



KARMART[®]

피부 관리 화장품

ANNUAL REPORT 2013

KARMARTS PUBLIC COMPANY LIMITED

31 December 2013



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COMPANY PROFILE

Name	Karmarts 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 and the provision of warehouse rental and warehouse services.
Authorized share capital Common stock	396,000,000 Baht (Date April 25, 2013)
Issued and Paid up	374,119,490.40 Bant (Date November 8, 2013)
Incorporate	May 11, 1982
Registered as a public company	March 18, 1994
SET Listing	October 31, 1994
Registration No.	0107537000823 (Old No. Plc. 329)
Corporate Website	www.karmarts.co.th
E-commerce Website	www.karmarts.com
Share Registrar	Thailand Securities Depository Company Limited The Stock Exchange Building
Auditors	Miss Rungnapa Lertsuwankul Certified Public Accountant No. 3516 EY Office Limited Formerly known as Ernst & Young Office Limited



FINANCIAL HIGHLIGHTS

KARMARTS PUBLIC COMPANY LIMITED

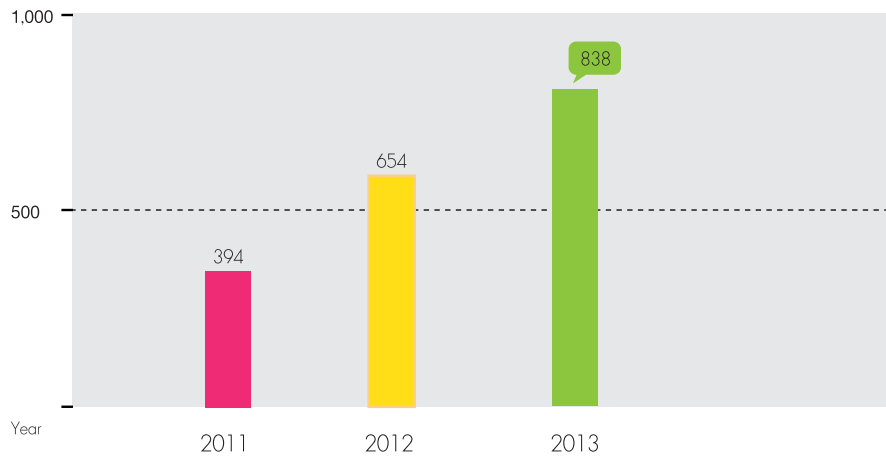
Financial Position and Operating results of year	Consolidated			The Company Only		
	2013	2012	2011	2013	2012	2011
Financial Position (Thousand Baht)						
Total Assets	915,429	736,013	865,878	904,570	704,318	622,271
Total Liabilities	290,419	172,833	365,707	283,734	153,253	131,651
Shareholders' Equity	625,010	563,180	500,171	620,836	551,065	490,620
Operating Results (Thousand Baht)						
Total Revenue	876,759	709,046	441,987	868,760	675,406	432,614
Total Sales and services	838,392	653,510	393,505	830,129	636,497	383,103
Gross Margin	407,960	319,626	219,275	408,224	310,910	215,885
Net Profit (Loss)	160,986	151,956	112,105	168,553	150,427	124,526
Financial Ratio						
Return on Assets (ROA) (%)	19.50	24.74	13.41	20.95	29.64	20.88
Return on Equity (ROE) (%)	27.07	37.19	26.91	28.77	37.74	31.17
Gross Margin (%)	48.66	48.91	55.72	49.18	48.85	56.35
Net Profit (Loss) (%)	18.36	21.43	25.36	19.40	22.27	28.78
Current Ratio (times)	2.34	3.53	1.07	2.54	4.21	4.41
Debt to Equity Ratio (times)	0.46	0.31	0.73	0.46	0.28	0.27
Book Value per share (Baht)	1.03	0.94	0.83	1.03	0.92	0.82
Earnings per share (Baht)	0.27	0.25	0.19	0.28	0.25	0.21

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

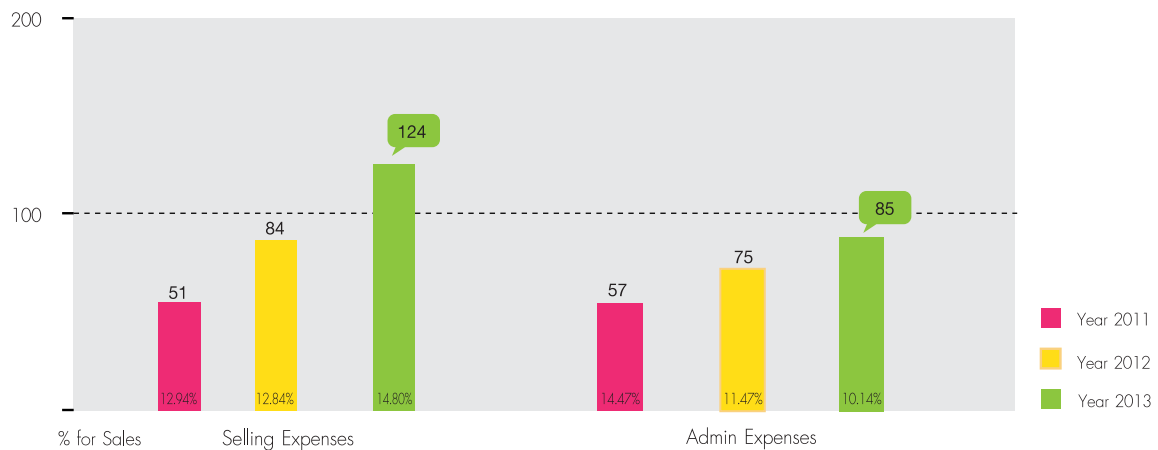
KARMARTS PUBLIC COMPANY LIMITED

OPERATING RESULTS YEAR 2011, 2012 AND 2013 (CONSOLIDATED)

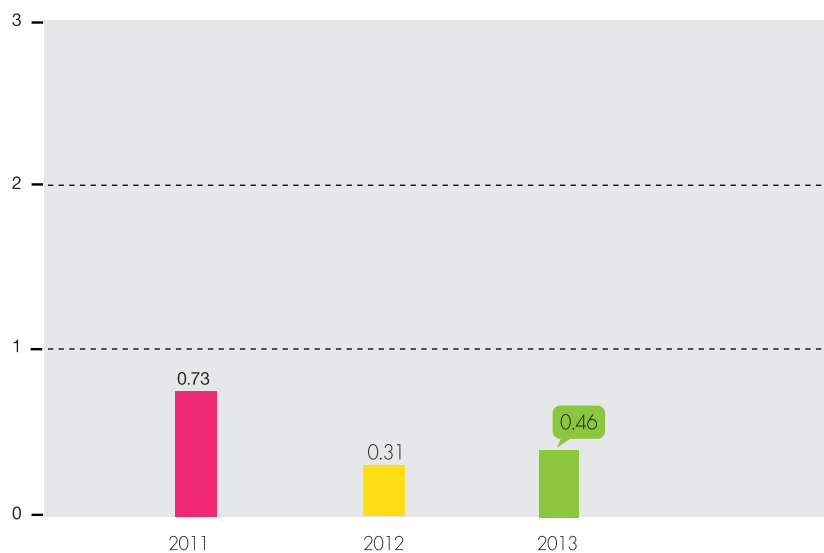
Total Sales and services (Million Baht)



Selling and Administrative Expenses (Million Baht)



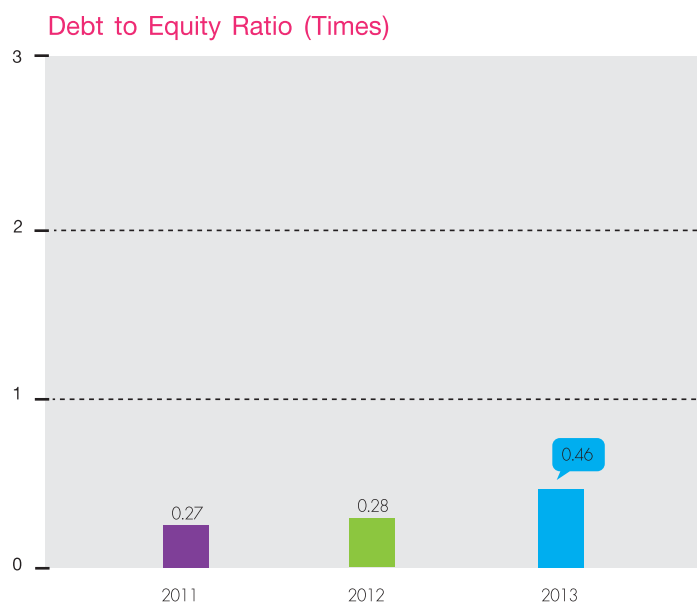
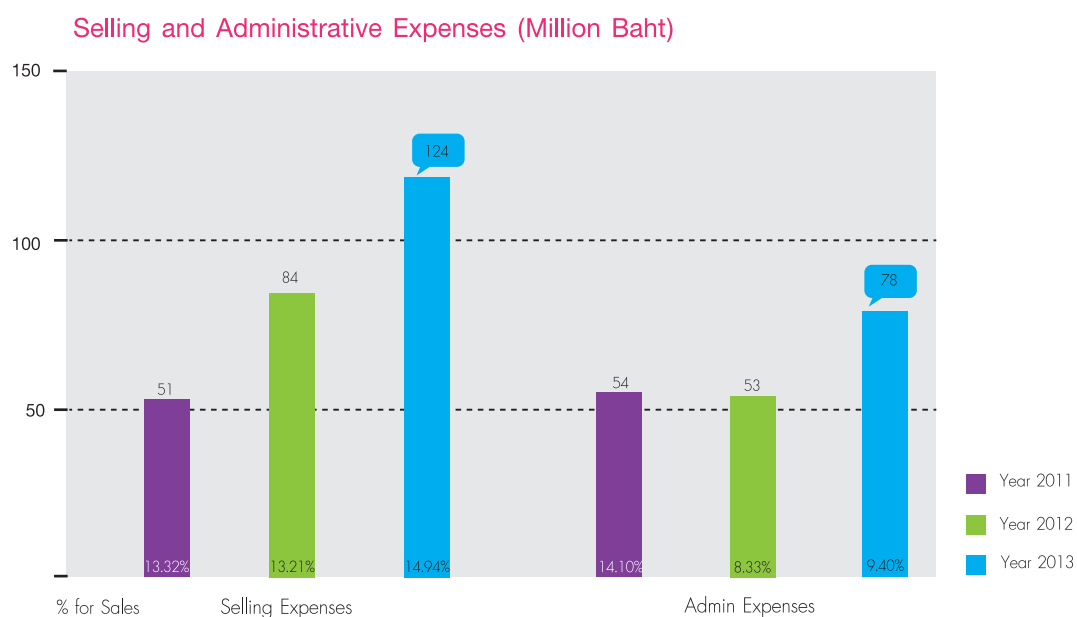
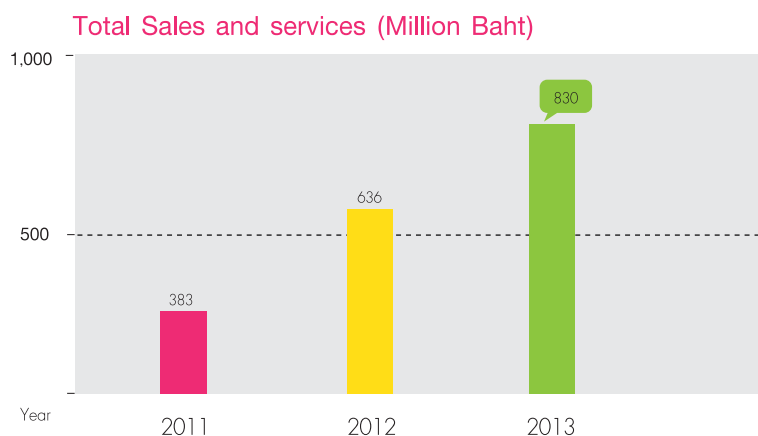
Debt to Equity Ratio (Times)



(Million Baht)	2011	2012	2013
Debt	365	172	290
Equity	500	564	626
Ratio	0.73	0.31	0.46

KARMARTS PUBLIC COMPANY LIMITED

OPERATING RESULTS YEAR 2011, 2012 AND 2013 (THE COMPANY ONLY)



(Million Baht)	2011	2012	2013
Debt	132	153	284
Equity	491	551	621
Ratio	0.27	0.28	0.46

Message from the Board of Directors

Entering into the 4th year of importing and distributing cosmetics business, Karmarts Public Company Limited (Karmarts) dedicatedly sources and distributes quality products by emphasizing on paving the business foundation in every aspects. All these times, Karmarts' revenue has been increasing each year since the start of the business. Therefore, Karmarts would proudly like to present the shareholders with the following development and great significant changes in the business operation year 2013 as follows.

