materials, inventory or outside services. The Company has fueled its expansion in part by securing significant support from its vendors and suppliers.

Accrued expenses – Represents commitments made for goods or services provided during 13-QTR where the activity does not normally generate an invoice that can be recorded as a trade payable such as accrued commissions or where invoices were received subsequent to the end of the reporting period but the goods or services were provided prior to the end of the reporting period.

NOTE 9. – OTHER CURRENT LIABILITIES

Significant components of other current liabilities at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	**2012**
Customer deposits	$ **245,300**	$ 22,689
Credit cards	**84,570**	117,006
Taxes payable	**12,023**	78,989
Current portion of long term debt	**8,723**	8,723
Other	**25,534**	–
	$ **376,150**	$ 227,407

Customer deposits – Customer deposit represent monies advanced to us on orders for future shipments.

NOTE 10. – SHAREHOLDER LOANS

Shareholder loans - On December 10, 2012 we received an unsecured loan for $314,000 from one of our consultants who is also a shareholder. This loan is non-interest bearing and matures on December 11, 2013. During the first quarter of 2013, we received an additional $240,000 from the same consultant/shareholder under the same terms as the initial advance. The total advanced outstanding at March 31, 2013 was $554,000.

We also received a loan from Daniel Khesin, our Chief Executive Officer for $39,000. This loan is an unsecured, non-interest bearing and matures on December 25, 2013. Two installment payments totaling $3,900 have been made during 13-QTR. The net advanced outstanding at March 31, 2013 was $35,100.

On January 20, 2013, we received an unsecured loan for $70,000 from Gamma Investors, also a shareholder and affiliate of our Brazilian distributor. The loan bears interest at 3% per month and matures on May 20, 2013. The loan calls for monthly installment payments along with interest. The net advanced outstanding at March 31, 2013 was $70,000.

NOTE 11. – DEBT FINANCING

Credit Facility - On April 6, 2012 a financial institution provided the Company with a $1.5 million credit facility with an initial draw of $580,000. The credit facility provides for asset based lending collateralized by all assets of the Company. Advances are based on 80% of qualified accounts receivable and 40% of finished goods inventory. The credit facility provides for interest and bank fees, which currently aggregate to 8% (prime plus 3% plus 1.75% asset monitoring fees and other fees) per annum and expires March 24, 2014, and may be renewed under certain conditions. The credit facility is personally guaranteed by our Chief Executive Officer and, under certain conditions, may be called upon demand. The credit facility also provides for a referral fee of 4% per annum for 3 years. The Loan Agreement contains customary representations, warranties, affirmative and negative covenants and events of default. The negative covenants include, among other things, restrictions on transferring our assets, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, and creating other liens on our assets, in each case subject to customary exceptions. As of March 31, 2013, the Company had $538,284 outstanding and $255,566 available to borrow based on its advance formulas for qualified accounts receivable and finished goods inventory.

We are currently in compliance with the covenants under the credit facility, with the following exceptions;

(1) Under the terms of the credit facility, we are required to obtain a life insurance policy on the Company' s Chief Executive Officer. We are in the process of obtaining the life insurance policy and the requirement has been waived until May 31, 2013.

Long Term Debt – On December 10, 2012 the Company entered into a loan agreement for $53,900 to purchase certain warehouse equipment. The loan provides for monthly payments of $1,041 for 60 months at 5.95% interest. The first payment was required on February 18, 2013. No interest expense from this loan was recognized in 2012 due to its immateriality.

Principal payout over the life of the loan is as follows:

	2013	2014	2015	2016	2017	2018	Total
Long Term Debt	$ 8,723	$ 10,073	$ 10,689	$ 11,343	$ 12,036	$ 1,036	$ 53,900

NOTE 12. – COMMITMENTS AND CONTINGENCIES

During 13-QTR and 2012, the Company operated under several material agreements as listed below:

Lease for office and production facilities –

- The Company leased its corporate headquarters office space located in Miami Beach, Florida, on a month to month basis at $5,700 per month or $68,400 on an annual basis, which was terminated during the fourth quarter of 2012.
- In October 2012, the Company entered into a lease, which added 1,525 square feet of additional space and renewed its existing lease for a total of 1,875 square feet in sales facilities located in Ashville, North Carolina. The leases provide for monthly rent of $4,725 throughout the lease term which both expire on December 31, 2015.
- The Company leased 13,137 square feet of warehouse and production space in Pompano Beach, Florida. The lease provided for monthly rent of $6,350 and expired on October 15, 2012.
- In fourth quarter of 2012, the Company entered into a lease for 50,000 square feet in warehouse and corporate office space located in Deerfield Beach, Florida. The lease provides for monthly rent of $20,000 in the first six months and $27,000 per month thereafter. The lease term is for 22 months.

The Company is committed to lease payments over the next five years are as follows:

	2013	2014	2015	2016	Beyond	Total
Facility Leases:						
Deerfield Beach, Florida (Production) (HQ)	$ 243,000	$ 189,000	$ –	$ –	$ –	$ 432,000
Ashville, North Carolina (Sales)	42,521	56,695	56,695	—	—	155,911
	$ 285,521	$ 245,695	$ 56,695	$ —	$ —	$ 587,911

Pending and threatened litigation –

- The Company has received several pending and threatened litigations from various suppliers typically over non-payment for goods or services. Such vendor disputes are typical in the normal course of business. The Company has vigorously disputed those claims on the grounds of the substandard materials or services provided. In 2011, we received 5 supplier claims for certain advertising, human resource and consulting matters that we are disputing and filing counter claims. We settled four of these claims in 2012 and structured payouts representing our estimate of the amount due of $114,097 and $162,764 at March 31, 2013 and December 31, 2012, respectively.
- On June 13, 2011, we filed an action in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida for the rescission of an investor relations and consulting agreement entered into on or about October 15, 2010 whereby we paid a third party approximately $20,000 and 23,000 shares of restricted common stock in consideration of investor relations and consulting services. We have demanded return of the 23,000 shares of restricted stock and recovery of costs and other damages. The third party has filed a counter claim for breach of the agreement. We intend to vigorously defend this claim.
- During 2011, we also filed an action in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida for the rescission of an agreement entered into on or about May 18, 2010 whereby we paid a third party approximately $500 and 20,000 shares of restricted common stock in consideration of consulting services. We have demanded return of the 20,000 shares of restricted stock and recovery of costs and other damages. The claim was dismissed for lack of jurisdiction and we re-filed the action in the Supreme Court, New York County, New York on or about January 11, 2012, seeking rescission of said agreement and the return of $500 and 20,000 shares of restricted common stock.

NOTE 12. – COMMITMENTS AND CONTINGENCIES (Continued)

- We and our chief executive officer, individually, were named in a lawsuit brought in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida by a former employee of Evolution Model Management, Inc. claiming wrongful termination. We were named because we originally hired the employee rather than Evolution Model Management, as the latter was not yet an established entity. On December 2, 2012, we entered into a settlement agreement and release of claims whereby we agreed to pay the plaintiff an aggregate of $77,500, payable in three equal installments. The final payment was made in April 2013.
- We and our chief executive officer, individually, were named in a lawsuit brought in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida by a former contractor claiming wrongful termination. Plaintiff's complaint alleges $85,000 in back salary, performance bonus and a 40,000 share grant. Management intends to vigorously defend the action and contends the suit is without merit as the contractor was dismissed for cause. Accordingly, management has not provided a contingency reserve for this matter.

Purchase commitments

In order to secure an adequate supply of raw materials, the Company executes purchase orders to its suppliers as evidence of its intent to purchase materials. Purchase orders outstanding at March 31, 2013 totaled $2,046,888.

Contract contingencies

Our distribution agreement with Gamma Investors provides that in the event we terminate the agreement without cause, we are required to repurchase all products held in Gamma' s inventory and pay Gamma a fee equal to the greater of the prior 12 month product purchased by Gamma or $2 million.

NOTE 13 – EQUITY

Common Stock

When shares are issued in lieu of cash for goods or services, such goods or services are valued based upon the shares issued multiplied by the closing price of the stock on the date immediately preceding.

During the first quarter of 2012, the Company issued 28,182 shares for services provided by two employees valued at $3.10 - $3.20 per share, which resulted in an expense of $89,182 in aggregate. The Company also issued 8,824 shares as an award for achieving business goals. The shares were valued at $3.40, which resulted in an allowance offsetting revenues of $30,000.

During the second quarter of 2012, the Company issued 108,764 shares for services provided by six associates valued at $2.00 - $2.80 per share, which resulted in an expense of $241,528 in aggregate. The Company also issued 38,514 shares as an award for achieving business goals at $2.60, which resulted in an allowance offsetting revenues of $100,000. In addition, a consultant exercised vested options for 40,700 common shares for $4,070.

During the third quarter of 2012, the Company issued 28,000 shares for services provided by an IR firm and a former associate valued at $2.20 - $3.20 per share, which resulted in an expense of $69,600 in aggregate. Also during the quarter, two founders converted 450,000 shares of preferred stock into 450,000 of common shares. The Company also issued 292,000 shares to existing shareholder investors at $2.50 per share or $732,000 from which $146,400 in fees were paid to the selling agent, resulting in net proceeds of $585,600 to the Company.

During the fourth quarter of 2012, the Company issued 31,367 shares to a distributor for achieving sales goals valued at $3.32 per share, which resulted in a sales allowance of $104,138 in aggregate. In connection with our license of the Nutra Origin brand, we issued 15,385 shares valued at $3.25 per share, which resulted in an increase in our brand rights intangible asset of $50,000.

NOTE 13. – EQUITY (Continued)

During the first quarter of 2013, the Company issued 15,300 shares to a distributor for achieving sales goals valued at $2.50 per share, which resulted in a sales allowance of $38,250 in aggregate. We also issued 20,000 shares to an investor relations (“IR”) firm for services valued at $2.20 per share or $44,000 in total. Our directors received 5,000 shares for services valued at $3.20 per share or $16,000.

Surrender of Common Stock

During the third quarter of 2012, an IR firm surrendered 20,000 shares previously issued for services not fully earned and previously valued at $2.80 per share, which resulted in a return to equity of $56,000 in aggregate.

During the fourth quarter of 2012, an IR firm returned 5,000 shares valued at $3.36 per share, which resulted in a recovery of $16,800.

Warrants

In fourth quarter of 2011 the Company completed a closing of a private offering of 617,857 shares of the Company’ s Common Stock, under a securities purchase agreement (“SPA”). The SPA provides the investors with warrants to purchase an aggregate of 154,465 shares of Common Stock. In addition, the SPA also granted warrants to purchase 49,249 shares of Common Stock as fees for assisting in the SPA closing. In addition to the foregoing, there were 50,000 warrants issued to an IR firm for services in 2010.

The following tables present the status of all warrants outstanding at March 31, 2013 and December 31, 2012, respectively

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Year Ended December 31, 2012				
Outstanding at January 1, 2012	253,893	$ 0.10	4.22	$ –
Issued	–	–		–
Exercised	–	–		
Forfeited	–	–		
Outstanding at December 31, 2012	253,893	$ 0.10	3.21	$ –
Exercisable at December 31, 2012	253,893	$ 0.10	3.21	$ –
Three Months Ended March 31, 2013				
Outstanding at January 1, 2013	253,893	$ 0.10	3.21	$ –
Issued	–	–		
Exercised	–	–		
Forfeited	–	–		
Outstanding at March 31, 2013	253,893	$ 0.10	2.97	$ –
Exercisable at March 31, 2013	253,893	$ 0.10	2.97	$ –

No warrants were issued in 2013 or 2012.

NOTE 13. – EQUITY (Continued)

Option

During 2009 the Company entered into a Consulting Agreement with a selling agent under which the selling agent assisted the Company in filing a registration statement on Form 10 and quotation of its shares on the Over the Counter Bulletin Board (OTCBB). The Company has issued an option to the selling agent to purchase 200,000 shares of common stock at an exercise price of $0.10 per share. At grant date, the option was valued based on the offering price of the PPM of $2.50 per share, which was $480,000. The option expires in five years. The option vests and is exercisable subject to certain lock up and leak out provisions which commence upon the effective date of the Company obtaining OTCBB listing. Leak out provisions limit exercisability of the option number to 20,000 shares per quarter. During the first quarter of 2010, the Company obtained its trading symbol and accordingly recorded an expense for consulting services of $160,000 in 2010 reflecting the structured vesting. As a result of the structured vesting, the Company recognized $128,000 in 2012 and $192,000 in 2011. At December 31, 2012 the options were fully expensed.

The following tables present the status of all options outstanding at March 31, 2013 and December 31, 2012:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Year Ended December 31, 2012				
Outstanding at January 1, 2012	73,333	$ 0.10	3.0	$ 264,000
Issued	–	–		
Exercised	(40,700)	$ 0.10		
Forfeited	–	–		
Outstanding at December 31, 2012	32,633	$ 0.10	2.16	$ 107,690
Exercisable at December 31, 2012	32,633	$ 0.10	2.16	$ 107,690
Three Months Ended March 31, 2013				
Outstanding at January 1, 2013	32,633	$ 0.10	2.16	$ 107,690
Issued	–	–		
Exercised	–	$ –		
Forfeited	–	–		
Outstanding at March 31, 2013	32,633	$ 0.10	1.91	$ 85,498
Exercisable at March 31, 2013	32,633	$ 0.10	1.91	$ 85,498

No options were issued in 13-QTR, 2012 or 2011.

Preferred Stock

As provided under Certificate of Designation for Series A Preferred Stock dated January 14, 2009, amended in September 2009, each share of Series A Preferred Stock is entitled to 0.2 votes per share and the Series A Preferred Stock votes together with the Company' s common stock, except as otherwise provided under Florida law. The preferred stock automatically converts into common stock on a ten-to-one basis in September 2013. Two of the founders converted 4,500,000 preferred shares into 450,000 common shares during 2012. The remaining 5,500,000 shares are held by the remaining founder and CEO of the Company.

NOTE 14. – 2009 EQUITY INCENTIVE PLAN

Overview – The Company initiated a 2009 Equity Incentive Plan (the "Plan") to:

1. attract and retain the best available personnel for positions of substantial responsibility,
2. provide additional incentives to Employees, Directors and Consultants, and
3. promote the success of the Company and the Company's Affiliates.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights, time vested and/or performance vested Restricted Stock, Stock Appreciation Rights and Unrestricted Shares may also be granted under the Plan.

Subject to the Plan – The initial maximum number of shares of Common Stock that may be issued under the Plan is 500,000 shares. No more than 100,000 Shares of Common Stock may be granted to any one Participant with respect to Options, Stock Purchase Rights and Stock Appreciation Rights during any one calendar year period. Common Stock to be issued under the Plan may be either, authorized and unissued shares or shares held in treasury.

Eligibility – Nonstatutory Stock Options, Stock Purchase Rights, Stock Awards, Stock Appreciation Rights and Unrestricted Shares may be granted to all Service Providers. Incentive Stock Options may be granted only to Employees.

Limitations – Each Option shall be designated as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, if an Employee becomes eligible in any given year to exercise Incentive Stock Options for Shares having a Fair Market Value in excess of $100,000, those Options representing the excess shall be treated as Nonstatutory Stock Options.

Term – The term of each Option shall be stated in the applicable Option Agreement or, if not stated, ten years from the date of grant. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns, directly or indirectly, stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company and any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the applicable Option Agreement.

Exercise and Vesting – Unless otherwise determined by the Administrator and provided for in the Option Agreement, each Option shall vest and become exercisable as to one-sixth (1/6) of the shares subject to the Option on the date that is nine months after the date of grant, and an additional one-sixth (1/6) of the shares subject to the Option every nine months thereafter until fully vested and exercisable.

NOTE 15. – SIGNIFICANT CUSTOMERS

Our product revenues represent primarily sales of Revita, Revita Cor and Spectral DNC-N, which individually exceed 10% of total sales and collectively represent 61% of total sales. Other products, which individually exceed 5% of total sales, are Revita EPS and Spectral DNC-S, which collectively account for an additional 11% of total sales. The Company sells its products to several types of customer, which primarily include distributors and salons, two of which represent individually in excess of 10% of total sales during 13-QTR and 12-QTR. During 13-QTR our top six customers generated 45% of our sales.

Sales to 10% or greater these customers during 13-QTR and their accounts receivable at March 31, 2013 were:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
B	$ 438,526	11%	$ 347,782	12%
F	$ 395,592	10%	$ 57,735	2%

Sales to 10% or greater customers during 12-QTR and their accounts receivable at March 31, 2012 were:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
B	$ 447,458	22%	$ 332,287	20%

NOTE 16. – SIGNIFICANT VENDORS

The Company purchases its raw materials from various foreign and domestic suppliers several of which represent individually in excess of 10% of total purchases. Purchases of raw materials consist primarily of basic chemicals and packaging materials. The Company believes that it enjoys cordial relationships with all its suppliers but should the need arise; the Company believes that it could transition to alternate suppliers with minimal adverse impact. It does not have any formal long term purchase agreements with its suppliers. The Company does issue purchase orders based on its production plan, which may be modified or cancelled should its production plan change.

Purchases from significant vendors during 13-QTR and their accounts payable at March 31, 2013 were:

Vendor	Purchase Amount	Percent	Accounts Payable	Percent
A	$ 316,377	19%	$ 202,852	9%
C	$ 290,967	18%	$ 173,806	8%

Purchases from significant venders during 12-QTR and their accounts payable at March 31, 2012 were:

Vendor	Purchase Amount	Percent	Accounts Payable	Percent
A	$ 399,360	31%	$ 0	0%

NOTE 17. - GEOGRAPHIC REVENUE REPORTING

The Company is organized based on fundamentally one business segment although it does distribute its products on a world-wide basis. Several of its largest distributors are based in North America who in turn sell their products in Europe or Asia. We consider these customers as based in North America. However our sales to true international distributors who distribute our product outside North America have been increasing. We have also recently acquired our distributor in Mexico, the results of which are more fully discussed in Note 20.

