

ANNUAL REPORT 2011

รายงานประจำปี 2554
บริษัท คาร์มาร์ท จำกัด (มหาชน)
สิ้นสุดวันที่ 31 ธันวาคม 2554

연차
보고서


피부 관리 화장품





ANNUAL REPORT 2011
Karmarts Public Company Limited
As at 31 December 2011

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KARMART®
 피부 관리 화장품
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คริสติน



COMPANY PROFILE

Name : Karmarts Public Company Limited

(formerly known as "Distar Electric Corporation Public Company Limited")

Address : Office and Service

81-81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan,
Phasicharoen, Bangkok 10160

Tel. 0-2805-2756-60

Fax. 0-2805-2751-2

: Factory

140 Moo 4 Mapyangporn Plugdang Rayong 21140

Tel. 038-891-811-15

Fax. 038-891-821-22

Type of Business : The distribution of consumer products, NGV cars and the provision of
warehouse rental and warehouse services, telecommunications equipment

Authorized Share Capital

Common Stock : 600,000,000 Baht (360,000,000 Baht Date : 28 February, 2012)

Issued and Paid Up : 600,000,000 Baht (360,000,000 Baht Date : 28 February, 2012)

Incorporate : May 11, 1982

Registered as a Public Company : March 18, 1994

SET Listing : October 31, 1994

Registration No. : 0107537000823 (Old No. Plc. 329)

Home Page : www.distar.co.th, www.karmarts.co.th

Share Registrar : Thailand Securities Depository Company Limited
The Stock Exchange Building

Auditor : Mr. Sophon Permsirivallop
Certified Public Accountant No. 3182
Ernst & Young Office Limited

FINANCIAL HIGHLIGHTS

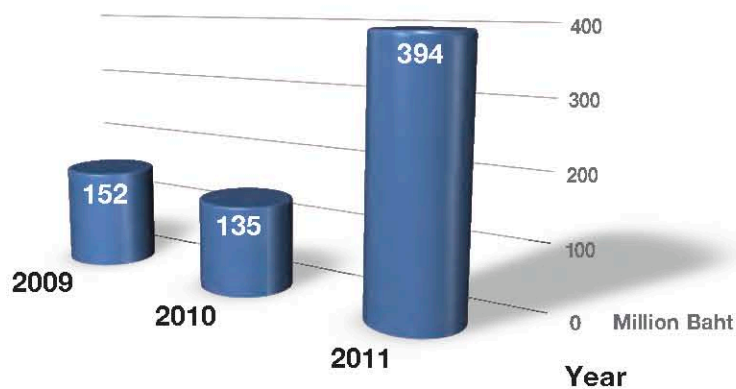
KARMARTS PUBLIC COMPANY LIMITED

Financial Position and Operating Results of Year	Consolidated			The Company Only		
	2554	2553	2552	2554	2553	2552
Financial Position (Thousand Baht)						
Total Assets	787,445	806,598	762,227	543,838	542,020	499,457
Total Liabilities	345,015	473,463	490,050	110,959	233,667	222,931
Shareholders' Equity	443,970	331,865	270,069	432,879	308,353	276,526
Operating Results (Thousand Baht)						
Total Revenue	441,987	164,352	171,305	432,614	144,177	213,231
Total Sales and Services	393,505	134,913	152,392	383,103	122,680	203,390
Gross Margin	219,275	30,699	8,704	215,885	26,878	5,830
Net Profit (Loss)	112,105	52,573	(263,589)	124,526	22,604	(271,418)
Financial Ratio						
Return on Assets (ROA) (%)	14.07	(5.49)	(28.93)	22.94	(14.02)	(40.50)
Return on Equity (ROE) (%)	0.78	(14.30)	(64.34)	0.26	(24.96)	(65.84)
Gross Margin (%)	55.72	22.75	5.71	56.35	21.91	2.87
Net Profit (Loss) (%)	25.36	(26.21)	(153.87)	28.78	(50.66)	(127.29)
Current Ratio (Times)	1.07	0.61	0.69	4.41	1.16	1.71
Debt to Equity Ratio (Times)	0.78	1.42	1.81	0.26	0.76	0.81
Book Value per Share (Baht)	0.74	0.54	0.45	0.72	0.51	0.46
Earnings per Share (Baht)	0.19	0.09	(0.44)	0.21	0.04	(0.45)

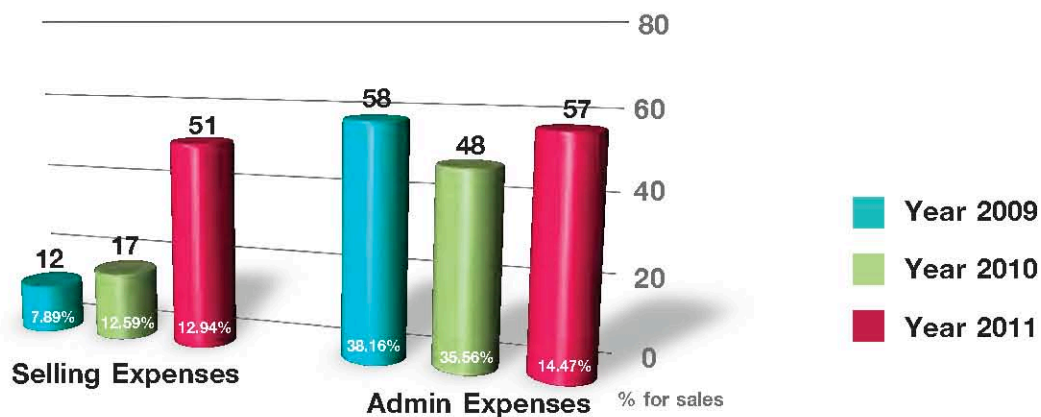
Note: Calculation is based on accounting standard by using weighted average number of ordinary shares issued during the year.

KARMARTS PUBLIC COMPANY LIMITED OPERATING RESULTS YEAR 2009, 2010 AND 2011 (Consolidated)

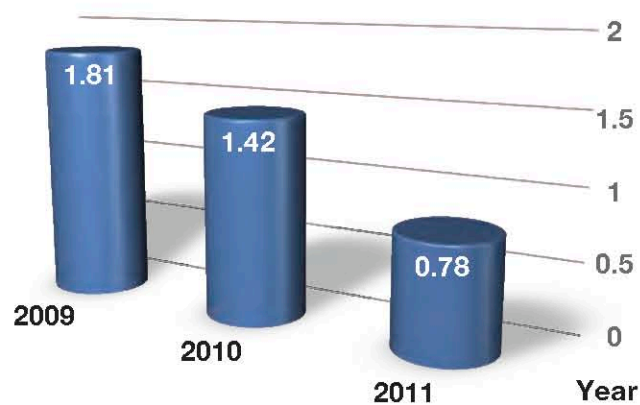
Total Sales and Services (Millions Baht)



Selling and Administrative Expenses (Millions Baht)



Debt to Equity Ratio (Times)

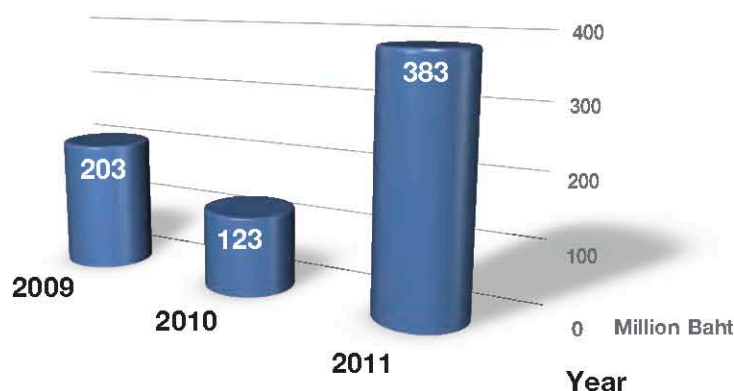


(Millions Baht)	2009	2010	2011
Debt	490	473	345
Equity	272	334	442
Ratio	1.81	1.42	0.78

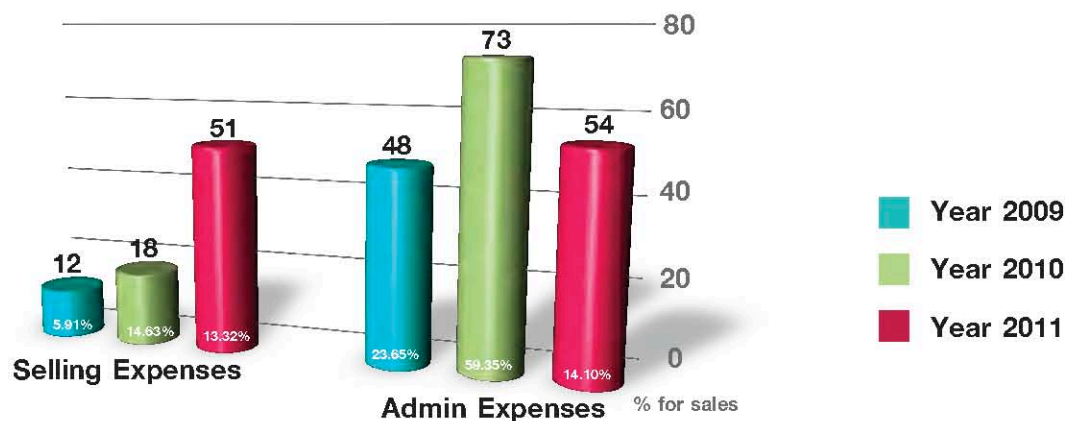
KARMARTS PUBLIC COMPANY LIMITED

OPERATING RESULTS YEAR 2009, 2010 AND 2011 (THE COMPANY ONLY)

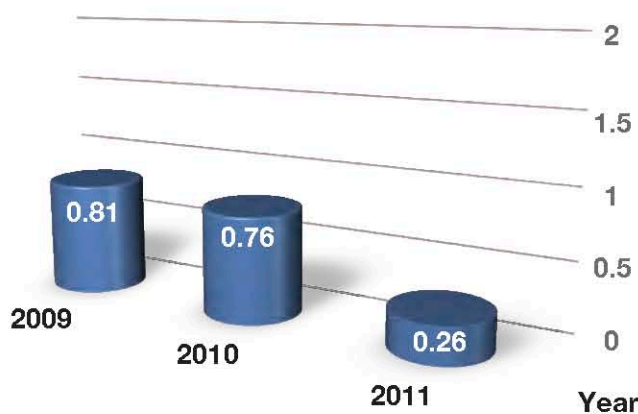
Total Sales and Services (Millions Baht)



Selling and Administrative Expenses (Millions Baht)



Debt to Equity Ratio (Times)



(Millions Baht)	2009	2010	2011
Debt	223	234	111
Equity	277	309	433
Ratio	0.81	0.76	0.26

MESSAGE FROM THE BOARD OF DIRECTORS

The major flooding incident of 2011 has a pervasive effect and damage to the Thai economy in several sectors. Industrial, agricultural as well as the service sector alike are all affected. The abrupt production cessations of factories in industrial estates directly inundated have sent ripple effects throughout the whole supply chains, causing strains and disruptions on the production tandem and supply side logistics. For us, the Company also experienced some minor effect from the flooding in Bangkok due to the discontinuity in the supply logistics. Even though the Company ground floor was soaked some what from the surrounding flood, the damage to the Company was quite contained due to the advance and well preparations to cope with the situation.

In 2012 the Government Economic Bureau has predicted a complete recovery of the Thai Economy in the second half of the year. The pace of the expansion will be in acceleration when the industrial sector returns to normal production rhythm. Due to the economic reconstruction package from the Government which include both the refurbishing and stimulating measures such as tax brakes on machinery imported and several other incentives to motivate spending and create a good investment climate. Furthermore on the demand side it is envisaged that the cost of living index will be on the rise due to the strengthened demand push on the prices of consumer goods and the increase of energy price from the Government policy to lift the NGV price subsidization and increases of excise taxes and resume the collection of contributions to the oil price stabilizing fund. Therefore it is expected that the Thai economy will return to the acceleration rate of 5.0-5.5% and the inflation rate will be contained at 3.5% p.a.

Last year, the Company has navigated toward the continuous pursue of the beauty and cosmetic business. As the strong trend from the Korean wave as well as the increasing consumer awareness of personal take-caring of oneself has enable the Company's strong growth in the beauty and cosmetic line of business. As evidence from the Company's ever increasing amount of imported cosmetic and beauty products from Korea and the East Asian countries. The result of which has reflected in the improving sales and financial performance of the Company in the subsequence quarters despite the flooding in the last quarter of 2011.

It is now the main aim of the Company to further expand and strengthen the beauty and cosmetic business by sourcing new products to satisfy the increasing appetite and changing consumer preference. Also in order to reach out and satisfy the consumer demand for the products, the Company has broaden its distribution channels and continuously adding new stores in the form of KARMARTS SHOPS countrywide, the result of which has reflected in the bottom lines of the Company financial performance and has been increasing every quarter and expected to continue into the future.

The name of the Company has been changed to KARMARTS last year and the registered capital of the Company has been reduced by the method of deduction of par value from 1.00 Baht to 0.60 Baht per share. The reduction together with the premium on share issued will be used to offset the Retained Losses on the Company's accounts. The clean up of balanced sheet, couple with the paid-off of the bank loans from the past has resulted in excess liquidity which can be paid out as dividend to shareholders this year.

For the NGV vehicle business line, the strategic policy choice of the Company is to divest and cease to do the business by liquidation and transfer the business to an outsider in order for the remaining customers of the NGV business can still be served and continue receiving after sale service. In the year just gone by, the Company has recruited and add a lot of personnel due to the continue expansion of the Company business. Also many executives have joined the Company to innovate and inspire new businesses.

The Board of Directors wishes to thank fellow workers and shareholders who understand and gave full cooperation to the Company throughout all those tough years that we endeavored together. Especially those shareholders who have faith in the Company and persistently hang on to the shares even in the difficult time that the Company experience losses due to the shift of technology that change the market environment and also the instability in the political situations and volatility of the government policies in the past which has direct impact on the Company business namely the policy on energy regarding NGV.

The Company Executives would like to reassure the stakeholders that from this year forwards it will be the dawn of a golden year that the Company shall return to its prosperity growth and integrity strengths onwards.

INCOME STRUCTURE

The Company had the Vehicle NGV and Consumer Products Sales in 2009 – 2011 as follow:

Product	2011		2010		2009	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Vehicle NGV Sales Value						
• Vehicle NGV	55,433	14.53	39,348	32.45	126,645	90.38
• Engines	-	-	6,470	5.34	478	0.34
• Cylinder	-	-	4,566	3.77	256	0.18
• Others	653	0.17	-	-	315	0.22
Total Vehicle NGV Sales Value	56,086	14.70	50,384	41.56	127,694	91.12
Consumer Products Sales Value						
• Cosmetics						
Body Care	101,288	26.56	20,269	16.72	-	-
Facial Skin Care and Cosmetics	198,460	52.03	32,502	26.81	-	-
• Daily Use	13,533	3.55	7,695	6.34	-	-
• Others	7,487	1.96	1,795	1.48	3,282	2.34
Total Consumer Products Sales Value	320,768	84.10	62,261	51.35	3,282	2.34
Total Sales Value	376,854	98.80	112,645	92.91	130,976	93.46
Service Income	4,562	1.20	8,595	7.09	9,158	6.54
Grand total Revenue	381,416	100.00	121,240	100.00	140,134	100.00
% increased (decreased)	214.60		(13.48)		(43.06)	



NATURE OF THE BUSINESS

The company is involved in importing and distributing of multi brands cosmetics and beauty products from all over Asia. We distribute the goods to cosmetic shop, Karmarts shop and department stores in over 1200 locations in Thailand. We distribute through following channels:

Retail distribution channels

1. Through 30 branded KAMARTS shop
2. Convenience stores such as Lotus Express
3. Catalogue such as 7- Catalogue, Catalogue Friday, etc.
4. Hyper market such as Tesco Lotus
5. Website and Call Center

Whole sale distribution channels

1. 150 Large dealers nationwide (As of the end of 2011)
2. 500 Small dealers (As of the end of 2011)

Karmarts products are divided into three groups;

Cosmetic group

consists of

- Facial products such as toner, facial cleanser, lotion, ampoule, facial mask, serum, etc.
- Body products such as skin care lotion, body scrub, body wash, body mask, sun scree, salt bath, body mist, etc.
- Slimming products such as firming lotion, body salt, fat blaster cream, body mouse, etc.
- Hair care product such as shampoo, conditioner, treatment, hair mousse, hair spray, hair spa, hair dye, etc.
- Foot and leg care products such as foot lotion, foot balm, leg hair removal cream, etc.
- Nail products such as nail polish, nail wipe, nail spray, nail stickers, etc.
- Make up products such as powder pack, eyeliner, blush on, lipstick, foundation, etc.