Due to the great response from the business partners and the consumers which leads to the consistent revenue growth, the company thus takes another bold step to convert the unutilized factory and turn it to be global standard cosmetics manufacturing facility instead of importing products as previously did so as to sustain the customers' growing demand and ensure the solid business expansion of the company.

In addition, Karmarts has extended the distribution channels to overseas by officially appointing distributors to market the products in each country which in turn receives a warm welcome and great feedback by the local consumers. Karmarts believes that this Export Channel would contribute the company's revenue significantly in the near impending future.

At present, Karmarts has other incomes from the rental of warehouse facility business which earns around Baht 25 million annually. As a result of this business operation, the company decided to invest in the real estate sector by becoming a shareholder of The Iconic Company Limited, the property development company who owns a piece of 5 Rai 4 Sq. Wa(Thai area units) land property located between Peninsula Hotel Bangkok and Anantara Riverside Resort and Spa Bangkok which presently considered as a potential slice piece of land for hotel development.

As for My Bus Company Limited, the subsidiary company who operates co-public bus service route no. 64 (SanamLuang to Non Pier), the management is now under negotiation to sell the company to those who interest in the business. On behalf of Karmarts Public Company Limited, the Board of Directors would like to express our sincere appreciation to all stakeholders, Karmarts business partners for their firm support and trust, and to all Karmarts staffs who have sacrificed their hearts and souls for work which enable Karmarts to constantly achieve business successes and to be poised for business undertaking to underscore our commitment to the vision of becoming a leading cosmetics retailers company with consistent growth today and the upcoming future.

The Board of Directors
Karmarts Public Company Limited

INCOME STRUCTURE

The Company had the Consumer Products Sales and Vehicle NGV in 2011 – 2013 as follow:

Product	2013		2012		2011	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Vehicle NGV Sales Value						
- Vehicle NGV	-	-	5,390	0.85	55,433	14.47
- Engines	3,192	0.38	-	-	-	-
- Cylinder	-	-	-	-	-	-
- Other	-	-	-	-	653	0.17
Total Vehicle NGV Sales Value	3,192	0.39	5,390	0.85	56,086	14.64
Consumer Products Sales Value						
- Cosmetics						
Body care	285,430	34.38	218,260	34.04	160,327	41.85
Facial skin care and	244,437	29.45	198,079	30.89	75,388	19.68
Cosmetics	239,308	28.83	153,308	23.91	59,124	15.43
- Accessories	15,048	1.81	6,128	0.96	5,230	1.37
-Furnitures and marketing tools	27,243	3.28	49,915	7.78	18,108	4.73
-Supplomentarie	12,820	1.54	1,292	0.20	27	0.01
- Other	2,651	0.32	2,380	0.37	4,251	1.11
Total Consumer Products Sales Value	826,937	99.62	629,362	98.88	322,455	84.17
Total Sales Value	830,129	100.00	634,752	99.73	378,541	98.81
Service Income	-	-	1,745	0.27	4,562	1.19
Grand total Revenue	830,129	100.00	636,497	100.00	383,103	100.00
% increased (decreased)	30.42		66.14		214.60	

Type of Business

Karmarts Public Company Limited (Karmarts), formerly known as Distar Electric Corporation Public Company Limited, officially declared its core business change in 2011. Karmarts imports products ranging from makeup cosmetics, skin care products, hair care products, nail care products, and beauty accessories from various countries such as Korea, Hong Kong, Vietnam, Taiwan, China, and Japan.

Starting bit by bit, Karmarts being multi-branded distributor, gradually became the center of beauty empire, containing products ranging from head to toes. Delicately selected with certified quality, the products chosen for each sales distribution channel is varied due to the suitability of product levels.

Up until 2012, through creative researches and thorough marketing studies, the house brand products are developed by skilled team, manufactured by high standard factory, and distributed appropriately to each sales channels with price range reasonably matched to each domestic target group.

Throughout three years of building brand awareness for “karmarts” and “Cathy Doll”, Karmarts has continuously been creating high-quality products, organizing marketing activities, recruiting experienced executives as to serve the fast growing market needs. As a result, Karmarts could successfully achieve sales target beyond our expectation and furthermore, this trend too seems to be growing in the future.

With Karmarts team’s continuous dedication and hard work on producing the finest products, we also progressively take any possible opportunity to expand distribution channels not only domestically, but internationally as well such as Singapore, Cambodia, Myanmar, Vietnam, Malaysia, and Laos as we are working towards our goal to becoming Number one leading cosmetic brand in Asia.

Company's History

- 1982: Distar Electric Corporation Company Limited (Distar) was established to trade and distribute white goods products such as television, and electric appliances.
- 1986: Distar began manufacturing house brand electronic appliances under a trademark "Distar".
- 1994: Distar was publicly listed in the Stock Exchange of Thailand (SET).
- 2006: Distar had its core business changed from the manufacturer and distributor of electronic appliances to the manufacturer and distributor of Natural Gas Vehicles (NGV) under a manufacturing supervision by "Higer", China.
- 2009: Distar Started importation and distribution of consumer products, makeup cosmetics, skin care products under Traditional TradeChannels.
- 2010: Distar made a 100% sales growth within 5 months of goods distribution, and therefore, officially opened its first retail shop at the Head Quarter to meet the customers' demand.
- 2011: Distar Electric Corporation Public Company Limited officially changed its name to Karmarts Public Company Limited (Karmarts). Having 20 branches of franchise Cosmetics shops under a service trademark "Karmarts" within a year, Karmarts had gathered more than 500 agents and over 1000 wholesalers to distribute the Karmarts products nationwide.
- 2012: Karmarts franchise shops had expanded to 100 branches. Karmarts began entering to Modern Trade Channels.
- 2013: Karmarts products has been distributed over 20 accounts of Modern Trade Channels apart from Traditional Trade Channel and Karmarts Franchise shops. Started to be recognized by foreign trade , Karmarts products are exported to various countries such as Myanmar, Laos, Cambodia, Vietnam, Malaysia, and Singapore.



CATHY CHOO

Cathy Choo collection consists of:

- Facial Care
- Body Care
- Hair Care
- Intimate Care
- Dietary/ Supplement products
- Beauty Accessories



Baby Bright



Baby Bright, an entirely new line of our house brands products which is clinically proven to be mild and gentle. It is bounded by the modern dermatological science for naturally derived ingredients. Applicable to all skin types i.e. dry-touch texture and sensitive skin.

- Facial Care
- Body Care
- Hair Care
- MakeUp
- Intimate Care
- Beauty Accessories

- Dietary/ Supplement Products

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Emphasizing on the diversity of brand richness apart from our house brands, our intention is to offer as much possible choiceselection to our customers as possible. In 2013, we have delivered the international renowned brands like Missha, Peripera and BRTC to the market which each has its own dominant features as follows:

MISSHA

MISSHA, the No.1 Luxury Korean Cosmetics, provides an extensive portfolio of over 900 products ranging from skin care, body care, makeup, fragrance and hair care lines. The Missha stands for beauty and the woman that consists of prestige yet affordable products where more than 30 countries worldwide have guaranteed.



peripera

Peripera, a high-street brand from Korea, makes the latest beauty trends truly accessible. Peripera brings the parade of the luminosity make-up lines and delivers beauty desired and sophisticated look in the feminine appeal packaging design. Enjoy changing your day with their extensive selection of color choices.

BRTCOTAB

BRTC, the top demo-cosmetics in Korea with K-FDA approved. BRTC products strike the right-balance with the superior relief action controls for sensitive skin and special protection power which prevents skin damage, guaranteed more than 9 patents owned globally to solve skin problems such as acne reduction, dry skin, wrinkle, pore tightening and more.



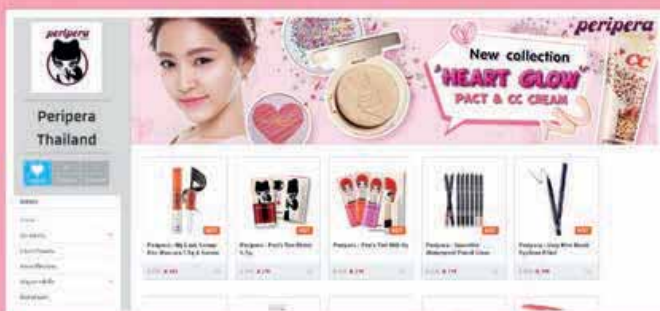
Through 2013, we have launched more than 1,800 items in a row, especially Cathy Doll, Cathy Choo and Baby Bright which we will continue to prove ourselves to win over the ever-growing numbers of loyalty consumers.

Products Direction in 2014:

In 2014, the company has been striving for new product creation and continuously market researching for new innovative products, increasing the product quality and sourcing for the qualified standard manufacturer worldwide so as to best support the consumers' growing demands, yet sold at affordable prices.

Apart from the normal product line expansion to increase the product group, house brands product repositioning and organizing products that suit the channels would better allow the products accessibility to the customer.

In this coming 2014, we prepare to launch a carnival of new product series into the market such as Snail Series—pampers, regenerates and heals your skin with snail “soothing” extract, White tofu Series - for beautiful, soft and clean skin like tofu, Stop Time Collection—stop the time with new anti-aging skincare. Also, the newly launched dietary supplement products which beautifies you from inside out, Co la la and Colla Q, the quality fish collagen imported from Italy. Lastly, flash forward with the makeup collection in this Spring&Summer 2014, ‘La Vie en Fleurs’ – a fantasy of French flower gardens, bringing the flowery fantasia to your life.



Marketing Segmentation

In 2013, we reinforced positions on all markets. Strengthen the business opportunities through the richness of our expertise in all major distribution channels. The increasingly demand of our products, we break into the territory of just beauty products but staying accessible to new beauty innovation to meet the aspirations at reasonable price. Our mission is broadening in response to the vast diversify of consumers' demand in all channels and always offer the products in harmony with their needs.

This year, we marked for the beginning of a new phase of conquest to the portfolio of an international market, also the online channel to enhance the offensive market through the change of consumers' behaviors.