Information about the Company' s geographic operations for both 13-QTR and 12-QTR as follows:

	2013	2012
Net Revenue:		
North America	$ **3,038,796**	$ 1,606,685
International	**1,026,569**	377,297
	$ **3,965,365**	$ 1,983,982
Furniture and Equipment, Net:		
North America	$ **157,343**	$ 50,657
International	**120,356**	–
	$ **277,699**	$ 50,657

NOTE 18. - CONSOLIDATION OF VARIABLE INTEREST ENTITY

The Company holds a variable interest in Velocity Storage and Packaging LLC ("Velocity") an entity for which the Company is the primary beneficiary. Velocity performs packaging and shipping services exclusively for the Company. The Company' s variable interest relates to a financing arrangement whereby, all operational expenses including labor costs, facility costs and other operational expenses are reimbursed by the Company at Velocity' s cost. The Company has no equity investment in Velocity and Velocity has no assets, liabilities or equity structure of its own. Accordingly, the Company determined that Velocity was a variable interest entity ("VIE") and the Company was the primary beneficiary under the guidance offered in ASC 810-10 since Velocity does not have sufficient equity at risk for the entity to finance its own activities. ASC 810-10 requires that an enterprise consolidate a VIE if that enterprise has a variable interest that will absorb a majority of the entity's expected losses if they occur.

NOTE 19. - ACQUISITION OF MEXICAN DISTRIBUTOR

Effective November 1, 2012, the Company purchased essentially 100% of the outstanding common stock of Divine Skin Laboratories, S.A. DE C.V. ("DS Mexico") from the sole shareholder pursuant to a Share Exchange Agreement. In accordance with Mexican law, Mexican companies must have two shareholders therefore the principal seller will retain one share of common stock of DS Mexico.

DS Mexico is in the business of selling, distributing and marketing the Company' s products throughout Mexico. The Company acquired DS Mexico in order to obtain customers and vertically integrate its operations directly in the Mexican market.

In consideration for the nearly 100% interest in DS Mexico, the Company issued 450,000 shares of the Company' s common stock valued at $2.60 per share, based on an independent third party valuation. The Company also forgave $38,415 of invoices due from DS Mexico between April 1, 2012 and September 30, 2012. Following the closing date the sole shareholder of DS Mexico shall receive up to an aggregate of an additional 150,000 shares of DSKX Common Stock (as adjusted for a stock split, recapitalization or similar transaction) as follows:

(i) 50,000 shares of DSKX Common Stock in the event that annual net revenues of DS Mexico are equal to or greater than $4,000,000 during any calendar year period;

(ii) 50,000 shares of DSKX Common Stock in the event annual net revenues of DS Mexico are equal to or greater than $5,000,000 during any calendar year period following satisfaction of (i); and

NOTE 19. – ACQUISITION OF MEXICAN DISTRIBUTOR (Continued)

(iii) 50,000 shares of DSKX Common Stock in the event annual net revenues of DS Mexico are equal to or greater than $6,000,000 during any calendar year period following satisfaction of (ii).

In connection with the Share Exchange Agreement, the Company issued 600,000 shares of its stock, of which 450,000 shares have been delivered as of December 31, 2012. The remaining 150,000 shares is held in escrow by the Company to be delivered upon completion of the performance measures as stipulated by the Share Exchange Agreement.

The present value of the consideration expected to be paid as part of this agreement is $1,341,015, as calculated below:

- 450,000 shares issued and valued at $2.60 per share, for a total of $1,170,000.
- 51,000 contingent shares valued at $2.60 per share, for a total of $132,600.
- Forgiveness of $38,415 of invoices due from DS Mexico.

The price per share and the estimated contingent shares to be issued in connection with this agreement were based upon a third party valuation.

The Company incurred approximately $5,000 in profession fees in connection with its acquisition of DS Mexico in 2012.

The following summarizes the fair value of the assets and liabilities acquired:

Cash	$ 127,321
Accounts receivable	380,522
Inventory	159,379
Prepaid and other current assets	87,125
Property and equipment, net	126,628
Customer list	932,000
Goodwill	34,444
Accounts payable	(455,726)
Other current liabilities	(50,678)
Total net assets acquired	$ 1,341,015
Aggregate purchase price	$ 1,341,015

The assets acquired were recorded at preliminary estimates of fair values determined by management, based on information currently available and on current assumptions as to future operations, and were revised upon the completion of acquisition accounting and the finalization of asset valuations.

NOTE 19. – ACQUISITION OF MEXICAN DISTRIBUTOR (Continued)

Dr. Tamez, the former principal shareholder of DS Mexico, has agreed to oversee the day to day operations of DS Mexico in consideration of a base salary of approximately $60,000 per year. In further consideration of his employment with DS Mexico, we and Dr. Tamez entered into a performance agreement dated December 11, 2012, whereby Dr. Tamez shall receive on each 12 month anniversary of the agreement, and each year thereafter for a period of five years, such number of shares of our common stock that shall have a cumulative value of $50,000. Furthermore, during the term of Dr. Tamez' s employment he shall be entitled, on a calendar year basis, to 30% of the net profits of DS Mexico (the "Profit Participation"). Commencing on the third calendar anniversary of the performance agreement with us, we shall have the option of terminating the Profit Participation in consideration of a $500,000 payment to Dr. Tamez. Furthermore, in the event that a "Change of Control" of us during the term of Dr. Tamez' s employment with us, Dr. Tamez shall have the right to receive a one-time payment of $500,000. A "Change of Control" of us shall be deemed to have occurred at such time as: (1) any person (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act of 1934, as amended (the "Exchange Act"), directly or indirectly, of our securities representing 80% or more of the combined voting power of our outstanding securities then having the right to vote at elections of directors; (2) any person becomes the beneficial owner, directly or indirectly of, either: (i) 50% of DS Mexico' s outstanding shares or (ii) 30% of DS Mexico´s shares, within a period of one year; (3) the board of directors of DS Mexico, currently consisting of Daniel Khesin, Michael Strong and Fernando Tamez, is changed in its majority; or (d) 40% of the gross value of DS Mexico´s assets is transferred to an unrelated party.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

Introductory Statements

This filing contains forward-looking statements, including statements regarding, among other things, our projected sales and profitability, our Company' s growth strategies, our Company' s future financing plans and our Company' s anticipated needs for working capital. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the matters described in this filing generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology.

Results of Operations

The following discussion and analysis addresses the major factors that affected our operations and financial condition reflected in our condensed consolidated financial statements for the three months ended March 31, 2013 and March 31, 2012. This discussion is intended to supplement and highlight information contained in, and should be read in conjunction with, our consolidated financial statements and related notes and the selected financial data presented elsewhere in this report.

Three Months Ended March 31, 2013 to the Three Months Ended March 31, 2012

Revenues, net - Total net revenues increased $1,981,383, or 100%, from $1,983,982 (2012) to $3,965,365, (2013). Our product revenues represent primarily sales of Revita, Revita Cor and Spectral DNC, which individually exceeded 10% of total sales and collectively represented 61% of total sales. Other products, which individually exceeded 5% of total sales, are Revita EPS and Spectral DNC-S, which collectively accounted for another 11% of total sales. Revenues increased primarily due to extensive marketing and sales efforts to expand our customer base, with our primary focus on expanding our distributors, both domestic and foreign. We conduct a significant portion of business with various distributors under exclusive distribution agreements. Revenues from our top six customers accounted for approximately 44.8% of our total revenues during the three months ended March 31, 2013. In addition, effective November 1, 2012, we purchased essentially 100% of the outstanding common stock of DS Mexico, our former Mexican distributor, which resulted in an approximate $438,045 of additional revenues during the three months ended March 31, 2013. Effective October 29, 2012, we acquired the brand "Nutra Origin". For the three months ended March 31, 2013, sales of Nutra Origin products were approximately $22,000. Furthermore, we recognized revenues of approximately $2,000,000 of product ordered during December 2012 that we were unable to fulfill prior to December 31, 2012 which were subsequently shipped during the three months ended March 31, 2013.

Cost of Goods Sold - Total cost of goods sold increased $1,257,019 or 135%, from $933,662 (2012) to $2,190,681 (2013). Approximately $932,728 of the increase was related to the increase in sales. We also provided certain discounts to customers as an incentive to increase purchases of new products or establish new accounts and along with changes in product mix, lost efficiencies and increased production costs which accounted for the remaining $324,291 of the increase.

Selling and Marketing Costs - Selling and marketing costs decreased $6,153 or 1% from $763,151 (2012) to $756,998 (2013). The decrease was due to the following:

- Increases of:
  - $66,156 for marketing and promotion costs, primarily to drive the increase in sales, and
  - $43,787 for travel and entertainment costs incurred to expand and promote sales.
- The forgoing increases partially offset the following decreases of:
  - $40,031 for consulting and commissions, which primarily relates to additional incentives to promote increased sales,

- $55,413 in freight and shipping costs, which was partially a result of efficiencies achieved from increased average sales,
- $14,416 for product development as a result of a reduction in staff, and
- $6,236 for other sales and marketing costs.

General and Administrative Costs – General and administrative costs increased $793,319 or 110%, from $715,356 (2012) to $1,508,675 (2013). The increase is due to the following:

- Increases of:
  - $87,346 for professional fees for consultants, and to a lesser extent attorneys and accountants related to costs of investor relations, regulatory filings and reporting,
  - $177,008 for personnel costs due to increased staffing as a result of our expanding sales and operations groups, including our newly acquired Mexican distributor**,**
  - $32,711 for insurance as a result of increased costs of coverage due to our increased operations and sales along with new policies, such as director and officer insurance which was not in place in the prior period,
  - $247,603 for bad debt as a result of increased sales and relaxed credit terms to expand sales,
  - $20,750 for bank and wire charges supporting increased international venders and customers and general sales increases,
  - $59,046 in licenses and permits and a result of required licenses for international distribution and for NASDAQ listing fees,
  - $78,161 in depreciation and amortization of increased intangible assets and assets added through our newly acquired Mexican distributor, and
  - $90,694 for various other general and administrative costs.

Other Income – Other income increased $49,020 or 403% from $12,150 expense (2012) to $36,870 income (2013). The increase was a result of the recovery of previously expensed activity.

Net Loss – As a result of operational matters discussed above, net loss increased $21,778 or 5% from a $440,337 net loss (2012) to $462,115 net loss (2013).

Liquidity and Capital Resources

We had cash and cash equivalents of $196,513 and working capital of $1,947,514 at March 31, 2013. Our operating and capital requirements in connection with supporting our expanding operations and introducing new products have been and will continue to be significant to us. Since inception, our losses from operations along with the increased costs and working capital required to grow our business were satisfied through the initial contribution by our founders in 2007, through private sales of our common stock and credit financing.

Despite our losses during 2012 and the first quarter of 2013, we believe that by minimizing certain sales and marketing expenses and administrative expenses, we can minimize the cash needed to support our current operations. Our largest consumption of cash is the working capital to support expanding sales. In the event we do not receive funding, we will need to suspend our continued expansion. The sale of additional equity or debt securities, if convertible, will result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and may also result in covenants that would restrict our operations. Based on our current plans for the next 12 months, we require approximately $2,000,000 to expand our product line, reach additional domestic and foreign markets and broadened distribution channels.

On April 6, 2012, we closed on a $1.5 million credit facility provided by a financial institution. The credit facility provides for asset based lending collateralized by all of our assets. Advances are based on 80% of qualified accounts receivable and 40% of finished goods inventory. The credit facility provides for interest and bank fees, which currently aggregate to 8% (prime plus 3% plus 1.75% asset monitoring fees and other fees) per annum and expires March 24, 2014, and may be renewed under certain conditions. The credit facility is personally guaranteed by our Chief Executive Officer and, under certain conditions, may be called upon demand or in the event of default. Default events include, but are not limited to, failure to pay any amount due under the agreement, failure to perform any material term or covenant, any bankruptcy, any federal or state tax lien filed against our company, occurrence of any court order that restrains part of our business. The loan agreement also provides for certain covenants which requires us to maintain a life insurance policy on our chief executive officer for the benefit of the financial institution and precludes us from the following, except in the ordinary course of our business: making distributions to shareholders, assigning, exchanging or disposing of collateral, permit or create any liens upon any collateral, pay any dividends, make any loans or advances, including to officers and employees, assume, guaranty, endorse or become directly or contingently liable, issue evidence of any indebtedness, any transactions with affiliates at less than favorable terms compared to market, the sale, transfer or dispose of substantially all of our assets or any operating subsidiary, entering into any transaction which results in a change of control of our company. We have been in compliance with the covenants under the credit facility except that we have not obtained any life insurance policy for our chief executive officer, did not provide the bank with our 2012 tax return within 90 days of year end, and during the fourth quarter of 2012, certain invoices submitted for financing were improperly supported. The bank is aware of these matters and has provided us with applicable waivers or extension until May 31, 2013.

The credit facility also provides for a referral fee of 4% per annum for three years. At March 31, 2013, we have drawn down $538,284 under the credit facility. We had $255,566 available to borrow on the advance formulas for qualified accounts receivable and finished goods inventory at March 31, 2013. We are discussing with our credit lender the possible inclusion of international accounts receivable in our borrowing base in order to increase our availability under our line, as our sales to end users outside the U.S. have increased substantially over the past 24 months.

We also satisfied our working capital requirements in 2012 and through the three months ended March 31, 2013, through advances from related parties and third parties. On December 10, 2012 we received an unsecured loan for $314,000 from one of our consultants who is also a shareholder of our company. This loan is non-interest bearing and matures on December 11, 2013. In the first quarter of 2013, we also received an additional $240,000 from the same consultant/shareholder. This loan is unsecured, non-interest bearing and matures on December 11, 2013. We also received a loan from Daniel Khesin, our chief executive officer for $39,000. This loan is an unsecured, non-interest bearing and matures on December 25, 2013. On January 20, 2013, we received an unsecured loan for $70,000 from Gamma Investors, also a shareholder. The loan bears interest at 3% per month and matures on May 20, 2013. The loan calls for monthly installment payments along with interest.

Cash Flows for the Three Months Ended March 31, 2013

Cash Flows from Operating Activities

Operating activities used net cash for the three months ended March 31, 2013 of approximately $596,987. That amount has two primary components; net loss adjusted by non-cash items and changes in operating assets and liabilities. Our net loss, when adjusted by various items which impact net loss but do not impact cash during the period, such as issuance of warrants or stock for services and for depreciation and amortization, resulted in net cash used by operating activities of $65,990 which was offset by changes in operating assets and liabilities of $530,997 to support expanding sales as follows:

- $444,846 used by an increase in gross accounts receivable not including the non-cash effect of net of changes in the allowance for doubtful accounts,
- $18,099 provided by a decrease in inventory,
- $258,169 used by a decrease in accounts payable and accrued expenses as a result of payments of certain accrued expenses such as commissions, and
- $153,917 provided by net changes in other current assets and liabilities.

Cash Flows used in Investing Activities

Our investing activities used $55,203 in net cash during the three months ended March 31, 2013. Net cash used is primarily composed of the following:

- $12,036 used to purchase equipment, primarily for production,

- $35,139 used to purchase injection molds,
- $8,028 used for advances to related parties.

Cash Flows from Financing Activities

Our financing activities provided $393,394 in net cash as a result of borrowings net of repayments under the asset based credit facility and additional borrowings offered by existing shareholders during the three months ended March 31, 2013. During the period we received advances from shareholders of $310,000 and made repayments totaling $3,900. The remaining cash provided by financing activites came from net borrowings under our asset based credit facility.

Financial Position

Total Assets - Our total assets decreased $4,347 or .1% from $8,224,676 as of December 31, 2012 to $8,220,329 as of March 31, 2013, which is considered nominal. There was a net increase in current assets of $14,057, the components of which are discussed further below. The increase in total assets was also the result of an increase of $16,747 in other assets which is considered nominal; a decrease of $16,021 in furniture and equipment due to depreciation; and a decrease of $27,158 in intangible assets due to amortization.

Current Assets - The net increase in current assets of $14,057 was primarily associated with a $28,932 increase in inventory levels, $243,224 increase in net accounts receivable. The increase was partially offset by a decrease in cash of $215,975. These net changes are primarily driven by the need to support increased sales, but are more specifically discussed as follows:

Inventory - Inventory levels increased 0.8%, which is considered nominal.

Although inventory on hand at March 31, 2013 has not changed appreciably during the current quarter, it represents approximately 39% of COGS or a five month supply based on the sell through rate achieved for the three months ended March 31, 2013, as annualized resulting in an inventory turnover rate of 2.5 times. We intend to improve this turnover rate in the future and our ultimate goal is to achieve at least a 3.0 times inventory turnover rate in 2013, once we have satisfactorily explored alternative production methodologies and established a profitable and sustainable production cost structure. The below target turnover is a result of stocking chemicals and materials in anticipation of planned sales increases in 2013.

Accounts Receivable, net - Accounts receivable, net increased $243,223 primarily as a result of a $544,845 increase in gross accounts receivable which was partially offset by a $301,621 increase in the allowance for doubtful accounts. The increase in gross receipts is a result of our expanded sales. The increase in allowance is the result of our relaxation of terms in an effort to grow “top line” revenue. We believe that our current receivables net of the provided allowances are collectable and that the allowances provided are adequate. Our standard credit terms are 30 days net. Of the $2,368,864 accounts receivable balance at March 31, 2013, approximately 56% was collected as of May 1, 2013. The lower than historical average rate of collections is due to extended credit terms offered to attract new customers. We believe that the impact of offering extended terms has been appropriately reflected in our allowance for doubtful accounts and will not adversely affect the collectability of accounts receivable, net as reported at March 31, 2013.