Home use products

Products such as washing powder, facial tissue, tissue, toilet papers and dishwashing detergents, etc.

Furniture and shop decorations

- Cabinet, Product display case
- Stand-alone display shelves
- Shop decorating stickers
- Karmarts' signature shopping bags

TYPE OF BUSINESS

Karmarts Public Company Limited was once named Distar Electric Corporation Limited. This company once manufactured and distributed electric goods under the brand Distar. Currently we have change our core business to importing and distributing multi brand cosmetic goods and beauty products within Asia. We are recognized within the cosmetic company as Karmarts. Under the vision of Khun Wiwat Theekhakhirikul who is the Managing Director and the person who have built the brand Distar into a well-recognized brand. In 2011 Khun Wiwat sees the opportunity in the cosmetic and beauty products sector that it has potential to grow every year. This is a major shift in business operation and the company's future once again looks bright.



We start entering the cosmetics and beauty products market by importing existing brands from overseas. This is because it is easier to sell in Thailand. The foreign also provide a guideline in how to sell the existing products as well. After the company had studied the market thoroughly, we launch our own in house brand. The company had been involved with factories from many countries including factories in Korea that is the world's leader in the cosmetic industry, in developing a product well suited for the Thai skins as well as developing attractive packaging. Currently our products are well appreciated by both our whole sale customer and the end user. Currently Kamarts is not only the name of the company but it is now also the name of cosmetic shops and beauty care products as well. The company is striving to creating a one-stop-retailer to answer all beauty products need. The shops' image are easily recognizable, the products are of high standards, branded products from all over Asia to answer the needs of the customers, making sure that customers feel at ease when shopping for our products. The company has expanded into the end user retailing so those customers that want to buy Karmarts products can easily access our outlets. In the year 2011 we have more than 30 Karmarts shop countrywide.

In the year 2011 the company wants to expand its customer base. Therefore the company had created or imported more brands for the customer to choose from. Karmarts also expand into other retailing channel such as modern trade, including the Tesco Lotus, every Lotus Express, The Mall, 7-Catalog.

Apart from cosmetic business, the company had also expanded it products range into the home use market such as toilet paper, washing powder which are products that can be used daily with potentially large market size. In the future our company also plans to expand into other product line as well.

In 2011 the company had decided to reduce the importance of the motor vehicle business and focus in the cosmetics and beauty products business which is more suited to our team with experienced merchandising products that is of higher quality and brand building.

Since the start of this company the company had never changed hand in the power of the controlling interest.

PRODUCTION SOURCING

Product sourcing are as follow:

The company sources products such as body care, facial skin care, cosmetics, and daily use products under registered trademark Bergamo, Zamian, Boya, Youxi, Dew&Dew, Yadah and etc. throughout Asia by visiting and evaluating the standard of the factory, as well as testing all the products to ensure that the products imported by Karmarts Public Company Limited. are qualified before they are being launched to the Karmarts customers.

The company purchased the body care, facial skin care, cosmetics, and daily use products. by visiting the factories and selecting the products directly from the internationally recognizable manufacturers. Moreover, the company also signs exclusive distributorship agreement with brandings like Bergamo, Zamian, Boya, Youxi, Dew&Dew, Yadah from many suppliers to ensure that the products distributed in Thailand are up to date with the market needs.

The ordered quantities are in compliance with the market demand and the company will not keep too much stocks. The marketing team will monitor the forecast order quantity and focus on the product movement so that can pace up with the market as a whole.

The consumer products purchasing proportion

The company purchases the CBU products with 1-2 local suppliers and 3-4 foreign suppliers.

In 2011, the company has a purchasing ratio for local to foreign supplier of 3:97.

Affects on the environment

- None -



แคทิดอลล์
♥Cathy Doll♥

MARKETING AND SALES

In the year 2011 the company had engage in aggressive marketing campaign on imported cosmetic goods, beauty products and home use products. In 2011 the company had also increased its selling channel and increased its product variety. This is due to the fact that the market size for cosmetic in Thailand had been improving every year.

Competitive edge

Currently the competition within the industry had been intense, more so as the market grow in sizes. This is because there are also a lot of new brand emerging. The cosmetic business can be split into two groups. One group is the skin care product and the other group is the makeup group. The consumers hear about this daily in televisions, magazines, radio and billboards. This usually involves brand name products however there are a growing number of newer brands also.

Nevertheless, products that have been imported by Karmarts can be differentiated from these products therefore give us a strong growth since the end of the year 2010. These advantages are:

1. Wholesaler point of view

- 1.1 Kamarts can satisfy the demand of our agent by giving them a wide variety of product, making Karmarts a one stop service for our business customers.
- 1.2 Kamarts provide our wholesale customer with a larger monetary benefit than our competitor.
- 1.3 Karmarts follows the trend of what the market wants and provide its customer with what they want quickly.
- 1.4 Karmarts import all our products in accordance to the law.
- 1.5 Karmarts will always bring out new products, however we will still sell products that are considered best sellers.

2. End user point of view

- 2.1 Karmarts provide what the customer wants.
- 2.2 Karmarts has a mission to go search for quality products with good design to suit the customer's need. It also has easy-to-understand how-to-use instructions.
- 2.3 Karmarts products can be prove that they are effective in a short period of time.

Nevertheless Karmarts is not only the importer cosmetic goods from overseas, the company also has house brand such as Cathy Choo, Cathy Doll. This is done to maintain stability and security of the business in the long run. Karmarts also has a product development team that work closely with our partners in Korea, to develop new products and to keep pace with the world's new innovations.

Currently our product is our number one priority. The company focuses on picking products that suits the purchasing power of our consumers. The company intends to give the consumers, goods at a price that is easily affordable by all and can easily make the decision to buy our product. The company plans to change the consumer perception that our products has a high price tag.

For our strategy in delivering our products, the company invest in a fleet of vans and six-wheel trucks to deliver our product country wide, to meet the customer demands and need. This give the company a much better control of the quality of our product as some of our products need to be store in a cool environment and is not suitable being place directly under the sun. This delivery system has satisfied our store owners considerably.



We currently have a lot of distribution channels. We sell our products to large wholesaler so that we can turn them into that province's dealer. By the end of the year 2010 the company had decided to expand into the direct sales business. The company decides to open shops under the brand Karmarts which inside the shop only sell Karmarts' products. Karmarts shop is completely designed and controlled by the company. Currently there are 30 Karmarts shops countrywide.

Our Target customers includes the following:

- Wholesale customers – retail cosmetic stores in department stores and townhouse building in area with high traffic
- Drugstores, Beauty Salons and Spas
- Website retailers
- Shopping plazas such as Home Fresh Mart, Tesco Lotus, Lotus Express
- Catalog sales such as 7-Catalog, Catalog Friday
- Operator of Karmarts Shop
- End user - Women aged from 16 – 50 years old who want quality products that will look after their body and their beauty.

Competition within the industry

Although the numbers of Thai cosmetic manufacturers are high, the demand for cosmetics are always growing. However a lot of Thais are demanding for imported products. In this day and age, products in the cosmetic group and skincare products are not only used by women but by men as well. This mean the company will import goods in accordance to the market's demand.

The company acts as an importer rather than a manufacturer because this reduces the risk of sunken cost of the machines required to produce the products. The company has an added flexibility in finding new innovative products from supplier overseas without worries.

ADVERTISING AND PR PLAN

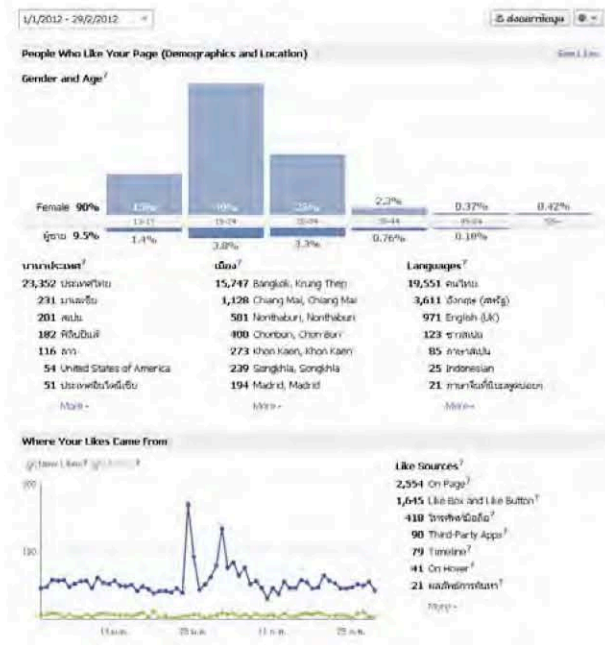
Karmarts (Public) Company Limited has navigated toward the continuous pursue of the beauty and cosmetic business from the previous year as an importer of multi-brand cosmetic products to inspire Korean beauty style to young Thai women. Karmarts manages to make company products as well as the brand “Karmarts” become even more well-known throughout the country by investing on media and PR budget for over Baht 100 million to advertise “Karmarts” products and the company movements to both above-the-line and below-the-line media, including major newspapers; Thai Rath, Kow Sod, and Mathichon, radio commercials; Cool 93 FM, 103 Like FM, and a wide variety of magazines; Ray, S Cawaii, Popteen, ViVi, Cleo, Cosmo, Seventeen, Gossip Stars, TV Pool, Spicy, Star News, Asta Mag, Asta TV, Koo sang Koo Som, and magazines for SME, online media; www.karmarts.com, and our Karmartsclub Facebook as well as Karmarts Magalogue, flyers and many more.



Not to mention, our recent accomplishment in becoming the title sponsor for the concert, “Karmarts Present 2PM Hands Up Asia Tour in Bangkok 2012” on February 18, 2012 at Impact Arena, Muangthong Thani.



This event brought Karmarts a very big success in term of more public awareness, more income to the company and more people signed up for Karmarts shops franchise, as well as the growth of Karmartsclub fan page (diagram below).



Moreover, the company has promoted itself via various social media, such as Facebook, Twitter and Website, which are currently very popular among Thai people. The growth of Facebook in Thailand makes it Number 21 in the world, considered Number 5 in Asia and on the top of South-East Asia users (diagram below).

FACEBOOK STATISTICS

Country	Users	Change	(+%)	Pen
United States	155,886,800	-5 360	-0.00%	50.25%
India	4,5018,540	-1 300	-0.00%	3.84%
Indonesia	43,521,320	-2 420	-0.01%	17.91%
Brazil	42,199,700	-180	-0.00%	20.98%
Mexico	33,599,040	+1 780	+0.01%	29.87%
Philippines	27,718,720	-1 580	-0.01%	27.75%
Germany	23,251,880	+680	+0.00%	28.26%
Argentina	18,202,520	-1 120	-0.01%	44.03%
Thailand	14,235,400	-300	-0.00%	21.44%
Malaysia	12,366,580	+800	+0.01%	47.27%

Source : socialbakers.com

(Source: www.socialbakers.com Wednesday, March 14, 2011, 18:42)

Online media is a real-time, fast and easily targeted means of publicity with a minimized cost of investment when compared with other types of media, therefore, social media such as Facebook and Twitter have become a channel that many organizations use to publicize and deliver messages to end users. Karmarts has not only been performing well in e-CRM (Electronic Customer Relationship Management) via Facebook under the name, "karmartsclub", which was established in 2010, but also received constant supports and interests from our fan page, especially during promotional periods of the company. As such when the company proudly decided to become the title sponsor of "Karmarts Present 2PM Hands Up Asia Tour in Bangkok 2012", there were throngs of customers participating in this promotional campaign. It is considered a huge success for the company in term of public awareness of Karmarts and numbers of fan page has sky-rocketed since. Moreover, tons of requests from all over the country to open Karmarts shops have indeed overwhelmed karmarts staffs, including the top management level with great satisfaction.

From dawn til dusk people tend to consciously and subconsciously consume various forms of media everyday. Nowadays, digital media has also played an important role in communicating with the targeted consumer market. It is fast, real time and convenient for people to get access to. In addition, it is growing at a fast rate, therefore; using the right media planning and strategy seems necessary and it is a must in order to successfully build branding, create awareness and eventually reach the right target groups of the company.

KARMART
피부 관리 화장품

FUTURE PROJECTS

Karmarts started its cosmetic and beauty product business at the beginning of the year 2011. The company's main goal since was to concentrate on the branding of Karmarts. Making sure that the brand is stronger in a very short amount of time. This is achieved by providing the market with products that suited the market at the right time. In 2012 the company plans to include house brand such as Cathy Doll, Baby Blink. These house brands will be manufactured overseas that adhere to the same standard's as world's leading brands. There had been project to break the brand's product into smaller sub category. The projected outcome is that our brand will be more recognizable.

The company also have plans to increase the type of products being sold such as supplements, beauty enhancement products, snacks, that coincides with the marketing strategy of the company that was already built.

Regarding the selling channel of Karmarts, the company will strive to increase on the existing channel. Starting from increasing our modern trade channel to satisfy wider range of customer. Also we will be expanding the existing channel with the Karmarts shop. We try to promote existing selling agent and new business partner to open a branded Karmarts shop. These shops are decorated under the same standard, it also use a POS system that is linked to the head office. It will help in the future marketing campaign of the company. Currently we have 30 shops nationwide. We plan to open up to 100 shops by the end of 2012.

Apart from domestic channel, the company is planning to expand the market overseas. Concentrating in Asia, for generating higher volumes sales. The in-house brand will be the first products that will be exported overseas. The company is planning to continuously improve its efficiency as the company constantly expands. Key area where we will be focusing on are finding new products and trend changes, designing of new products under our house brand, media communication of our products, the operation and logistic, and better human resource management.



DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON


Acting Second Lieutenant Somchai Wasantwisut

Position Director and Chairman
Age (Year) 57
Educational Background MBA, Harvard University School of Management, Major General Management
 B.ENG (First Class Honor), Chulalongkorn University, Major Computer, Bachelor Degree of Engineering
Number of Share (%) -
 As at 12 March, 2012


Mr. Wiwat Theekhakhirikul *

Position Director, Chief Executive Officer and Managing Director
Age (Year) 59
Educational Background Bachelor Degree of Political Sciences, Major in Political, Ramkhamhaeng University
 National Defense College Class 2004
Number of Share (%) 137,214,372 Shares 22.87%
 As at 12 March, 2012


Lt.Gen. Kobboon Vichit

Position Director and Audit Committee Chairman
Age (Year) 64
Educational Background Master Degree of Public Administration, National Institute of Development Administration
Number of Share (%) -
 As at 12 March, 2012


Mr. Kraiwit Satayapiwat *

Position Director, Executive Director and Deputy Managing Director
Age (Year) 55
Educational Background Bachelor Degree of Engineering, Major Mechanical, Chulalongkorn University
Number of Share (%) -
 As at 12 March, 2012

Remark : * Means authorized signatory director as announced in Company's Affidavit



Mr. Prasit Dheeraratbongkot

Position Director and Audit Committee
Age (Year) 57
Educational Background B.ENG (EE), Chulalongkorn University
Directors Certification Program (DCP62) Thai Institute of Directors
Number of Share (%) -
As at 12 March, 2012



Puttithorn Jirayus, PhD

Position Director and Audit Committee
Age (Year) 36
Educational Background PhD (English Program) in Business Administration Institute of International Studies – Ramkhamhaeng University
MBA Major in Management at Sasin Graduate Institute of Business Administration of Chulalongkorn University
B.B.A in International Marketing American Intercontinental University (London Campus)
Number of Share (%) -
As at 12 March, 2012



Mr. Parit Theekhakhirikul

Position Director
Age (Year) 29
Educational Background Master of MSc in Construction Management, University of Reading, UK
B.B.A. Bachelor Engineering, Major Civil Engineering Chulalongkorn University
Number of Share (%) -
As at 12 March, 2012



Mr. Wongwiwat Theekhakhirikul

Position Director and Executive Director
Age (Year) 28
Educational Background Bachelor Degree of Engineering, Chulalongkorn University
Number of Share (%) 915,900 Shares 0.15%
As at 12 March, 2012

**Mr. Seah Sin Loo**

Position Director
Age (Year) 61
Educational Background Secondary School
Number of Share (%) -
 As at 12 March, 2012

**Mrs. Tussanee Auncharoen**

Position Assistant to Managing Director of Accounting and Finance
Age (Year) 51
Educational Background Bachelor Degree of Education (B.Ed.), Major Mathematics, Sri Nakharinwirot University
 Bachelor Degree of Business Administration Major General Management, Sukhothai Thammathirat University
Number of Share (%) 160,000 Shares 0.03%
 As at 12 March, 2012

**Ms. Chonthida Theekhakhirikul**

Position Assistant to Managing Director of Product Management and Marketing of Karmarts Business
Age (Year) 30
Educational Background MBA Major in Marketing at Sasin Graduate Institute of Business Administration of Chulalongkorn University
 Bachelor Degree of Accounting, Faculty of Commerce and Accountancy, Chulalongkorn University
Number of Share (%) 154,000 Shares 0.03%
 As at 12 March, 2012

**Mr. Preecha Thanapermpool**

Position Assistant to Managing Director of Operations and Sales, of Karmarts Business
Age (Year) 48
Educational Background Bachelor Degree of Social Sciences, Kasetsart University
Number of Share (%) -
 As at 12 March, 2012

Remark : * Means authorized signatory director as announced in Company's Affidavit



Ms. Suwannee Tharacheevin

Position Director of Accounting
Age (Year) 47
Educational Background Bachelor Degree of Business Administration Major Accounting, Sukhothai Thammathirat University
Bachelor Degree of Business Administration (B.B.A), Major General Management, Sukhothai Thammathirat University
Number of Share (%) -
As at 12 March, 2012



Mrs. Aunruen Arunvisavakul

Position Director of Warehousing and Shipping
Age (Year) 52
Educational Background Bachelor degree of Liberal Arts, Major Management, Bansomdejchaopraya Rajabhat University
Number of Share (%) -
As at 12 March, 2012



Mr. Pongwiwat Theekhakhirikul

Position Director of Product Management of Karmarts Business
Age (Year) 27
Educational Background Bachelor Degree of Architecture, Chulalongkorn University
Number of Share (%) -
As at 12 March, 2012



Ms. Neeranuch Putprasert

Position Director of Marketing Communication of Karmarts Business
Age (Year) 46
Educational Background MA in Linguistics (TESOL), WMU, USA
Number of Share (%) -
As of 12 March, 2012

RISK FACTORS

Financial Risk Management

The Company are managed is described below.