Five vast potential channels of distributions are:

1. Karmarts Shop (Cosmetic Retail Shop)
2. Traditional Trade Channel
3. Modern Trade Channel
4. Export
5. Online (E-commerce)

1. Karmarts Shop

'The Beauty Universal', a shocking pink dressing-room, is designing the fashion for tomorrow by appealing to the girls. The concept of delivering seamless beauty to everyone, offers multi brands Korean-inspired of the beauty products from top-to-toe all under one roof (one-stop shopping).

Karmarts Shop debuted in 2010, at the beginning we place the significant into the products assortment. We always provide the 'Best-Selection' to our customers from the well-known brands in worldwide, established reputation for trust and customer care. Alternatively, we invest our professional growth by research and develop our own brands under Cathy Doll, Cathy Choo, Baby Bright and newer brands which we have successfully launched recently Jejuvita, in recognition of the package demonstrated excellence and extraordinary success in innovation to differentiate ourselves from competitors. We challenge ourselves to provide a unique experiences – customers can count on always enjoy shopping atmosphere getting exactly what they need – and want – for less.

End of 2013, we operated totally 80 outlets nationwide. In recent, we had made the business decision to discontinue some branches due to the sales volumes drove to our required returns are not fully delivered, the close branches will be relocated to the new one in shortly.

Not only do we give importance to increasing the number of stores, but also the quality of the growth and sustainability of new stores, showing an increment of total sales, number of customers, store visit frequency and spending per visit. A hundred percent of our principle retail brand 'Karmarts shop' operates on a franchise basis. Our ambition to improve our franchise leadership capabilities along with the ability to consistency and properly executes the new products launched and service standard. In addition, our staffs recruited with a passion for customers care, offer a comprehensive training program to develop products knowledge hereby all are aimed at ensuring that we have the best people to support the franchisees.

Business Model:

- Franchisees invest furniture and store decoration.
- Franchisees directly sign the contract to the landlord.
- All products are sell outright.
- Karmarts is embroiled a "Price setting" squabble by our suggested price as well as our promotional pricing policy.
- Franchisees are required to record the sale out via POS (Point of Sales) system.



Karmarts will provide close support in operating the business without any charges as follows:

At set up period

- Run feasibility study on the proposed location
- Offer design support
- Steadily sends the quality team to advise new management techniques.
- Suggest planogram
- Provide POS system training and tools support
- Offer a comprehensive training program to develop products knowledge and selling technical skills.



After service

- Offer new products monthly training
- Counsel marketing strategies individually
- Advise stock management
- Offer regular nationwide sales promotion and advertising plans.
- Manage loyalty program
- Provide promotional support



The criteria of Karmarts Shop franchisee:

- Creditworthiness
- Able to maximize the profit potentials
- Able to work independently and easy to access to the obsessed store (s).
- Comfortable to adopt the role of franchisee
- Optimistic attitude to retail business
- Positive to beauty products/ cosmetics
- Ensures all customers have a great experiences, understand and ability to work in high demanding customer service environment. Also, able maintain customers' loyalty and market share in the market
- Proficient to manage own activities or promotional campaign.

2. Traditional Trade Channel

In 2013, Traditional Trade is still the dominant channel of total sales, while Modern Retailing speeds up its foot print. Over 500 active-merchants scatter the whole nationwide by these two major types – Retailers and Wholesalers.

- Retailers: Health and beauty retail stores, local super market, local convenient stores and local drugstores etc.
- Wholesalers: cosmetic/ beauty shop, new combination of groceries with beauty products

3. Modern Trade Channel

The convergence of Modern Trade is confronted the demands of consumers, the rapid growth in modern retail perfectly serves the need of all ages. With increased exposure to Modern Trade in the past year we widespread our presence in mature markets, disciplined the investment in horizontal and vertical over the increment of product varieties in current account as well as the extension of business partners.

Our current accounts of Modern Trade channel in 2013:

- Convenience Store:
A myriad of products mixed, strong competition most of them are open 24 hours a day and 7 days a week i.e. 7-11, Family Mart, Jiffy, 108Shop, BigC Mini, Lotus Express, Pure and Tops Daily
- Supermarket/ Hypermarket and Discount Stores:
A large retail market that sells food and other household goods and that is usually operated on a self-service basis i.e. Tops Market, Home Fresh Mart, Gourmet Market and Tesco Lotus

- **Specialty Store:**

Feature a great selection of high-quality merchandise, friendly service and trendy i.e. Watsons, Ogenki, Tsuruha and Lotus ETC

- **Catalogs:** Friday Catalog, 7-Catalog, Wear you want and TV Direct

2013 marked the new beginning of new account like Family Mart, Big C Mini, 7-Cat on shelf, Lotus ETC, Ogenki and Tsuruha, and stepping into a new phase of chained-drugstores of Tesco and 7-extra.

4. Export Channel

After Karmarts recorded another year of rapid growth in Thailand market, genuinely deliver high performance with the appealed packaging and the certified functions of products and selling at the reasonable price to the largest of possible number of consumers. With the outstanding its characteristic, we gained significantly strengthen its presence in relay markets, particularly in Asia region in mid of 2013.

We foresee the beneficial of this market opportunity, subsequently, we begin to study and research the international market earnestly. Fortunately Thai Government announced Free Trade Area (FTA) Agreement together with the AEC Agreement in force, this play an importance role to support the global trade liberalization, reduce imported tax fees through the collaborated countries.

In mid of 2013, we were successfully achieve our initial expansion to our neighbors for instance; Laos, Cambodia, Myanmar, Singapore, Malaysia, Vietnam and so forth.

Business Partners:

Asia, a spearhead for growth! In 2014, we recognized the importance of building networks and business alliance leading to the new market. We carefully chose business partner for the trustworthy and familiarity with the market. To gain the success of the new market we have to flexible to adapt to market demands, and to different regional and cultural needs, the key marketing strategies will be customized on each.

In the past year, there were only two types of the partners Distributor and Sole Distributor, and plan to stretch another type, Joint Venture, in this upcoming 2014.

The Criteria of Business Partners for Export Channel

- Creditworthiness
- Experienced in beauty/ cosmetics industry (or positive to beauty products/ cosmetics)
- Seriously retain Karmarts/ Cathy Doll brands reputation and outspread brand awareness
- Comfortable to adopt the role of franchisee
- Optimistic attitude to retail business
- Good networking, familiar with local distribution channels
- Proficient to manage own activities or promotional campaign.
- No criminal records

Likewise, Karmarts will provide close support in operating the business without any charges as follows:

- Offer a comprehensive training program to develop products knowledge and selling technical skills.
- Offer shop design support
- Supply key advertising materials (Available in English editions)
- Supervise efficiency POS system

Business Prospect in 2014

Growth varied widely among the national markets, now we are ready to step forward our presences as an international player. The first venture overseas has begun in mid of 2013, originated from the positive word of mouth towards the tourists spread over online channels. At the beginning, we started from selling through our domestic agents, with the incredible demand of Cathy Doll brand on impulse. The momentum under the way, transformed itself to tackle this new expansion phrase.

This coming 2014 will become a landmark year of revitalizing the domestic market and accelerate overseas. As a regional hub, we will prepare marketing tools in many languages to serve the increment of international customers. Nevertheless the key marketing strategies of each market will be personalized, liaise to their culture and behaviors.

5. Online Channel

The world's e-commerce market continues to expand rapidly, we deliver customers a truly seamless shopping experience that empowers them to shop in the way most convenient for them – anytime and anywhere. E-commerce is the shopping alternatives to serve new lifestyles of consumers whom do not convenient to go shopping products on their own.

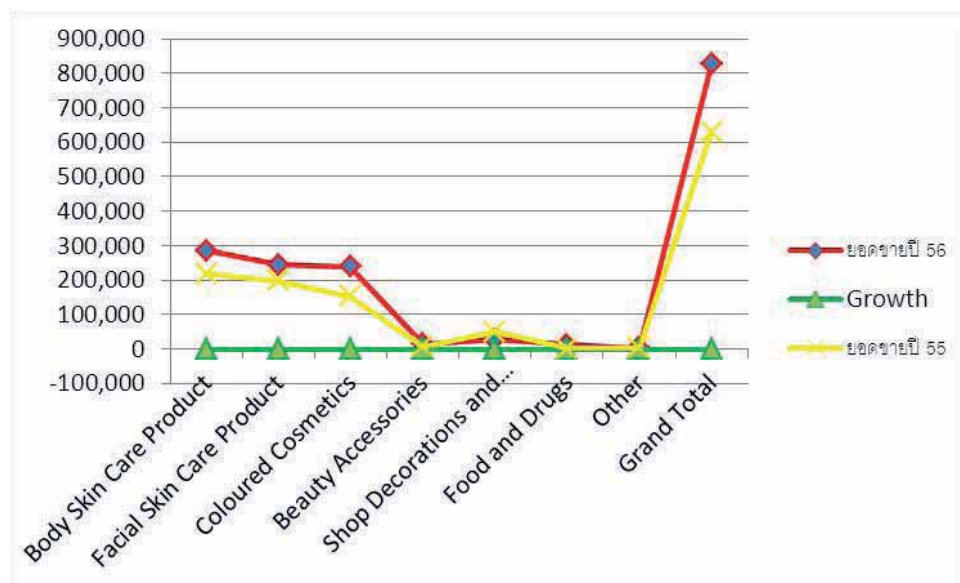
Our products are now leveraging on two e-commerce channels, in which our own channel and via other partner e-commerce sites.

- Karmarts Official Online Sites (operate by Karmarts): Online store, available at www.karmarts.com for Cathy Doll and Karmarts products. Also, available at <https://misshath.bentoweb.com/>, <https://periperathailand.bentoweb.com/>, <https://brtcthailand.bentoweb.com/> for Korean International Brands
- Partner sites: Friday Online, 7-Catalog online, Lazadda, Wearyouwant and Ensogo

Overall Proportion of Sales Figure by Product Categories in 2013 compared to 2012

CATEGORY	Sales (THB)				
	2013			2012	
	Sales (BAHT)	Ratio%	Growth% (Y'56 VS Y'55)	Sales (BAHT)	Ratio%
Body Skin Care Product	285,430	34.52%	30.78%	218,260	34.68%
Facial Skin Care Product	244,437	29.56%	23.40%	198,079	31.47%
Coloured Cosmetics	239,308	28.94%	56.10%	153,308	24.36%
Beauty Accessories	15,048	1.82%	145.56%	6,128	0.97%
Shop Decorations and Promotion Medias	27,243	3.29%	-45.42%	49,915	7.93%
Food and Drugs	12,280	1.48%	850.46%	1,292	0.21%
Other	2,651	0.32%	11.39%	2,380	0.38%
Grand Total	826,937	100.00%	31.39%	629,362	100.00%

Remark: Sales figure excluding VAT.



Marketing Communications

Our strategic marketing plan is critical, with the strong personality of our products –unique, giggly fun, excitement and passionate, our communication strategies rely on our reputation and the appropriate combination of traditional and digital communications.

In 2013, we strived to optimize the budget, managed the various channels cross over. We granted to slightly switch the traditional paid advertisement to social media and digitals. Public Relation is another importance aspect of our marketing approach, to benefit from publicity at low or no cost. Besides, we frequently partner with several magazines and TV program, endorsed our products tie-in to contribute our brand awareness.