Prepaid Expenses - Prepaid expenses decreased 26% primarily as a result of reductions in prepaid rent, insurance and taxes.

Cash - The decrease in cash is explained more fully by the previous discussion of cash flows.

Material Commitments

None.

Off Balance Sheet Arrangements

None.

Recent Accounting Pronouncements

In February 2013, the FASB amended its guidance to require an entity to present the effect of certain significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. The new accounting guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance is effective prospectively for fiscal years beginning after December 15, 2012. The Company adopted these new provisions for the quarter beginning January 1, 2013. As the guidance requires additional presentation only, there was no impact to the Company' s consolidated results of operations or financial position.

There are no recently issued accounting standards that are expected to have a material effect on the Company' s financial condition, results of operations or cash flows.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors contained in our most recent annual report filed on Form 10-K with the Securities and Exchange Commission before deciding whether to invest in the Company. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations or our financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to Smaller Reporting Company.

ITEM 4. CONTROLS AND PROCEDURES

Management' s Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, (3) that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness; yet important enough to merit attention by those responsible for oversight of the company' s financial reporting. Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that, due to the material weaknesses described below, our internal control over financial reporting was not effective as of March 31, 2013.

(1) Control environment − We did not maintain an effective control environment. The control environment, which is the responsibility of senior management, sets the tone of the organization, influences the control consciousness of its people, and is the foundation for all other components of internal control over financial reporting. Each of the following control environment material weaknesses also contributed to the material weaknesses discussed in items (2) through (3) below. Our control environment was ineffective because of the following material weaknesses:

(a) We did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience, and training in the application of U.S. Generally Accepted Accounting Principles (“GAAP”) commensurate with our financial reporting requirements and business environment. Our CEO and CFO, Mr. Daniel Khesin lacks experience in U.S. GAAP and financial accounting. The balance of our internal accounting staff also has limited U.S.GAAP experience.

(b) We did not maintain effective controls over the segregation of duties. Specifically, due to lack of personnel, effective controls were not designed and implemented to ensure the following accounting functions were properly segregated for inventory, purchasing, shipping, bank reconciliations, payroll and accounts payable. In addition, we did not have effective general controls over information technology security and user access.

(c) We rely extensively on outside service providers. Since our inception we have relied on an outside consultant to ensure that our financial statements contain all necessary adjustments to conform to U.S. GAAP. The consultant is a U.S. certified public accountant. Until such time as we have a chief executive officer and chief financial officer with the requisite expertise in U.S. GAAP, there are no assurances that the material weaknesses in our internal control over financial reporting will not result in errors in our financial statements which could lead to a restatement of those financial statements.

(d) We experienced problems with the post-acquisition integration of DS Mexico accounting processes, personnel, systems and procedures which differed greatly from our U.S. operations. Although our Mexican accounting staff is professional and experienced in accounting requirements and procedures generally accepted in Mexico, management has determined that they require additional training and assistance in U.S. GAAP matters.

The control environment material weaknesses described above contributed to the material weaknesses related to our monitoring of internal control over financial reporting, period end financial close and reporting, as described in items (2) to (3) below.

(2) Monitoring of internal control over financial reporting − we did not maintain effective monitoring controls to determine the adequacy of our internal control over financial reporting and related policies and procedures because of the following material weaknesses:

(a) Our policies and procedures with respect to the review, supervision and monitoring of our accounting operations throughout the organization were either not designed, in place or operating effectively.

(b) We did not maintain an effective internal control monitoring function nor did we perform a risk assessment. Specifically, there were insufficient policies and procedures to effectively communicate and determine the adequacy of our internal control over financial reporting and to monitoring the ongoing effectiveness thereof.

(c) We did not maintain formal cash flow forecasts, business plans, and organizational structure documents to guide the employees in critical decision-making processes.

(d) We did not maintain adequate records of our shipping activities during the last week in December 2012 to assure proper invoicing and recording of products shipped during that period. We did subsequently detect the error which amounted to $2 million and adjusted our records accordingly. We notified our auditor and lender of the invoicing error and obtained a waiver for any possible breach in our reporting obligations to our lender.

Each of these material weaknesses relating to the monitoring of our internal control over financial reporting contributed to the material weaknesses described in item (3) below.

(3) Period end financial close and reporting − Due to a lack of adequate staffing within the finance department and adequate staffing within operational departments that provide information to the finance department, we did not establish and maintain effective controls over certain of our period-end financial close and reporting processes because we did not maintain effective controls over the recording of either recurring or non-recurring journal entries. Specifically, effective controls were not designed and implemented to ensure that journal entries were properly prepared with sufficient support or documentation or were reviewed and approved to ensure the accuracy and completeness of the journal entries recorded.

These weaknesses above resulted in: (1) an inability to timely provide financial statements in accordance with Regulation SX for DS Mexico; and (2) our failure to file timely our annual report on Form 10-K for the year ended December 31, 2012.

In an effort remediate these material weaknesses in our internal control over financial reporting, as well as the material weaknesses in our disclosure controls and procedures, we will need to:

1. Develop and implement an effective control environment. This will involve hiring additional personal with the requisite level of accounting knowledge, experience and training in the application of GAAP which will also permit proper segregation of duties and effective general controls over information technology security and user access. These additional personnel will also assist in developing and implementing proper accounting processes, systems and procedures for DS Mexico.
2. Develop and implement effective monitoring controls to determine the adequacy of our internal control over financial reporting. We will develop and implement policies and procedures regarding the review, supervisions and monitoring of our accounting operations and perform the necessary risk assessments, together with developing the necessary formal cash flow forecasts, business plans and organizational structure documents.

Since our inception we have relied on an outside accounting consultant to ensure that our financial statements contain all necessary adjustments to conform to U.S. GAAP. The consultant is U.S. certified public accountant. We expect to be materially dependent upon the consultant or another third party which can provide us with the same level of accounting consulting services, for the foreseeable future. Until such time as we have a chief financial officer with the requisite expertise in U.S. GAAP, there are no assurances that the material weaknesses in our internal control over financial reporting will not result in errors in our financial statements which could lead to a restatement of those financial statements. Furthermore, in an effort to remediate certain of the weaknesses above we have also added three independent directors to our board of directors who have formed an audit committee including the appointment of a financial expert. The committee is charged with, and has been, developing financial policies and controls, reviewing and providing oversight to our financial reporting processes, financial statements and public filings. Our ability to remediate the material weaknesses in our internal control over financial reporting will be dependent upon the development and implementation of these changes, which will require both the hiring of additional accounting personnel and the investment in enhanced systems, policies and procedures. While we expect to continue to rely upon our outside accounting consultant until such time as we are able to hire a properly qualified chief financial officer, if we are able to successfully implement these changes to our internal control over financial reporting we believe we will be able to remediate substantially all of the material weaknesses described earlier in this section. However, there are no assurances we will be able to devote the necessary capital to hire the additional personnel and institute the additional systems, policies and procedures to the level necessary. In that event, there are no assurances that the material weaknesses described earlier in this section will not result in errors in our financial statements in future periods.

Our management, including our chief executive officer and our chief financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

Changes in Internal Control over Financial Reporting.

Other than the remediation efforts described above, there have been no changes in our internal control over financial reporting during the quarter ended March 31, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Not Applicable to Smaller Reporting Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the first quarter of 2013, the Company issued 15,300 shares to a distributor for achieving sales goals valued at $2.50 per share, which resulted in a sales allowance of $38,250 in aggregate. We also issued 20,000 shares to an IR firm for investor relations services valued at $2.20 per share or $44,000 in total. In addition, our independent directors received an aggregate of 5,000 shares for serving on the board of directors valued at $3.20 per share or $16,000. The shares were issued under the exemption from registration provided by Section 4(a)(2) of the Securities Act. The certificates representing the shares contain legends restricting their transferability absent registration or exemption.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Certification pursuant to Rule 13a-14(a) (Provided herewith)
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a) (provided herewith)
32.1	Certification pursuant to Section 1350 (Provided herewith)
32.2	Certification pursuant to Section 1350 (Provided herewith)
101	XBRL Interactive Data File

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 16, 2013

DS HEALTHCARE GROUP, INC.

By: */s/ Daniel Khesin*
Daniel Khesin
President, Chief Executive Officer,
Chief Financial Officer/
Principal Accounting Officer

EXHIBIT 31.1

OFFICER' S CERTIFICATE
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Daniel Khesin, Chief Executive Officer, certify that:

1. I have reviewed this Form 10-Q for the period ended March 31, 2013, of DS Healthcare Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: May 16, 2013

By: */s/ Daniel Khesin*
Name: Daniel Khesin
Title: Chief Executive Officer

EXHIBIT 31.2

OFFICER' S CERTIFICATE
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Daniel Khesin, Chief Financial Officer, certify that:

1. I have reviewed this Form 10-Q for the period ended March 31, 2013, of DS Healthcare Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: May 16, 2013

By: */s/ Daniel Khesin*
Name: Daniel Khesin
Title: Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DS Healthcare Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013, as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: May 16, 2013

By: */s/ Daniel Khesin*
Name: Daniel Khesin
Title: Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to DS Healthcare Group, Inc. and will be retained by DS Healthcare Group, Inc. and furnished to the United States Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DS Healthcare Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013, as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: May 16, 2013

By: */s/ Daniel Khesin*
Name: Daniel Khesin
Title: Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to DS Healthcare Group, Inc. and will be retained by DS Healthcare Group, Inc. and furnished to the United States Securities and Exchange Commission or its staff upon request.

ORGANIZATION AND NATURE OF BUSINESS (Details) (USD $)	0 Months Ended	3 Months Ended	12 Months Ended			3 Months Ended	
	Dec. 10, 2012	Dec. 31, 2012	Dec. 31, 2012	Jun. 30, 2012 Joint Venture with DS Laboratories Brazil LTDA [Member]	Mar. 31, 2009 DS Laboratories Inc. [Member]	Jun. 30, 2012 Pure Guild Brand License [Member]	Jun. 30, 2012 Nutra Origin License [Member]
Business Acquisition [Line Items]							
Percent of outstanding shares acquired					100.00%		
Percentage of brand license acquired						100.00%	
Monthly payment amount	$ 1,041						$ 7,500
License agreement period							10 years
Common stock issued for assets			2,879				50,000
Business Combination, Separately Recognized Transactions [Line Items]							
Investment value in joint venture				$ 26,000			
Stockholders Equity Note [Line Items]							
Reverse stock split		10:1 reverse split					

EQUITY (Warrants) (Details) (USD $)	3 Months Ended	12 Months Ended	3 Months Ended	12 Months Ended	3 Months Ended
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2013 Warrant [Member]	Dec. 31, 2012 Warrant [Member]	Dec. 31, 2012 Warrant [Member] Common Stock Securities Purchase Agreement [Member]
Stockholders Equity Note [Line Items]					
Shares issued, shares					617,857
Warrants available to purchase, shares					49,249
Qualified warrants					154,465
Issued for financial consulting services					$ 50,000
Warrants					
Outstanding, beginning balance			253,893	253,893	
Issued					
Exercised		(40,700)			
Forfeited					
Exercisable			253,893	253,893	
Outstanding, ending balance			253,893	253,893	
Weighted average exercise price					
Outstanding, beginning balance			$ 0.10		
Issued					
Exercised					
Forfeited					
Exercisable			$ 0.10	$ 0.10	
Outstanding, ending balance			$ 0.10	$ 0.10	
Weighted average remaining contractual term					
Outstanding, beginning balance			3 years 2 months 18 days	4 years	
Exercisable			2 years 11 months 21 days	3 years 2 months 18 days	
Outstanding, ending balance			2 years 11 months 21 days	3 years 2 months 18 days	
Aggregate intrinsic value					

Outstanding, beginning balance

Issued

Exercisable

Outstanding, ending balance

SHAREHOLDER LOANS (Details) (USD $)	Mar. 31, 2013	Dec. 31, 2012	Dec. 10, 2012	3 Months Ended		
				Mar. 31, 2013 Shareholder/ Consultant [Member] Unsecured Debt [Member]	Mar. 31, 2013 Daniel Khesin [Member] Unsecured Debt [Member]	Mar. 31, 2013 Gamma Investors [Member] Unsecured Debt [Member]
Related Party Transaction [Line Items]						
Debt instrument, face amount			$ 53,900	$ 314,000	$ 39,000	$ 70,000
Debt instrument, stated interest rate			5.95%			3.00%
Debt instrument, maturity date				Dec. 11, 2012	Dec. 25, 2013	May 20, 2013
Debt instrument, additional borrowings				240,000		
Debt instrument, frequency of payments						monthly
Repayments of notes					3,900	
Shareholder loans	$ 659,100	$ 353,000		$ 554,000	$ 35,100	$ 70,000

EQUITY (Stock Options) (Details) (USD $)	3 Months Ended		12 Months Ended	
	Mar. 31, 2013	Mar. 31, 2010	Dec. 31, 2012	Dec. 31, 2011
Options				
Outstanding, beginning	32,633		73,333	
Issued				
Exercised			40,700	
Forfeited				
Outstanding, ending	32,633		32,633	
Weighted average exercise price, beginning	$ 0.10		$ 0.10	
Weighted average exercise price, issued				
Weighted average exercise price, exercised			$ 0.10	
Weighted average exercise price, forfeited				
Weighted average exercise price, ending	$ 0.10		$ 0.10	
Weighted average remaining contractual term	1 year 10 months 30 days		2 years 2 months	
Options outstanding, Aggregate beginning balance	$ 107,690		$ 264,000	
Options outstanding, Aggregate ending balance	85,498		107,690	
Options exercisable	32,633		32,633	
Options exercisable, weighted average exercise price	$ 0.10		$ 0.10	
Options exercisable, weighted average remaining contractual term	1 year 10 months 30 days		2 years 2 months	
Options exercisable, intrinsic value	85,498		107,690	
Vested for trading symbol			128,000	
Issuance of Equity Private Placement Memorandum [Member]				
Options				
Price per share	$ 2.50			
Grant date fair value	480,000			
Exercisable number of shares per quarter, maximum	20,000			
Consulting Agreement [Member]				
Options				
Price per share	$ 0.10			
Exercisable number of shares per quarter, maximum	200,000			
Vested for trading symbol		$ 160,000	$ 128,000	$ 192,000

ACCOUNTS PAYABLE AND ACCRUED EXPENSES (Details) (USD $)	Mar. 31, 2013	Dec. 31, 2012
ACCOUNTS PAYABLE AND ACCRUED EXPENSES [Abstract]		
Trade payables	$ 2,324,417	$ 2,327,540
Accrued expenses:		
Advertising and marketing	48,264	60,264
Commissions	139,396	362,346
Facilities	73,426	38,023
Fees/interest	20,658	19,012
Insurance	10,129	
Investor relations		44,000
Production materials	11,000	
Other		61,807
Personnel	25,833	109,930
Professional fees	33,630	9,500
Public relations	22,500	
Refunds and returns	65,000	
Accounts payable and accrued expenses, total	$ 449,836	$ 704,882

COMMITMENTS AND CONTINGENCIES (Tables)

3 Months Ended
Mar. 31, 2013

COMMITMENTS AND CONTINGENCIES [Abstract]

Schedule of Future Minimum Operating Lease Payments

The Company is committed to lease payments over the next five years are as follows:

	2013	2014	2015	2016	Beyond	Total
Facility Leases:						
Deerfield Beach, Florida (Production) (HQ)	$243,000	$189,000	$ -	$ -	$ -	$432,000
Ashville, North Carolina (Sales)	42,521	56,695	56,695	-	-	155,911
	$285,521	$245,695	$56,695	$ -	$ -	$587,911

2009 EQUITY INCENTIVE PLAN (Details) (2009 Equity Incentive Plan [Member], USD $)	**3 Months Ended Mar. 31, 2013**
2009 Equity Incentive Plan [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Shares authorized under plan	500,000
Maximum number of shares issuable to one employee during one calendar year	100,000
The fair market value threshold, that if achieved by option holders, will cause any excess options to be treated as Nonstatutory Stock Options	$ 100,000
Term of Option, unless otherwise stated in Option Agreement (in years)	10 years
The term for options held by holders of more than 10% of the total combined voting power of all classes of stock of the Company and any Parent or Subsidiary (in years)	5 years

ACQUISITION OF MEXICAN DISTRIBUTOR	3 Months Ended Mar. 31, 2013
ACQUISITION OF MEXICAN DISTRIBUTOR [Abstract]	
ACQUISITION OF MEXICAN DISTRIBUTOR	**NOTE 19. - ACQUISITION OF MEXICAN DISTRIBUTOR**

Effective November 1, 2012, the Company purchased essentially 100% of the outstanding common stock of Divine Skin Laboratories, S.A. DE C.V. ("DS Mexico") from the sole shareholder pursuant to a Share Exchange Agreement. In accordance with Mexican law, Mexican companies must have two shareholders therefore the principal seller will retain one share of common stock of DS Mexico.

DS Mexico is in the business of selling, distributing and marketing the Company's products throughout Mexico. The Company acquired DS Mexico in order to obtain customers and vertically integrate its operations directly in the Mexican market.

In consideration for the nearly 100% interest in DS Mexico, the Company issued 450,000 shares of the Company's common stock valued at $2.60 per share, based on an independent third party valuation. The Company also forgave $38,415 of invoices due from DS Mexico between April 1, 2012 and September 30, 2012. Following the closing date the sole shareholder of DS Mexico shall receive up to an aggregate of an additional 150,000 shares of DSKX Common Stock (as adjusted for a stock split, recapitalization or similar transaction) as follows:

(i) 50,000 shares of DSKX Common Stock in the event that annual net revenues of DS Mexico are equal to or greater than $4,000,000 during any calendar year period;

(ii) 50,000 shares of DSKX Common Stock in the event annual net revenues of DS Mexico are equal to or greater than $5,000,000 during any calendar year period following satisfaction of (i); and

(iii) 50,000 shares of DSKX Common Stock in the event annual net revenues of DS Mexico are equal to or greater than $6,000,000 during any calendar year period following satisfaction of (ii).