1. Foreign Currency Risk

The Company and its subsidiaries are exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies.

The significant balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2011 US dollar 7.01 (Average exchange rate 31.8319).

2. Interest Rate Risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, and short-term and long-term borrowings with interest bearing. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated Financial Statements					
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
	(% p.a.)					
Financial Assets						
• Cash and cash equivalent	0.75%	-	-	18	-	18
• Finance lease receivables	6.1% - 10.8%	3	1	-	-	4
• Trade and other receivables	-	-	-	-	41	41
		3	1	18	41	63
Financial Liabilities						
• Short-term loans from bank - trust receipts	4.15% - 7%	31	-	-	-	31
• Trade and other payables	-	-	-	-	224	224
• Liabilities under finance lease agreements	5% - 7%	13	16	-	-	29
• Long-term loan from bank	MLR	-	-	47	-	47
• Other long-term loan	0.5%	2	4	-	-	6
		46	20	47	224	337

(Unit: Million Baht)

	Separate Financial Statements					
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
	(% p.a.)					
Financial Assets						
• Cash and cash equivalent	0.75%	-	-	17	-	17
• Finance lease receivables	6.1% - 10.8%	3	1	-	-	4
• Trade and other receivables	-	-	-	-	51	51
• Short-term loans to subsidiaries	6.125%	12	-	-	-	12
		15	1	17	51	84
Financial Liabilities						
• Short-term loans from bank - trust receipts	4.15% - 7%	31	-	-	-	31
• Trade and other payables	-	-	-	-	21	21
• Liabilities under finance lease agreements	5% - 7%	1	3	-	-	4
• Long-term loan from bank	MLR	-	-	47	-	47
		32	3	47	21	103

3. Credit Risk

The Company and its subsidiaries are exposed to credit risk from trade accounts receivable, finance lease receivables, and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables, finance lease receivable, and other receivables as stated in the statement of financial position.

THE CONNECTED TRANSECTIONS

The Connected Transactions

An acquisition of goods and services, purchases of raw material and finished goods which is in the ordinary course of business and under normal commercial terms and conditions the long-term loan from related party Baht 0.38 million and rental fee Baht 0.04 million, which had been disclosed in notes to financial statements in topic 11.

Necessities and Reasons of Connected Transactions

The company made some connected transactions with certain connected companies for business purposes and of ordinary prices that applied to all customers. So such transactions were truly made in accordance with necessity of normal operation. As for the acquisition or disposition of assets. The Audit Committees agreed that the said transactions are justifiable and beneficial to the company. As the mentioned transactions will provide additional value to the company. The related and mutual supported business which is in the ordinary course of business and under normal commercial terms and conditions. The Board members who have none of relations with the company agreed in this new capital increment which seemed to be beneficial to the company's business expansion and by contributing to the branding efficiency, Karmarts needs to justify prices under normal commercial terms and conditions. Nevertheless, the Board members who have relations with the company would not participate and have no rights to vote in the meeting as well.

Procedures on the Connected Transactions

The company entered into the connected transaction as the usual course of business according to the contract terms with fair prices as applied to ordinary customers and the approval procedures normally used for ordinary customers were strictly applied.

The guarantee obligation for the related company were considered and approved by the Board of Directors and Shareholders.

Policy and Trend of Transactions with Related Companies in the Future

Connected transactions are made for normal operation of business, with fair value. Hence trend of transactions depends on business growth and changes in the future.

Karmarts Public Company Limited Connected Persons

Connected Persons	At March 12, 2012		Subsidiary				Related Company	
	Karmarts Plc.		StarCom Co., Ltd.		My Bus Co., Ltd.		Chaiviboon Intertrade Limited Partnership	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmarts Plc.	-		70.00%		95.16%		-	
2. "Theekhakhirikul" Group	31.66%		-		-		-	
2.1 Mr. Wiwat Theekhakhirikul	22.87%	Director	-	Director	-	Director	-	
2.2 Ms. Chontida Theekhakhirikul	0.03%		-	Director	-	Director	-	
2.3 Mr. Wongwiwat Theekhakhirikul	0.15%	Director	-		-		-	
2.4 Mr. Pongwiwat Theekhakhirikul	-		-		-		90.00%	Partnership
2.5 Mr. Polkrit Theekhakhirikul	4.53%		-		-	Director	-	
2.6 Mr. Parit Theekhakhirikul	-	Director	-		-		-	
2.7 Ms. Vlamol Theekhakhirikul	4.08%		-		-		-	
3. Mr. Kraiwit Satayapiwat	-	Director	-	Director	-	Director	-	
4. Mr. Decha Singshinsuk	-		30.00%		-		-	
5. Others	68.34%		-		4.84%		10.00%	
Total	100.00%		100.00%		100.00%		100.00%	

Director	Karmarts Plc.		StarCom Co., Ltd.		My Bus Co., Ltd.		Chaiviboon Intertrade Limited Partnership	
	CEO	Director ^A	MD	nssums ^A	MD	Director ^A	MD	Director ^A
1. Mr. Wiwat Theekhakhirikul	✓	✓		✓		✓		
2. Ms. Chontida Theekhakhirikul				✓		✓		
3. Mr. Pongwiwat Theekhakhirikul								✓
4. Mr. Kraiwit Satayapiwat		✓		✓		✓		

Remark: Director^A Meant authorized signatory director.

SHAREHOLDERS STRUCTURE

The company has its capital registration of 600,000,000 Baht (360,000,000 Baht Date 28 February 2012) and the paid-up capital of 600,000,000 Baht (360,000,000 Baht Date 28 February 2012) which commons 600,000,000 share of par value 1 Baht (0.60 Baht Date 28 February 2012)

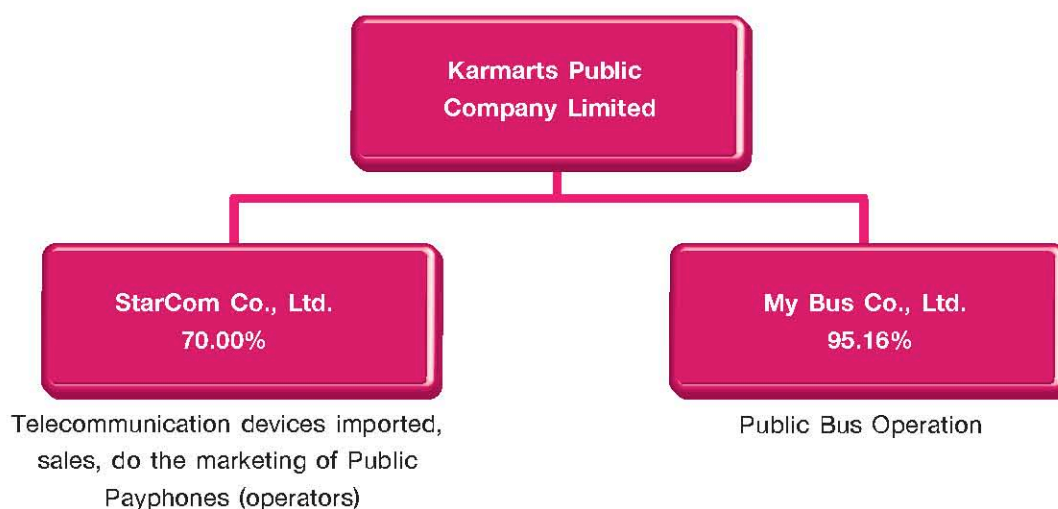
Shareholders' name	Amount	% Owned
1. Theekhakhirikul Group	189,984,272	31.66
Mr. Wiwat Theekhakhirikul 137,214,372 22.87%		
Mr. Polkrit Teekhakhirikul 27,200,000 4.53%		
Ms. Woramol Teekhakhirikul 24,500,000 4.08%		
Mr. Wongwiwat Theekhakhirikul 915,900 0.15%		
Ms. Chontida Theekhakhirikul 154,000 0.03%		
2. PHILLIP SECURITIES PTE LTD.	48,068,000	8.01
3. Mrs. Chalao Wattanasombat	36,475,060	6.08
4. Ms. Nawaporn Thongkam	24,217,400	4.04
5. Mrs. Vanida Saejew	23,690,000	3.95
6. Mr. Chalermdech Leewongcharoen	18,914,900	3.15
7. Ms. Pornthip Parinayok	14,720,000	2.45
8. Ms. Hatairat Tumthavonvanit	14,450,000	2.41
9. Mr. Chatchalerm chalermchaiwat	14,000,000	2.33
10. Thai NVDR Co., Ltd.	13,185,400	2.20
11. Others	202,294,968	33.72
Total	600,000,000	100.00

Remark : Shareholder's name and percentage of shareholding as shown above is the same as the closing date of the securities register on March 12, 2012 by the information of Thailand Securities Depository Co., Ltd.

Dividend payment policy

The company will pay dividend on 50% of net profit as per profit and loss statement of individual company after deduct the reserve law that is not less than 5% of net profit until that reserve will not less than 10% of capital registered.

INVESTMENT STRUCTURE AND TYPE OF BUSINESS IN RELATED COMPANIES



Juristic person which the Company hold at least 10%

	Type of business	Registered capital	Paid-up capital	Company's stake
My Bus Co., Ltd. Location : 214 Ladya Rd., Klongsarn, Bangkok 10600 Tel. : 0-2805-0220 Fax. : 0-2805-0220	Public Bus Operation	90,000,000	32,000,000	95.16%
StarCom Co., Ltd. Location : 81-81/1 Soi Phetchakasem 54, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-2751	Telecommunication devices imported, sales, do the marketing of Public Payphones (operators)	206,000,000	206,000,000	70.00%

MANAGEMENT STRUCTURE

Names of Director, Audit Committee, Management and Secretary

Name	Director	Audit Committee	Director	Management	Secretary
1. Acting Second Lieutenant Somchai Wasantwisut	/	-	-	-	-
2. Mr. Wiwat Theekhakhirikul *	/	-	/	/	-
3. Lt.Gen. Kobboon Vichit	/	/	-	-	-
4. Mr. Kraiwit Satayapiwat *	/	-	/	/	-
5. Mr. Prasit Dheeraratbongkot	/	/	-	-	-
6. Puttithorn Jirayus, PhD					
7. Mr. Parit Teekakirikul	/	-	-	-	-
8. Mr. Wongwiwat Theekhakhirikul	/	-	/	/	-
9. Mr. Seah Sin Loo	/	-	-	-	-
10. Mrs. Tussanee Auncharoen	-	-	-	/	-
11. Ms. Chonthida Theekhakhirikul	-	-	-	/	-
12. Mr. Preecha Thanapernpool	-	-	-	/	-
13. Ms. Suwannee Tharacheevin	-	-	-	/	/
14. Mrs. Aunruen Arunvisavakul	-	-	-	/	-
15. Mr. Pongwiwat Theekhakhirikul	-	-	-	/	-
16. Ms. Neeranuch Putprasert	-	-	-	/	-

Remark: * Means authorized signatory director as announced in Company's Affidavit

Board of Directors – Roles and Responsibilities

Board of Directors, comprising of 9 members. Is to oversee that the company's businesses are managed and carried out in accordance with laws and regulations, Articles and Associations of the company and shareholders' resolutions, and to monitor and ensure that the company's management perform that duties honestly and utmost safeguard the company's benefits and properties.

Audit Committee – Roles & Responsibilities

Audit committee, comprising of 3 independent directors with three members being well experienced in accounting and financial areas. Audit committee is to monitor and review business activities of the company in accordance with roles and responsibilities as outlined in the Audit Committee Charter such as to review financial statements, internal control system, compliance to laws and the company's regulations.

Executive Committee – Roles and Responsibilities

Executive Committee, consisting of 2 directors is appointed by the Board of Directors, the Executive Committee is to manage and oversee the overall business of the company for and on behalf of the Board of Directors.

Management Team – Roles and Responsibilities

Board of Directors selects and appoints a Managing Director to be in charge of overall management activities of the company, to generate business growth and maximum benefits for shareholders. The Managing Director is empowered to appoint Management Team to assign him or her to effectively carry out the company's business in accordance with policy and business plans.

Directors and Management Team Appointment

The company has a policy to appoint the Directors by the board of directors who compulsorily propose to shareholders for approval. One share owned will be honored one vote and the approval process will follow the majority votes, accordingly to the decree 70 of the public company Act 1992. The Board of Directors consists of five representatives of the corporate shareholders; the other of whom is from one foreigner shareholder; two independent Directors, and one executive Directors. In terms of the management team, the Board of Directors will appoint the highest Management level from the Chief Executive Officer to the Vice President level and below that, the responsibility will follow the chain of command.

Although the company's Board of Directors has no representative of minority shareholders, who actually have the voting rights, the company still has independent directors who are well qualified and best known to protect the minority shareholders' interest

Remuneration of Board's Members and Executives

Remuneration for a member of the Board of Directors in terms of meeting allowances and other benefits are as follow.

Name	Baht	
	2011	2010
1. Acting Second Lieutenant Somchai Wasantwisut	80,000	100,000
2. Mr. Wiwat Theekhakhirikul	40,000	50,000
3. Mr. Prapas Rerkpiboon	40,000	50,000
4. Lt.Gen. Kobboon Vichit	-	-
5. Mr. Kraiwit Satayapiwat	40,000	50,000
6. Mr. Somchai Tungsisuk	40,000	50,000
7. Mr. Prasit Dheeraratbongkot	40,000	50,000
8. Puttithorn Jirayus, PhD	40,000	40,000
9. Mr. Parit Teekakirikul	30,000	30,000
10. Mr. Wongwiwat Theekhakhirikul	-	-
11. Mr. Seah Sin Loo	-	-
Total	350,000	420,000

The Board of Director's remuneration for the year 2011 must not exceed Baht 3 million whereby Audit Committee Directors receive Baht 20,000 per meeting, Independent Audit Committee receive Baht 10,000 per meeting, Chairman of the Board of Directors receive Baht 20,000 per meeting, and the rest of the members receive Baht 10,000 per meeting.

Remuneration for the company's Directors and Management team in year 2011 was Baht 8.50 million compared to previous year of Baht 5.70 million. The sums are in terms of salary, bonus, and transportation expenses.

Others allowance for the Directors and Management team.

None.