The selection media coverage in 2013 is:

Above the line

1. Publishing

- Magazine
- Newspaper
- Catalog (Karmarts called as “Magalogue”)



KARMARTS MAGALOGUE



2. Broadcasting

- a. Tie-in TV program
- b. Management's interview on free TV such as Khan-Pak, Voice TV, A-yu noi roi Iarn, Woody TMK Live and Money Talk and so forth



Below the line

1. Point of purchase media (P.O.P)
2. Online media
 - 2.1 Facebook: Karmartsclub, Missha Thailand, Peripera Thailand
 - 2.2 Instagram: Karmartsclub, Missha Thailand
 - 2.3 Website: Karmartsclub, Cathydoll, Missha Thailand, Peripera Thailand
 - 2.4 YoutubeChannel



3. Activities

- 3.1 Missha Flagship Store Grand Opening
- 3.2 Sponsored Concert "Samsung Galaxy Music 2013 INFINITE 1st World Tour 'One Great Step' in Bangkok Brought to You by Chang Drinking Water and Karmarts"
- 3.3 Collaboration with magazine

Other successful story in 2013

The impressive success performance of Cathy Doll and Peripera in 2013 is underpinned professional journey by awarded the 'CLEO ..Beauty Hall of Fame Awards 2013'.

The winners went to...

1. Cathy Doll Foundation Brush #02won'Best of foundation brush'
2. Peripera my lash serum dual mascarawon'Best Mascara that make you lashes long & longer'



Marketing Communications 2014 at a glance:

This coming year we are eager to trespass the market aggressively. The first TV commercial is scheduled to launch on this coming March (2014), the key findings of television consumption is still the first ranked. Additionally, we also spread the media coverage on in-train BTS screen, plus the other 4-main junctions Mega LED screen located at in the heart of the town.

Another excitement in this year, we are content to enter professional sphere— hiring the iconic presenter liaises to the brand with the belief of raising the brand awareness credibility, recognition and loyalty.

The reinforced position towards our international communications, we generate the extensive corporate guidelines and products manual in many languages, comprised a mix of elements including prints and digital ready for the business expansion plan through the Asia wide.



Future Plan

Skills Development - Training Courses

In the cosmetics industry, products information training course is essential for all the staffs in every sales channels. Therefore, the company has established the human resource development program for both internal employees and our customers' staffs alike. Especially, the company's Beauty Advisor (BA) located at retail channels under a service trademark "Karmarts" where consistent standard and great image are highly expected.

Information Technology Development

As the marketing is taking a big leap over the past year, the company has been executing Information Technology (IT) planning within the organization as to effectively support the data storage and efficiently retrieve the data for further analysis with emphasis on speed and accuracy.

Products-Channels Categorization

Since the company has imported lots of products with various categories, hence, the company organizes brands and types of products to suitably match the retails and wholesales markets, especially, the wholesales channel where the company grew up from. More brands have been created under Karmarts' branding family trees with quality selection and price range that fit the retails and wholesales market needs. By delicately positioning each product branding, consumers would clearly be able to differentiate the product levels and choose what best suit their personality.

Products Creativity

The company thrives for new innovative products selected from the best sources around the world to assure the production quality and efficiency that meet the market demands.

DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



Mr. Wiwat Theekhakhirikul *

Position Director, Chief Executive Officer and Chairman
Age (Year) 61
Educational Background Bachelor degree of Political Sciences,
Major in Political, Ramkamhaeng University
National Defense College Class 2547
Number of Share (%) 149,162,709 Shares 23.42%
As at March 14, 2014



Lt.Gen. Kobboon Vichit

Position Director and Audit Committee Chairman
Age (Year) 66
Educational Background Master Degree of Public Administration,
National Institute of Development
Administration
Number of Share (%) -
As at March 14, 2014



Mr. Kraiwit Satayapiwat *

Position Director, Executive Director and Deputy
Managing Director
Age (Year) 57
Educational Background Bachelor degree of Engineering Major
Mechanical, Chulalongkorn University
Number of Share (%) -
As at March 14, 2014



Mr. Prasit Dheeraratbongkot

Position Director and Audit Committee
Age (Year) 59
Educational Background B.ENG (EE) Chulalongkorn University
Directors Certification Program (DCP62)
Thai Institute of Directors
Number of Share (%) -
As at March 14, 2014

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



Puttithorn Jirayus, PhD

Position Director and Audit Committee

Age (Year) 38

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

Number of Share (%) -

As at March 14, 2014



Mr. Parit Teekakirikul

Position Director

Age (Year) 31

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 March 14, 2014



Mr. Wongwiwat Theekhakhirikul*

Position Director and Executive Director

Age (Year) 30

Educational Background Bachelor degree of Engineering, Chulalongkorn University

Number of Share (%) 1,113,490 Shares 0.17%

As at March 14, 2014



Mr. Seah Sin Loo

Position Director

Age (Year) 63

Educational Background Secondary

Number of Share (%) -

As at March 14, 2014

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

Mrs. Tussanee Auncharoen

Position Deputy Managing Director

Age (Year) 53

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 (%) 176,000 Shares 0.03%
As at March 14, 2014

Ms. Chonthida Theekhakhirikul

Position Assistant to Managing Director of Product
Management and Marketing of Karmarts
Business

Age (Year) 32

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 (%) 227,700 Shares 0.04%
As at March 14, 2014

Ms. Suwannee Tharacheevin

Position Assistant to Managing Director of Accounting

Age (Year) 49

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 March 14, 2014

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

Mrs. Aunruen Arunvisavakul

Position Assistant to Managing Director of
Warehousing and Shipping

Age (Year) 54

Educational Background Bachelor degree of Liberal Arts, Major
Management, Bansomdejchaopraya
Rajabhat University

Number of Share (%) -
As at March 14, 2014



Mr. Wichit Tachachatwanich

Position Assistant to Managing Director – Manufacturing and Warehousing Affair

Age (Year) 58

Educational Background Bachelor's Degree of Engineering, Chulalongkorn University

Number of Share (%) -
As at March 14, 2014



Mr. Pongwiwat Theekhakhirikul

Position Senior Director of Product Development

Age (Year) 29

Educational Background Bachelor degree of Architecture, Chulalongkorn University

Number of Share (%) -
As at March 14, 2014



Mrs. Somsri Viriya

Position Director of Accounting

Age (Year) 45

Educational Background Bachelor degree of Business Administration Major Accounting Sukhothai Thammathirat University

Number of Share (%) -
As at March 14, 2014

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



Mr. Youttakit Teachaisirithavorn

Position Director of Sale

Age (Year) 36

Educational Background Master's Degree of Business Administration Major in Marketing, Ramkhamgaeng University
Bachelor's Degree of Business Administration Major in Marketing, Rangsit University

Number of Share (%) -
As at March 14, 2014

**Mr. Satjapong Yongsukulrote****Position** Director of Information Technology**Age (Year)** 30**Educational Background** Bachelor's Degree of Engineering,
Chulalongkorn University**Number of Share (%)** -
As at March 14, 2014**Ms. Kanokporn Aroonrat****Position** Director of Marketing**Age (Year)** 30**Educational Background** Master's Degree of Economics for business,
University of Portsmouth
Bachelor's Degree of Social Administration,
Thammasat University**Number of Share (%)** -
As at March 14, 2014

Risk Factors

Financial risk management the company has a risk management policy as 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 receivables. 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 December 31, 2013 U\$ Dollar 3.77 (Average exchange rate 32.9494).

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 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 statement as at 31 December 2013						
	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 equivalents	0.5 %	-	-	64	5	69
Finance lease receivables	5.6 % - 10.8 %	1	3	-	-	4
Trade and other receivables	-	-	-	-	121	121
		1	3	64	126	194
Financial liabilities						
Bank overdrafts and short-term	MOR and 3.29 %					
Loans from banks	- 6.88 %	131	-	-	-	131
Trade and other payables	-	-	-	-	85	85
Liabilities under finance lease agreements	5 % - 8.5 %	7	6	-	-	13
Other long-term loan	0.5 %	2	-	-	-	2
		140	6	-	85	231

(Unit: Million Baht)

Separate financial statement as at 31 December 2013						
	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 equivalents	0.5 %	-	-	64	5	69
Finance lease receivables	5.6 % - 10.8 %	1	3	-	-	4
Trade and other receivables	-	-	-	-	130	130
Short-term loans to subsidiaries	6.125 %	24	-	-	-	24
		25	3	64	135	227
Financial liabilities						
Bank overdrafts and short-term	MOR and 3.29 %					
Loans from banks	- 6.88 %	131	-	-	-	131
Trade and other payables	-	-	-	-	85	85
Liabilities under finance lease agreements	5 % - 8.5 %	3	6	-	-	9
		134	6	-	85	225

THE CONNECTED TRANSECTIONS

The Connected Transactions

An acquisition of goods and services Baht 1 million, under normal commercial terms and conditions trade and other receivables – related persons and parties Baht 13.51 million, the Long-term loan from related party Baht 23.78 million and Interest income Baht 2 million, trade and other trade payables – related persons and parties Baht 15.16 million, the company and its subsidiaries had employee benefit expenses of their directors and management Baht 22 million and Baht 23 million which had been disclosed in notes to financial statements in topic 10.

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 14, 2014		Subsidiary		Subsidiary		Related Company	
	Karmarts Plc.		My Bus Co., Ltd.		Taobao Co., Ltd.		Chaiviboon Intertrade Limited Partnership	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmarts Plc.	-		95.16		99.99			
2. "Theekhakhirikul" Group			-					
2.1 Mr. Wiwat Theekhakhirikul	23.42	Director	-	Director	0.005			
2.2 Ms. Chontida Theekhakhirikul	0.04		-	Director		Director		
2.3 Mr. Wongwiwat Theekhakhirikul	0.17	Director	-		0.005	Director		
2.4 Mr. Pongwiwat Theekhakhirikul	-		-				90.00	Partnership
2.5 Mr. Polkrit Theekhakhirikul	4.70		-	Director				
2.6 Mr. Parit Theekhakhirikul	-	Director	-					
2.7 Ms. Viamol Theekhakhirikul	4.23		-					
2.8 Ms. Narapan Theekhakhirikul	0.06							
3. Mr. Kraiwit Satayapiwat	-	Director	-	Director				
4. Other	67.38		4.84				10.00	
Total	100.00		100.00		100.00		100.00	

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

Remark: Director^A Meant authorized signatory director.

SHAREHOLDERS STRUCTURE

The company has its capital registration of Baht 396,000,000 (old capital register of Baht 360,000,000) which commons 660,000,000 share of par value 0.60 Baht (old 600,000,000 share) and the paid – up capital Baht 382,177,698.60 or common stock of 636,962,831 share.

Shareholders' name	Amount	% Owned
1. Theekhakhirikul Group	207,769,899	32.62
Mr. Wiwat Theekhakhirikul	149,162,709	23.42
Mr. Polkrit Teekhakhirikul	29,920,000	4.70
Ms. Woramol Teekhakhirikul	26,950,000	4.23
Mr. Wongwiwat Theekhakhirikul	1,113,490	0.17
Ms. Narapan Theekhakhirikul	396,000	0.06
Ms. Chontida Theekhakhirikul	227,700	0.04
2. UBS AG SINGAPORE BRANCH	40,774,800	6.40
3. Mrs. Chalao Wattanasombat	33,338,560	5.23
4. Mrs. Vanida Saejew	23,596,200	3.70
5. Mr. Nattaponl Jurangklun	23,476,500	3.69
6. Mr. Somphong Cholkadeedamronggul	22,416,500	3.52
7. Mr. Chalermdech Leewongcharoen	18,888,800	2.97
8. Thai NVDR Co., Ltd	16,297,447	2.56
9. PHILLIP SECURITIES PTE LTD.	12,100,000	1.90
10. Mr. Visoot Earsiviklun	9,012,200	1.41
11. Other	229,291,925	36.00
Total	636,962,831	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 14, 2014 by the information of Thailand Securities Depository Co., Ltd.