In connection with the Share Exchange Agreement, the Company issued 600,000 shares of its stock, of which 450,000 shares have been delivered as of December 31, 2012. The remaining 150,000 shares is held in escrow by the Company to be delivered upon completion of the performance measures as stipulated by the Share Exchange Agreement.

The present value of the consideration expected to be paid as part of this agreement is $1,341,015, as calculated below:

- 450,000 shares issued and valued at $2.60 per share, for a total of $1,170,000.
- 51,000 contingent shares valued at $2.60 per share, for a total of $132,600.
-

Forgiveness of $38,415 of invoices due from DS Mexico.

The price per share and the estimated contingent shares to be issued in connection with this agreement were based upon a third party valuation.

The Company incurred approximately $5,000 in profession fees in connection with its acquisition of DS Mexico in 2012.

The following summarizes the fair value of the assets and liabilities acquired:

Cash	$ 127,321
Accounts receivable	380,522
Inventory	159,379
Prepaid and other current assets	87,125
Property and equipment, net	126,628
Customer list	932,000
Goodwill	34,444
Accounts payable	(455,726)
Other current liabilities	(50,678)
Total net assets acquired	$ 1,341,015
Aggregate purchase price	$ 1,341,015

The assets acquired were recorded at preliminary estimates of fair values determined by management, based on information currently available and on current assumptions as to future operations, and were revised upon the completion of acquisition accounting and the finalization of asset valuations.

Dr. Tamez, the former principal shareholder of DS Mexico, has agreed to oversee the day to day operations of DS Mexico in consideration of a base salary of approximately $60,000 per year. In further consideration of his employment with DS Mexico, we and Dr. Tamez entered into a performance agreement dated December 11, 2012, whereby Dr. Tamez shall receive on each 12 month anniversary of the agreement, and each year thereafter for a period of five years, such number of shares of our common stock that shall have a cumulative value of $50,000. Furthermore, during the term of Dr. Tamez's employment he shall be entitled, on a calendar year basis, to 30% of the net profits of DS Mexico (the "Profit Participation"). Commencing on the third calendar anniversary of the performance agreement with us, we shall have the option of terminating the Profit Participation in consideration of a $500,000 payment to Dr. Tamez. Furthermore, in the event that a "Change of Control" of us during the term of Dr. Tamez's employment with us, Dr. Tamez shall have the right to receive a one-time payment of $500,000. A "Change of Control" of us shall be deemed to have occurred at such time as: (1) any person (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act of 1934, as amended (the "Exchange Act"), directly or indirectly, of our securities representing 80% or more of the combined voting power of our outstanding securities then having the right to vote at elections of directors; (2) any person becomes the beneficial owner, directly or indirectly of, either: (i) 50% of DS Mexico's outstanding shares or (ii) 30% of DS Mexico´s shares, within a period of one year; (3) the board of directors of DS Mexico, currently consisting of Daniel Khesin, Michael Strong and Fernando Tamez, is changed in its majority; or (d) 40% of the gross value of DS Mexico´s assets is transferred to an unrelated party.

DEBT FINANCING (Schedule of the Principal Payout of Debt) (Details) (USD $)	Mar. 31, 2013
Debt Instrument [Line Items]	
2013	$ 8,723
2014	10,073
2015	10,689
2016	11,343
2017	12,036
2018	1,036
Total long-term debt	$ 53,900

INVENTORY (Details) (USD $)	Mar. 31, 2013	Dec. 31, 2012
INVENTORY [Abstract]		
Bulk product and raw materials	$ 2,516,357	$ 2,402,331
Work in process	293,772	237,284
Merchandise inventory	1,121,483	1,074,833
Inventory in transit	4,240	239,502
Less: Allowance	(452,969)	(500,000)
Inventory, net, total	$ 3,482,883	$ 3,453,950

GEOGRAPHIC REVENUE REPORTING (Tables)	3 Months Ended Mar. 31, 2013
GEOGRAPHIC REVENUE REPORTING [Abstract]	
Schedule of Revenues by Geographic Area	Information about the Company's geographic operations for both 13-QTR and 12-QTR as follows:

	2013	2012
Net Revenue:		
North America	$ 3,038,796	$ 1,606,685
International	1,026,569	377,297
	$ 3,965,365	$ 1,983,982
Furniture and Equipment, Net:		
North America	$ 157,343	$ 50,657
International	120,356	-
	$ 277,699	$ 50,657

COMMITMENTS AND CONTINGENCIES (Pending and Threatened Litigation, Purchase Commitments and Contract Contingencies) (Details) (USD $)	0 Months Ended	3 Months Ended	12 Months Ended			3 Months Ended
	Jun. 13, 2011	Mar. 31, 2013	Dec. 31, 2011	Mar. 31, 2013 Suppliers [Member]	Dec. 31, 2012 Suppliers [Member]	Mar. 31, 2013 Related Party Former Employee Litigation [Member]
Loss Contingencies [Line Items]						
Accrued value of loss contingency				$ 114,097	$ 162,764	$ 77,500
Possible liability						85,000
Amount paid for prior services	20,000		500			
Litigation for recission, number of shares	23,000		20,000			40,000
Long-term Purchase Commitment [Line Items]						
Purchase orders outstanding		$ 2,046,888				

ACQUISITION OF MEXICAN DISTRIBUTOR (Details) (USD $)		3 Months Ended	
	Sep. 30, 2012	Mar. 31, 2013 Dr. Tamez [Member]	Mar. 31, 2013 DS Laboratories S. A. DE C. V. [Member]
Subsequent Event [Line Items]			
Percentage of business acquired			100.00%
Number of shares issued for business acquisition			450,000
Per share value issued, business combination			$ 2.60
Debt forgiveness by company			$ 38,415
Equity Instruments delivered, value			1,170,000
Purchase Mexican distributor, shares			600,000
Additional shares of common stock issued			150,000
Contingent shares issuable, shares			51,000
Contingent consideration, liability			132,600
Cash			127,321
Accounts receivable			380,522
Inventory			159,379
Prepaid and other current assets			87,125
Property and equipment, net			126,628
Customer list			932,000
Goodwill			34,444
Accounts payable			(455,726)
Other current liabilities			(50,678)
Total assets acquired			1,341,015
Aggregate purchase price			1,341,015
Professional fees	146,400		5,000
Annual salary		60,000	
Value of annual equity award		50,000	
Profit sharing, percent of profits		30	
Profit participation termination contingent payment		500,000	
Contingent payment, change in control		$ 500,000	

OTHER CURRENT LIABILITIES (Details) (USD $)	Mar. 31, 2013	Dec. 31, 2012
OTHER CURRENT LIABILITIES [Abstract]		
Customer deposits	$ 245,300	$ 22,689
Credit cards	84,570	117,006
Taxes payable	12,023	78,989
Current portion of long term debt	8,723	8,723
Other	25,534	
Other current liabilities	$ 376,150	$ 227,407

LIQUIDITY	**3 Months Ended Mar. 31, 2013**
LIQUIDITY [Abstract]	
LIQUIDITY	**NOTE 3. - LIQUIDITY** As of March 31, 2013, we had $196,513 in cash. The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which contemplate continuation as a going concern. We have sustained substantial operational losses since our inception, and such operational losses have continued through March 31, 2013. We have financed our operations primarily through the issuance of shares of our common stock, a line of credit and the issuance of promissory notes. At March 31, 2013, we had an accumulated deficit of approximately $5,555,984. The Company cannot predict how long it will continue to incur further losses or whether it will ever become profitable which is dependent upon the reduction of certain operating expenses and success of new and existing products. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. We have commenced implementing, and will continue to implement, various measures to address our financial condition, including: • Continuing to seek debt and equity financing. However, there can be no assurances that the Company will be able to raise additional capital on favorable terms, or at all. • Curtailing our rate of expansion until our cash flow improves and we can recommence these activities with appropriate working capital or funding. • Curtailing operations where feasible to conserve cash through deferring certain of our marketing activities until our cash flow improves and we can recommence these activities with appropriate working capital of funding.

PREPAID EXPENSES AND OTHER CURRENT ASSETS (Details) (USD $)	3 Months Ended			
	Mar. 31, 2013	Mar. 31, 2012	Dec. 31, 2012	Jun. 30, 2012
PREPAID EXPENSES AND OTHER CURRENT ASSETS [Abstract]				
Prepaid rent			$ 21,200	
Prepaid insurance	27,777		24,304	
Deferred issuance cost, net of amortization	49,463		61,828	
Prepaid VAT	7,960		30,228	
Other prepaid	31,841		21,604	
Prepaid expenses and other current assets	117,041		159,164	
Advance payments towards insurance				98,568
Amortization of prepaid insurance	25,665	70,791		
Deferred issuance costs				98,924
Amortization of financing costs	$ 12,365	$ 49,431		

INTANGIBLE ASSETS (Tables)	3 Months Ended Mar. 31, 2013

INTANGIBLE ASSETS [Abstract]

Schedule of Intangible Assets

Significant components of intangible assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013	2012
	(Unaudited)	
Distribution rights in Brazil	**$ 750,000**	$ 750,000
Less: Accumulated amortization	**(262,500)**	(243,750)
Net distribution rights	**487,500**	506,250
Pure Guild brand rights	**159,086**	159,086
Less: Accumulated amortization	**(81,485)**	(77,790)
Net brand right	**77,601**	81,296
Nutra Origin license	**144,307**	144,307
Less: Accumulated amortization	**(18,526)**	(6,500)
Net license	**125,781**	137,807
DS Mexico Customer list	**981,819**	932,000
Less: Accumulated amortization	**(61,293)**	(16,945)
Net customer list	**920,526**	915,055
Goodwill	**36,286**	34,444
	$ 1,647,694	$ 1,647,852

Schedule of Future Amortization Expense for Intangible Assets

The following table represents the amortized cost of the various assets over the next years.

	2013	2014	2015	2016	Beyond	Total
Asset:						
Brazil distribution rights	$ 56,250	$ 75,000	$ 75,000	$ 75,000	$206,250	$ 487,500
Pure Guild brand rights	11,085	14,780	14,780	14,780	22,176	77,601
Nutra Origin brand license	34,705	46,273	44,803	-	-	125,781
Mexican Customer list	76,252	101,670	101,670	101,670	539,264	920,526
	$178,292	$237,723	$236,253	$191,450	$767,690	$1,611,408

PREPAID EXPENSES AND OTHER CURRENT ASSETS (Tables)	3 Months Ended Mar. 31, 2013
PREPAID EXPENSES AND OTHER CURRENT ASSETS [Abstract]	
Schedule of Prepaid Expenses and Other Current Assets	Prepaid expenses and other current assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Prepaid rent	**$ -**	$ 21,200
Prepaid insurance	**27,777**	24,304
Deferred issuance costs, net of amortization	**49,463**	61,828
Prepaid VAT	**7,960**	30,228
Other prepaid	**31,841**	21,604
	$ 117,041	$ 159,164

EQUITY (Preferred Stock) (Details)	3 Months Ended	
	Mar. 31, 2013	Dec. 31, 2012
EQUITY [Abstract]		
Number of voting rights per share of Series A Preferred Stock	0.2	
Conversion of preferred stock into common stock	4,500,000	
Preferred stock, shares outstanding	5,500,000	5,500,000
Conversion of convertible debt into common shares	450,000	

INTANGIBLE ASSETS (Schedule of Intangible Assets) (Details) (USD $)	12 Months Ended		3 Months Ended		12 Months Ended		3 Months Ended					3 Months Ended		3 Months Ended	
	Dec. 31, 2012	Mar. 31, 2013	Mar. 31, 2013 Distribution Rights In Brazil [Member]	Mar. 31, 2012 Distribution Rights In Brazil [Member]	Dec. 31, 2009 Distribution Rights In Brazil [Member]	Dec. 31, 2012 Distribution Rights In Brazil [Member]	Mar. 31, 2013 Pure Guild Brand Rights [Member]	Mar. 31, 2012 Pure Guild Brand Rights [Member]	Sep. 30, 2009 Pure Guild Brand Rights [Member]	Dec. 31, 2012 Pure Guild Brand Rights [Member]	Jun. 30, 2012 Pure Guild Brand Rights [Member]	Mar. 31, 2013 Nutra Origin License [Member]	Dec. 31, 2012 Nutra Origin License [Member]	Mar. 31, 2013 DS Mexico Customer List [Member]	Dec. 31, 2012 DS Mexico Customer List [Member]
Finite-Lived Intangible Assets [Line Items]															
Finite-lived intangible asset, gross			$ 750,000			$ 750,000	$ 159,086			$ 159,086		$ 144,307	$ 144,307	$ 981,819	$ 932,000
Finite-lived intangible asset, accumulated amortization			(262,500)			(243,750)	(81,485)			(77,790)		(18,526)	(6,500)	(61,293)	(16,945)
Finite-lived intangible assets, net, total			487,500			506,250	77,601			81,296		125,781	137,807	920,526	915,055
Goodwill	34,444	36,286													
Total intangible assets	1,647,852	1,647,694													
Purchase of brand rights, shares					300,000										
Per share value of stock issued for purchase of intangible asset					$ 2.5										
Amortization expense related to intangible assets			18,750	18,750			3,695	6,400						44,348	
Product exchanged for rights									106,666						
Investment value in joint venture									70						
Inventory											50,000				
Amortization period of intangible asset							6 years		5 years					9 years	
Monthly license payments												7,500			
Purchase of brand rights	$ 2,879											$ 50,000			

ACCOUNTS PAYABLE AND ACCRUED EXPENSES (Tables)	3 Months Ended Mar. 31, 2013
ACCOUNTS PAYABLE AND ACCRUED EXPENSES [Abstract]	
Schedule of Accounts Payable and Accrued Expenses	Significant components of accounts payable and accrued expenses at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Trade payables	**$ 2,324,417**	$ 2,327,540
Accrued expenses:		
Advertising and marketing	**48,264**	60,264
Commissions	**139,396**	362,346
Facilities	**73,426**	38,023
Fees / interest	**20,658**	19,012
Insurance	**10,129**	-
Investor relations	**-**	44,000
Production materials	**11,000**	-
Other	**-**	61,807
Personnel	**25,833**	109,930
Professional fees	**33,630**	9,500
Public relations	**22,500**	-
Refunds and returns	**65,000**	-
	$ 449,836	$ 704,882

OTHER CURRENT LIABILITIES (Tables)	3 Months Ended Mar. 31, 2013
OTHER CURRENT LIABILITIES [Abstract]	
Schedule of Other Current Liabilities	Significant components of other current liabilities at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Customer deposits	$ **245,300**	$ 22,689
Credit cards	**84,570**	117,006
Taxes payable	**12,023**	78,989
Current portion of long term debt	**8,723**	8,723
Other	**25,534**	-
	$ **376,150**	$ 227,407

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	3 Months Ended Mar. 31, 2013
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Abstract]	
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	

NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Presentation

The consolidated financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

The consolidated financial statements include the accounts of the Company and its wholly owned operating subsidiaries DS Laboratories, Inc., Sigma Development and Holding Co., Inc., Polaris Labs, Inc., Nutra Origin, Inc. and Divine Skin Laboratories, S.A. de CV. Also included in the consolidated financial statements are the activities of Velocity Storage and Packaging, LLC, and Wally Group, LLC which are accounted for as VIEs. All significant intercompany balances and transactions have been eliminated in consolidation.

Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements presented herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements, notes and accounting policies included in the Company's Annual Report. In the opinion of management, all adjustments which are necessary to provide a fair presentation of financial position as of March 31, 2013 and the related operating results and cash flows for the interim periods presented have been made. All adjustments are of a normal recurring nature. The results of operations, for the periods presented are not necessarily indicative of the results to be expected for future periods or for the year ending December 31, 2013.

Prior Period Reclassifications

Certain prior period amounts that were combined in the December 31, 2012 consolidated financial statements (accounts payable and accrued expenses, and shareholder loans and other current liabilities) have been reclassified for comparability with the March 31, 2013 presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. We believe our estimates and assumptions are reasonable; however, such estimates and assumptions are subject to a number of risks and uncertainties that may cause actual results to differ materially from such estimates. Significant estimates and assumptions underlying these consolidated financial statements include:

- Estimates of allowances for uncollectable accounts receivable,
- Estimates of inventory obsolescence and overhead and labor cost allocations,
- Estimates assuming future earning capacity of our exclusive Brazilian distribution agreement,
- Estimates of value of equity transactions for services rendered,
- Estimates of returned or damaged product, and
- Estimates made in our deferred income tax calculations.
- Estimates made with respect to the fair values of assets acquired and liabilities assumed in our acquisition of DS Mexico.

Risks and Uncertainties

The Company's business could be impacted by price pressure on its product manufacturing, acceptance of its products in the market place, new competitors, changes in federal and/or state legislation and other factors. The Company also has been experiencing significant growth which puts serious strains on its cash availability requirements. If the Company is unsuccessful in securing adequate liquidity, its plans may be curtailed. Adverse changes in these areas could negatively impact the Company's financial position, results of operations and cash flows.

Cash

Cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

Accounts Receivable

Accounts receivable are reported at their net realizable value. The Company establishes an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, historical trends, and other information. Delinquent accounts are written-off when it is determined that the amounts are uncollectible. The Company also provides for allowances against accounts receivables for product returns and cooperative advertising allowances. At March 31, 2013 and December 31, 2012, the allowance for uncollectable accounts was $525,602 and $323,981 respectively. At March 31, 2013 and December 31, 2012, the Company provided $210,000 at both dates for defectives and product returns and $60,000 at both dates for advertising credits.