Good Corporate Governance Policies

1. Report on Good Corporate Governance

The Board of Directors places a top priority on the principles of Good Corporate Governance, and established a set of policy guidelines and principles for the company to observe as follows:

- Equal and fair treatment for all stakeholders.
- Forward looking commitment to add value to company's operations, prudent and thorough management of its operations, responsible, competent and effective performance to maximize shareholders' value with prevention the conflicts of interest.
- Transparency and accountability in the operations, adequate disclosure of information to all parties concerned.
- Awareness of risks in conducting the business, implementation of appropriate risk management strategies.
- Establishment of moral and ethical guidelines for company's directors and stuffs to follow:

2. Shareholders Rights

Company places a high priority on Shareholders' Rights. These rights are stipulated in its Articles of Association, for the right to access the company information, vote as a shareholders, fair treatment and facilitation for shareholders in its meeting.

3. Stakeholders Rights

Company also places utmost importance on all groups of stakeholders, on their rights, reliable and timely disclosure of information for dissemination to all our stakeholders, fair treatment to our counterparties and all our staff.

4. Shareholders' Meetings

Another top priority is our shareholders' Meetings, as stipulated in Company's articles of Association. We have clearly defined our guidelines for organizing our shareholders' Meeting and for facilitating and disseminating news and relevant information to our shareholders adequately and on equal basis.

5. Leadership and Vision

The Board of Directors actively takes part in setting company's vision, obligation, goal, business plan, and budget considerations. The Board of Directors also supervises the management to ensure that all operations are conducted efficiently and effectively, as planned and within their budget. The Board of Directors has also instituted the Internal Audit and control system as well as risk management measures, and set up regular monitoring mechanism to follow up the operation consistency.

6. Conflicts of Interest

To prevent conflicts of interest, The Board of Directors has drawn up ethical guidelines for directors to follow "The directors shall execute their duties while avoiding conflicts that may arise between personal interests and those of the company in order to maximize management efficiency. The avoidance of conflicts of interest is deriving personal benefits from directorship, not use company information in a wrong manner. The Board has tasked the Audit Committee to monitor and report cases in which conflicts of interest may arise.

7. Business Ethics

Board of Directors has established moral and ethical guideline. These guidelines have been disseminated to all executive directors and Staff to abide. This practice is intended to foster consciousness for a moral and ethical job performance, leading to satisfactory internal audit and control, which are interconnected.

8. Checks and Balance of Non-Management Board Members

Company's Board of Directors consists of 9 members.

- | | | |
|---|---|---------|
| • Directors who are the management members | 3 | persons |
| • Independent directors who also serve as the Audit Committee | 3 | persons |

9. Aggregation or Segregation of Positions

The Chairman of the Board of Directors does not concurrently assume the Chief Executive Director of the company, and is an Independent Director also. These two separate positions are accompanied by two distinct sets of corresponding roles and duties.

10. Remuneration of Board's Members and Executives

The remuneration consists of meeting allowances and bonuses in accordance to the business operation results each year within the budget approved by shareholders.

Remuneration of the Board Members and Executives is set according to the policy of the Management Team which is relative to the operating results and each member's performance.

11. Board of Directors' Meeting

The Board holds regular meetings on quarterly and extraordinary meetings when necessary, with a clearly specified agenda to continually monitor the proposes and performance of company's operations. The Board's secretary sends out meeting invitation with agenda and related documents to the directors prior to the scheduled meetings to allow sufficient preparation time. Normally, the meeting spends 3 hours per time. During year 2011 the Board held 4 regular meetings as following detail.

Name	Board of Audit Committee	Board of Director			Remark
		Ordinary Meeting	Extraordinary Meeting	Total	
1. Acting Second Lieutenant Somchai Wasantwisut	-	4/4	-	4/4	
2. Mr. Wiwat Theekhakhirikul *	-	4/4	-	4/4	
3. Mr. Prapas Rerkpiboon	5/5	4/4	-	4/4	
4. Lt.Gen. Kobboon Vichit	-	-	-	-	
5. Mr. Kraiwit Satayapiwat *	-	4/4	-	4/4	
6. Mr. Somchai Tungsisuk	5/5	4/4	-	4/4	
7. Mr. Prasit Dheeraratbongkot	5/5	4/4	-	4/4	
8. Puttithorn Jirayus, PhD	-	4/4	-	4/4	
9. Mr. Parit Teekakirikul	-	3/4	-	3/4	
10. Mr. Wongwiwat Theekhakhirikul	-	-	-	-	
11. Mr. Seah Sin Loo	-	-	-	-	Reside abroad

Remarks: Meeting attendance = No. of particular member's presence for the meeting for the year/ Total no. of meeting held for the year

* means Independent Directors who is Audit Committee member.

12. Subcommittees

The company's Board of Directors appoints subcommittee to oversee the company's business as follow.

Audit Committee: Presently appointed from the Board of Directors' Meeting No. 1/2012 on January 20, 2012 whereby Lt.Gen. Kobboon Vichit was appointed as the chairman of Audit Committee. The members appointed Mr. Prasit Dheeraratbongkot and Puttithorn Jirayus, PhD to Audit Committee Director.

Audit Committee had held constant meeting in Year 2011 for five times altogether and responsibly reported to the Board of Directors (According to the details in the topic 11 "Board of Directors' meeting")

13. Internal Audit and Control Systems

Company has put in place effective and internal audit and control system, to cover the operations comprehensively with full cooperation by the supervisory, management and executives at all levels.

The Audit Committee is authorized by the Board of Directors to check the accuracy of Financial Statements, the adequacy and efficiency of the internal audit and control system, risk management and the fulfillment of other relevant duties.

The Audit Office is tasked to examine financial, managerial, operation and information systems as well as to access the adequacy of internal control of all functions undertaken by Audit results are reported directly to the Managing Director and to the Audit Committee to be checked and presented to the Board of Directors.

14. Report of the Board of Directors Concerning of the Financial Statements and Financial Information

The Board of Directors is responsible for the financial statements and information reported in the Annual Report. The financial statements shown are prepared in accordance with Thai generally accepted accounting principles. Such preparation has been applied with transparent accounting procedures and the intention to disclose sufficient information in the Notes to the financial statements. The Board of Directors realizes the necessity to have the complete and accurate accounting information, to affirm that the company's financial system follow good corporate governance philosophy and protect the undesirable consequences, either illegal actions or significant errors.

To achieve these goals, the Board of Directors has then appointed the Audit Committee, consisting of non-management directors, to oversee the quality of the financial statements and internal control processes. In conclusion, the Audit Committee has a reasonable opinion that the company's internal controls are satisfactorily reliable to ensure all confidences, from both internal and external. Roles, Duties and Responsibilities of The Board of Directors in Supervising and Monitoring the Company.

15. Investor Relations

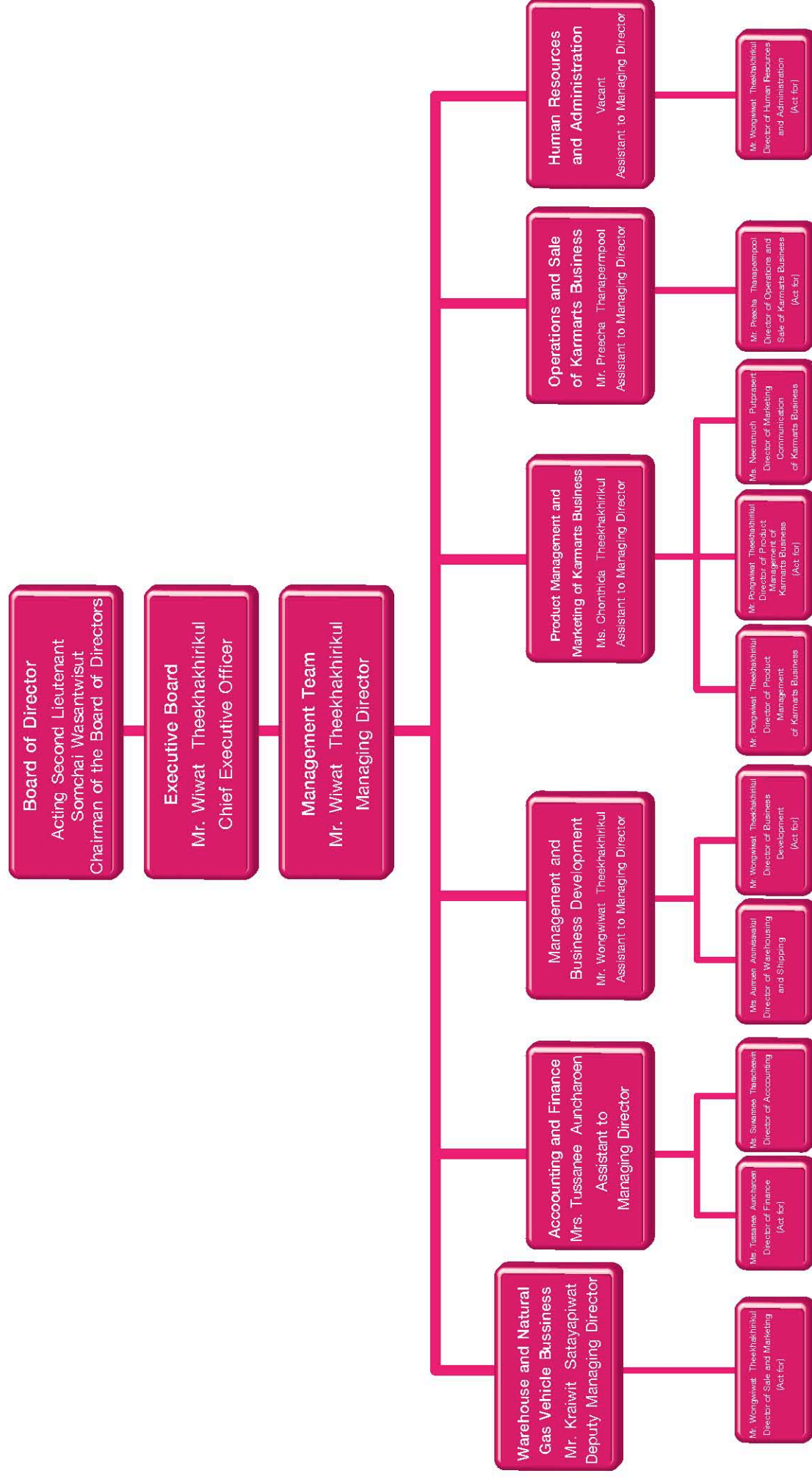
Company is committed to fostering mutually beneficial relationships with and to disclosing important company information to its investors. Company has not set up an investor Relations Unit but assigned the duties to information Relation section and or Executive director to communicate and promoting productive ties between the company and its shareholders, investors, and analysts as well as business reporters. All investors can access the information by phone to 0-2805-2756-60 or www.distar.co.th, www.karmarts.co.th.

Assessing the Internal Information

The company has no writing about the internal information policy, since the company believes that all the board members and management executives must have high ethics not to use the proprietary information for personal benefits.

Nevertheless, the company has given the priority to monitor and secure the internal information usage, identifying that only authorized person or high level executives are allowed to assess the internal information before the shareholders' approval, with some limitations. In addition, the company has designated the Public Relation Office or the high level management to be entitled to provide information to public.

KARMARTS PUBLIC COMPANY LIMITED ORGANIZATION CHART



REPORT OF THE AUDIT COMMITTEE 2011

Opinion on the correctness of the company's financial report

For the first quarter balance sheet and the year ended 2011 financial statement. The Audit Committee has opinions towards the company business that the company has properly followed through the principles of management in the year 2011. Also, the company has punctually completed all necessary financial reports both quarterly and annually, examined by qualified and authorized auditors. Audit Committee hereby checked through at all time and verified all company's quarterly and annually financial reports with auditors and relevant management members and unanimously agreed with the auditors that the mentioned financial statement of the company truly shows the significant financial status of the company in all aspects.

Opinion on the sufficiency of internal audit system

For the internal audit system and the working process efficiency of the organization whereby goal objectives and obligations of the management levels are goaled, there are controlling measures to allocate assets of the company to its maximum utilization. Appropriately dividing roles of task carriers, controllers, and internal auditors allows proper balanced mutual checking system.

The company has internal audit system to ensure the working procedures and its important financial activities are carried out according the accounting principles with efficiency. All transactions are done lawfully within the company's relevant objectives. However, the number of internal audit staffs is insufficient.

The Audit Committee has agreed that the company should increase number of internal auditors to further carry out auditing task with great efficiency.

Opinion on complying with laws of assets, rules, regulations, and conditions set by Stock Exchange of Thailand, together with related business laws

The audit committee agreed that the company sufficiently follows through the laws, rules, regulations and conditions set by the Stock Exchange of Thailand.

Opinion on the appropriateness of the auditors

The auditors, who are authorized by Ernst and Young Company Limited, fully arranged quarterly and annually reports on financial statements with punctuality and correctness according to the accounting principles.

Opinion on transactions involving conflicts of interest

None

The Audit committee gathered 5 meetings with the following details


Name	Times
Mr. Prapas Rerkpiboon	5
Mr. somchai Tungsrisk	5
Mr. Prasit Dheeraratbongkot	5

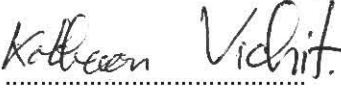
Opinion on the overall observations by the Audit Committee according to the Audit Committee Charter

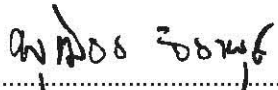
The Audit Committee has satisfactorily agreed on the tasks being carried out according to the Audit Committee Charter.

Other topics that shareholders and general investors should be acknowledged

The Audit Committee agrees on the business risk management is being evaluated by the management and proper preventive measures have been implemented to manage the risk according to current situation, including risk affecting the business operation.


.....
(Mr. Prasit Dheeraratbongkot)
Audit Committee Member


.....
(Lt. Gen. Kobboon Vichit)
Chairman of the Audit Committee


.....
(Puttithorn Jirayus, PhD)
Audit Committee Member

FINANCIAL AND OPERATING RESULTS ANALYSIS (MD&A)

1. Operating results for the year ending December 31, 2011

1.1 Sales and service incomes

During 2011, the incomes from sales and services total Baht 381 million which increased from Baht 260 million or 214.87% from the year before. The increases are due to the company's selling of NGV vehicle totaled Baht 56 million which increased from the year before Baht 6 million, sales of consumer products totaled Baht 321 million which increased from the year before Baht 259 million, which breaking down into body care products amounted Baht 101 million, facial skin care and cosmetics amounted Baht 198 million, daily use products amounted Baht 14 million, and other products amounted Baht 7 million.

Income from bus service operator amounted to Baht 12 million which decreased from the year before Baht 2 million.

Income from warehouse rental and warehouse services totaled Baht 23 million which increased from the year before Baht 21 million. The result came from converting the factory to warehouse rental and service under the "EDC" name.

Gain from sale of assets amount Baht 14 million which increased from the year before Baht 13 million. Because the company had sold the unused property and plant to a third party.

Other income totaled Baht 11 million, increased from the year before Baht 8 million or 266.67%. Because the company had recorded the waived interest payment Baht 6 million from the year before under the debt restructuring.

Interest income on hire purchase amounted Baht 1 million which decreased from the year before Baht 1 million.

1.2 Cost of sales, selling and administrative expenses

During the year 2011, cost of sales totaled Baht 174 million which increased from the previous year amounted to Baht 70 million or 67.31%. The proportions of cost and sales revenue are in line.

Costs of bus service were Baht 9 million which decreased from the year before Baht 1 million.

Cost of warehouse rental and warehouse services were Baht 4 million.

Selling and Administrative expenses totaled Baht 108 million which increased from the year before Baht 43 million or 66.15%. Due to the company had expanded its Karmarts business. Advertising and promotion expenses were increased. Employee benefit expenses were also increased due to the first year of compulsory implementation.

Impairment loss of assets Baht 15 million which increased from the year before Baht 2 million or 15.38% since the company and its subsidiary company had reserved for additional loss on impairment of assets from the valuation of assets of CDMA 470MHZ project.

Exchange loss of Baht 10 million due to the foreign exchange rate of the baht depreciation.

Finance cost of the company on the interest expenses totaled Baht 17 million which decreased from the year before Baht 7 million or 29.17% resulted from the company pre-payment on the restructured loans.

1.3 Profit

In the year 2011, the company recorded operating gains of 25.36% on total revenue, compared to 31.99% the year earlier due to the company increased gross profit margin over the previous year. Administrative expenses increased because of changes in employee's structure which expanded with the business causing employee.

1.4 Rate of Return on Equity

The operating profit during the year 2011 resulted in the rate of return for shareholder at Baht 0.19 per share.