Share capital

On 22 April 2013, the Annual General Meeting of the shareholders passed a resolution to approve an increase of the registered share capital of the Company from Baht 360 million (600 million ordinary shares of Baht 0.60 each) to Baht 396 million (660 million ordinary shares of Baht 0.60 each) for the purpose of reserving the issuance of the said newly issued warrants. The Company registered the increase of its share capital with the Ministry of Commerce on 25 April 2013.

During the current year, the Company received additional share subscription totaling Baht 47.1 million as a result of the exercise of warrants, as discussed in Note 32. The Company registered the increase in its paid up share capital to Baht 14.1 million with the Ministry of Commerce on 8 November 2013 and 7 August 2013 (23.5 million ordinary shares of Baht 0.60 each) and the remaining Baht 33 million has been recorded as share premium in the statement of financial position.

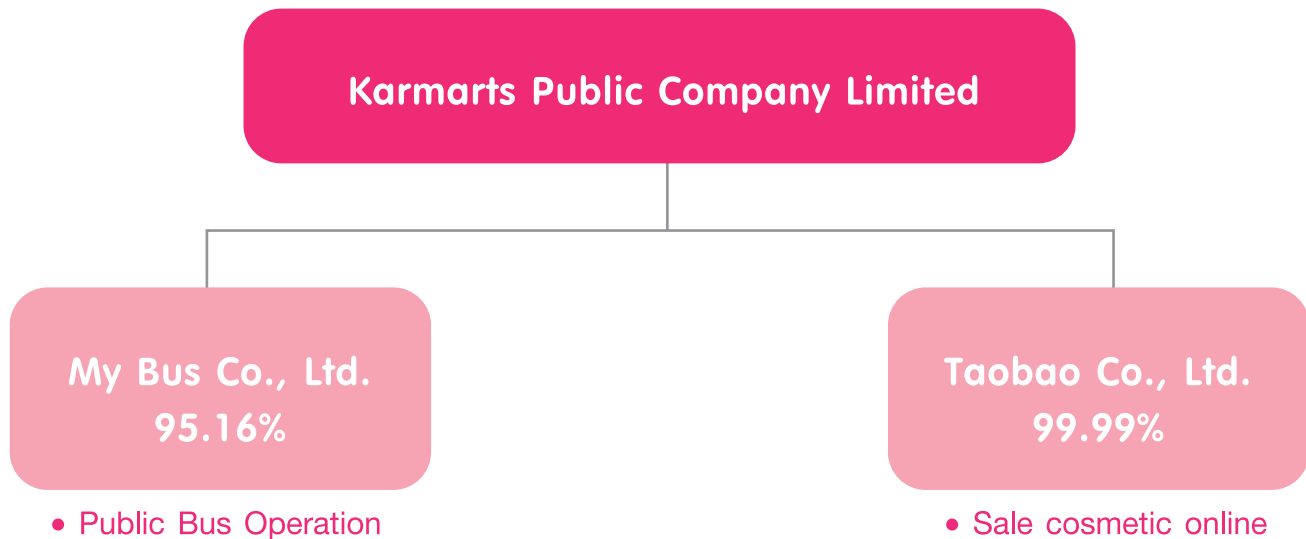
On 8 May 2013, the Company issued 59,997,956 warrants (KAMART-W) to subscribe to the Company's ordinary shares, at a price of Baht zero each in a ratio of 1 warrant for 10 existing ordinary shares. The warrants are exercisable within 1 year from the issuance date at the last business day of July 2013, October 2013, January 2014 and on 6 May 2014, in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 2 per share. The warrants are negotiable instrument which entered in the name certificated.

During the current year, 23,532,484 warrants were exercised to purchase the Company's ordinary shares, amounting to Baht 47.1 million.

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 statutory reserve 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



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%
Taobao Co., Ltd. Location : 81-81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-2751-2	Sale cosmetic online	1,000,000	1,000,000	99.99%

MANAGEMENT STRUCTURE

Names of Director, Audit Committee, Management and Secretary consisted of following:

Name	Director	Audit Committee	Executive Director	Management	Secretary
1. Mr. Wiwat Theekhakhirikul*	/	-	/	/	-
2. Lt.Gen. Kobboon Vichit	/	/	-	-	-
3. Mr. Kraiwit Satayapiwat*	/	-	/	/	-
4. Mr. Prasit Dheeraratbongkot	/	/	-	-	-
5. Puttithorn Jirayus, PhD	/	/	-	-	-
6. Mr. Parit Teekakirikul	/	-	-	-	-
7. Mr. Wongwiwat Theekhakhirikul*	/	-	/	/	-
8. Mr. Seah Sin Loo	/	-	-	-	-
9. Mrs. Tussanee Auncharoen	-	-	-	/	-
10. Ms. Chonthida Theekhakhirikul	-	-	-	/	-
11. Ms. Suwannee Tharacheevin	-	-	-	/	/
12. Mrs. Aunruen Arunvisavakul	-	-	-	/	-
13. Mr. Pongwiwat Theekhakhirikul	-	-	-	/	-
14. Mrs. Somsri Viriya	-	-	-	/	-
15. Mr. Youttakit Teachaisirithavorn	-	-	-	/	-
16. Mr. Satjapong Yongskulrote	-	-	-	/	-
17. Ms. Kanokporn Aroonrat	-	-	-	/	-

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

Board of Directors – Roles and Responsibilities

Board of Directors, comprising of 8 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 3 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 Director 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' interests.

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	
	2013	2012
1. Acting Second Lieutenant Somchai Wasantwisut	-	120,000
2. Mr. Wiwat Theekhakhirikul	80,000	60,000
3. Mrs. Preeyanuch Paiboonsithiwong	30,000	-
4. Lt.Gen. Kobboon Vichit	140,000	50,000
5. Mr. Kraiwit Satayapiwat	40,000	60,000
6. Mr. Prasit Dheeraratbongkot	90,000	60,000
7. Puttithorn Jirayus, PhD	90,000	60,000
8. Mr. Parit Teekakirikul	40,000	60,000
9. Mr. Wongwiwat Theekhakhirikul	40,000	50,000
10. Mr. Seah Sin Loo	-	-
Total	550,000	520,000

The Board of Director's remuneration for the year 2013 must not exceed 5 million Baht whereby Audit Committee Chairman 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 2013 was Baht 17 million compared to previous year of Baht 17 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. Repot 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 staff 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 present 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 8 members.

- Directors who are the management members 3 persons.
- Independent directors who also serve as the Audit Committee 5 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 2013 the Board held 6 regular meetings as following detail.

Name	Board of Audit Committee	Board of Director			Remark
		Ordinary Meeting	Extra Ordinary Meeting	Total	
1. Mr. Wiwat Theekhakhirikul	-	4/4	-	4/4	
2. Lt.Gen. Kobboon Vichit *	5/5	4/4	-	4/4	
3. Mrs. Preeyanuch Paiboonsithiwong **	-	3/4	-	3/4	
4. Mr. Kraiwit Satayapiwat	-	4/4	-	4/4	
5. Mr. Prasit Dheeraratbongkot *	5/5	4/4	-	4/4	
6. Puttithorn Jirayus, PhD *	5/5	4/4	-	4/4	
7. Mr. Parit Teekakirikul	-	4/4	-	4/4	
8. Mr. Wongwiwat Theekhakhirikul	-	4/4	-	4/4	
9. Mr. Seah Sin Loo	-	-	-	-	Foreign

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.

** Resignation of Director on September 1, 2013

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 2013 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 executive 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.karmarts.co.th.

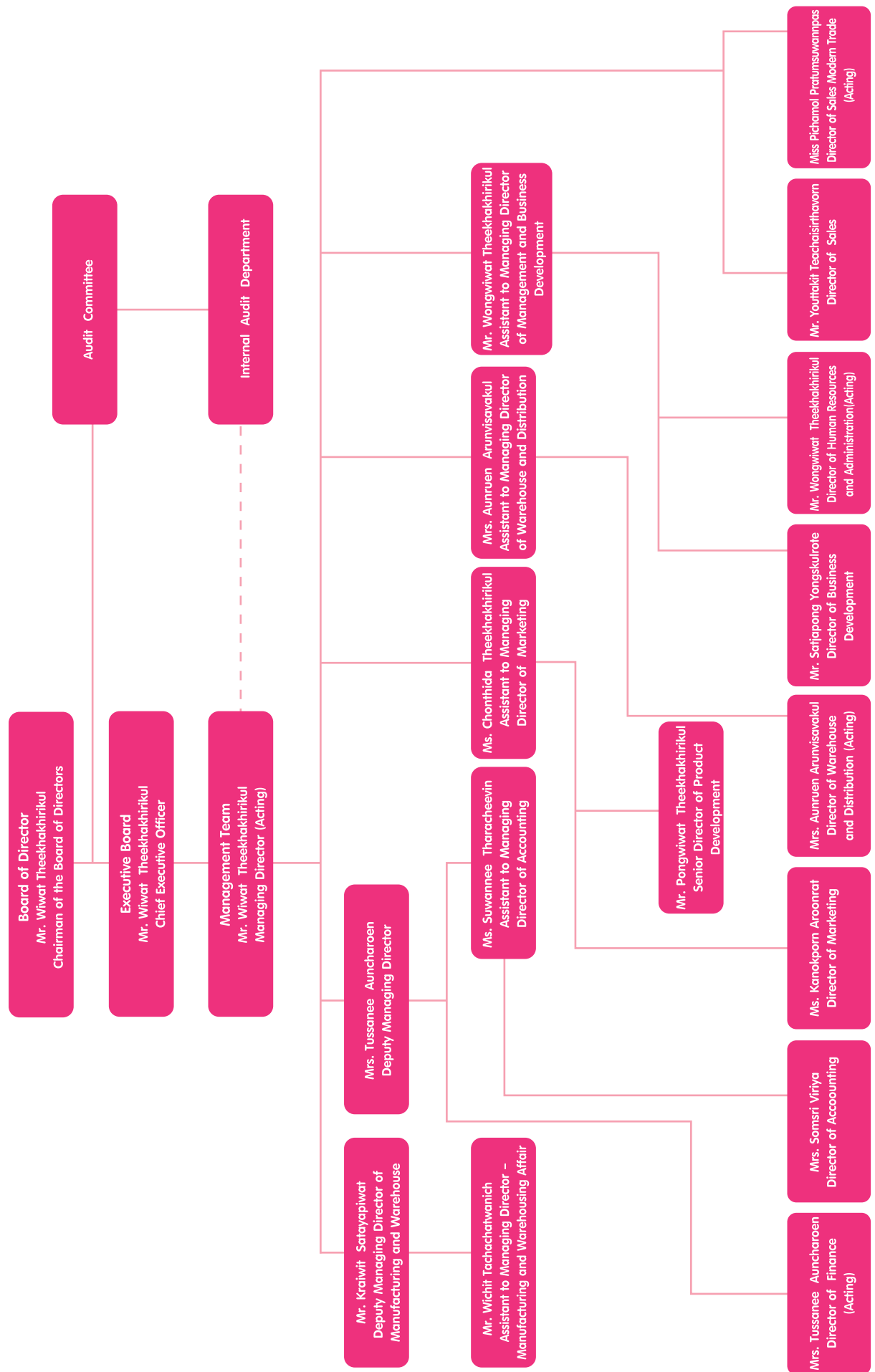
Assessing the Internal Information

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 2013

The Audit Committee of Karmarts (“the committee”) is appointed by the Board of Directors and consists of three independent directors. The committee has the duties and core responsibilities as assigned by the Board of Directors in accordance with its Charter. The committee had a total of 5 meetings and Audit Committee members attended the meetings.