Inventory

Inventory is reported at the lower of cost or market on the first-in, first-out ("FIFO") method. Our inventory is subject to expiration and obsolescence, accordingly quantities purchased and sell through rates are periodically monitored for potential overstocking or pending expiration as a basis for establishing the appropriate reserve for any estimated expiration or obsolescence.

Furniture and Equipment

Furniture and equipment are recorded at cost and depreciation is provided using the straight line depreciation method over the estimated useful lives of the assets, which range from 5 to 7 years. The Company recorded $28,058 and $5,865 in depreciation expense during the three months ended March 31, 2013 and 2012, respectively. Accumulated depreciation was $179,691 and $151,633 at March 31, 2013 and December 31, 2012, respectively. Expenditures for repairs and maintenance of equipment are charged to expense as incurred. Major replacements and betterments are capitalized and depreciated over the remaining useful lives of the assets.

Long-Lived Assets

The Company has adopted ASC 360-10, *"Accounting for Impairment or Disposal of Long-Lived Assets"*, which requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Long Term Debt

Interest expense is recognized on the outstanding loan obligation as incurred and is recorded in "Interest Expense". The Company entered into a loan agreement to purchase certain warehouse equipment on December 10, 2012. (see Note 11).

Non-Controlling Interest

Non-controlling interest consists of the minority owned portion of the following:

Nutra Origin, Inc. - During the fourth quarter of 2012 the Company completed its license of the Nutra Origin brand. In addition, the Company established a new subsidiary to operate the Nutra Origin brand. As part of the license agreement, the licensor was granted a 7% non-controlling interest in the newly formed subsidiary.

Revenue Recognition

Revenue is recognized when a product is shipped and risk of loss is transfered. The Company manages the collection process for transactions processed on its website, but it outsources its fulfillment (delivery) process to third parties.

The Company's revenue recognition policies are in compliance with ASC Topic 605, "*Revenue Recognition"*, which establishes criteria that must be satisfied before revenue is realized or realizable and earned. The Company recognizes revenue when all of the following four criteria are met:

- persuasive evidence of a sales arrangement exists,
- delivery has occurred,
- the sales price is fixed or determinable and
- collectability is probable.

Shipping and handling charges related to sales transactions are recorded as sales revenues when billed to customers or included in the sales price in accordance with ASC Topic 605, "*Accounting for Shipping and Handling Fees and Costs"*. Shipping and handling costs are included in cost of goods sold.

Research and Development

The Company currently maintains a functional laboratory employing two full time chemists, a part time chemist/consultant and a lab technician that identify new technology, test product alternatives and improve existing formulations. In addition, our founder and CEO devotes a substantial portion of his time in identifying new technologies and formulations to develop new products and improve existing products with the newest technology available. ASC Topic 730, "*Accounting for Research and Development Costs*" requires such activities be expensed in the year incurred. Such costs include laboratory supplies, salaries, materials and consultant fees. These costs are classified as product development, salaries, selling, general and administrative expenses in the condensed consolidated statements of operations, and amounted to $28,998 and $43,415 for the three months ended March 31, 2013 and 2012, respectively.

Income Taxes

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Income tax expense is the result of Mexican operations.

Earnings per share

The Company computes basic and diluted earnings per share amounts in accordance with ASC Topic 260, "*Earnings per Share"*. Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. Vested warrants for 253,893 shares and vested options for 32,633 shares were excluded from the earnings per share calculation because they would be anti-dilutive.

Segment Information

ASC Topic 280, "*Disclosures about Segments of an Enterprise and Related Information*," established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports issued to stockholders. Management has determined that the Company operates in one business segment, which is the commercialization and development of personal care products.

Fair Value of Financial Instruments

Fair value is defined as an exit price, which is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in measuring the fair value of assets and liabilities generally correlates to the level of pricing observability. Financial assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial assets and liabilities that are rarely traded or not quoted have less price observability and are generally measured at fair value using valuation models that require more judgment. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency of the asset, liability or market and the nature of the asset or liability. We currently do not have any financial assets and liabilities that are recurring that would require us to disclose them at fair value.

Functional Currency

The U.S. dollar is the functional currency of our consolidated entities operating in the United States. The functional currency for our consolidated entity operating outside of the United States is the Mexican peso. We translate their financial statements into U.S. dollars as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the financial statement date.
- Income statement accounts are translated using the weighted average exchange rate for the period.

We include translation adjustments from currency exchange and the effect of exchange rate changes on intercompany transactions of a long-term investment nature as a separate component of shareholders' equity. There are currently no transactions of a long-term investment nature, nor any gains or losses from non-U.S. currency transactions.

DEBT FINANCING (Tables)	3 Months Ended Mar. 31, 2013
DEBT FINANCING [Abstract]	
Schedule of Long-Term Debt	Principal payout over the life of the loan is as follows:

	2013	2014	2015	2016	2017	2018	Total
Long Term Debt	$ 8,723	$10,073	$10,689	$11,343	$12,036	$ 1,036	$53,900

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details) (USD $)	3 Months Ended		12 Months Ended
	Mar. 31, 2013	Mar. 31, 2012	Dec. 31, 2012
Summary Of Significant Accounting Policies [Line Items]			
Provision for doubtful accounts receivable	$ 525,602		$ 323,981
Product return and advertising reserve	210,000	210,000	110,000
Advertising credits	60,000		60,000
Depreciation expense	28,058	5,865	
Accumulated depreciation	179,691		151,633
Contracted research and development expense	$ 28,998		$ 43,415
Minimum [Member]			
Summary Of Significant Accounting Policies [Line Items]			
Property and equipment, estimated useful life	5 years		
Maximum [Member]			
Summary Of Significant Accounting Policies [Line Items]			
Property and equipment, estimated useful life	7 years		
Stock Options [Member]			
Summary Of Significant Accounting Policies [Line Items]			
Anti-dilutive shares from the earnings per share calculation	32,633		
Warrant [Member]			
Summary Of Significant Accounting Policies [Line Items]			
Anti-dilutive shares from the earnings per share calculation	253,893		
Nutra Origin Inc. [Member]			
Summary Of Significant Accounting Policies [Line Items]			
Interest in subsidiaries	7.00%		

EQUITY (Common Stock) (Details) (USD $)	3 Months Ended					12 Months Ended
	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2012
Stockholders Equity Note [Line Items]						
Stock issued as compensation for service			28,000	108,764	28,128	
Issuance of common stock, per share			$ 2.5			
Issuance of common stock for services			$ 69,600	$ 241,528	$ 89,182	
Exercised			732,000	4,070		4,070
Exercised, shares			292,000	40,700		
Employee/associate compensation, per share	$ 2.5	$ 3.32		$ 2.6	$ 3.4	
Employee/associate compensation, shares	15,300	31,367		38,514	8,824	
Revenue allowance	38,250	104,138		100,000	30,000	
Stock surrendered, value						16,800
Professional fees			146,400			
Net proceeds from issuance of common stock			585,600			
Two Founders [Member]						
Stockholders Equity Note [Line Items]						
Conversion of preferred stock to common stock, shares			450,000			
Conversion of convertible preferred stock, shares			450,000			
Nutra Origin License [Member]						
Stockholders Equity Note [Line Items]						
Stock issued as compensation for service		15,385				
Issuance of common stock, per share		$ 3.25				
Increase in intangible assets		(50,000)				
IR Firm [Member]						
Stockholders Equity Note [Line Items]						
Stock issued as compensation for service	20,000					
Issuance of common stock, per share	$ 2.20	$ 3.36	$ 2.80			
Issuance of common stock for services	44,000					
Stock surrendered, shares		5,000	20,000			
Stock surrendered, value		16,800	56,000			
Directors [Member]						
Stockholders Equity Note [Line Items]						
Stock issued as compensation for service	5,000					
Issuance of common stock, per share	$ 3.20					
Issuance of common stock for services	$ 16,000					
Minimum [Member]						
Stockholders Equity Note [Line Items]						
Issuance of common stock, per share			$ 2.20	$ 2.00	$ 3.10	

Maximum [Member]			
Stockholders Equity Note [Line Items]			
Issuance of common stock, per share	$ 3.20	$ 2.80	$ 3.20

CONDENSED CONSOLIDATED BALANCE SHEETS (USD $)	Mar. 31, 2013	Dec. 31, 2012
Current Assets		
Cash	$ 196,513	$ 412,488
Accounts receivable, net	2,368,864	2,125,641
Inventory	3,482,883	3,453,950
Prepaid expenses and other current assets	117,041	159,164
Total Current Assets	6,165,301	6,151,243
Furniture and Equipment, net	277,699	293,720
Advances to Related Parties	26,000	17,973
Intangible assets, net	1,647,694	1,674,852
Other Assets	103,635	86,888
TOTAL ASSETS	8,220,329	8,224,676
Current Liabilities		
Accounts payable	2,324,417	2,327,540
Accrued expenses	449,836	704,882
Client facility	538,284	448,658
Shareholder loans	659,100	353,000
Other current liabilities	376,150	227,407
Total Current Liabilities	4,347,787	4,061,487
Long Term Debt	42,845	45,177
TOTAL LIABILITIES	4,390,632	4,106,664
COMMITMENTS AND CONTINGENCIES		
Equity		
Preferred stock, $0.001 par value, 30 million shares authorized: 5,500,000 shares issued and outstanding at March 31, 2013 and December 31, 2012	5,500	5,500
Common stock, $0.001 par value, 300 million shares authorized: 12,160,014 and 12,119,705 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	12,160	12,120
Additional paid-in-capital	9,342,958	9,244,748
Stock subscription	(30,000)	(30,000)
Accumulated deficit	(5,555,984)	(5,097,990)
Other comprehensive income	75,551	
Total Shareholders' Equity	3,850,185	4,134,378
Non-Controlling Interest	(20,488)	(16,366)
Total Equity	3,829,697	4,118,012
TOTAL LIABILITIES AND EQUITY	$ 8,220,329	$ 8,224,676

INTANGIBLE ASSETS (Schedule of Future Amortization Expense for Intangible Assets) (Details) (USD $)	Mar. 31, 2013
Finite-Lived Intangible Assets [Line Items]	
2013	$ 178,292
2014	237,723
2015	236,253
2016	191,450
Beyond	767,690
Amortized cost of assets	1,611,408
Distribution Rights Brazil (Exclusive) [Member]	
Finite-Lived Intangible Assets [Line Items]	
2013	56,250
2014	75,000
2015	75,000
2016	75,000
Beyond	206,250
Amortized cost of assets	487,500
Distribution Rights Pure Guild [Member]	
Finite-Lived Intangible Assets [Line Items]	
2013	11,085
2014	14,780
2015	14,780
2016	14,780
Beyond	22,176
Amortized cost of assets	77,601
Nutra Origin Brand License [Member]	
Finite-Lived Intangible Assets [Line Items]	
2013	34,705
2014	46,273
2015	44,803
2016	
Beyond	
Amortized cost of assets	125,781
DS Mexico Customer List [Member]	
Finite-Lived Intangible Assets [Line Items]	
2013	76,252
2014	101,670
2015	101,670
2016	101,670
Beyond	539,264
Amortized cost of assets	$ 920,526

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $)	3 Months Ended	
	Mar. 31, 2013	Mar. 31, 2012
Cash Flows from Operating Activities:		
Net loss	$ (462,115)	$ (440,337)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	143,284	47,682
Bad debts allowance (recovery)	201,622	(36,758)
Change in inventory allowance	(47,031)	20,000
Stock issued for services	98,250	119,182
Warrants vested for other services		48,000
Changes in operating assets and liabilities:		
Accounts receivable	(444,845)	480,688
Inventory	18,098	(618,662)
Prepaid expenses and other current assets	5,175	(3,700)
Accounts payable	(3,123)	10,578
Accrued expenses	(255,045)	
Other current liabilities	148,743	27,379
Net cash used in operating activities	(596,987)	(345,948)
Cash Flows from Investing Activities:		
Purchases of furniture and equipment	(12,037)	(14,360)
Purchase of injection molds	(35,139)	
Advances to related parties	(8,027)	
Disposal of Brazil Joint Venture		4,678
Security deposits		(3,000)
Net cash used in investing activities	(55,203)	(12,682)
Cash Flows from Financing Activities:		
Net proceeds from credit facility	89,626	
Net proceeds from shareholder loans	310,000	
Repayment of loans and notes	(6,232)	
Net cash provided by financing activities	393,394	
Effect of exchange rate changes on cash	42,821	
Decrease in cash	(215,975)	(358,630)
Cash, Beginning of Period	412,488	1,284,343
Cash, End of Period	196,513	925,713
Supplemental Information:		
Cash paid for interest	$ 19,745	

SIGNIFICANT VENDORS (Details) (USD $)	Mar. 31, 2013	Dec. 31, 2012	3 Months Ended					
			Mar. 31, 2013 Vendor A [Member] Purchase Amount [Member]	Mar. 31, 2012 Vendor A [Member] Purchase Amount [Member]	Mar. 31, 2013 Vendor A [Member] Accounts Payable [Member]	Mar. 31, 2012 Vendor A [Member] Accounts Payable [Member]	Mar. 31, 2013 Vendor C [Member] Purchase Amount [Member]	Mar. 31, 2013 Vendor C [Member] Accounts Payable [Member]
Concentration Risk [Line Items]								
Purchase Amount			$ 316,377	$ 399,360			$ 290,967	
Concentration risk percentage			19.00%	31.00%	9.00%	0.00%	18.00%	8.00%
Accounts payable	$ 2,324,417	$ 2,327,540			$ 202,852	$ 0		$ 173,806

SIGNIFICANT CUSTOMERS (Tables)	3 Months Ended Mar. 31, 2013
SIGNIFICANT CUSTOMERS [Abstract]	
Schedule of Sales to Significant Customers	Sales to 10% or greater these customers during 13-QTR and their accounts receivable at March 31, 2013 were:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
B	$ 438,526	11%	$ 347,782	12%
F	$ 395,592	10%	$ 57,735	2%

Sales to 10% or greater customers during 12-QTR and their accounts receivable at March 31, 2012 were:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
B	$ 447,458	22%	$ 332,287	20%

SIGNIFICANT VENDORS	**3 Months Ended Mar. 31, 2013**
SIGNIFICANT VENDORS [Abstract]	
SIGNIFICANT VENDORS	

NOTE 16. - SIGNIFICANT VENDORS

The Company purchases its raw materials from various foreign and domestic suppliers several of which represent individually in excess of 10% of total purchases. Purchases of raw materials consist primarily of basic chemicals and packaging materials. The Company believes that it enjoys cordial relationships with all its suppliers but should the need arise; the Company believes that it could transition to alternate suppliers with minimal adverse impact. It does not have any formal long term purchase agreements with its suppliers. The Company does issue purchase orders based on its production plan, which may be modified or cancelled should its production plan change.

Purchases from significant vendors during 13-QTR and their accounts payable at March 31, 2013 were:

Vendor	Purchase Amount	Percent	Accounts Payable	Percent
A	$ 316,377	19%	$ 202,852	9%
C	$ 290,967	18%	$ 173,806	8%

Purchases from significant venders during 12-QTR and their accounts payable at March 31, 2012 were:

Vendor	Purchase Amount	Percent	Accounts Payable	Percent
A	$ 399,360	31%	$ 0	0%

SIGNIFICANT VENDORS (Tables)	3 Months Ended Mar. 31, 2013
SIGNIFICANT VENDORS [Abstract]	
Schedule of Significant Purchases from Vendors	Purchases from significant vendors during 13-QTR and their accounts payable at March 31, 2013 were:

Vendor	Purchase Amount	Percent	Accounts Payable	Percent
A	$ 316,377	19%	$ 202,852	9%
C	$ 290,967	18%	$ 173,806	8%

Purchases from significant venders during 12-QTR and their accounts payable at March 31, 2012 were:

Vendor	Purchase Amount	Percent	Accounts Payable	Percent
A	$ 399,360	31%	$ 0	0%

CONSOLIDATION OF VARIABLE INTEREST ENTITY	3 Months Ended Mar. 31, 2013
CONSOLIDATION OF VARIABLE INTEREST ENTITY [Abstract]	
CONSOLIDATION OF VARIABLE INTEREST ENTITY	**NOTE 18. - CONSOLIDATION OF VARIABLE INTEREST ENTITY** The Company holds a variable interest in Velocity Storage and Packaging LLC ("Velocity") an entity for which the Company is the primary beneficiary. Velocity performs packaging and shipping services exclusively for the Company. The Company's variable interest relates to a financing arrangement whereby, all operational expenses including labor costs, facility costs and other operational expenses are reimbursed by the Company at Velocity's cost. The Company has no equity investment in Velocity and Velocity has no assets, liabilities or equity structure of its own. Accordingly, the Company determined that Velocity was a variable interest entity ("VIE") and the Company was the primary beneficiary under the guidance offered in ASC 810-10 since Velocity does not have sufficient equity at risk for the entity to finance its own activities. ASC 810-10 requires that an enterprise consolidate a VIE if that enterprise has a variable interest that will absorb a majority of the entity's expected losses if they occur.