2. Financial Status as at December 31, 2011

1. Assets

1.1. Composition of assets

Total Assets at the end of the year 2011 is Baht 787 million which decreased from the year earlier amounted to Baht 20 million or 2.48%.

1.1.1 Current Assets stood at Baht 308 million with an increase of Baht 37 million or 13.65% from the previous year.

- Cash and cash equivalents in the amount of Baht 18 million which increased from the year earlier at an amount of Baht 17 million due to the company increased cash flow from the cash sales of Karmarts products and supplier credit term of 30 - 60 days.
- Trade accounts receivable and other account receivable at Baht 41 million an increase from the previous year of Baht 12 million or 41.38% due to the company increased Karmarts products selling.
- Current portion of financial lease receivables of Baht 3 million which decreased from the previous year a sum of Baht 10 million or 76.92% due to the company repossession of 8 NGV vehicles from the leases and put on auction.
- Inventory of Baht 238 million a big increase from the year earlier at Baht 44 million or 23% due to the expanded Karmarts business.
- Assets held for sale had decreased by Baht 28 million due to the completion of the sale.
- Other Current Assets of Baht 7 million an increase from the year earlier of Baht 1 million or 16.67%

1.1.2 Non-Current Asset at Baht 479 million which increased by Baht 56 million or 10.47% from the year before as follows:

- Financial lease receivables - net of current portion had decrease by Baht 13 million or 92.86% due to the fact that the company repossesses 8 NGV vehicles from the lease's and put on auction.
- Investment properties stood at Baht 162 million which decreased from the year earlier amount to Baht 26 million or 13.83% due to the fact that the company had transferred assets held for sale of Baht 20 million and sold during the year 2011. Loss from a fair value adjustment of investment property amounted to Baht 6 million.
- Property, plant and equipment - net stood at Baht 105 million with an increase from the year earlier of Baht 1 million or 96.00%
- Network equipment - net amount Baht 197 million decreased from the previous year the amount of Baht 15 million due to the fact that one of our subsidiary company had provided for the decrease in valuation of assets and made a loss reserve for the depreciation of assets on CDMA470 MHZ net work project.
- Intangible assets - net at Baht 11 million an decrease of Baht 2 million from previous year from amortization.

1.2 Quality of Assets

Account receivable collection period in 2011 was 40 days (140 days in 2010) due to the fact that the cash sales for consumer goods had increased, and credit sale with 30 – 60 days term of payment had decreased.

An adequate reserved was set according to the prediction of non-collectable debt. The reserved for the year 2011 was budgeted at 1.96% of the outstanding account receivable at the year-end.

2. Liquidity

2.1 Cash flows

In 2011, the company's net cash flows from operations was Baht 100 million, or Bath 64 million increased from the previous year, the result of Karmarts products selling and the company changing from NGV business to consumer products as will as, healthcare products, facial care products and cosmetics, with short credit terms and increased cash flow.

2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2011 was 1.07:1. This increase in liquidity compared to previous year is the result of increase in short time each and account receivable.

The company average debt collection period was between 30 – 60 days. Average inventory turnover of

419 days an improvement over the previous year due to the fact that Karmarts products had a higher turnover rate than NGV vehicle sales. The company will sell off its NGV vehicles and communication equipment in stock to better utilize its capital.

2.3 Collection and Payment Periods

Average debt collection period was 40 days while average account payment period was 493 days. This was because the subsidiary company had made no payment on liabilities for the equipments and stations to upgrade of the mobile telephone network. Currently, the subsidiary company decided to stop the project and the matter is still pending for the TOT Board of Committee's to decide.

3. Investment Expenditure

During the year, the company capital expenditures were from the vehicles bought for use in the sales department.

4. Sources of funds

4.1 Capital Structure

In 2011, Debt/Equity Ratio was 0.78:1 against 1.42:1 in previous year the improvement was due to the decreased of current liabilities and increased in equity from profit of Baht 109 million for the year 2011.

4.2 Shareholders' Equity

In year 2011, shareholders' equity increased by Baht 112 million to Baht 444 million from the operating profit during the year of Baht 112 million.

4.3 Liabilities

The company total liabilities decreased Baht 128 million to Baht 345 million from the previous year or 27.06%.

Current Liabilities decreased Baht 153 million to Baht 289 million from the previous year or 34.62% details are as follow:

- Bank overdrafts and short-term loan from bank decreased by Baht 16 million as the result of the company had paid up its bank overdrafts and short-term loans.
- Trade and other payables decreased Baht 29 million to Baht 224 million as the company had paid trade account payable and interest of debt restructure.
- Short-term loan and advances from related parties decreased by Baht 10 million.
- Long-term loans from the banks decreased by Baht 68 million or 59.13% with the proceed from the sale of assets.

2. Non-Current liabilities at Baht 56 million which decreased from the previous year Baht 25 million or 80.65% details are as follow:

- Liabilities under financial lease agreements - net of current portion stood at Baht 16 million which decreased Baht 9 million from the previous year.
- Other long-term loans - net of current portion at Baht 4 million which decreased Baht 2 million from the previous year.
- Provision had been made for long-term employee benefits of Baht 4 million, an increased of 100% due to the new standard of accounting for employee benefit reservation No.19 taking effect.

The Company and its subsidiaries are exposed to credit risk from trade accounts receivable, finance lease receivables, and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the outstanding amounts of receivables, finance lease receivable, and other receivables as stated in the statements of financial position.

The Company and its subsidiaries are exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies.

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, and short-term and long-term borrowings with interest bearing. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

3. Factors and main influences which has significant impact on company's operations or its financial status in the future

The Executive Committee set up annual business plan and strategic actions to achieve its annual goals. These ensure that the company is able to adjust its management style in a flexible manner to cope with significant factors which may affect the company as listed below.

Main Factors	Action Plan
1. Procurement of products and changes in product trend and fashion	1. The Company is capable of product adjustment to cope with the changing trend of product popularity and its procurement system can manage inventory level to service the changing demand and changing trend and fashion.
2. Human Resources Development	2. The Company support Human Development by adequate training and development both inside and outside training to increase employee skills and proficiency.
3. The Price of products and Wages	3. The Company has a special unit and system of procurement of finished products from quality sources with competitive prices.
4. Financial Assistant to Associated or Subsidiary companies and Contingent Liabilities in the future.	4. In case of rendering financial assistant to the Associated or subsidiary company, the company completely and transparently follows the rules and regulations of SET and able to be audited. The independent directors are to review and monitor the company's operations closely, for the most benefit of investors and stakeholders.

REMUNERATION OF AUDITOR

Professional Fee

Item	office	Company Payment	Professional Fee		
			2009	2010	2011
1	Ernst & Young Office Limited	Karmarts Plc.	950,000	950,000	950,000
2	Ernst & Young Office Limited	Star Com Co., Ltd.	240,000	195,000	195,000
3	Ernst & Young Office Limited	My Bus Co., Ltd.	130,000	195,000	195,000
Total			1,320,000	1,340,000	1,340,000

Other Fee

- None -

Report of Independent Auditor

To the Shareholders of

Karmarts Public Company Limited

(formerly known as "Distar Electric Corporation Public Company Limited")



Report of Independent Auditor

To the Shareholders of Karmarts Public Company Limited

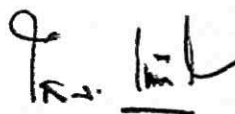
(formerly known as "Distar Electric Corporation Public Company Limited")

I have audited the accompanying consolidated statements of financial position of Karmarts Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of Karmarts Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Karmarts Public Company Limited and its subsidiaries and of Karmarts Public Company Limited as at 31 December 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Notes 3 and 5 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements. The Company has restated the financial statements as at 31 December 2010 and for the year then ended to reflect the changes in accounting policies resulting from the adoption of these new accounting standards.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 23 February 2012

Karmarts Public Company Limited and its subsidiaries

(formerly known as "Distar Electric Corporation Public Company Limited")

Report and consolidated financial statements

31 December 2011 and 20103

Statements of Financial Position

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
Assets					
Current assets					
Cash and cash equivalents	8	18,109,632	1,001,207	17,488,483	782,510
Trade and other receivables	9, 11	41,448,536	29,406,039	50,561,068	40,091,415
Current portion of finance lease receivables	10	3,427,857	13,316,103	3,427,857	13,316,103
Short-term loan and advances to related parties	11	-	-	12,246,000	-
Inventories	12	237,928,973	193,546,860	228,356,556	184,315,443
Assets held for sale	13	-	28,181,873	-	28,181,873
Other current assets	14	7,266,358	5,781,541	6,183,292	4,777,282
Total current assets		308,181,356	271,233,623	318,263,256	271,464,626
Non-current assets					
Restricted bank deposits	15	983,329	977,177	470,813	467,848
Finance lease receivables - net of current portion	10	602,242	14,343,053	602,242	14,343,053
Investments in subsidiary companies	16	-	-	5,092,486	17,467,646
Investment properties	17	162,000,000	188,237,195	162,000,000	188,237,195
Property, plant and equipment	18	105,248,126	104,453,241	56,175,293	48,602,192
Network equipment	19	196,839,000	211,870,000	-	-
Intangible assets	20	11,222,025	13,049,182	332,571	461,885
Other non-current assets	21	2,368,734	2,434,474	901,484	975,624
Total non-current assets		479,263,456	535,364,322	225,574,889	270,555,443
Total assets		787,444,812	806,597,945	543,838,145	542,020,069

The accompanying notes are an integral part of the financial statements.

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loan from bank	22	30,580,349	47,113,524	30,580,349	47,113,524
Trade and other payables	11, 23	223,758,653	253,291,620	21,277,633	60,838,387
Short-term loan from related parties	11	-	9,740,000	-	7,850,000
Long-term loan from related party	11	-	264,395	-	264,395
Current portion of other long-term loans	24	2,161,446	2,150,668	-	-
Current portion of liabilities under finance lease agreements	25	12,910,578	12,728,688	1,098,754	379,722
Long-term loans from banks	26	15,282,166	115,193,638	15,282,166	115,193,638
Other current liabilities		4,351,585	1,942,428	3,859,418	1,675,622
Total current liabilities		289,044,777	442,424,961	72,098,320	233,315,288
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	25	16,309,213	24,824,786	3,269,952	351,665
Other long-term loans - net of current portion	24	4,051,564	6,213,010	-	-
Long-term loans from banks - net of current portion	26	31,736,232	-	31,736,232	-
Provision for long-term employee benefits	27	3,873,092	-	3,854,604	-
Total non-current liabilities		55,970,101	31,037,796	38,860,788	351,665
Total liabilities		345,014,878	473,462,757	110,959,108	233,666,953

The accompanying notes are an integral part of the financial statements.

Statements of Financial Position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
Shareholders' equity					
Share capital					
Registered					
600,000,000 ordinary shares of Baht 1 each	38	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Issued and fully paid up					
600,000,000 ordinary shares of Baht 1 each		<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Share premium	38	<u>165,337,362</u>	<u>165,337,362</u>	<u>165,337,362</u>	<u>165,337,362</u>
Retained earnings (deficit)					
Appropriated - statutory reserve	32, 38	<u>4,645,831</u>	<u>4,645,831</u>	<u>4,645,831</u>	<u>4,645,831</u>
Unappropriated	38	<u>(335,235,910)</u>	<u>(447,340,801)</u>	<u>(346,326,441)</u>	<u>(470,852,362)</u>
Other components of shareholders' equity		<u>9,222,285</u>	<u>9,222,285</u>	<u>9,222,285</u>	<u>9,222,285</u>
Equity attributable to owners of the Company		<u>443,969,568</u>	<u>331,864,677</u>	<u>432,879,037</u>	<u>308,353,116</u>
Non-controlling interests of the subsidiaries		<u>(1,539,634)</u>	<u>1,270,511</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>442,429,934</u>	<u>333,135,188</u>	<u>432,879,037</u>	<u>308,353,116</u>
Total liabilities and shareholders' equity		<u>787,444,812</u>	<u>806,597,945</u>	<u>543,838,145</u>	<u>542,020,069</u>

The accompanying notes are an integral part of the financial statements.

Income Statements

For the years ended 31 december 2011 and 2010

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2011	2010 (Restated)	2011	2010 (Restated)
Revenues					
Sales and service income		381,415,602	121,239,581	383,103,462	122,680,190
Income from bus service operator		12,088,641	13,673,803	-	-
Interest income on hire purchase		651,788	2,392,947	651,788	2,392,947
Income from warehouse rental and warehouse services		23,146,434	2,215,546	23,146,434	2,215,546
Exchange gain		-	20,229,557	-	948,716
Gain from sale of assets		14,160,856	1,230,027	14,154,960	1,355,222
Other income		10,523,268	3,370,359	11,556,952	14,583,942
Total revenues		441,986,589	164,351,820	432,613,596	144,176,563
Expenses					
Cost of sales and service		165,530,406	94,361,169	167,218,267	95,801,778
Cost of bus service operator		8,699,800	9,853,676	-	-
Cost of warehouse rental and warehouse services		3,614,583	2,075,835	3,614,583	2,075,835
Loss (gain) from a fair value adjustment of investment property		5,799,237	(96,068,580)	5,799,237	(96,068,580)
Selling expenses		50,645,206	17,467,621	50,645,206	17,467,621
Administrative expenses		57,121,065	48,190,849	54,115,895	73,255,026
Impairment loss of assets		14,962,130	13,109,248	-	9,173,531
Impairment loss of investments		-	-	12,375,160	-
Exchange loss		9,652,650	-	459,152	-
Total expenses		316,025,077	88,989,818	294,227,500	101,705,211
Profit before finance cost		125,961,512	75,362,002	138,386,096	42,471,352
Finance cost		(16,666,766)	(23,626,282)	(13,860,175)	(19,867,045)
Profit for the year		109,294,746	51,735,720	124,525,921	22,604,307
Profit attributable to:					
Equity holders of the Company		112,104,891	52,573,215	124,525,921	22,604,307
Non-controlling interests of the subsidiaries		(2,810,145)	(837,495)		
		<u>109,294,746</u>	<u>51,735,720</u>		
Basic earnings per share	30				
Profit attributable to equity holders of the Company		0.19	0.09	0.21	0.04
Weighted average number of common stock (shares)		600,000,000	600,000,000	600,000,000	600,000,000

The companying noted are an integral part of the financial statement.

Statements of Comprehensive Income

For the years ended 31 december 2011 and 2010

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2011	2010 (Restated)	2011	2010 (Restated)
Profit for the year		109,294,746	51,735,720	124,525,921	22,604,307
Other comprehensive income:					
Gain on revaluation of land	18	-	9,222,285	-	9,222,285
Other comprehensive income for the year		-	9,222,285	-	9,222,285
Total comprehensive income for the year		109,294,746	60,958,005	124,525,921	31,826,592
Total comprehensive income attributable to:					
Equity holders of the Company		112,104,892	61,795,500	124,525,921	31,826,592
Non-controlling interests of the subsidiaries		(2,810,145)	(837,495)		
		<u>109,294,747</u>	<u>60,958,005</u>		

The accompanying notes are an integral part of the financial statements.