To review the Company’s financial reporting process, the committee has reviewed and discussed with the external auditor and executives responsible for preparing the financial report in relation with significant information for the Company’s quarterly and annual financial statements for the year 2013. The committee is of the opinion that the financial statements were free from material misstatement and prepared in accordance with generally accepted accounting principles.

To review the Company’s internal control system, the committee has reviewed and ensured the Company has an appropriate and efficient internal control and internal audit system by internal audit department with the appropriateness and effectiveness of the internal control system evaluation. And, the Company’s activities, business plan and information technology system are achieved the purpose and goals of the Company.

To review the Company’s complies with the law on securities and the stock exchange, and the laws relating to the Company’s business, the committee has reviewed the Company’s operations to be in compliance with the law on securities and the stock exchange, and the laws relating to the Company’s business in accordance with the principle of good corporate governance.

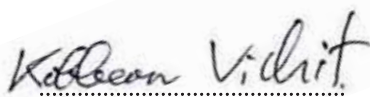
To review the Internal Audit Activities, the committee has reviewed and recommended the internal audit activities to be complied with the Internal Audit Standard as efficiency and effectiveness under the internal audit plan and manpower to cover key business processes.

To evaluate the Risk Management, the committee has reviewed the risk evaluation and management that are performed by the Board of Directors with the appropriateness including key business risks as foreign currency risk, interest rate risk and credit risk.

To opine the external auditor selection, the committee has reviewed the external audit performance and proposed Ernst & Young Office Limited to the Board of Directors and the Board has agreed to seek approval at the Shareholders’ Meeting for the appointment of Miss Runnapa Lertsuwankul, Certified Public Accountant No.3516.

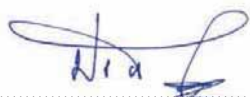
To opine on transactions involving conflicts of interest, -none-

Overall, the committee is of the opinion that the Company has a proper financial reporting process to disclose its financial information in accordance with generally accepted accounting principles including internal control system, good corporate governance and risk management under laws and regulations relating to the Company’s business.



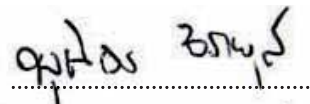
(Lt.Gen. Kobboon Vichit)

Chairman of the Audit Committee



(Mr. Prasit Dheeraratbongkot)

Audit Committee Member



(Puttithorn Jirayus, PhD)

Audit Committee Member

FINANCIAL AND OPERATING RESULTS ANALYSIS (MD&A)

1. Operating Results for the year ending December 31, 2013

1.1 Sale and Service Incomes

- During 2013, the total income from sales and services is Baht 830 million which increased by Baht 192 million or 30.09% from the previous year. The increment is due to the company's selling of consumer products totaled of Baht 826 million which increased from the previous year by Baht 200 million or 31.95%, which comprises of body care products amounted Baht 285 million, facial skin care and cosmetics amounted Baht 484 million, accessories amounted Baht 15 million, furniture and marketing tools amounted Baht 27 million, dietary supplements amounted Baht 13 million, and other products amounted Baht 2 million. Sales of NGV vehicle totaled Baht 3 million which decreased from the previous year by Baht 7 million.
- Income from bus service operator amounted Baht 8 million which decreased from the previous year by Baht 7 million or 46.67%.
- Income from warehouse rental and warehouse services totaled Baht 26 million which decreased from the previous year by Baht 1 million or 3.70.
- Gain from a fairvalue adjustment of investment properties amounted Baht 2 million which increased from the previous year by Baht 2 million or 100% as the company had investment properties re-evaluated on December 26, 2013.
- Other income totaled Baht 9 million, increased from the previous year by Baht 1 million or 12.50% which comprises of the gain from interest of Baht 3 million, short-term current investment of Baht 3 million, and others Baht 3 million.

1.2 Cost of sales, Selling and administrative Expenses

During the year 2013, Cost of Sales totaled Baht 422 million which increased from the previous year by Baht 97 million or 29.84%. The Cost of Sales is directly proportional to the Sales Revenue. The gross profit margin 50.72% is similar to the previous year.

Costs of bus service operator were Baht 9 million.

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

Selling and Administrative expenses totaled Baht 209 million which increased from the previous year by Baht 50 million or 68.55%, proportionately according to the company business expansion, increased selling and administration expenses, increased employment which includes employee benefit expenses to support the growth of the business.

Impairment loss on investment of Baht 7 million which increased from the previous year by Baht 7 million or 100% as the company had reserved loss on impairment of investment.

Exchange Loss of Baht 9 million due to the weaker Thai Baht Currency for the year 2013 compared to the previous year which Gained from foreign exchange of Baht 9 million.

Financial cost of the company on the interest expenses totaled of Baht 12 million which decreased from the previous year by Baht 2 million or 14.28% resulted from the company's increased liquidity.

Income tax expenses of Baht 45 million decreased from the previous year by Baht 1 million or 2.17%.

1.3 Profit

During the year 2013, the company had 18.36% net profit which decreased from the previous year by 21.43% as the company had selling expenses and administrative expenses increased from the previous year by Baht 50 million to publicize the company products and increase the employment, including the employee benefit expenses to support the growth of the business.

1.4 Rate of Return on Equity

The business operation profit during the year 2013 resulted in the rate of return on equity at Baht 0.27 per share.

2. Financial Status as at December 31, 2013.

1. Assets

1.1 Composition of Assets

Total Assets at the end of the year 2013 is Baht 916 million which increased from the previous year by Baht 180 million or 24.46%.

1.1.1 Current Assets amounted Baht 598 million, increased by Baht 191 million or 46.92% from the previous year.

- Cash and cash equivalents in the amount of Baht 69 million which increased from the previous year by 67 million due to the company issuance of ordinary shares during the year from the exercise of warrants.
- Current investments of Baht 96 million increased from the previous year by Baht 92 million due to the company's increase in liquidity which in turn generated incomes from this security investment.
- Trade accounts receivable and other account receivable at Baht 122 million, increased from the previous year by Baht 10 million or 8.93% due to the company increased Karmarts products sales and sales distribution channels.
- Inventory of Baht 297 million, comprises of NGV product Baht 36 million, public telephone Baht 100 million, cosmetics and consumer product Baht 161 million increased from the previous year by Baht 20 million or 7.22% because the company started manufacturing own products by purchasing of raw materials and packaging to produce the finished goods.
- Other Current Assets of Baht 14 million, increased from the previous year by Baht 3 million or 27.27% due to the refundable tax from the warehouse rental services.

1.1.2 Non-Current Asset at Baht 318 million which decreased by Baht 11 million or 3.34% from the year before as follows:

- Financial Lease Receivables of Baht 3 million had decrease by Baht 2 million or 40% due to the fact that the company's NGV vehicles sold in 2013 and got constantly paid.
- Investment Properties stood at Baht 164 million, increased from the previous year by Baht 2 million or 1.23% because the company has evaluated the value every year.
- Property, Plant and Equipment – net stood at Baht 118 million with an increase from the previous year by Baht 2 million or 1.72% as the company purchased filling machine and sachet filling machines to manufacture the company own products at Baht 17 million.

- Deferred Tax Assets at Baht 17 million decreased from the previous year by Baht 16 million or 48.48% because the company gains profit from the Karmarts business operation.
- Intangible Assets – net at Baht 9 million decreased of Baht 1 million from the year 2013 from amortization.
- Other Non-Current Assets at Baht 6 million increased from the previous year by Baht 3 million or 100% because the company paid for the rental deposits for Karmarts shop business operation.

1.2 Quality of Assets

Account receivable collection period in 2013 was 59 days increased from last year (48 days in 2012) due to the fact that the cash sales for consumer goods had decreased, and instead increased on other Trade channels credit sales with 30 – 60 days term of payment.

An adequate reserve was set according to the prediction of non-collectable debt. The reserve for the year 2013 was budgeted at 11.63% of the outstanding account receivable at the year-end.

2. Liquidity

2.1 Cash flows

In 2013, the company's net cash flows from operations was Baht 258 million, compared to 2012 which was Baht 118 million, increased by Baht 140 million as there is an increase of sales in consumer goods with cash sales term and less short credit term account receivables between 30-60 days. Meanwhile, the account payables is increased due to the prolonged credit term around 120-150 days through Trust Receipt granted by the commercial bank. This increases the company's liquidity which allows reserves for shareholders' quarterly dividend payments and returns on the bank's long term loans.

2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2013 was 2.34:1 which shows high liquidity as the company's current assets can be easily cashed in a short period of time such as short-term account receivables, current investments, cash or cash equivalents, etc. The company average debt collection period was between 30 – 60 days. Average inventory turnover of 145 days shows an improvement over the previous year due to the fact that Karmarts products had a higher turnover rate than NGV vehicles. As a result, 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 59 days while average account payment period was 98 days. This is because the company at present has selected the payment option by issuing the letter of credit through the commercial banking and prolonging the credit term around 120 – 150 days through the bank's granted Trust Receipt.

3. Investment Expenditure

During the year, the company capital expenditures were from the machines bought to manufacture the company products, renovated the office for supporting the business growth, and current investments.

4. Sources of funds

4.1 Capital Structure

In 2013, Debt/Equity Ratio was 0.46:1 against 0.31:1 in previous year. The company issuance of ordinary shares during the year from the exercise of warrants is Baht 47 million.

4.2 Shareholders' Equity

In 2013, shareholders' equity increased by Baht 63 million to Baht 626 million from the operating profit during the year of Baht 160 million and ordinary shares during the year from the exercise of warrant of Baht 47 million.

4.3 Liabilities

The company's total liabilities is Baht 290 million, increased by Baht 117 million or 67.63% from the previous year.

Current Liabilities is Baht 254 million, increased by Baht 138 million or 118.97% from the previous year. Details are as follows:

- Bank overdrafts and Short-term loan from bank of Baht 131 million increased by Baht 80 million from the previous year as the result of the company imported goods' payment method through commercial bank's Trust Receipts.
- Trade and other payables of Baht 85 million, increased by Baht 57 million as the company invested Baht 36 million in current investments during late December 2013 and received advanced capital payment from the 3rd Exercise of Warrants amounted Baht 14 million (The last date to exercise was 3rd February 2014) and the accrued expense of Baht 7 million.
- Current portion of Liabilities under financial lease agreements and Liabilities under financial lease agreements – net of current portion was Baht 13 million which decreased by Baht 10 million or 25% from the previous year due to the company's consistency in liabilities payment.
- Current portion of Other long-term loans and Other long-term loans – net of current portion was Baht 2 million which decreased by Baht 2 million from the previous year due to the company's consistency in long-term loans return payment.
- Long-term loans from the bank was Baht 0 million, decreased by Baht 32 million or 100% from the previous year due to the full payment had been made.
- Income Tax Payable at Baht 23 million, increased from the previous year of Baht 23 million or 100% as the company gain more profits from the business operation.
- Other Current Liabilities was Baht 6 million due to the withholding tax from the dividend payment and the cash deposit received from the warehouse services.
- Provision had been made for long-term employee benefits of Baht 8 million, which increased by Baht 1 million or 14.29% due to the new standard of accounting for employee benefit reservation No.19 took effect.
- Deferred Tax Liabilities at Baht 22 million, increased by Baht 1 million or 4.76% from the previous year due to the new Standard of Accounting for Income Tax No.12 Took Effect.