ORGANIZATION AND NATURE OF BUSINESS	3 Months Ended Mar. 31, 2013
ORGANIZATION AND NATURE OF BUSINESS [Abstract]	
ORGANIZATION AND NATURE OF BUSINESS	

NOTE 1. - ORGANIZATION AND NATURE OF BUSINESS

Terms and Definitions

AICPA	American Institute of Certified Public Accountants
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
FASB	Financial Accounting Standards Board
FIFO	First-in, First-out
GAAP (US)	Generally Accepted Accounting Principles as applied in the United States
IFRS	International Financial Reporting Standards
SEC	Securities Exchange Commission
SFAS or FAS	Statement of Financial Accounting Standards
13-QTR	Three months ended March 31, 2013
12-QTR	Three months ended March 31, 2012
VIE	Variable Interest Entity

Organization and Nature of Business

DS Healthcare Group, Inc. (formerly Divine Skin, Inc.) (d/b/a DS Laboratories) (the "Company", "DS Laboratories", "DSKX", "we", "us" or "our") was organized under the laws of the State of Florida in January 2007. Through its predecessors, the Company has been developing and marketing hair care, skin care and personal care products for over fifteen years. The Company has grown steadily over the last few years with a network of top specialty retailers and distributors throughout North America, Europe, Asia and South America. The Company researches and develops its own products, which management believes keeps the Company at the forefront of innovation. Management believes the Company is currently a leading innovator of "Liposome Technology", which acts as a carrier agent, and has been designed to enhance the action of the active ingredients in our products. We currently offer products are within the following broad product categories:

- Hair Care
- Skin Care
- Health and Personal Care

History of the Company

The Company was incorporated in January 2007 and capitalized with the assets recovered from a terminated predecessor New York corporation. DS Laboratories, Inc. (a Florida corporation) was also incorporated in January 2007. The companies were founded by common shareholders.

In the first quarter of 2009,

- the Company acquired 100% of the outstanding shares of DS Laboratories, Inc. (a Florida corporation) and Sigma Development and Holding Co., Inc. (a Florida corporation) ("Sigma"), both for a nominal amount. DS Laboratories has been idle since its inception in 2007.
- Sigma was founded as an upscale brand addition to the Company's product portfolio.
- Polaris Labs, Inc. (a Florida corporation) was founded to distribute versions of the Company's products that, for marketing purposes, are sold through physicians and foreign distributors under the Polaris brand.

The primary operating entity is DS HealthCare Group, Inc. (formerly Divine Skin, Inc.) and currently conducts its business under the "DS Laboratories" and "Divine Skin" trade names.

In the fourth quarter of 2009, we completed an agreement with DS Laboratories Brazil, LTDA to distribute our products and additional future products specifically tailored for the Brazilian market. The costs associated with procuring this agreement have been capitalized and are amortized over the life of the agreement.

In the first quarter of 2011, we began distribution of Nutra Origin brand nutraceutical products under an exclusive distribution agreement with the manufacturer. Our Chief Executive Officer's father is part owner and COO of the manufacturer of Nutra Origin brand products.

In the third quarter of 2011, the Company finalized discussions with DS Laboratories Brazil, LTDA, to modify its joint venture distribution agreement. In exchange for 100% ownership in the joint venture, our Brazilian distributor has fully funded the product development and licensing of our products in Brazil. We will remain the license holder once the license is granted and we retain our exclusivity for Brazilian distribution. We commenced sales in the fourth quarter 2012. As of December 31, 2012, the Company had invested $26,000 in this venture which will be repaid by our distributor.

In the second quarter of 2012, we engaged in negotiations to license or acquire the Nutra Origin brand. Negotiations were completed and closed in the fourth quarter of 2012 whereby we pay $7,500 per month for an exclusive 10 year license to use the Nutra Origin brand. As part of the closing, we issued $50,000 in DSKX stock and granted a 7% equity interest in a newly formed subsidiary, Nutra Origin, Inc. We also acquired the 100% of the Pure Guild brand license (see Note 7).

In the fourth quarter of 2012, we closed on the acquisition of Divine Skin Laboratories, S.A. de CV, our Mexican Distributor ("DS Mexico") (see Note 20).

During the fourth quarter of 2012, we also completed a 10:1 reverse split and effected a name change to DS Healthcare Group, Inc. All share and per share information contained in this report gives retroactive effect to the 10:1 reverse split.

CONDENSED CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $)	Mar. 31, 2013	Dec. 31, 2012
CONDENSED CONSOLIDATED BALANCE SHEETS [Abstract]		
Preferred stock, par value per share	$ 0.001	$ 0.001
Preferred stock, shares authorized	30,000,000	30,000,000
Preferred stock, shares issued	5,500,000	5,500,000
Preferred stock, shares outstanding	5,500,000	5,500,000
Common stock, par value per share	$ 0.001	$ 0.001
Common stock, shares authorized	300,000,000	300,000,000
Common stock, shares issued	12,160,014	12,119,705
Common stock, shares outstanding	12,160,014	12,119,705

DEBT FINANCING

3 Months Ended
Mar. 31, 2013

DEBT FINANCING [Abstract]

DEBT FINANCING

NOTE 11. - DEBT FINANCING

Credit Facility - On April 6, 2012 a financial institution provided the Company with a $1.5 million credit facility with an initial draw of $580,000. The credit facility provides for asset based lending collateralized by all assets of the Company. Advances are based on 80% of qualified accounts receivable and 40% of finished goods inventory. The credit facility provides for interest and bank fees, which currently aggregate to 8% (prime plus 3% plus 1.75% asset monitoring fees and other fees) per annum and expires March 24, 2014, and may be renewed under certain conditions. The credit facility is personally guaranteed by our Chief Executive Officer and, under certain conditions, may be called upon demand. The credit facility also provides for a referral fee of 4% per annum for 3 years. The Loan Agreement contains customary representations, warranties, affirmative and negative covenants and events of default. The negative covenants include, among other things, restrictions on transferring our assets, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, and creating other liens on our assets, in each case subject to customary exceptions. As of March 31, 2013, the Company had $538,284 outstanding and $255,566 available to borrow based on its advance formulas for qualified accounts receivable and finished goods inventory.

We are currently in compliance with the covenants under the credit facility, with the following exceptions;

(1) Under the terms of the credit facility, we are required to obtain a life insurance policy on the Company's Chief Executive Officer. We are in the process of obtaining the life insurance policy and the requirement has been waived until May 31, 2013.

Long Term Debt - On December 10, 2012 the Company entered into a loan agreement for $53,900 to purchase certain warehouse equipment. The loan provides for monthly payments of $1,041 for 60 months at 5.95% interest. The first payment was required on February 18, 2013. No interest expense from this loan was recognized in 2012 due to its immateriality.

Principal payout over the life of the loan is as follows:

	2013	2014	2015	2016	2017	2018	Total
Long Term Debt	$ 8,723	$ 10,073	$ 10,689	$ 11,343	$ 12,036	$ 1,036	$ 53,900

Document and Entity Information	3 Months Ended Mar. 31, 2013	May 10, 2013
Document and Entity Information [Abstract]		
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Mar. 31, 2013	
Entity Registrant Name	DS HEALTHCARE GROUP, INC.	
Entity Central Index Key	0001463959	
Current Fiscal Year End Date	--12-31	
Document Fiscal Period Focus	Q1	
Document Fiscal Year Focus	2013	
Entity Filer Category	Smaller Reporting Company	
Entity Well-known Seasoned Issuer	No	
Entity Voluntary Filers	No	
Entity Current Reporting Status	Yes	
Entity Units Outstanding		12,160,014

COMMITMENTS AND CONTINGENCIES

3 Months Ended
Mar. 31, 2013

COMMITMENTS AND CONTINGENCIES [Abstract]

COMMITMENTS AND CONTINGENCIES

NOTE 12. - COMMITMENTS AND CONTINGENCIES

During 13-QTR and 2012, the Company operated under several material agreements as listed below:

Lease for office and production facilities -

- The Company leased its corporate headquarters office space located in Miami Beach, Florida, on a month to month basis at $5,700 per month or $68,400 on an annual basis, which was terminated during the fourth quarter of 2012.
- In October 2012, the Company entered into a lease, which added 1,525 square feet of additional space and renewed its existing lease for a total of 1,875 square feet in sales facilities located in Ashville, North Carolina. The leases provide for monthly rent of $4,725 throughout the lease term which both expire on December 31, 2015.
- The Company leased 13,137 square feet of warehouse and production space in Pompano Beach, Florida. The lease provided for monthly rent of $6,350 and expired on October 15, 2012.
- In fourth quarter of 2012, the Company entered into a lease for 50,000 square feet in warehouse and corporate office space located in Deerfield Beach, Florida. The lease provides for monthly rent of $20,000 in the first six months and $27,000 per month thereafter. The lease term is for 22 months.

The Company is committed to lease payments over the next five years are as follows:

	2013	2014	2015	2016	Beyond	Total
Facility Leases:						
Deerfield Beach, Florida (Production) (HQ)	$ 243,000	$ 189,000	$ -	$ -	$ -	$ 432,000
Ashville, North Carolina (Sales)	42,521	56,695	56,695	-	-	155,911
	$ 285,521	$ 245,695	$ 56,695	$ -	$ -	$ 587,911

Pending and threatened litigation -

- The Company has received several pending and threatened litigations from various suppliers typically over non-payment for goods or services. Such vendor disputes are typical in the normal course of business. The Company has vigorously disputed those claims on the grounds of the substandard materials or services provided. In 2011, we received 5 supplier claims for certain advertising, human resource and consulting matters that we are disputing and filing counter claims. We settled four of these claims in 2012 and structured payouts representing our estimate of the amount due of $114,097 and $162,764 at March 31, 2013 and December 31, 2012, respectively.

- On June 13, 2011, we filed an action in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida for the rescission of an investor relations and consulting agreement entered into on or about October 15, 2010 whereby we paid a third party approximately $20,000 and 23,000 shares of restricted common stock in consideration of investor relations and consulting services. We have demanded return of the 23,000 shares of restricted stock and recovery of costs and other damages. The third party has filed a counter claim for breach of the agreement. We intend to vigorously defend this claim.
- During 2011, we also filed an action in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida for the rescission of an agreement entered into on or about May 18, 2010 whereby we paid a third party approximately $500 and 20,000 shares of restricted common stock in consideration of consulting services. We have demanded return of the 20,000 shares of restricted stock and recovery of costs and other damages. The claim was dismissed for lack of jurisdiction and we re-filed the action in the Supreme Court, New York County, New York on or about January 11, 2012, seeking rescission of said agreement and the return of $500 and 20,000 shares of restricted common stock.
- We and our chief executive officer, individually, were named in a lawsuit brought in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida by a former employee of Evolution Model Management, Inc. claiming wrongful termination. We were named because we originally hired the employee rather than Evolution Model Management, as the latter was not yet an established entity. On December 2, 2012, we entered into a settlement agreement and release of claims whereby we agreed to pay the plaintiff an aggregate of $77,500, payable in three equal installments. The final payment was made in April 2013.
- We and our chief executive officer, individually, were named in a lawsuit brought in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida by a former contractor claiming wrongful termination. Plaintiff's complaint alleges $85,000 in back salary, performance bonus and a 40,000 share grant. Management intends to vigorously defend the action and contends the suit is without merit as the contractor was dismissed for cause. Accordingly, management has not provided a contingency reserve for this matter.

Purchase commitments

In order to secure an adequate supply of raw materials, the Company executes purchase orders to its suppliers as evidence of its intent to purchase materials. Purchase orders outstanding at March 31, 2013 totaled $2,046,888.

Contract contingencies

Our distribution agreement with Gamma Investors provides that in the event we terminate the agreement without cause, we are required to repurchase all products held in Gamma's inventory and pay Gamma a fee equal to the greater of the prior 12 month product purchased by Gamma or $2 million.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (USD $)	3 Months Ended		12 Months Ended
	Mar. 31, 2013	Mar. 31, 2012	Dec. 31, 2012
Revenue:			
Product sales	$ 4,589,550	$ 2,108,424	
Less allowances	(624,185)	(124,442)	
Net revenue	3,965,365	1,983,982	
Cost of Goods Sold	2,190,681	933,662	
Gross Profit	1,774,684	1,050,320	
Selling and marketing:			
Commissions and consulting	259,769	299,800	
Other selling and marketing expenses	497,229	463,351	
Total selling and marketing	756,998	763,151	
General and administrative			
Salary and personnel costs	485,730	308,722	
Professional fees and consulting costs	366,842	279,496	
Other general and administrative expenses	656,103	127,138	
Total general and administrative	1,508,675	715,356	
Total operating costs and expenses	2,265,673	1,478,507	
Operating Loss	(490,989)	(428,187)	
Other Income (Expense)			
Interest income		591	
Interest expense	(19,745)		
Other	56,615	(12,741)	
Total other income (expense)	36,870	(12,150)	
Loss Before Taxes	(454,119)	(440,337)	
Income Tax	7,996		
Net loss	(462,115)	(440,337)	
Net Loss Attributable to Non-Controlling Interest	(4,122)		
Net Loss Attributable to Shareholders	(457,993)	(440,337)	(3,623,110)
Basic and Diluted Earnings per Share:			
Weighted average shares	12,137,997	10,513,002	
Loss per share	$ (0.04)	$ (0.04)	
Foreign currency translation adjustment	75,551		
Comprehensive loss	$ (382,442)		

PREPAID EXPENSES AND OTHER CURRENT ASSETS	3 Months Ended Mar. 31, 2013
PREPAID EXPENSES AND OTHER CURRENT ASSETS [Abstract]	
PREPAID EXPENSES AND OTHER CURRENT ASSETS	see note below

NOTE 6. - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Prepaid rent	**$ -**	$ 21,200
Prepaid insurance	**27,777**	24,304
Deferred issuance costs, net of amortization	**49,463**	61,828
Prepaid VAT	**7,960**	30,228
Other prepaid	**31,841**	21,604
	$ 117,041	$ 159,164

Prepaid rent - Represents the temporary timing of rent payments.

Prepaid insurance - Represents the temporary advance of deposits and scheduled premium payments made in excess of premiums expensed over the policy period. These advances totaled approximately $98,568 of which $70,791 was expensed over the policy year to date including $25,665 that was expensed during the first quarter of 2013.

Deferred issuance costs - These amounts were made in connection with obtaining financing arrangements from our asset based lender discussed more fully in Note 11, which consisted of loan origination fees, legal and due diligence fees. These deferred issuance costs totaled approximately $98,924 of which $49,461 has been amortized since origination of the financing during the second quarter of 2012. $12,365 was amortized during the first quarter of 2013.

INVENTORY	**3 Months Ended Mar. 31, 2013**
INVENTORY [Abstract]	
INVENTORY	**NOTE 5. - INVENTORY**

Significant components of inventory at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Bulk product and raw materials	**$2,516,357**	$2,402,331
Work in process	**293,772**	237,284
Merchandise inventory	**1,121,483**	1,074,833
Inventory in transit	**4,240**	239,502
Less: Allowance	**(452,969)**	(500,000)
	$3,482,883	$3,453,950

Bulk product and raw materials - Bulk product consists of completed product formulations that have not yet been packaged in market ready packaging. Raw materials consist of bulk quantities of the various chemical components of our product along with bottles, pumps, labels and other packaging materials.

Work in process - Work in process inventory consists of merchandise inventory currently in interim production stage that is partially completed and not yet market ready.

Merchandise inventory - Merchandise inventory consists of completed formulations in market ready packaging. Our formulations are batch controlled and subject to various government regulations which, among other things, govern the purity and safety of our product.

Inventory in transit - In transit inventory consists of primarily bulk product and raw materials where title has transferred to the Company but the inventory has yet to arrive in a designated warehouse facility either Company owned or under contract.

Management evaluated the inventory at March 31, 2013 and December 31, 2012. At March 31, 2013 and December 31, 2012, a $452,696 and $500,000 allowance, respectively, for slow moving and obsolete inventory was considered necessary and recorded by the Company. The allowance applies primarily to chemical components that have expired and packaging components that are usable and in good condition except that they may no longer be used in current production due to packaging changes or were ordered in excess quantities based on current production consumption. Generally, finished goods does not require a reserve.

GEOGRAPHIC REVENUE REPORTING	3 Months Ended Mar. 31, 2013
GEOGRAPHIC REVENUE REPORTING [Abstract]	
GEOGRAPHIC REVENUE REPORTING	

NOTE 17. - GEOGRAPHIC REVENUE REPORTING

The Company is organized based on fundamentally one business segment although it does distribute its products on a world-wide basis. Several of its largest distributors are based in North America who in turn sell their products in Europe or Asia. We consider these customers as based in North America. However our sales to true international distributors who distribute our product outside North America have been increasing. We have also recently acquired our distributor in Mexico, the results of which are more fully discussed in Note 20.

Information about the Company's geographic operations for both 13-QTR and 12-QTR as follows:

	2013	2012
Net Revenue:		
North America	$ **3,038,796**	$ 1,606,685
International	**1,026,569**	377,297
	$ **3,965,365**	$ 1,983,982
Furniture and Equipment, Net:		
North America	$ **157,343**	$ 50,657
International	**120,356**	-
	$ **277,699**	$ 50,657

EQUITY	3 Months Ended Mar. 31, 2013
EQUITY [Abstract]	
EQUITY	(see note below)

NOTE 13 - EQUITY

Common Stock

When shares are issued in lieu of cash for goods or services, such goods or services are valued based upon the shares issued multiplied by the closing price of the stock on the date immediately preceding.

During the first quarter of 2012, the Company issued 28,182 shares for services provided by two employees valued at $3.10 - $3.20 per share, which resulted in an expense of $89,182 in aggregate. The Company also issued 8,824 shares as an award for achieving business goals. The shares were valued at $3.40, which resulted in an allowance offsetting revenues of $30,000.

During the second quarter of 2012, the Company issued 108,764 shares for services provided by six associates valued at $2.00 - $2.80 per share, which resulted in an expense of $241,528 in aggregate. The Company also issued 38,514 shares as an award for achieving business goals at $2.60, which resulted in an allowance offsetting revenues of $100,000. In addition, a consultant exercised vested options for 40,700 common shares for $4,070.