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Consolidated financial statements									
	Equity attributable to the parent's shareholders								
		Retained earnings (deficit)		Other components of equity					
	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 31 December 2009	600,000,000	165,337,362	4,645,831	(499,914,016)	-	-	270,059,177	2,108,006	272,177,183
Total comprehensive income for the year (restated)	-	-	-	52,573,215	9,222,285	9,222,285	61,795,500	(837,495)	60,958,005
Balance as at 31 December 2010 - as restated	600,000,000	165,337,362	4,645,831	(447,340,801)	9,222,285	9,222,285	331,864,677	1,270,511	333,135,188
Balance as at 31 December 2010 - as previously reported	600,000,000	165,337,362	4,645,831	(542,982,803)	105,290,855	105,290,855	332,291,255	1,270,511	333,561,766
Cumulative effect of changes in accounting policies due to the adoption of new accounting standards (Note 5)	-	-	-	95,642,002	(95,058,580)	(95,058,580)	(426,578)	-	(426,578)
Balance as at 31 December 2010 - as restated	600,000,000	165,337,362	4,645,831	(447,340,801)	9,222,285	9,222,285	331,864,677	1,270,511	333,135,188
Total comprehensive income for the year	-	-	-	112,104,891	-	-	112,104,891	(2,810,145)	109,294,746
Balance as at 31 December 2011	600,000,000	165,337,362	4,645,831	(335,235,910)	9,222,285	9,222,285	443,969,568	(1,539,634)	442,429,934

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Shareholders' Equity For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Other components of equity		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity	
Balance as at 31 December 2009	600,000,000	165,337,362	4,645,831	(493,456,669)	-	-	276,526,524
Total comprehensive income for the year (restated)	-	-	-	22,604,307	9,222,285	9,222,285	31,826,592
Balance as at 31 December 2010 - as restated	600,000,000	165,337,362	4,645,831	(470,852,362)	9,222,285	9,222,285	308,353,116
Balance as at 31 December 2010 - as previously reported	600,000,000	165,337,362	4,645,831	(566,494,364)	105,290,865	105,290,865	308,779,694
Cumulative effect of changes in accounting policies due to the adoption of new accounting standards (Note 5)	-	-	-	95,642,002	(96,068,580)	(96,068,580)	(426,578)
Balance as at 31 December 2010 - as restated	600,000,000	165,337,362	4,645,831	(470,852,362)	9,222,285	9,222,285	308,353,116
Total comprehensive income for the year	-	-	-	124,525,921	-	-	124,525,921
Balance as at 31 December 2011	600,000,000	165,337,362	4,645,831	(346,326,441)	9,222,285	9,222,285	432,879,037

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Cash flows from operating activities				
Profit before tax	109,294,746	51,735,720	124,525,921	22,604,307
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	16,676,670	18,976,808	8,123,291	10,320,139
Loss (gain) from a fair value adjustment of investment property	5,799,237	(96,068,580)	5,799,237	(96,068,580)
Doubtful accounts (Reversal)	(1,262,964)	1,547,470	4,137,035	35,161,528
Reduce cost of inventories to net realisable value (Reversal)	(8,693,929)	20,984,330	(8,693,929)	20,256,330
Unrealised loss (gain) on exchange	(6,855,701)	870,597	2,337,794	(694,979)
Assets written off	4,104,883	574,157	4,104,883	574,157
Gain from disposal of assets	(14,160,856)	(1,204,278)	(14,154,960)	(1,329,473)
Impairment loss on assets	14,962,130	13,109,248	-	9,173,531
Impairment loss on investments	-	-	12,375,160	-
Interest income	(350,389)	(241,495)	(1,981,269)	(1,294,166)
Provision for long-term employee benefits	3,873,092	-	3,854,604	-
Interest expenses	13,009,877	20,790,548	11,331,550	19,628,440
Profit from operating activities before changes in operating assets and liabilities	136,396,796	31,074,525	151,759,317	18,331,234
Operating assets (increase) decrease				
Trade and other receivables	(8,957,373)	(9,997,100)	(12,784,529)	(21,556,511)
Finance lease receivables	23,629,057	7,194,768	23,629,057	7,194,768
Inventories	(35,643,298)	19,082,467	(35,302,298)	19,082,468
Other current assets	(268,722)	287,334	(202,670)	(68,550)
Other non-current assets	(198,400)	(156,723)	(190,000)	506,527
Operating liabilities increase (decrease)				
Trade and other payables	(16,132,161)	(12,902,434)	(33,965,510)	4,020,252
Other current liabilities	2,409,157	1,190,875	2,183,796	5,562,305
Cash flows from operating activities	101,235,056	35,773,712	95,127,163	33,072,493
Cash paid for corporate income tax	(1,216,095)	(169,194)	(1,203,340)	(156,477)
Net cash flows from operating activities	100,018,961	35,604,518	93,923,823	32,916,016

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Cash flows from investing activities				
Interest income	350,389	241,495	1,981,269	1,294,166
Increase in short-term loans to related parties	-	-	(12,246,000)	(5,322,936)
Cash paid for share payable	(1,506,225)	-	(1,506,225)	-
Proceeds from disposal of fixed assets	3,298,383	10,270,389	3,223,617	9,166,832
Proceeds from disposal of intangible assets	-	15,888	-	15,888
Proceeds from disposal of non-operating assets	126,875	260,226	126,875	260,226
Cash receipt from disposal of assets hold for sale	62,379,823	1,000,000	62,379,823	1,000,000
Purchase of equipment	(17,975,389)	(21,853,110)	(17,898,067)	(21,852,147)
Purchase of intangible assets	(109,180)	-	(109,180)	-
Net cash from (used in) investing activities	46,564,676	(10,065,112)	35,952,112	(15,437,971)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loan from bank	(38,820,773)	9,172,990	(38,820,773)	9,172,990
Increase (decrease) in trust receipts	21,582,636	(7,311,396)	21,582,636	(7,311,396)
Decrease (increase) in restricted bank deposits	(6,152)	645,590	(2,965)	(1,156)
Increase (decrease) in short-term loan from related parties	(9,930,142)	9,723,527	(7,855,369)	7,850,000
Repayment of long-term loan from related party	(264,395)	(2,546,284)	(264,395)	(2,546,284)
Cash paid under finance lease	(14,098,613)	(10,995,949)	(2,127,611)	(2,645,237)
Repayment of other long-term loans	(2,150,668)	(2,139,945)	-	-
Repayment of long-term loans from banks	(68,175,240)	(15,096,168)	(68,175,240)	(15,096,168)
Cash paid for interest expense	(17,611,865)	(6,766,627)	(17,506,245)	(6,626,137)
Net cash used in financing activities	(129,475,212)	(25,314,262)	(113,169,962)	(17,203,388)
Net increase in cash and cash equivalents	17,108,425	225,144	16,705,973	274,657
Cash and cash equivalents at beginning of year	1,001,207	776,063	782,510	507,853
Cash and cash equivalents at end of year	18,109,632	1,001,207	17,488,483	782,510

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Supplemental cash flows information: -				
Non-cash transactions: -				
Sale of assets for sale that have not yet been collected	1,000,000	-	1,000,000	-
Sale of vehicle and machinery that have not yet been collected	265,000	3,065,021	265,000	3,065,021
Transfer equipment to inventories and other assets	44,886	7,063,054	44,886	7,063,054
Transfer investment properties to assets for sale	20,237,793	-	20,237,793	-
Transfer property, plant and equipment and non-operating assets to assets held for sale	-	29,369,641	-	29,369,641
Transfer investment properties to property, plant and equipment	200,165	-	200,165	-
Purchases of vehicles under financial lease	5,665,982	-	5,665,982	-
Share payable	-	1,506,225	-	1,506,225
Forgiven accrued interest	7,761,851	-	7,761,851	-

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

1. General information

1.1 Corporate information

Karmarts Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of NGV cars, telecommunications equipment and consumer products, and the provision of warehouse rental and warehouse services. The Company's registered address is 81-81/1, Soi Phetchakasem 54 sub 3, Phetchakasem Road, Bangduan, Phasicharoen, Bangkok.

The Company registered the change of its name with the Ministry of Commerce on 29 April 2011.

1.2 Estimation of recoverable amount of assets

On 10 January 2011 and 12 January 2011, the Company and a subsidiary arranged for an independent professional valuer to re-appraise the value of equipment and the inventories related to the upgrade of the mobile telephone network infrastructure to CDMA2000 1X system project. The valuation was made to provide the management of the Company and subsidiary with a market value to propose the selling price of the assets to unrelated parties. The Company and subsidiary adjusted the value of the assets in accordance with the new appraised values. Additional adjustments from the year 2009 value, made to the year 2010 financial statements, can be summarised as follows.

(Unit: Million Baht)

	Consolidated Financial Statements	Separate Financial Statements
Reduce cost of inventories to net realisable value	7.2	6.5
Loss on impairment of network equipment	13.1	-
Total	20.3	6.5

2.2. Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies.

On 19 December 2011, the Company and its subsidiary arranged for an independent professional valuer to re-appraise the value of the equipment and inventories related to the upgrade of such network. The valuation was made to provide the management of the Company and subsidiary with a market value to propose the selling price of the assets to unrelated parties. The Company and subsidiary adjusted the value of the assets in accordance with the new appraised values. Additional adjustments from the year 2010 value, made to the year 2011 financial statements, can be summarised as follows.

(Unit: Million Baht)

	Consolidated Financial Statements	Separate Financial Statements
Reduce cost of inventories to net realisable value (reversal)	(3.4)	(3.1)
Loss on impairment of network equipment	15.0	-
Total	11.6	(3.1)

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2004 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2000.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

Company's name	Nature of business	Percentage of shareholding in shareholders' list		Country of incorporation
		2011 Percent	2010 Percent	
StarCom Co., Ltd.	Telecommunications business	70.00	70.00	Thailand
My Bus Co., Ltd.	Bus service operator	95.16	95.16	Thailand

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements

TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognized as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognize the

liability in the transition period immediately as an expense in profit or loss for the year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year ended 31 December 2011 by Baht 3.9 million, or 0.01 Baht per share (Separate financial statements: decreasing profit by Baht 3.9 million, or 0.01 Baht per share).

TAS 40 (revised 2009) Investment Property

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment properties were previously recognised under the caption of Property, Plant and Equipment and non-operating assets, which are measured using the revaluation model and cost model, respectively. In adopting the new accounting policy, commencing in the current period, the Company separately presents investment property and measures it using the fair value model. Moreover, the Company has reclassified the revaluation surplus on land and building for these investment properties to the opening balance of deficit for the period.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company made the changes to its significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The cumulative effect of the changes in accounting policies due to the adoption of new accounting standards and restatement of the financial statements, on the beginning balance of deficit for 2011 and 2010, comprises:

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Cumulative effect of changes in accounting policies:				
Recording of investment properties at fair value	(427)	-	(427)	-
Total	(427)	-	(427)	-

The amounts of adjustments affecting the statement of financial position as at 31 December 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated Financial Statements / Separate Financial Statements
Statements of financial position	
Increase in investment properties	188,237
Decrease in property, plant and equipment	165,841
Decrease in non-operating assets	22,823
Decrease in revaluation surplus on land and building	96,069
Decrease in deficit	95,642

6. Significant accounting policies

6.1 Revenues recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income on financial leases

In recognising revenue from hire purchase and financial leases contracts, the Company recognised profit on differences between the cash sales price and the cost of the goods as income in full in the year the agreement is executed and it received the first installment, and recognised the interest element (which represents the difference between the cash price and the financial leases price) over the period of payment, using the annuity method, with interest income recognised when the installments fall due irrespective of when actual collection is made. Recognition of interest income ceases for hire purchase and financial leases receivables which are overdue by more than 3 installments.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Since April 2010, the subsidiary has recognised income from bus service operations at the net value that the subsidiary has received in accordance with the agreements to share income that the subsidiary made with its bus staffs.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and treated as revenue earned in the ordinary course of business.

6.2 Cash and cash equivalents

Cash and cash equivalents included cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restriction.

6.3 Trade accounts receivable

Trade accounts receivable are stated at the net

realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

6.4 Finance lease receivables

Hire purchase and finance lease receivables are stated at net realisable value, which consists of the contract value of the hire purchase net of unearned finance lease income. Allowance for doubtful accounts is provided for the estimated collection losses that may be incurred in collection of receivables.

6.5 Inventories

Finished goods are valued at the lower of cost (first-in, first-out method) and net realisable value. Work in process is valued at the lower of average cost and net realisable value. Cost of finished goods and work in process include all production costs and attributable factory overheads.

Raw materials and other materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in value of inventory is made for damaged, slow-moving and obsolete stocks.

6.6 Investments

Investment in subsidiary is accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

6.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss

when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is recognised.

6.8 Property, plant and equipment and depreciation

Land is stated at cost or revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to fair values of land used for office. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

	The Company	Subsidiaries
Land improvements	20 years	-
Buildings and leasehold improvements	20 years	-
Machinery and factory equipment	5 years	-
Motor vehicles	5 years	5 and 10 years
Office furniture, fixtures and equipment	3 and 5 years	3, 5 and 10 years
Building leaseholds	Over the lease period	5 years

Depreciation is included in determining income.

No depreciation is provided for land and equipment under installation.

An item of property, plant and equipment is recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is recognised.

6.9 Network equipment

Network equipment is stated at cost less allowance for loss on impairment of assets (if any).

6.10 Intangible asset

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	The Company	Subsidiaries
Computer software	3 years	-
Right to operate a bus service	-	The remaining period of the license (approximately 9 years)

6.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning

and direction of the Company's operations.

6.12 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

The Company and its subsidiaries record fixed assets (sale and leaseback) under finance leases as assets and liabilities as described above.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, network equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired.

An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. Previously recognised impairment losses are reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment losses were recognised. The increased carrying amount of the asset attributable to a reversal of an impairment losses shall not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.15 Warranty reserve for claim of goods

The Company records warranty for claim of goods on an accrual basis at a percentage of sales, based on prior experience.

6.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognised the transitional liability, which exceeds the liability that would have been recognised at the same

date under the previous accounting policy, immediately as an expense in profit or loss for the year.

6.17 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.18 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

6.19 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and

estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for impairment on equity investments

The Company treats investments in subsidiaries as impaired when there has been a significant or prolonged decline in the fair value of such investments below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

Allowance for impairment of other assets

The management records impairment loss on other assets in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment in terms of projecting future revenue and expense relating to the assets subject to review.

Investment property

The Company presents investment property at the fair value estimated by an independent appraiser, and recognised changes in the fair value in profit or loss. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

Property plant and equipment/depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures certain land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

In addition, the management is required to review properties, plants and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Warranty reserve for claim of goods

In determining warranty reserve for claim of goods, the management needs to exercise judgment in estimating the warranty expense expected to be incurred in respect of each sales transactions, taking into account prior experience.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management of the Company and its subsidiaries has used judgment to assess the results of the litigation and believes that no losses will be incurred in addition to the amounts recorded at the end of reporting period.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Cash	188	158	180	138
Bank deposits	17,922	843	17,308	645
Total	18,110	1,001	17,488	783

As at 31 December 2011, bank deposits in saving accounts carried interest at a rate of 0.75% per annum (2010: 0.5% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	-	-	-	136
Overdue				
1 - 3 months	-	-	444	291
4 - 6 months	-	-	753	-
7 - 12 months	-	-	772	-
over 12 months	-	-	11,135	10,713
Total	-	-	13,104	11,140
Less: Allowance for doubtful debts	-	-	(11,140)	(11,140)
Net	-	-	1,964	-
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Post dated cheques	5,957	11,399	5,957	11,399
Not yet due	11,576	2,044	11,576	2,044
Past due - Up to 3 months	6,355	4,052	6,355	4,052
Past due - Over 3 months	986	7,599	986	7,599
Returned cheques	460	1,474	460	1,474
Total	25,334	26,568	25,334	26,568
Less: Allowance for doubtful accounts	(1,009)	(1,591)	(1,009)	(1,591)
Net	24,325	24,977	24,325	24,977
Other receivables				
Advances - related parties	385	565	7,643	11,365
Other receivable - related party	1,000	-	1,000	-
Others	15,739	3,864	15,629	3,749
Total Other receivable	17,124	4,429	24,272	15,114
Trade and other receivables - net	41,449	29,406	50,561	40,091

10. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated Financial Statements / Separate Financial Statements	
	2011	2010
Finance lease receivables		
- receivable within 1 year	4,846	13,822
- 2 to 5 years	632	20,121
Total finance lease receivables	5,478	33,943
Less : unearned finance lease income	(264)	(4,419)
Total finance lease receivables - net	5,214	29,524
Less: Allowance for doubtful accounts	(1,184)	(1,865)
Net	4,030	27,659

As at 31 December 2011 and 2010, the balance of the finance lease receivables (net of unearned finance lease income) was classified by aging as follows.