5. 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. Sufficient 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 supports Human Resources Development by providing adequate both internal and external 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 AUDITOR

Professional Fee

Item	office	Company Payment	Professional Fee		
			2011	2012	2013
1	EY Off ifice Limited	Karmarts Plc.	950,000	1,030,000	1,110,000
2	EY Off ifice Limited	Star Com Co., Ltd.	195,000	120,000	-
3	EY Off ifice Limited	My Bus Co., Ltd.	195,000	195,000	195,000
4	EY Off ifice Limited	Taobao Co., Ltd.	-	-	65,000
Total			1,340,000	1,345,000	1,370,000

Other Fee

-None-

Karmarts Public Company Limited and its subsidiaries

Report and consolidated financial statements 31 December 2013

Independent Auditor's Report To the Shareholders of Karmarts Public Company Limited

I have audited the accompanying consolidated financial statements of Karmarts Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Karmarts Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My conclusion is not qualified in respect of this matter.

Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 26 February 2014

Karmarts Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statement			Separate financial statement		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Assets			(Restated)			(Restated)	
Current assets							
Cash and cash equivalents	7	68,727,689	2,427,384	18,109,632	68,524,700	2,198,154	17,488,483
Current investments	12	95,917,003	4,249,125	-	95,917,003	4,249,125	-
Trade and other receivables	8, 10	121,034,726	111,890,901	41,448,536	130,309,388	118,349,900	50,561,068
Current portion of finance lease receivables	9	1,200,148	653,671	3,427,857	1,200,148	653,671	3,427,857
Short-term loan and advances to related parties	10	-	-	-	23,780,000	15,490,000	12,246,000
Inventories	11	297,191,000	277,000,644	237,928,973	297,191,000	277,000,644	228,356,556
Other current assets	13	13,555,339	11,118,908	7,266,358	13,349,345	10,624,022	6,183,292
Total current assets		597,625,905	407,340,633	308,181,356	630,271,584	428,565,516	318,263,256
Non-current assets							
Restricted bank deposits	14	1,124,725	473,832	983,329	476,725	473,832	470,813
Finance lease receivables - net of current portion	9	2,968,930	4,494,730	602,242	2,968,930	4,494,730	602,242
Investments in subsidiary companies	15	-	-	-	999,990	-	5,092,486
Investment properties	16	164,000,000	162,000,000	162,000,000	164,000,000	162,000,000	162,000,000
Property, plant and equipment	17	118,237,078	116,187,641	105,248,126	82,770,315	73,914,357	56,175,293
Network equipment	18	-	-	196,839,000	-	-	-
Intangible assets	19	8,856,550	9,638,076	11,222,025	1,367,434	451,117	332,571
Deferred tax assets	4, 27	16,858,160	32,781,923	78,433,064	16,858,160	32,781,923	78,433,064
Other non-current assets	20	5,757,322	3,095,710	2,368,734	4,856,472	1,636,860	901,484
Total non-current assets		317,802,765	328,671,912	557,696,520	274,298,026	275,752,819	304,007,953
Total assets		915,428,670	736,012,545	865,877,876	904,569,610	704,318,335	622,271,209

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

Karmarts Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statement			Separate financial statement		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans from banks	21	130,675,971	51,174,510	30,580,349	130,654,463	51,174,510	30,580,349
Trade and other payables	10, 22	85,493,873	27,741,185	223,758,653	84,706,731	25,514,064	21,277,633
Current portion of liabilities under finance lease agreements	24	6,889,043	11,295,454	12,910,578	2,948,005	2,575,195	1,098,754
Current portion of other long-term loans	23	1,879,286	2,172,278	2,161,446	-	-	-
Current portion of long-term loans from bank	25	-	16,424,531	15,282,166	-	16,424,531	15,282,166
Income tax payable		23,021,675	-	-	23,021,675	-	-
Other current liabilities		6,940,133	6,708,808	4,351,585	6,931,010	6,104,483	3,859,418
Total current liabilities		<u>254,899,981</u>	<u>115,516,766</u>	<u>289,044,777</u>	<u>248,261,884</u>	<u>101,792,783</u>	<u>72,098,320</u>
Non-current liabilities							
Liabilities under finance lease agreements - net of current portion	24	5,895,980	12,087,732	16,309,213	5,895,980	8,146,694	3,269,952
Other long-term loans - net of current portion	23	-	1,879,285	4,051,564	-	-	-
Long-term loans from banks - net of current portion	25	-	15,263,546	31,736,232	-	15,263,546	31,736,232
Provision for long-term employee benefits	26	7,510,220	6,881,088	3,873,092	7,463,904	6,846,201	3,854,604
Deferred tax liabilities	4, 27	22,112,392	21,203,996	20,692,202	22,112,392	21,203,996	20,692,202
Total non-current liabilities		<u>35,518,592</u>	<u>57,315,647</u>	<u>76,662,303</u>	<u>35,472,276</u>	<u>51,460,437</u>	<u>59,552,990</u>
Total liabilities		<u>290,418,573</u>	<u>172,832,413</u>	<u>365,707,080</u>	<u>283,734,160</u>	<u>153,253,220</u>	<u>131,651,310</u>

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

Karmarts Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statement			Separate financial statement		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
Shareholders' equity							
Share capital							
Registered							
660,000,000 ordinary shares of Baht 0.60 each							
(31 December 2012: 600,000,000 ordinary shares of Baht 0.60 each)							
(1 January 2012: 600,000,000 ordinary shares of Baht 1 each)	30, 32	396,000,000	360,000,000	600,000,000	396,000,000	360,000,000	600,000,000
Issued and fully paid up							
623,532,484 ordinary shares of Baht 0.60 each							
(31 December 2012: 600,000,000 ordinary shares of Baht 0.60 each)							
(1 January 2012: 600,000,000 ordinary shares of Baht 1 each)	30, 31, 32	374,119,490	360,000,000	600,000,000	374,119,490	360,000,000	600,000,000
Share premium	30	32,945,478	-	165,337,362	32,945,478	-	165,337,362
Capital reduction surplus	31	15,267,473	15,267,473	-	15,267,473	15,267,473	-
Retained earnings (deficit)							
Appropriated - statutory reserve	35	18,257,125	9,829,486	4,645,831	18,257,125	9,829,486	4,645,831
Unappropriated	35	177,921,031	171,209,990	(275,650,591)	172,868,056	158,590,328	(286,741,122)
Other components of shareholders' equity	33	7,377,828	7,377,828	7,377,828	7,377,828	7,377,828	7,377,828
Equity attributable to owners of the Company		625,888,425	563,684,777	501,710,430	620,835,450	551,065,115	490,619,899
Non-controlling interests of the subsidiaries		(878,328)	(504,645)	(1,539,634)	-	-	-
Total shareholders' equity		625,010,097	563,180,132	500,170,796	620,835,450	551,065,115	490,619,899
Total liabilities and shareholders' equity		915,428,670	736,012,545	865,877,876	904,569,610	704,318,335	622,271,209

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

Karmarts Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales and service income		830,073,609	638,079,606	830,128,229	636,497,200
Income from bus service operator		8,318,300	15,430,095	-	-
Interest income on hire purchase		394,720	383,516	394,720	383,516
Income from warehouse rental and warehouse services		26,416,656	26,940,131	26,416,656	26,940,131
Gain from a fair value adjustment of investment properties	16	2,000,000	-	2,000,000	-
Gain from disposal of a subsidiary	15	-	9,981,668	-	675,512
Exchange gain		-	9,052,444	-	2,664,412
Gain from sale of assets		148,217	1,568,682	148,217	-
Other income		9,407,466	7,610,317	9,672,507	8,245,207
Total revenues		876,758,968	709,046,459	868,760,329	675,405,978
Expenses					
Cost of sales and service		421,727,543	325,163,373	421,905,028	325,586,734
Cost of bus service operator		8,704,269	8,720,755	-	-
Cost of warehouse rental and warehouse services		3,930,086	3,477,818	3,930,086	3,477,818
Selling expenses		123,980,461	84,018,904	123,959,985	84,018,904
Administrative expenses		84,714,778	74,643,033	78,169,111	52,913,642
Impairment loss of investments		6,542,501	-	6,542,501	-
Exchange loss		9,345,068	-	9,345,016	-
Other expenses		-	324,595	-	674,758
Total expenses		658,944,706	496,348,478	643,851,727	466,671,856
Profit before finance cost and income tax expenses		217,814,262	212,697,981	224,908,602	208,734,122
Finance cost		(12,260,360)	(13,991,099)	(11,414,320)	(12,144,406)
Profit before income tax expenses		205,553,902	198,706,882	213,494,282	196,589,716
Income tax expenses		(44,941,498)	(46,162,935)	(44,941,498)	(46,162,935)
Profit for the year	4, 27	160,612,404	152,543,947	168,552,784	150,426,781
Profit attributable to:					
Equity holders of the Company		160,986,097	151,955,912	168,552,784	150,426,781
Non-controlling interests of the subsidiaries		(373,693)	588,035		
		160,612,404	152,543,947		
Basic earnings per share					
Profit attributable to equity holders of the Company	29	0.27	0.25	0.28	0.25
Weighted average number of common stock (shares)		605,546,174	600,000,000	605,546,174	600,000,000
Diluted earnings per share	29				
Profit attributable to equity holders of the Company		0.25	0.24	0.26	0.24
Weighted average number of common stock (shares)		648,671,581	640,040,216	648,671,581	640,040,216

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

Karmarts Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		2013	2012	2013	2012
			(Restated)		
Profit for the year		160,612,404	152,543,947	168,552,784	150,426,781
Other comprehensive income:					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		160,612,404	152,543,947	168,552,784	150,426,781
Total comprehensive income attributable to:					
Equity holders of the Company		160,986,097	151,955,912	168,552,784	150,426,781
Non-controlling interests of the subsidiaries		(373,693)	588,035		
		160,612,404	152,543,947		

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

Karmarts Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2013

	Consolidated financial statement										(Unit: Baht)
	Equity attributable to the parent's shareholders										
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings (deficit)		Other components of equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity				
Balance as at 31 December 2011 - as previously reported	600,000,000	165,337,362	-	4,645,831	(335,235,910)		9,222,285	443,969,568	1,270,511	445,240,079	
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	-	59,585,319		(1,844,457)	57,740,862	(2,810,145)	54,930,717	
Balance as at 31 December 2011 - as restated	600,000,000	165,337,362	-	4,645,831	(275,650,591)		7,377,828	501,710,430	(1,539,634)	500,170,796	
Reduce share capital with deficit (Note 31)	(240,000,000)	(165,337,362)	15,267,473	(4,645,831)	394,715,720		-	-	-	-	
Dividend paid (Note 34)	-	-	-	-	(89,981,565)		-	(89,981,565)	-	(89,981,565)	
Transfer to statutory reserve (Note 35)	-	-	-	9,829,486	(9,829,486)		-	-	-	-	
Total comprehensive income for the year (restated)	-	-	-	-	151,955,912		-	151,955,912	588,035	152,543,947	
Change in non-controlling interests of the subsidiary from disposal of investment in a subsidiary	-	-	-	-	-		-	-	446,954	446,954	
Balance as at 31 December 2012 - as restated	360,000,000	-	15,267,473	9,829,486	171,209,990		7,377,828	563,684,777	(504,645)	563,180,132	
Balance as at 31 December 2012 - as previously reported	360,000,000	-	15,267,473	9,829,486	157,787,606		9,222,285	552,106,850	(504,645)	551,602,205	
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	-	13,422,384		(1,844,457)	11,577,927	-	11,577,927	
Balance as at 31 December 2012 - as restated	360,000,000	-	15,267,473	9,829,486	171,209,990		7,377,828	563,684,777	(504,645)	563,180,132	
Issuance of ordinary shares during year from the exercise of warrants (Note 30 and 32)	14,119,490	32,945,478	-	-	-		-	47,064,968	-	47,064,968	
Dividend paid (Note 34)	-	-	-	-	(145,847,417)		-	(145,847,417)	-	(145,847,417)	
Transfer to statutory reserve (Note 35)	-	-	-	8,427,639	(8,427,639)		-	-	-	-	
Total comprehensive income for the year	-	-	-	-	160,986,097		-	160,986,097	(373,693)	160,612,404	
Change in non-controlling interests of the subsidiary from receipt of shares subscription	-	-	-	-	-		-	-	10	10	
Balance as at 31 December 2013	374,119,490	32,945,478	15,267,473	18,257,125	177,921,031		7,377,828	625,888,425	(878,328)	625,010,097	