During the third quarter of 2012, the Company issued 28,000 shares for services provided by an IR firm and a former associate valued at $2.20 - $3.20 per share, which resulted in an expense of $69,600 in aggregate. Also during the quarter, two founders converted 450,000 shares of preferred stock into 450,000 of common shares. The Company also issued 292,000 shares to existing shareholder investors at $2.50 per share or $732,000 from which $146,400 in fees were paid to the selling agent, resulting in net proceeds of $585,600 to the Company.

During the fourth quarter of 2012, the Company issued 31,367 shares to a distributor for achieving sales goals valued at $3.32 per share, which resulted in a sales allowance of $104,138 in aggregate. In connection with our license of the Nutra Origin brand, we issued 15,385 shares valued at $3.25 per share, which resulted in an increase in our brand rights intangible asset of $50,000.

During the first quarter of 2013, the Company issued 15,300 shares to a distributor for achieving sales goals valued at $2.50 per share, which resulted in a sales allowance of $38,250 in aggregate. We also issued 20,000 shares to an investor relations ("IR") firm for services valued at $2.20 per share or $44,000 in total. Our directors received 5,000 shares for services valued at $3.20 per share or $16,000.

Surrender of Common Stock

During the third quarter of 2012, an IR firm surrendered 20,000 shares previously issued for services not fully earned and previously valued at $2.80 per share, which resulted in a return to equity of $56,000 in aggregate.

During the fourth quarter of 2012, an IR firm returned 5,000 shares valued at $3.36 per share, which resulted in a recovery of $16,800.

Warrants

In fourth quarter of 2011 the Company completed a closing of a private offering of 617,857 shares of the Company's Common Stock, under a securities purchase agreement ("SPA"). The SPA provides the investors with warrants to purchase an aggregate of 154,465 shares of Common Stock. In addition, the SPA also granted warrants to purchase 49,249 shares of Common Stock as fees for assisting in the

SPA closing. In addition to the foregoing, there were 50,000 warrants issued to an IR firm for services in 2010.

The following tables present the status of all warrants outstanding at March 31, 2013 and December 31, 2012, respectively

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Year Ended December 31, 2012				
Outstanding at January 1, 2012	253,893	$ 0.10	4.22	$ -
Issued	-	-		-
Exercised	-	-		
Forfeited	-	-		
Outstanding at December 31, 2012	253,893	$ 0.10	3.21	$ -
Exercisable at December 31, 2012	253,893	$ 0.10	3.21	$ -
Three Months Ended March 31, 2013				
Outstanding at January 1, 2013	253,893	$ 0.10	3.21	$ -
Issued	-	-		
Exercised	-	-		
Forfeited	-	-		
Outstanding at March 31, 2013	253,893	$ 0.10	2.97	$ -
Exercisable at March 31, 2013	253,893	$ 0.10	2.97	$ -

No warrants were issued in 2013 or 2012.

Option

During 2009 the Company entered into a Consulting Agreement with a selling agent under which the selling agent assisted the Company in filing a registration statement on Form 10 and quotation of its shares on the Over the Counter Bulletin Board (OTCBB). The Company has issued an option to the selling agent to purchase 200,000 shares of common stock at an exercise price of $0.10 per share. At grant date, the option was valued based on the offering price of the PPM of $2.50 per share, which was $480,000. The option expires in five years. The option vests and is exercisable subject to certain lock up and leak out provisions which commence upon the effective date of the Company obtaining OTCBB listing. Leak out provisions limit exercisability of the option number to 20,000 shares per quarter. During the first quarter of 2010, the Company obtained its trading symbol and accordingly recorded an expense for consulting services of $160,000 in 2010 reflecting the structured vesting. As a result of the structured vesting, the Company recognized $128,000 in 2012 and $192,000 in 2011. At December 31, 2012 the options were fully expensed.

The following tables present the status of all options outstanding at March 31, 2013 and December 31, 2012:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Year Ended December 31, 2012				
Outstanding at January 1, 2012	73,333	$ 0.10	3.0	$ 264,000
Issued	-	-		
Exercised	(40,700)	$ 0.10		
Forfeited	-	-		

Outstanding at December 31, 2012	32,633	$ 0.10	2.16	$ 107,690
Exercisable at December 31, 2012	32,633	$ 0.10	2.16	$ 107,690
Three Months Ended March 31, 2013				
Outstanding at January 1, 2013	32,633	$ 0.10	2.16	$ 107,690
Issued	-	-		
Exercised	-	$ -		
Forfeited	-	-		
Outstanding at March 31, 2013	32,633	$ 0.10	1.91	$ 85,498
Exercisable at March 31, 2013	32,633	$ 0.10	1.91	$ 85,498

No options were issued in 13-QTR, 2012 or 2011.

Preferred Stock

As provided under Certificate of Designation for Series A Preferred Stock dated January 14, 2009, amended in September 2009, each share of Series A Preferred Stock is entitled to 0.2 votes per share and the Series A Preferred Stock votes together with the Company's common stock, except as otherwise provided under Florida law. The preferred stock automatically converts into common stock on a ten-to-one basis in September 2013. Two of the founders converted 4,500,000 preferred shares into 450,000 common shares during 2012. The remaining 5,500,000 shares are held by the remaining founder and CEO of the Company.

OTHER CURRENT LIABILITIES	3 Months Ended Mar. 31, 2013
OTHER CURRENT LIABILITIES [Abstract]	
OTHER CURRENT LIABILITIES	

NOTE 9. - OTHER CURRENT LIABILITIES

Significant components of other current liabilities at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Customer deposits	$ **245,300**	$ 22,689
Credit cards	**84,570**	117,006
Taxes payable	**12,023**	78,989
Current portion of long term debt	**8,723**	8,723
Other	**25,534**	-
	$ **376,150**	$ 227,407

Customer deposits - Customer deposit represent monies advanced to us on orders for future shipments.

GEOGRAPHIC REVENUE REPORTING (Details) (USD $)	3 Months Ended		
	Mar. 31, 2013	Mar. 31, 2012	Dec. 31, 2012
Segment Reporting Information [Line Items]			
Revenues	$ 3,965,365	$ 1,983,982	
Furniture and Equipment, net	277,699		293,720
North America [Member]			
Segment Reporting Information [Line Items]			
Revenues	3,038,796	1,606,685	
Furniture and Equipment, net	157,343		50,657
International [Member]			
Segment Reporting Information [Line Items]			
Revenues	1,026,569	377,297	
Furniture and Equipment, net	$ 120,356		

INTANGIBLE ASSETS	**3 Months Ended Mar. 31, 2013**

INTANGIBLE ASSETS [Abstract]

INTANGIBLE ASSETS

NOTE 7. - INTANGIBLE ASSETS

Significant components of intangible assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Distribution rights in Brazil	**$ 750,000**	$ 750,000
Less: Accumulated amortization	**(262,500)**	(243,750)
Net distribution rights	**487,500**	506,250
Pure Guild brand rights	**159,086**	159,086
Less: Accumulated amortization	**(81,485)**	(77,790)
Net brand right	**77,601**	81,296
Nutra Origin license	**144,307**	144,307
Less: Accumulated amortization	**(18,526)**	(6,500)
Net license	**125,781**	137,807
DS Mexico Customer list	**981,819**	932,000
Less: Accumulated amortization	**(61,293)**	(16,945)
Net customer list	**920,526**	915,055
Goodwill	**36,286**	34,444
	$ 1,647,694	$ 1,647,852

Brazilian distribution rights - During 2009, the Company issued 300,000 shares of common stock to a Brazilian distributor in exchange for a 10 year exclusive distribution agreement in Brazil. The transaction was valued at $2.50 per share. The Company, through its exclusive distributor and former joint venture partner, is currently developing a generic Minoxidil product along with appropriate packaging for the Brazilian market, which was introduced in the 4th quarter of 2012. $18,750 was amortized during both 13-QTR and 12-QTR. During, the 3rd quarter of 2011, due to the costs involved, the Company entered into agreement with its former joint venture partner, whereby the former joint venture partner agreed to provide all required financing for the product in exchange for 100% ownership of the joint venture. The Company retained its distribution rights.

Pure Guild brand rights - During the 3rd quarter of 2009, we were approached by a customer/distributor to develop a private label brand of premium products and associated packaging materials. The Pure Guild brand of products was the result. As part of this project we obtained a 50% interest in the Pure Guild brand and the permanent exclusive rights to manufacture the Pure Guild products. In exchange for these rights, we provided $106,666 of product representing approximately 70% the initial stocking order. These rights were being amortized over 5 years, representing the basic term of the supplier agreement.

During the second quarter of 2012, we acquired the remaining 50% ownership of the Pure Guild brand from our customer/distributor in exchange for release from the exclusive supplier agreement so that we may pursue promotion of the brand through our existing distributor network. As a convenience, we also accepted return of their remaining Pure Guild inventory, which amounted to $50,000, based on the original sales price. Because we have begun to revitalize the brands position in the market, we will modify the amortization term to appropriately reflect the remaining unamortized brand rights combined with the additional brand rights acquired, to 6 years. We have evaluated the asset and determined that no impairment was considered necessary. $3,695 and $6,400 has been amortized during 13-QTR and 12-QTR, respectively.

Nutra Origin brand license - We completed our negotiations to secure an exclusive license to use the Nutra Origin brand from our supplier. We have been distributing the Nutra Origin brand products for nearly a year and although the brand currently represents a relatively modest portion of our sales, we intend for this brand to expand our health and personal care product offerings into the nutraceutical market. Our CEO's father is a part owner and was COO of the company that owns the Nutra Origin brand. He is now our Nutra Origin product manager. Our agreement requires us to pay $7,500 per month for an exclusive 10 year license to use the Nutra Origin brand, plus $50,000 in DSKX common shares. The agreement contains certain performance clauses for both parties, which permit cancellation by us after 3 years and permit cancellation by the seller if we fail to maintain stipulated minimum sales.

DS Mexico Customer list - In connection with the acquisition of our Mexican distributor, which is discussed more fully in Note 20, we acquired the customer list which was recorded at its fair value as determined by management utilizing the services of an independent appraiser. The asset is being amortized over its estimated useful life of 9 years. Accordingly, the Company recognized $44,348 of amortization expense in 13-QTR. The change in the gross value of the DS Mexico customer list is the result of foreign currency translation adjustment at March 31, 2013. The Company will assess the asset for impairment annually. At March 31, 2013 no impairment was considered necessary.

Goodwill - Also in connection with the acquisition of our Mexican distributor, which is discussed more fully in Note 20, we acquired goodwill which represents the excess of the fair value of consideration given over the fair value of the assets acquired. Its fair value as determined by an independent appraiser. The asset is not being amortized, however the Company will access the asset for impairment annually. The change in the gross value of the goodwill is the result of foreign currency translation adjustment at March 31, 2013. At March 31, 2013 no impairment was considered necessary.

The following table represents the amortized cost of the various assets over the next years.

	2013	**2014**	**2015**	**2016**	**Beyond**	**Total**
Asset:						
Brazil distribution rights	$ 56,250	$ 75,000	$ 75,000	$ 75,000	$ 206,250	$ 487,500

Pure Guild brand rights	11,085	14,780	14,780	14,780	22,176	77,601
Nutra Origin brand license	34,705	46,273	44,803	-	-	125,781
Mexican Customer list	76,252	101,670	101,670	101,670	539,264	920,526
	$ 178,292	$ 237,723	$ 236,253	$ 191,450	$ 767,690	$ 1,611,408

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	3 Months Ended Mar. 31, 2013

ACCOUNTS PAYABLE AND ACCRUED EXPENSES [Abstract]

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

NOTE 8. - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Significant components of accounts payable and accrued expenses at March 31, 2013 and December 31, 2012 consist primarily of:

	2013 (Unaudited)	2012
Trade payables	**$ 2,324,417**	$ 2,327,540
Accrued expenses:		
Advertising and marketing	**48,264**	60,264
Commissions	**139,396**	362,346
Facilities	**73,426**	38,023
Fees / interest	**20,658**	19,012
Insurance	**10,129**	-
Investor relations	**-**	44,000
Production materials	**11,000**	-
Other	**-**	61,807
Personnel	**25,833**	109,930
Professional fees	**33,630**	9,500
Public relations	**22,500**	-
Refunds and returns	**65,000**	-
	$ 449,836	$ 704,882

Trade payables - Consist of liabilities arising in the normal course of business, evidenced by invoices and are generally incurred in connection with the acquisition of materials, inventory or outside services. The Company has fueled its expansion in part by securing significant support from its vendors and suppliers.

Accrued expenses - Represents commitments made for goods or services provided during 13-QTR where the activity does not normally generate an invoice that can be recorded as a trade payable such as accrued commissions or where invoices were received subsequent to the end of the reporting period but the goods or services were provided prior to the end of the reporting period.

SHAREHOLDER LOANS	3 Months Ended Mar. 31, 2013
SHAREHOLDER LOANS [Abstract]	
SHAREHOLDER LOANS	**NOTE 10. - SHAREHOLDER LOANS** Shareholder loans - On December 10, 2012 we received an unsecured loan for $314,000 from one of our consultants who is also a shareholder. This loan is non-interest bearing and matures on December 11, 2013. During the first quarter of 2013, we received an additional $240,000 from the same consultant/shareholder under the same terms as the initial advance. The total advanced outstanding at March 31, 2013 was $554,000. We also received a loan from Daniel Khesin, our Chief Executive Officer for $39,000. This loan is an unsecured, non-interest bearing and matures on December 25, 2013. Two installment payments totaling $3,900 have been made during 13-QTR. The net advanced outstanding at March 31, 2013 was $35,100. On January 20, 2013, we received an unsecured loan for $70,000 from Gamma Investors, also a shareholder and affiliate of our Brazilian distributor. The loan bears interest at 3% per month and matures on May 20, 2013. The loan calls for monthly installment payments along with interest. The net advanced outstanding at March 31, 2013 was $70,000.

EQUITY (Tables)

3 Months Ended
Mar. 31, 2013

EQUITY [Abstract]

Schedule of Outstanding Warrant Activity

The following tables present the status of all warrants outstanding at March 31, 2013 and December 31, 2012, respectively

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Year Ended December 31, 2012				
Outstanding at January 1, 2012	253,893	$ 0.10	4.22	$ -
Issued	-	-		-
Exercised	-	-		
Forfeited	-	-		
Outstanding at December 31, 2012	253,893	$ 0.10	3.21	$ -
Exercisable at December 31, 2012	253,893	$ 0.10	3.21	$ -
Three Months Ended March 31, 2013				
Outstanding at January 1, 2013	253,893	$ 0.10	3.21	$ -
Issued	-	-		
Exercised	-	-		
Forfeited	-	-		
Outstanding at March 31, 2013	253,893	$ 0.10	2.97	$ -
Exercisable at March 31, 2013	253,893	$ 0.10	2.97	$ -

Schedule of Outstanding Stock Option Activity

The following tables present the status of all options outstanding at March 31, 2013 and December 31, 2012:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Year Ended December 31, 2012				
Outstanding at January 1, 2012	73,333	$ 0.10	3.0	$ 264,000
Issued	-	-		
Exercised	(40,700)	$ 0.10		
Forfeited	-	-		
Outstanding at December 31, 2012	32,633	$ 0.10	2.16	$ 107,690
Exercisable at December 31, 2012	32,633	$ 0.10	2.16	$ 107,690
Three Months Ended March 31, 2013				
Outstanding at January 1, 2013	32,633	$ 0.10	2.16	$ 107,690
Issued	-	-		
Exercised	-	$ -		
Forfeited	-	-		
Outstanding at March 31, 2013	32,633	$ 0.10	1.91	$ 85,498
Exercisable at March 31, 2013	32,633	$ 0.10	1.91	$ 85,498

COMMITMENTS AND CONTINGENCIES (Leases for Office and Production Facilities) (Details) (USD $)		3 Months Ended			3 Months Ended	1 Months Ended	
	Mar. 31, 2013	Dec. 31, 2012 Miami Beach, FL (HQ) [Member]	Dec. 31, 2012 Deerfield Beach, Florida (Production) [Member] sqft	Mar. 31, 2013 Deerfield Beach, Florida (Production) [Member]	Mar. 31, 2013 Pompano, FL (Production) [Member] sqft	Oct. 31, 2012 Ashville, North Carolina (Sales) [Member] sqft	Mar. 31, 2013 Ashville, North Carolina (Sales) [Member]
Operating Leased Assets [Line Items]							
Operating leases, rent expense, monthly, net		$ 5,700			$ 6,350	$ 4,725	
Operating leases, rent expense, annually, net		68,400					
Area of real estate space			50,000		13,137	1,875	
Increase amount of real estate acquired						1,525	
Operating leases, rent expense, monthly, net, during first year			27,000				
Operating leases, rent expense, monthly , first six months			20,000				
Operating lease renewal option extended period			22 months				
2013	285,521			243,000			42,521
2014	245,695			189,000			56,695
2015	56,695						56,695
2016							
Beyond							
Total	$ 587,911			$ 432,000			$ 155,911

SIGNIFICANT CUSTOMERS	3 Months Ended Mar. 31, 2013
SIGNIFICANT CUSTOMERS [Abstract]	
SIGNIFICANT CUSTOMERS	**NOTE 15. - SIGNIFICANT CUSTOMERS**

NOTE 15. - SIGNIFICANT CUSTOMERS

Our product revenues represent primarily sales of Revita, Revita Cor and Spectral DNC-N, which individually exceed 10% of total sales and collectively represent 61% of total sales. Other products, which individually exceed 5% of total sales, are Revita EPS and Spectral DNC-S, which collectively account for an additional 11% of total sales. The Company sells its products to several types of customer, which primarily include distributors and salons, two of which represent individually in excess of 10% of total sales during 13-QTR and 12-QTR. During 13-QTR our top six customers generated 45% of our sales.