(Unit: Thousand Baht)

	Finance lease receivables - net	
	2011	2010
Current	4,111	26,481
Past Due		
Within 12 months	-	1,890
Over 12 months	1,103	1,153
Total	5,214	29,524
Less: Allowance for doubtful accounts	(1,184)	(1,865)
Net	4,030	27,659

11. Related parties transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions:

(Unit: Million Baht)

	Consolidated Financial Statements		Separate Financial Statements		Transfer Pricing Policy
	For the years ended 31 December		For the years ended 31 December		
	2011	2010	2011	2010	
Transactions with subsidiary companies					
Sale of goods and services	-	-	2	1	Approximate cost
Interest income	-	-	2	1	6.125% per annum
Rental income	-	-	-	5	Contract price
Professional fee income	-	-	-	6	Contract price
Transactions with related companies					
Rental expenses	-	-	-	-	Contract price
Sale of land and building	20	-	20	-	Contract price
Transactions with director					
Interest expenses	-	-	-	-	7.88% per annum (2010: 7.75% - 12.00% per annum)

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Trade and other receivables - related parties				
Subsidiaries	-	-	27,354	23,532
Related company (director and shareholder have a relationship)	1,000	-	1,000	-
Related company (related by means of sharing director and shareholder)	385	565	385	565
Total	1,385	565	28,739	24,097
Less: Allowance for doubtful debts	-	-	(18,132)	(12,732)
Net	1,385	565	10,607	11,365
Short-term loan to related parties				
Subsidiaries	-	-	33,128	20,882
Less: Allowance for doubtful debts	-	-	(20,882)	(20,882)
Net	-	-	12,246	-
Trade and other payables - related party				
Related company (related by means of sharing director and shareholder)	-	2,868	-	2,775
Total	-	2,868	-	2,775
Short-term loan from related parties				
Related company (related by means of sharing director and shareholder)	-	390	-	-
Director of the Company	-	9,350	-	7,850
Total	-	9,740	-	7,850
Long-term loan from related party				
Related company (related by means of sharing director and shareholder)	-	264	-	264
Total	-	264	-	264

During the current year, the balances of loans to related parties and the movements are as follows:

(Unit: Thousand Baht)

	Separate Financial Statements			
	2010	Increase	Allowance for doubtful accounts	2011
Short-term loans to related parties				
Subsidiaries				
StarCom Company Limited	470	1,586	(470)	1,586
My Bus Company Limited	20,412	10,660	(20,412)	10,660
Total	20,882	12,246	(20,882)	12,246

Short-term loans to subsidiaries mature at call and carry interest at a rate of 6.125 percent per annum.

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Short-term employee benefits	9	7	9	6
Post-employment benefits	3	-	3	-
Total	12	7	12	6

12. Inventories

As at 31 December 2011, net inventories of the Company and its subsidiary, respectively, include amounts of Baht 97 million and Baht 11 million (2010: Baht 94 million and Baht 10 million, respectively) that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X. As discussed in Note 19, the upgrade project is currently being considered by Central Administrative Court.

As at 31 December 2010, such inventories of the Company amounting to Baht 93 million were pledged with a bank to secure the Company's credit facilities.

On 10 January 2011 and 12 January 2011, the Company and its subsidiary arranged for an independent professional valuer to appraise the value of such inventories, as mentioned in Note 1.2. The Company and its subsidiary adjusted the value of inventories to accord with the new appraised values and recorded allowances to reduce cost to net realisable value, amounting to Baht 7.2 million and Baht 6.5 million, as expenses in the 2010

consolidated income statement and separate income statement, respectively. Later, on 19 December 2011, the Company and its subsidiary arranged for an independent professional valuer to re-appraise the value of such inventories, as mentioned in Note 1.2. The Company and its subsidiary adjusted the value of inventories to accord with the new appraised values and recorded reversal of allowances to reduce cost to net realisable value, amounting to Baht 3.4 million and Baht 3.1 million, in the 2011 consolidated income statement and separate income statement, respectively.

(Unit: Thousand Baht)

	Consolidated Financial Statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2011	2010	2011	2010	2011	2010
Finished goods	257,487	218,040	(30,543)	(39,356)	226,944	178,684
Raw materials and spare parts	10,534	11,876	(1,070)	(1,071)	9,464	10,805
Goods in transit	3,015	5,552	(1,494)	(1,494)	1,521	4,058
Total	271,036	235,468	(33,107)	(41,921)	237,929	193,547

(Unit: Thousand Baht)

	Separate Financial Statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2011	2010	2011	2010	2011	2010
Finished goods	243,745	204,298	(26,187)	(34,659)	217,558	169,639
Raw materials and spare parts	10,347	11,689	(1,070)	(1,071)	9,277	10,618
Goods in transit	3,015	5,552	(1,494)	(1,494)	1,521	4,058
Total	257,107	221,539	(28,751)	(37,224)	228,356	184,315

13. Assets held for sale

During the year 2010, the Company reclassified as assets held for sale the following non-current assets for which sales agreements had been made and that would meet the conditions for sales recognition within 1 year from the reclassification date.

a) Machinery with a net book value of Baht 3.74 million for which the Company entered into a sale and purchase agreement with an unrelated company on 28 July 2010. The sales value is Baht 3.75 million, to be paid in 5 installments, with the Company to receive the final installment of Baht 3.56 million in November 2010. However, the Company had been unable to collect the debt in accordance with the agreement and the outstanding debt as at 31 December 2010 was Baht 3.5 million.

b) Property and plant with a net book value of Baht 24.44 million, for which the Company entered into a sale and purchase agreement with the same unrelated company on 30 July 2010. The sales value is Baht 42.90 million, to be paid in 11 installments. The Company will register the transfer of the property rights to the buyer when it receives the final installment, amounting to Baht 40.50 million, in July 2011.

As at 31 December 2010, the Company recorded the initial installment as cash received in advance and presented it as a current liability in the balance sheets.

14. Other current assets

Movements in the allowance for loss on impairment of other current assets account during the year ended 31 December 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated Financial Statements / Separate Financial Statements
Balance as at 1 January 2011	2,722
Allowance increase during the period	-
Balance as at 31 December 2011	2,722

15. Restricted bank deposits

As at 31 December 2011 and 2010, the Company and its subsidiary have used bank deposits as security for credit facilities from banks and as a bond for litigation before the court, respectively.

16. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up share capital Million baht	Percentage holding		Separate Financial Statements Cost method	
		2011 Percent	2010 Percent	2011	2010
StarCom Co., Ltd.	206	90.41	90.41	144,200	144,200
My Bus Co., Ltd.	32	95.16	95.16	9,173	9,173
Total				153,373	153,373
Less: Allowance for loss on impairment of investments				(148,281)	(135,905)
Net				5,092	17,468

As at 31 December 2011 and 2010, the Company had commitments amounting to approximately Baht 55 million in respect of the unpaid shares in My Bus Company Limited.

As at 31 December 2011 and 2010, the Company has commitments of Baht 66 million in respect of the unpaid portion of the additional shares it is acquiring in StarCom Company Limited in accordance with the resolution of the Extraordinary Meeting of the Company's shareholders held on 26 September 2005.

17. Investment properties

In 2010, some properties, plants and non-operating properties of the Company were used for rent. The Company changed its accounting policy in 2011 and classified such properties, plants and non-operating properties as investment properties, as mentioned in note 3.

A reconciliation of the net book value of investment properties as at the beginning and ending of the years 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated Financial Statements / Separate Financial Statements		
	Properties used for warehouse service	Properties of which future utilisation is unspecified	Total
Net book value at beginning of 2010	1,417	21,045	22,462
Classify from properties, plants and equipment	70,313	-	70,313
Depreciation charged	-	(541)	(541)
Net profit from a fair value adjustment	96,069	-	96,069
Transfer to properties, plants and equipment	-	(66)	(66)
Net book value at end of 2010	167,799	20,438	188,237
Net loss from a fair value adjustment	(5,799)	-	(5,799)
Transfer to properties, plants and equipment	-	(200)	(200)
Transfer to assets held for sale and dispose during the year	-	(20,238)	(20,238)
Net book value at end of 2011	162,000	-	162,000

The investment property is land and building for providing warehouse service. The fair value of the investment property has been determined based on valuations performed by an accredited independent valuer, using the income approach. The main assumptions used in the valuation were yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

Rental income from investment property and related operating expenses are separately presented in the income statements.

Majority of investment properties were mortgaged as collateral for short-term and long-term credit facilities granted by commercial banks.

18. Property, plant and equipment

Consolidated Financial Statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis							
		Land and land improvement	Building and building improvement	Leasehold buildings	Machinery and factory equipment	Motor vehicles	Office, furniture, fixtures and equipment	Equipment under installation	Total
Cost/Revalued amount									
1 January 2010	17,098	206	26,559	2,200	10,285	88,591	26,065	493	171,497
Addition	-	-	-	-	122	11,823	1,026	8,949	21,920
Disposal / write-off assets	-	-	-	-	(2,612)	(17,445)	(275)	(3,600)	(23,932)
Transfer from non-operating assets	541	-	3,626	-	-	-	-	66	4,233
Transfer to intangible assets	-	-	-	-	-	-	-	(350)	(350)
Revaluation adjustment	9,222	-	-	-	-	-	-	-	9,222
Transfer in / Transfer out	-	-	1,857	-	1,793	1,725	87	(5,462)	-
31 December 2010	26,861	206	32,042	2,200	9,588	84,694	26,903	96	182,590
Addition	-	-	259	-	647	14,279	3,674	4,983	23,842
Disposal / write-off assets	-	-	-	-	(28)	(5,712)	(1,668)	(4,056)	(11,464)
Transfer in / Transfer out	-	-	454	-	21	41	105	(621)	-
31 December 2010	26,861	206	32,755	2,200	10,228	93,302	29,014	402	194,968

Consolidated Financial Statements (continued)

(Unit: Thousand Baht)

[illegible]

Separate Financial Statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis							
	Land for office	Land and land improvement	Building and building improvement	Leasehold buildings	Machinery and factory equipment	Motor vehicles	Office, furniture, fixtures and equipment	Equipment under installation	Total
Cost/Revalued amount									
1 January 2010	17,098	206	26,559	2,200	9,990	20,821	25,123	493	102,490
Addition	-	-	-	-	122	11,823	1,026	8,949	21,920
Disposal / write-off assets	-	-	-	-	(2,612)	(17,445)	(276)	(3,600)	(23,933)
Transfer from non-operating assets	541	-	3,626	-	-	-	-	66	4,233
Transfer to intangible assets	-	-	-	-	-	-	-	(350)	(350)
Revaluation adjustment	9,222	-	-	-	-	-	-	-	9,222
Transfer in / Transfer out	-	-	1,857	-	1,793	1,725	87	(5,462)	-
31 December 2010	26,861	206	32,042	2,200	9,293	16,924	25,960	96	113,582
Addition	-	-	259	-	647	14,279	3,596	4,983	23,764
Disposal / write-off assets	-	-	-	-	(28)	(5,712)	(1,668)	(4,056)	(11,464)
Transfer in / Transfer out	-	-	454	-	21	41	105	(621)	-
31 December 2011	26,861	206	32,755	2,200	9,933	25,532	27,993	402	125,882

Separate Financial Statements (continued)

(Unit: Thousand Baht)

[illegible]

The Company arranged for an independent professional valuer to appraise the value of the land for its office at the end of year 2010. The land was revalued using the market approach. The Company recorded the resulting increases in asset values, totaling of approximately Baht 9 million, in "Gain on revaluation of land" in statements of comprehensive income.

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 December 2011 and 2010 would have been Baht 17.6 million.

The subsidiary's vehicles with net book values as of 31 December 2011 of Baht 49.0 (2010: Baht 55.7 million) have been pledged to secure the loans it obtained from financial institutions to pay for part of the cost of the buses according to bus sales agreement.

The Company has mortgaged a majority of its land with structures thereon and machinery as collateral for short-term and long-term credit facilities granted by commercial banks.

19. Network equipment

As at 31 December 2011 and 2010, network equipment at gross carrying amount before deducting allowance for impairment loss amounting to Baht 351 million is the equipment used for the upgrade of the 470MHz Mobile Telephone Network to CDMA2000 1X in accordance with the contract between the consortium of a subsidiary with Huawei Technologies (Thailand) Co. Ltd., and TOT Plc. The subsidiary decided to suspend the upgrade project, after it received a notification dated 22 January 2007 from the National Telecommunications Commission requesting an explanation of the subsidiary's upgrade project under the contract with TOT Plc., since it had not received a license to use communications equipment under the CDMA 2000 1X cellular system. In addition, the upgrade project of the subsidiary had been delayed due to a delay in the receipt of a license to import the equipment of TOT Plc. and a license to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X, in accordance with the contract. The subsidiary had therefore written to TOT Plc. requesting that it cancel

the contract, purchase the equipment in which the subsidiary has invested, and pay compensation. TOT Plc. sent a letter to the subsidiary informing it to continue the upgrade project and notifying it of the change of the completion date for the upgrade project to be used for calculating the delay penalty. In addition, TOT Plc. sent the subsidiary another letter informing it that it had not breached the contract and that the subsidiary was not entitled to request that TOT Plc. cancel the contract and purchase the equipment in which the subsidiary has invested. The subsidiary rejected the revised completion date of the upgrade contract and requested that TOT Plc. reconsider the cancellation of the contract and the purchase of its equipment, since the upgrade contract might be in breach of the Private Sector Participation Act BE 1992.

On 14 May 2007, the subsidiary received a letter from the Ministry of Information and Communication Technology, informing it that the matter of whether the Private Sector Participation Act BE 1992 would be breached had been forwarded to the Royal Decree Committee for a decision. Then, on 18 October 2007 the negotiating committee of TOT Plc. and the subsidiary met to determine how to proceed following receipt of a letter from the Royal Decree Committee, dated 5 October 2007, stating that the 28 July 2005 contract to upgrade the 470MHz network, dated after the effective date of the Private Sector Participation Act BE 1992, had the substance of a private sector participation in government business and counterparties should proceed in accordance with such act, and that TOT Plc., as the project owner, should therefore present the project to the Ministry of Information and Communication Technology and the Ministry of Finance for consideration before submitting it to the Cabinet for approval. The negotiating committee of TOT Plc. informed the subsidiary that TOT Plc. would have to notify the relevant agencies and that it expected the process to take more than one year. The subsidiary concluded that it therefore did not intend to fulfill the original contract and proposed to the negotiating committee of TOT Plc. that they consider purchasing all of the subsidiary's project equipment. The negotiating committee agreed to purchase the equipment relevant to the investment made by the subsidiary to upgrade the CDMA 470MHz Mobile Telephone Network and sub-

network. However, the negotiating committee also informed the subsidiary that the conclusions of the meeting represented the opinions of the negotiating committee and would need to be approved by the Board of Directors of TOT Plc. The Royal Decree committee issued a response with respect to the procedure for the termination of the 470MHz Mobile Telephone Network agreement (under the letter number 663/2001), whereby, if TOT Plc. wishes to exercise its right to terminate the agreement or TOT Plc. and the subsidiary agree to terminate the agreement, such termination is to be performed in accordance with the principles and conditions stipulated in the agreement. It is therefore clear that TOT Plc. and the subsidiary can terminate the agreements. The subsidiary subsequently received a letter from TOT Plc. requesting that the subsidiary propose a revised solution. The subsidiary confirmed the previous proposal whereby TOT Plc. would purchase all of the subsidiary's project equipment. On 21 October 2008, the subsidiary and TOT Plc.'s negotiating committee for the termination of the agreement and the purchase of project equipment agreed and reached a conclusion. The negotiating committee has proposed this conclusion to the Board of Directors of TOT Plc. for approval and further action. Later, in July 2011, the

subsidiary filed a lawsuit with the Central Administrative Court, seeking to have the court order TOT Plc. to pay the amount previously negotiated for the network equipment.

On 8 March 2010, the subsidiary arranged for an independent professional valuer to appraise the value of such network, and adjusted the value of the assets in accordance with the appraised value. A Baht 126 million allowance for impairment loss on network equipment was recorded as expenses in the 2009 income statement. In addition, on 12 January 2011 the subsidiary arranged for an independent professional valuer to re-appraise the value of such network, as mentioned in Note 1.2. The subsidiary adjusted the value of inventories to accord with the new appraised value and recorded allowance for impairment loss on network equipment of Baht 13 million, as expenses in the 2010 income statement. Later, on 19 December 2011 the subsidiary arranged for an independent professional valuer to re-appraise the value of such network, as mentioned in Note 1.2. The subsidiary adjusted the value of inventories to accord with the new appraised value and recorded allowance for impairment loss on network equipment of Baht 15 million, as expenses in the 2011 income statement.

20. Intangible assets

(Unit: Thousand Baht)

	Consolidated Financial Statements		
	Right to operate bus service	Computer Software	Total
Cost			
1 January 2010	14,885	571	15,456
Transfers from equipment under installation	-	350	350
Disposals	-	(17)	(17)
31 December 2010	14,885	904	15,789
Addition	-	109	109
31 December 2011	14,885	1,013	15,898
Accumulated amortisation			
1 January 2010	600	319	919
Amortisation during the year	1,698	128	1,826
Amortisation on disposals	-	(5)	(5)
31 December 2010	2,298	442	2,740
Amortisation during the year	1,698	238	1,936
31 December 2011	3,996	680	4,676
Net book value			
31 December 2010	12,587	462	13,049
31 December 2011	10,889	333	11,222

21. Other non-current assets

As at 31 December 2011 and 2010, allowance for impairment loss on deposit for payphones was Baht 93 million. This deposit was paid in accordance with a purchase agreement with a foreign company and related to the upgrade of the 470MHz Mobile Telephone Network to CDMA2000 1X project. As discussed in Note 19, the upgrade project is under consideration by Central Administrative Court.

22. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements / Separate financial statements	
		2011	2010
Bank overdrafts	MOR	-	28,666
Short-term loan from bank	MLR	-	10,154
Short-term loans from bank	4.15% - 7%		
- Trust receipts	(2010: 4%)	30,580	8,293
Total		30,580	47,113

Bank overdrafts and short-term loans from banks are secured by the mortgage of majority of the Company's land with structures thereon and machinery, investment properties and part of its inventories. Short-term loans from banks are guaranteed by certain director of the Company.

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Trade payable - related party	-	2,770	2,770	-
Trade payables - unrelated parties	165,720	163,771	5,531	10,913
Other payables	15,217	35,606	7,929	29,275
Advance received from related parties	-	98	-	5
Accrued expenses	42,822	51,047	7,818	17,875
Total trade and other payables	223,759	253,292	21,278	60,838

As at 31 December 2011, a subsidiary had a trade account payable and an accrued expense amounting to Baht 156 million and Baht 35 million (2010: Baht 148 million and Baht 33 million), respectively. These were debts under the agreement to purchase equipment related to the upgrade of the 470MHz Mobile Telephone Network to CDMA2000 1X project. However, the Company had no guarantee commitment for this agreement.

24. Other long-term loans

As at 31 December 2011 and 2010, a subsidiary had long-term loans from an unrelated company. The loans are repayable in monthly installments until 2014 and carry interest at a rate of 0.5 percent per annum.

25. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Liabilities under finance lease agreements	32,224	42,857	4,864	833
Less: deferred interest expenses	(3,004)	(5,303)	(495)	(101)
Total	29,220	37,554	4,369	732
Less: portion due within one year	(12,911)	(12,729)	(1,099)	(380)
Liabilities under finance lease agreements - net of current portion	16,309	24,825	3,270	352

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years. Finance lease agreements are non-cancelable.

As at 31 December 2011, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Less than 1 year	1-5 years	Total
Future minimum lease payments	15	17	32
Deferred interest expenses	(2)	(1)	(3)
Present value of future minimum lease payments	13	16	29

26. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent)	Repayment schedule	Consolidated Financial Statements/ Separate Financial Statements	
			2011	2010
1	MLR per annum	Repayable in monthly installment until 2016 (2010: Repayable in monthly installment until 2011)	47,018	55,400
2	MLR per annum	Repayable within 2011	-	36,129
3	MLR + 0.5% per annum	Repayable in monthly installment until 2012	-	7,763
4	MLR per annum	Repayable within 2011	-	15,902
Total			47,018	115,194
Less: Current portion			(15,282)	(115,194)
Long-term loans - net of current portion			31,736	-

In December 2010, the Company entered into a memorandum to restructure debts with a bank, whereby the Company is to pay principal and accrued interest within November 2011 and the bank will forgive accrued interest amounting to Baht 2.3 million if the Company is able to comply with all conditions. In September 2011, the Company repaid these debts and recorded the forgiven accrued interest as other income in the income statement.

In March 2011, the Company entered into a memorandum to restructure debt with another bank, whereby the Company is to pay principal amounting to Baht 55.4 million and accrued interest on a monthly basis. The first payment is due in March 2011 and the last in February 2016. The bank will forgive related accrued interest amounting to Baht 6.7 million, which the Company has recorded in the statements of financial position, when the Company completes settlement in accordance with the agreed terms.

The loan outstanding as of 31 December 2011 is subject to certain covenants and restrictions, relating to matters such as the shareholding of key shareholders and the maintenance of certain financial ratio. The loan is guaranteed by the Company's director and the mortgage of the Company's investment properties.

27. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements	Separate Financial Statements
Balance at beginning of year	3,085	2,985
Current service cost	688	775
Interest cost	98	95
Balance at end of year	3,871	3,855

Long-term employee benefit expenses of the Company and its subsidiaries included in the profit or loss for the year ended 31 December 2011 amounted to Baht 3.9 million.

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated Financial Statements	Separate Financial Statements
	(% per annum)	(% per annum)
Discount rate	3.19%	3.19%
Future salary increase rate	-	-
Staff turnover rate (depending on age of employee)	5% - 30%	5% - 30%

28. Corporate income tax

Corporate income tax of the Company and its subsidiaries has been calculated at the rates of 30 percent, on the income (loss) after adding back disallowable expenses in tax computation purposes, deducting accumulated tax loss brought forward from previous years.

29. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Salary and wages and other employee benefits	43,291	28,164	41,040	25,625
Depreciation	14,710	16,724	7,884	9,766
Allowance for doubtful accounts (reversal)	(1,263)	1,547	4,137	35,162
Impairment loss of assets	14,962	13,109	-	9,174
Advertising and sales promotion expenses	14,426	3,454	14,426	3,454
Reduce cost of inventories to net realisable value (reversal)	(8,694)	20,984	(8,694)	20,256
Raw materials and consumables used	198	4,794	170	4,794
Purchase of goods	56,213	10,404	56,213	10,404
Changes in inventories of finished goods and work in progress	48,260	24,209	47,919	24,209

30. Earnings per share

Basic earnings per share is calculated by dividing profit or loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

31. Revaluation surplus

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

32. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

33. Financial information by segment

The financial information by business segment, which comprises the distribution of NGV cars business segment, the telecommunications service business segment, bus service operator segment, distribution of consumer products segment and the provision of warehouse rental and warehouse services and other segments for the years ended 31 December 2011 and 2010, is as follows: -

(Unit: Million Baht)

Consolidated Financial Statements																
For the years ended 31 December																
	Distribution of NGV car and gas tank segment		Telecommunications service segment		Bus service operator segment		Distribution of consumer products segment		Provision of warehouse rental and warehouse service segment		Other segments		Elimination of inter-segment revenues		Consolidated Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales and service income																
• External customer	55	50	-	-	12	14	321	62	23	2	6	10	-	-	417	138
• Inter-segment revenues	1	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-
Total revenues	56	50	-	-	12	14	321	62	23	2	6	10	(1)	-	417	138
Segment income (loss)		(30)	(10)	19	(3)	(3)	122	6	8	95	-	2	-	-	117	89
Unallocated income (expenses):																
Other income															10	-
Gain on sale of assets															14	1
Impairment loss of assets															(15)	(14)
Financial expenses															(17)	(24)
Profit for the year															109	52
Other segment information																
Segment assets	176	251	206	221	61	71	161	48	162	166	10	16	-	-	776	773
Unallocated assets															1	10
Non-operating assets															10	24
Total assets															787	807

The Company and its subsidiaries have applied the pricing policies described in Note 11 to set the transfer prices.

34. Commitment and contingent liabilities

34.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and building. The terms of the agreements are generally between 1 and 4 years, and non-cancellable.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating lease and service contracts were as follows.

Payable within	Million Baht
1 year	3.74
2 to 4 years	0.99

34.2 Commitment in respect of purchase of finished goods and capital commitments

As at 31 December 2011 and 2010, the Company and its subsidiary company had commitment in respect of purchase of finished goods and equipment of approximately USD 39 million.

34.3 Guarantees

a) As at 31 December 2011, there were outstanding bank guarantees of Baht 11.1 million issued by the banks on behalf of the Company and its subsidiaries company in respect of certain performance bonds as required in the normal course of business.

b) As at 31 December 2011, the Company has provided guarantee for a letter of guarantee amounting to Baht 10 million issued by bank on behalf of its subsidiary company. The guarantees place obligations on the Company until such time as the subsidiary company completes compliance with conditions under equipment sales agreements.

34.4 Contingent liabilities

On 28 July 2005, a subsidiary and Huawei Technologies (Thailand) Co. Ltd. were selected by TOT Plc. to upgrade the 470MHz Mobile Telephone Network from the old technology (NMT) to a new technology (CDMA2000 1X). Under the contract, the subsidiary was to complete the upgrade of the network within 29 January 2006, with a Baht 100,000 penalty payable daily from this deadline until the completion date if the work was not completed, unless the delay was not due to any fault of the subsidiary.

The subsidiary was unable to import the equipment required for the upgrade project until 16 December 2005, when it received a license to import such equipment from the National Telecommunications Commission. Subsequently,

on 4 January 2007, the subsidiary received notification of a penalty of Baht 33.6 million from TOT Plc. since the subsidiary had been unable to complete the upgrade of the network within the deadline and TOT Plc. had not received any documentary evidence from the subsidiary for use in considering granting an extension of the deadline. The subsidiary sent a letter to TOT Plc. dated 25 January 2007 refusing to pay such penalty because the subsidiary had not breached the contract and the delay was not the fault of the subsidiary. Subsequently, on 26 January 2007, the subsidiary sent a letter asking TOT Plc. to consider cancelling the agreement and purchasing the equipment in which the subsidiary had invested. On 15 February 2007, TOT Plc. sent a letter notifying the subsidiary of the submission of the license to install the station and use communications equipment. The subsidiary sent a letter to TOT Plc. dated 22 February 2007 informing it of the details of losses incurred as a result of its investment in network and equipment. TOT Plc. then on 22 March 2007 notified the subsidiary of a change of the completion date for the upgrade project and informing it to continue the upgrade project and perform in accordance with the contract. A Baht 100,000 penalty is payable daily from the changed completion date of 2 May 2007 until the actual completion date. Subsequently, on 30 March 2007 TOT Plc. sent a letter notifying the subsidiary that it was not in breach of contract and that the subsidiary was not entitled to request that TOT Plc. cancel the contract, purchase the equipment and pay compensation, and the subsidiary should comply with the conditions under the contract. The subsidiary subsequently sent a letter on 4 April 2007 rejecting the revised completion date of the upgrade contract and requesting that TOT Plc. reconsider the cancellation of the contract and the purchase of its equipment. In addition, the subsidiary sent a letter dated 23 April 2007 to the Ministry of Information and Communication Technology requesting that it consider a review that the contract maybe conflicts with the Private Sector Participation Act BE 1992. On 14 May 2007, the subsidiary received a letter from the Ministry of Information and Communication Technology, informing it that the matter of whether the Private Sector Participation Act BE 1992 would be breached had been forwarded to the Royal Decree Committee for a decision. Then, on 18 October 2007 the negotiating committee of TOT Plc. and the subsidiary

met to determine how to proceed following receipt of a letter from the Royal Decree Committee, dated 5 October 2007, stating that the 28 July 2005 contract to upgrade the 470 MHz network, dated after the effective date of the Private Sector Participation Act BE 1992, had the substance of a private sector participation in government business and counterparties should proceed in accordance with such act, and that TOT Plc., as the project owner, should therefore present the project to the Ministry of Information and Communication Technology and the Ministry of Finance for consideration before submitting it to the Cabinet for approval. The negotiating committee of TOT Plc. informed the subsidiary that TOT Plc. would have to notify the relevant agencies and that it expected the process to take more than one year. The subsidiary concluded that it therefore did not intend to fulfill the original contract and proposed to the negotiating committee of TOT Plc. that they consider purchasing all of the subsidiary's project equipment. The negotiating committee agreed to purchase the equipment relevant to the investment made by the subsidiary to upgrade the CDMA 470MHz Mobile Telephone Network and sub-network. However, the negotiating committee also informed the subsidiary that the conclusions of the meeting represented the opinions of the negotiating committee and would need to be approved by the Board of Directors of TOT Plc. The Royal Decree committee issued a response with respect to the procedure for the termination of the 470MHz Mobile Telephone Network agreement (under the letter number 663/2008), whereby, if TOT Plc. wishes to exercise its right to terminate the agreement or TOT Plc. and the subsidiary agree to terminate the agreement, such termination is to be performed in accordance with the principles and conditions stipulated in the agreement. It is therefore clear that TOT Plc. and the subsidiary can terminate the agreements. The subsidiary subsequently received a letter from TOT Plc. requesting that the subsidiary propose a revised solution. The subsidiary confirmed the previous proposal whereby TOT Plc. would purchase all of the subsidiary's project equipment. On 21 October 2008, the subsidiary and TOT Plc.'s negotiating committee for the termination of the agreement and the purchase of project equipment agreed and reached a conclusion. The negotiating committee has proposed this conclusion to the Board of Directors of TOT Plc. and it is currently being considered. Later, in July 2011, the subsidiary filed a lawsuit with the Central Administrative Court, seeking to have the court order TOT

Plc. to pay the amount previously negotiated for the network equipment.

35. Financial instruments

Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, finance lease receivables, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, finance lease receivables, and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables, finance lease receivable, and other receivables as stated in the statement of financial position.

Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies.

The significant balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2011 is summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	-	7.01	31.8319

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, and short-term and long-term borrowings with interest bearing. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated Financial Statements					
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		Within 1 year	1 - 5 years			
	(% p.a.)					
Financial Assets						
• Cash and cash equivalent	0.75%	-	-	18	-	18
• Finance lease receivables	6.1% - 10.8%	3	1	-	-	4
• Trade and other receivables	-	-	-	-	41	41
		3	1	18	41	63
Financial liabilities						
• Short-term loans from bank - trust receipts	4.15% - 7%	31	-	-	-	31
• Trade and other payables	-	-	-	-	224	224
• Liabilities under finance lease agreements	5% - 7%	13	16	-	-	29
• Long-term loan from bank	MLR	-	-	47	-	47
• Other long-term loan	0.5%	2	4	-	-	6
		46	20	47	224	337

(Unit: Million Baht)

	Separate Financial Statements					
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest rate	Total
		Within 1 year	1 - 5 years			
	(% p.a.)					
Financial Assets						
• Cash and cash equivalent	0.75%	-	-	17	-	17
• Finance lease receivables	6.1% - 10.8%	3	1	-	-	4
• Trade and other receivables	-	-	-	-	51	51
• Short-term loans to subsidiaries	6.125%	12	-	-	-	12
		15	1	17	51	84
Financial liabilities						
• Short-term loans from bank - trust receipts	4.15% - 7%	31	-	-	-	31
• Trade and other payables	-	-	-	-	21	21
• Liabilities under finance lease agreements	5% - 7%	1	3	-	-	4
• Long-term loan from bank	MLR	-	-	47	-	47
		32	3	47	21	103

Fair value

Since major financial instruments are short-term in nature, and loans from financial institutions bear the interest rate which approximates to the market rate, the fair value of financial instruments is presented as the amount stated in the statement of financial position.

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as traded in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique.

The Company and its subsidiaries establish fair value of their financial instruments by adopting the following methods and assumptions:

a) For financial assets and liabilities which have short-term maturity, including cash and cash at banks, trade accounts receivable and trade accounts payable, the carrying amounts presented in the statement of financial position are considered to be a reasonable approximation of their fair value.

b) For finance lease receivables, fair values are based on carrying value of loans net of unearned finance lease income and allowance for doubtful debts in the statement of financial position.

c) For loan from unrelated party, loan from related party, and long-term loans from banks carrying interest at the rates approximate to the market rate, the carrying amounts in the statement of financial position approximate fair value.

d) Loans from unrelated party, which carry interest at fixed rates, and are long-term in nature, have the following fair value.

(Unit: Million Baht)

	Book value	Fair value
Other long-term loans	6.2	5.6

36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2011, the Group's debt-to-equity ratio was 0.8:1 (2010: 1.4:1) and the Company's was 0.3:1 (2010: 0.8:1).

37. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2.1 and as the result of the adoption of revised and new accounting standards as described in Notes 3 and 5, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

38. Events after the reporting period

38.1 Plan to decrease registered and fully paid-up capital

On 15 December 2011, an extraordinary meeting of the shareholders passed a resolution to approve a decrease of Baht 240 million in the Company's registered and fully paid-up capital, to Baht 360 million, by reducing the par value of the shares from Baht 1.00 to Baht 0.06 each. The resulting decreases of Baht 240 million in share capital, Baht 4.6 million in the statutory reserve, and Baht 165.3 million in share premium, based on the Company's statement of financial position as of 30 September 2011, will be used to offset Baht 394.7 million in the Company's unappropriated deficit. This decrease will not affect the existing shares. The Company expects to complete the process by February 2012.

38.2 Interim dividends

On 23 February 2012, the Company's Board of Directors meeting passed a resolution to approve the payment of an interim dividend of Baht 0.05 per share to ordinary shares, from the operating results of the first quarter of 2012, or a total of Baht 30 million. The dividend payment will be made on 22 March 2012.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2012.



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