Sales to 10% or greater these customers during 13-QTR and their accounts receivable at March 31, 2013 were:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
B	$ 438,526	11%	$ 347,782	12%
F	$ 395,592	10%	$ 57,735	2%

Sales to 10% or greater customers during 12-QTR and their accounts receivable at March 31, 2012 were:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
B	$ 447,458	22%	$ 332,287	20%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Policy)	**3 Months Ended** **Mar. 31, 2013**
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Abstract]	
Principles of Consolidation and Presentation	**Principles of Consolidation and Presentation** The consolidated financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of the Company and its wholly owned operating subsidiaries DS Laboratories, Inc., Sigma Development and Holding Co., Inc., Polaris Labs, Inc., Nutra Origin, Inc. and Divine Skin Laboratories, S.A. de CV. Also included in the consolidated financial statements are the activities of Velocity Storage and Packaging, LLC, and Wally Group, LLC which are accounted for as VIEs. All significant intercompany balances and transactions have been eliminated in consolidation.
Interim Condensed Consolidated Financial Statements	**Interim Condensed Consolidated Financial Statements** The interim condensed consolidated financial statements presented herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements, notes and accounting policies included in the Company's Annual Report. In the opinion of management, all adjustments which are necessary to provide a fair presentation of financial position as of March 31, 2013 and the related operating results and cash flows for the interim periods presented have been made. All adjustments are of a normal recurring nature. The results of operations, for the periods presented are not necessarily indicative of the results to be expected for future periods or for the year ending December 31, 2013.
Prior Period Reclassifications	**Prior Period Reclassifications** Certain prior period amounts that were combined in the December 31, 2012 consolidated financial statements (accounts payable and accrued expenses, and shareholder loans and other current liabilities) have been reclassified for comparability with the March 31, 2013 presentation.
Use of Estimates	**Use of Estimates** The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and

assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. We believe our estimates and assumptions are reasonable; however, such estimates and assumptions are subject to a number of risks and uncertainties that may cause actual results to differ materially from such estimates. Significant estimates and assumptions underlying these consolidated financial statements include:

- Estimates of allowances for uncollectable accounts receivable,
- Estimates of inventory obsolescence and overhead and labor cost allocations,
- Estimates assuming future earning capacity of our exclusive Brazilian distribution agreement,
- Estimates of value of equity transactions for services rendered,
- Estimates of returned or damaged product, and
- Estimates made in our deferred income tax calculations.
- Estimates made with respect to the fair values of assets acquired and liabilities assumed in our acquisition of DS Mexico.

Risks and Uncertainties

Risks and Uncertainties

The Company's business could be impacted by price pressure on its product manufacturing, acceptance of its products in the market place, new competitors, changes in federal and/or state legislation and other factors. The Company also has been experiencing significant growth which puts serious strains on its cash availability requirements. If the Company is unsuccessful in securing adequate liquidity, its plans may be curtailed. Adverse changes in these areas could negatively impact the Company's financial position, results of operations and cash flows.

Cash

Cash

Cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

Accounts Receivable

Accounts Receivable

Accounts receivable are reported at their net realizable value. The Company establishes an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, historical trends, and other information. Delinquent accounts are written-off when it is determined that the amounts are uncollectible. The Company also provides for allowances against accounts receivables for product returns and cooperative advertising allowances. At March 31, 2013 and December 31, 2012, the allowance for uncollectable accounts was $525,602 and $323,981 respectively. At March 31, 2013 and December 31, 2012, the Company provided $210,000 at both dates for defectives and product returns and $60,000 at both dates for advertising credits.

Inventory

Inventory

Inventory is reported at the lower of cost or market on the first-in, first-out ("FIFO") method. Our inventory is subject to expiration and obsolescence, accordingly quantities purchased and sell through rates are periodically monitored for potential overstocking or pending expiration as a basis for establishing the appropriate reserve for any estimated expiration or obsolescence.

Furniture and Equipment

Furniture and Equipment

Furniture and equipment are recorded at cost and depreciation is provided using the straight line depreciation method over the estimated useful lives of the assets, which range from 5 to 7 years. The Company recorded $28,058 and $5,865 in depreciation expense during the three months ended March 31, 2013 and 2012, respectively. Accumulated depreciation was $179,691 and $151,633 at March 31, 2013 and December 31, 2012, respectively. Expenditures for repairs and maintenance of equipment are charged to expense as incurred. Major replacements and betterments are capitalized and depreciated over the remaining useful lives of the assets.

Long-Lived Assets

Long-Lived Assets

The Company has adopted ASC 360-10, *"Accounting for Impairment or Disposal of Long-Lived Assets"*, which requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Long Term Debt

Long Term Debt

Interest expense is recognized on the outstanding loan obligation as incurred and is recorded in "Interest Expense". The Company entered into a loan agreement to purchase certain warehouse equipment on December 10, 2012. (see Note 11).

Non-Controlling Interest

Non-Controlling Interest

Non-controlling interest consists of the minority owned portion of the following:

Nutra Origin, Inc. - During the fourth quarter of 2012 the Company completed its license of the Nutra Origin brand. In addition, the Company established a new subsidiary to operate the Nutra Origin brand. As part of the license agreement, the licensor was granted a 7% non-controlling interest in the newly formed subsidiary.

Revenue Recognition

Revenue Recognition

Revenue is recognized when a product is shipped and risk of loss is transfered. The Company manages the collection process for transactions processed on its website, but it outsources its fulfillment (delivery) process to third parties.

The Company's revenue recognition policies are in compliance with ASC Topic 605, "*Revenue Recognition*", which establishes criteria that must be satisfied before revenue is realized or realizable and earned. The Company recognizes revenue when all of the following four criteria are met:

- persuasive evidence of a sales arrangement exists,
- delivery has occurred,
- the sales price is fixed or determinable and
- collectability is probable.

Shipping and handling charges related to sales transactions are recorded as sales revenues when billed to customers or included in the sales price in accordance with ASC Topic 605, "*Accounting for Shipping and Handling Fees and Costs*". Shipping and handling costs are included in cost of goods sold.

Research and Development

Research and Development

The Company currently maintains a functional laboratory employing two full time chemists, a part time chemist/consultant and a lab technician that identify new technology, test product alternatives and improve existing formulations. In addition, our founder and CEO devotes a substantial portion of his time in identifying new technologies and formulations to develop new products and improve existing products with the newest technology available. ASC Topic 730, "*Accounting for Research and Development Costs*" requires such activities be expensed in the year incurred. Such costs include laboratory supplies, salaries, materials and consultant fees. These costs are classified as product development, salaries, selling, general and administrative expenses in the condensed consolidated statements of operations, and amounted to $28,998 and $43,415 for the three months ended March 31, 2013 and 2012, respectively.

Income Taxes

Income Taxes

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Income tax expense is the result of Mexican operations.

Earnings per share

Earnings per share

The Company computes basic and diluted earnings per share amounts in accordance with ASC Topic 260, "*Earnings per Share*". Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. Vested warrants for 253,893 shares and vested options for 32,633 shares were excluded from the earnings per share calculation because they would be anti-dilutive.

Segment Information

Segment Information

ASC Topic 280, "*Disclosures about Segments of an Enterprise and Related Information*," established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports issued to stockholders. Management has determined that the Company operates in one business segment, which is the commercialization and development of personal care products.

Fair Value of Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as an exit price, which is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in measuring the fair value of assets and liabilities generally correlates to the level of pricing observability. Financial assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial assets and liabilities that are rarely traded or not quoted have less price observability and are generally measured at fair value using valuation models that require more judgment. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency of the asset, liability or market and the nature of the asset or liability. We currently do not have any financial assets and liabilities that are recurring that would require us to disclose them at fair value.

Functional Currency

Functional Currency

The U.S. dollar is the functional currency of our consolidated entities operating in the United States. The functional currency for our consolidated entity operating outside of the United States is the Mexican peso. We translate their financial statements into U.S. dollars as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the financial statement date.
- Income statement accounts are translated using the weighted average exchange rate for the period.

We include translation adjustments from currency exchange and the effect of exchange rate changes on intercompany transactions of a long-term investment nature as a separate component of shareholders' equity. There are currently no transactions of a long-term investment nature, nor any gains or losses from non-U.S. currency transactions.

DEBT FINANCING (Details) (USD $)	0 Months Ended Dec. 10, 2012	Mar. 31, 2013	Apr. 06, 2012
DEBT FINANCING [Abstract]			
Credit facility maximum borrowing capacity			$ 1,500,000
Credit facility amount outstanding		538,284	580,000
The percentage of total finished goods inventory that determines the amount of allowable advances under the credit facility			40.00%
Credit facility interest rate			8.00%
Prime interest rate spread			3.00%
Percentage rate for monitoring and other fees per terms of credit facility agreement			1.75%
The per annum referral fee percentage rate per terms of credit facility agreement			4.00%
Number of years referral fee is in effect			3
Additional amount that can be borrowed on facility		255,566	
Debt instrument, face amount	53,900		
Monthly payment amount	$ 1,041		
Debt instrument, stated interest rate	5.95%		

LIQUIDITY (Details) (USD $)	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012	Dec. 31, 2011
LIQUIDITY [Abstract]				
Cash	$ 196,513	$ 412,488	$ 925,713	$ 1,284,343
Accumulated deficit	$ (5,555,984)	$ (5,097,990)		

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (USD $)	Total	Preferred Stock [Member]	Common Stock [Member]	Additional Paid In Capital [Member]	Subscription/ Stock Receivable	Accumulated Deficit [Member]	Other Comprehensive Income [Member]	Total Shareholders' Equity [Member]	Non-Controlling Interest [Member]
Balance at Dec. 31, 2011	$ 5,005,246	$ 10,000	$ 10,503	$ 6,606,668	$ (100,000)	$ (1,506,893)		$ 5,020,278	$ (15,032)
Balance, shares at Dec. 31, 2011		10,000,000	10,502,961						
Shares Issued:									
Sold to private investors	732,000		292	731,708				732,000	
Sold to private investors, shares			292,000						
Less: Issuance costs	(146,400)			(146,400)				(146,400)	
For services									
Investor relations	307,394		105	237,289	70,000			307,391	
Investor relations, shares			104,697						
Employee/associate compensation	158,915		58	158,857				158,915	
Employee/associate compensation, shares			58,249						
Distributor award	234,138		79	234,060				234,138	
Distributor award, shares			78,704						
Consulting	4,000		2	3,998				4,000	
Consulting, shares			2,000						
Purchase Mexican distributor	1,303,000		600	1,302,400				1,303,000	
Purchase Mexican distributor, shares			600,000						
Fair value adjustment of Mexican distributors				2,879				2,879	
Purchase of brand rights	2,879		15	49,985				50,000	
Purchase of brand rights, shares			15,385						
Fractional shares from reverse split	50,000		9						
Shares Cancelled / Surrendered:									
Issued in error and returned	(56,000)		(20)	(55,980)				(56,000)	
Issued in error and returned, shares			(20,000)						
Surrendered	(16,800)		(5)	(16,795)				(16,800)	
Surrendered, shares			(5,000)						
Warrants and Options:									
Vested for trading symbol	128,000			128,000				128,000	
Exercised	4,070		41	4,029				4,070	
Exercised, shares			40,700						
Preferred shares converted		(4,500)	450	4,050					
Preferred shares converted, shares		(4,500,000)	450,000						
Disposal of Brazil distribution joint venture	30,679					15,647		15,647	15,032
Net loss						(3,606,744)		(3,606,744)	(16,366)
Balance at Dec. 31, 2012	4,118,012	5,500	12,120	9,244,748	(30,000)	(5,097,990)		4,134,378	(16,366)
Balance, shares at Dec. 31, 2012		5,500,000	12,119,705						
For services									
Investor relations	44,000		20	43,980				44,000	
Investor relations, shares			20,000						
Employee/associate compensation, shares	15,300								

Distributor award	38,250		15	38,235				38,250	
Distributor award, shares			15,300						
Board of Directors	16,000		5	15,995				16,000	
Board of Directors, shares			5,000						
Fractional shares from reverse split			9						
Warrants and Options:									
Other comprehensive income	75,551						75,551	75,551	
Net loss	(462,115)					(457,993)		(457,993)	(4,122)
Balance at Mar. 31, 2013	$ 3,829,697	$ 5,500	$ 12,160	$ 9,342,958	$ (30,000)	$ (5,555,984)	$ 75,551	$ 3,850,185	$ (20,488)
Balance, shares at Mar. 31, 2013		5,500,000	12,160,014						

RECENT ACCOUNTING PRONOUNCEMENTS	3 Months Ended Mar. 31, 2013
RECENT ACCOUNTING PRONOUNCEMENTS [Abstract]	
RECENT ACCOUNTING PRONOUNCEMENTS	**NOTE 4. - RECENT ACCOUNTING PRONOUNCEMENTS** In February 2013, the FASB amended its guidance to require an entity to present the effect of certain significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. The new accounting guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance is effective prospectively for fiscal years beginning after December 15, 2012. The Company adopted these new provisions for the quarter beginning January 1, 2013. As the guidance requires additional presentation only, there was no impact to the Company's consolidated results of operations or financial position.

SIGNIFICANT CUSTOMERS (Details) (USD $)	3 Months Ended		
	Mar. 31, 2013	Mar. 31, 2012	Dec. 31, 2012
Concentration Risk [Line Items]			
Sales Amount	$ 4,589,550	$ 2,108,424	
Accounts Receivable	2,368,864		2,125,641
Sales Amount [Member]			
Concentration Risk [Line Items]			
Concentration risk percentage	45.00%		
Customer B [Member] | Accounts Receivable [Member]			
Concentration Risk [Line Items]			
Accounts Receivable	347,782	332,287	
Concentration risk percentage	12.00%	20.00%	
Customer B [Member] | Sales Amount [Member]			
Concentration Risk [Line Items]			
Sales Amount	438,526	447,458	
Concentration risk percentage	11.00%	22.00%	
Customer F [Member] | Accounts Receivable [Member]			
Concentration Risk [Line Items]			
Accounts Receivable	57,735		
Concentration risk percentage	2.00%		
Customer F [Member] | Sales Amount [Member]			
Concentration Risk [Line Items]			
Sales Amount	$ 395,592		
Concentration risk percentage	10.00%		
Revita [Member] | Sales Amount [Member]			
Concentration Risk [Line Items]			
Concentration risk percentage	61.00%		
Other products, Revita Cor and Spectral DNC-L [Member]			
Concentration Risk [Line Items]			
Concentration risk percentage	11.00%		
Other products, Revita Cor and Spectral DNC-L [Member] | Sales Amount [Member]			
Concentration Risk [Line Items]			
Concentration risk percentage	5.00%		

INVENTORY (Tables)	3 Months Ended Mar. 31, 2013
INVENTORY [Abstract]	
Schedule of the Significant Components of Inventory	Prepaid expenses and other current assets at March 31, 2013 and December 31, 2012 consist primarily of:

	2013	2012
	(Unaudited)	
Prepaid rent	**$ -**	$ 21,200
Prepaid insurance	**27,777**	24,304
Deferred issuance costs, net of amortization	**49,463**	61,828
Prepaid VAT	**7,960**	30,228
Other prepaid	**31,841**	21,604
	$ 117,041	$ 159,164

ACQUISITION OF MEXICAN DISTRIBUTOR (Tables)	3 Months Ended Mar. 31, 2013
Schedule of Purchase Price Allocation	The following summarizes the fair value of the assets and liabilities acquired:

Cash	$ 127,321
Accounts receivable	380,522
Inventory	159,379
Prepaid and other current assets	87,125
Property and equipment, net	126,628
Customer list	932,000
Goodwill	34,444
Accounts payable	(455,726)
Other current liabilities	(50,678)
Total net assets acquired	$ 1,341,015
Aggregate purchase price	$ 1,341,015

2009 EQUITY INCENTIVE PLAN	3 Months Ended Mar. 31, 2013
2009 EQUITY INCENTIVE PLAN [Abstract]	
2009 EQUITY INCENTIVE PLAN	

NOTE 14. - 2009 EQUITY INCENTIVE PLAN

Overview - The Company initiated a 2009 Equity Incentive Plan (the "Plan") to:

1. attract and retain the best available personnel for positions of substantial responsibility,
2. provide additional incentives to Employees, Directors and Consultants, and
3. promote the success of the Company and the Company's Affiliates.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights, time vested and/or performance vested Restricted Stock, Stock Appreciation Rights and Unrestricted Shares may also be granted under the Plan.

Subject to the Plan - The initial maximum number of shares of Common Stock that may be issued under the Plan is 500,000 shares. No more than 100,000 Shares of Common Stock may be granted to any one Participant with respect to Options, Stock Purchase Rights and Stock Appreciation Rights during any one calendar year period. Common Stock to be issued under the Plan may be either, authorized and unissued shares or shares held in treasury.

Eligibility - Nonstatutory Stock Options, Stock Purchase Rights, Stock Awards, Stock Appreciation Rights and Unrestricted Shares may be granted to all Service Providers. Incentive Stock Options may be granted only to Employees.

Limitations - Each Option shall be designated as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, if an Employee becomes eligible in any given year to exercise Incentive Stock Options for Shares having a Fair Market Value in excess of $100,000, those Options representing the excess shall be treated as Nonstatutory Stock Options.

Term - The term of each Option shall be stated in the applicable Option Agreement or, if not stated, ten years from the date of grant. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns, directly or indirectly, stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company and any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the applicable Option Agreement.

Exercise and Vesting - Unless otherwise determined by the Administrator and provided for in the Option Agreement, each Option shall vest and become exercisable as to one-sixth (1/6) of the shares subject to the Option on the date that is nine months after the date of grant, and an additional one-sixth (1/6) of the shares subject to the Option every nine months thereafter until fully vested and exercisable.