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

Karmarts Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statement						
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings (deficit)		Other components of equity	
				Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity
Balance as at 31 December 2011 - as previously reported	600,000,000	165,337,362	-	4,645,831	(346,326,441)	9,222,285	432,879,037
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	-	59,585,319	(1,844,457)	57,740,862
Balance as at 31 December 2011 - as restated	600,000,000	165,337,362	-	4,645,831	(286,741,122)	7,377,828	490,619,899
Reduce share capital with deficit (Note 31)	(240,000,000)	(165,337,362)	15,267,473	(4,645,831)	394,715,720	-	-
Dividend paid (Note 34)	-	-	-	-	(89,981,565)	-	(89,981,565)
Transfer to statutory reserve (Note 35)	-	-	-	9,829,486	(9,829,486)	-	-
Total comprehensive income for the year (restated)	-	-	-	-	150,426,781	-	150,426,781
Balance as at 31 December 2012 - as restated	360,000,000	-	15,267,473	9,829,486	158,590,328	7,377,828	551,065,115
Balance as at 31 December 2012 - as previously reported	360,000,000	-	15,267,473	9,829,486	145,167,944	9,222,285	539,487,188
Cumulative effect of change in accounting policy for income tax (Note 4)	-	-	-	-	13,422,384	(1,844,457)	11,577,927
Balance as at 31 December 2012 - as restated	360,000,000	-	15,267,473	9,829,486	158,590,328	7,377,828	551,065,115
Issuance of ordinary shares during year from the exercise of warrants (Note 30 and 32)	14,119,490	32,945,478	-	-	-	-	47,064,968
Dividend paid (Note 34)	-	-	-	-	(145,847,417)	-	(145,847,417)
Transfer to statutory reserve (Note 35)	-	-	-	8,427,639	(8,427,639)	-	-
Total comprehensive income for the year	-	-	-	-	168,552,784	-	168,552,784
Balance as at 31 December 2013	374,119,490	32,945,478	15,267,473	18,257,125	172,868,056	7,377,828	620,835,450

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

Karmarts Public Company Limited and its subsidiaries Statement of cash flows For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from operating activities				
Profit before tax	205,553,902	198,706,882	213,494,282	196,589,716
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	23,464,815	20,517,037	14,941,887	11,985,834
Gain from a fair value adjustment				
of investment properties	(2,000,000)	-	(2,000,000)	-
Increase (Decrease) in allowance for doubtful accounts	(523,263)	(197,406)	(523,263)	(272,122)
Increase in allowance for reducing cost of inventories to				
net realisable value	826,423	3,985,827	826,423	3,985,827
Unrealised loss (gain) on exchange rate	2,541,935	5,727,664	2,541,937	(660,370)
Assets written off	485,718	4,045,695	485,718	4,045,694
Loss from investment in derivative	578,780	452,924	578,780	452,924
Unrealised loss (gain) on change in the value of investment	6,542,501	(107,825)	6,542,501	(107,825)
Gain (loss) from disposal of assets	(148,217)	(1,568,682)	(148,217)	350,162
Gain from disposal of investment in securities	(3,549,879)	-	(3,549,879)	-
Reverse impairment loss on assets	-	(79,283)	-	(79,283)
Gain from disposal of investment in a subsidiary	-	(9,981,668)	-	(675,512)
Interest income	(691,902)	(750,753)	(3,126,926)	(2,768,299)
Dividend received	(270,000)	(75,540)	(270,000)	(75,540)
Provision for long-term employee benefits	629,132	3,007,996	617,703	2,991,597
Interest expenses	6,060,215	10,215,025	5,934,380	8,078,789
Profit from operating activities before				
changes in operating assets and liabilities	239,500,160	234,292,705	236,345,326	223,841,592
Operating assets (increase) decrease				
Trade and other receivables	(9,062,303)	(65,310,691)	(11,877,966)	(60,601,629)
Finance lease receivables	1,548,889	(503,527)	1,548,890	(503,527)
Inventories	(21,743,595)	(54,560,610)	(21,743,595)	(52,621,714)
Other current assets	(2,436,431)	(2,655,388)	(2,725,323)	(2,943,524)
Other non-current assets	(2,661,612)	(885,200)	(3,219,612)	(893,600)
Operating liabilities increase (decrease)				
Trade and other payables	57,766,663	6,356,038	58,606,650	4,116,625
Other current liabilities	231,325	2,362,546	826,527	2,245,063
Cash from operating activities	263,143,096	119,095,873	257,760,897	112,639,286
Cash paid for corporate income tax	(5,087,664)	(1,430,697)	(5,087,664)	(1,417,924)
Net cash from operating activities	258,055,432	117,665,176	252,673,233	111,221,362

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

Karmarts Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from investing activities				
Interest income	691,902	713,209	3,126,926	2,730,755
Dividend received	270,000	75,540	270,000	75,540
Increase in short-term loans to related parties	-	-	(8,290,000)	(4,830,000)
Proceeds from disposal of investment in securities and derivative	165,871,750	5,353,276	165,871,750	5,353,276
Net cash flow from disposal of investment in a subsidiary	-	(22,600)	-	-
Increase in investment in a subsidiary	-	-	(400,000)	-
Proceeds from disposal of fixed assets	2,342,213	3,250,333	2,192,384	1,331,489
Proceeds from disposal of non-operating assets	-	233,645	-	233,645
Purchase of investment in securities and derivative	(261,111,030)	(9,909,956)	(261,111,030)	(9,909,956)
Purchase of equipment	(24,486,821)	(26,030,844)	(24,318,428)	(26,001,156)
Purchase of intangible assets	(1,465,404)	(351,800)	(1,465,404)	(351,800)
Net cash used in investing activities	(117,887,390)	(26,689,197)	(124,123,802)	(31,368,207)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loan from banks	2,595,341	-	2,573,833	-
Increase in trust receipts	74,396,150	21,254,702	74,396,150	21,254,702
Increase in restricted bank deposits	(650,893)	(4,714)	(2,893)	(3,019)
Increase in short-term loan from related parties	-	131,809	-	131,809
Cash paid under finance lease	(12,002,872)	(15,603,760)	(3,282,615)	(3,413,973)
Repayment of long-term loans from other companies	(2,172,277)	(2,161,447)	-	-
Repayment of long-term loans from banks	(31,688,077)	(15,330,321)	(31,688,077)	(15,330,321)
Cash paid for interest expense	(5,562,670)	(4,962,931)	(5,436,834)	(7,801,117)
Cash receipt from exercise of warrants to subscribed ordinary share	47,064,968	-	47,064,968	-
Dividend paid	(145,847,417)	(89,981,565)	(145,847,417)	(89,981,565)
Change in non-controlling interests of the subsidiary from receipt of shares subscription	10	-	-	-
Net cash used in financing activities	(73,867,737)	(106,658,227)	(62,222,885)	(95,143,484)
Net increase (decrease) in cash and cash equivalents	66,300,305	(15,682,248)	66,326,546	(15,290,329)
Cash and cash equivalents at beginning of year	2,427,384	18,109,632	2,198,154	17,488,483
Cash and cash equivalents at end of year	68,727,689	2,427,384	68,524,700	2,198,154

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

Karmarts Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	2013	2012	2013	2012
		(Restated)		(Restated)
Supplemental cash flows information: -				
Non-cash transactions: -				
Disposal of investment in a subsidiary that have not yet been collected	-	5,767,998	-	5,767,998
Sale of assets that have not yet been collected	126,601	-	126,601	-
Sale of vehicle and machinery that have not yet been collected	-	176,049	-	176,049
Transfer inventories to equipment	726,816	-	726,816	-
Transfer of equipment to inventories and other assets	-	8,201	-	8,201
Purchases of vehicles under financial lease	860,000	9,477,505	860,000	9,477,505
Increase in share purchase payable	-	-	599,990	-

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

Karmarts Public Company Limited and its subsidiaries

Notes to consolidated financial statement For the year ended 31 December 2013

1. General information

1.1 Corporate information

Karmats Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the consumer products, distribution of NGV cars, telecommunications equipment 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.

1.2 Estimation of recoverable amount of assets

On 13 December 2012, the Company arranged for an independent professional valuer to re-appraise the value of the inventories related to the upgrade of CDMA2000 1X network. The valuation was made to provide the management of the Company with a market value to propose the selling price of the assets to unrelated parties. The Company adjusted the value of the assets to the newly appraised values, resulting in a decrease of Baht 0.5 million in the balance of provision to reduce cost of inventories to net realisable value in the separate financial statements from the year 2011.

Consequently on 15 January 2014, the Company arranged for an independent professional valuer to re-appraise the value of the inventories related to the upgrade of such network. The valuation was made to provide the management of the Company with a market value to propose the selling price of the assets to unrelated parties. The Company adjusted the value of the assets to the newly appraised values, resulting in a decrease of Baht 2.6 million in the balance of provision to reduce cost of inventories to net realisable value in the separate financial statements from the year 2012 as discussed in Note 11.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 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. 2543. The financial statements in Thai language are the official statutory financial statement of the Company. The financial statements in English language have been translated from the Thai language financial statement.

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

2.2 Basis of consolidation

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

Company’s name	Nature of business	Percentage of shareholding in shareholders’ list		Country of incorporation
		2013	2013	
		Percent	Percent	
My Bus Co., Ltd.	Bus service operator	95.16	95.16	Thailand
Taobao Co., Ltd.	Electronic Commerce	100	-	Thailand

However, there has been a significant change in the composition of the group of companies during the current year since, on 15 July 2013, the Company purchased 199,998 ordinary shares of Taobao Company Limited (or 100% of the 200,000 issued and paid-up shares of that company) at a price equal to the par value of Baht 5 per share, or a total of Baht 999,990. That company is therefore a subsidiary of the Company. These consolidated financial statements include the statement of financial position of Taobao Company Limited as at 31 December 2013 and the statements of income and comprehensive income for the period from the investment date to 31 December 2013.

- 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 statement.
- 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. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

Accounting Standards:		Effective date
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2014
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

4. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the change described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 Income Taxes. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Statements of financial position						
Increase (decrease) in deferred tax assets	(15,924)	(45,651)	78,433	(15,924)	(45,651)	78,433
Increase in deferred tax liabilities	(908)	(512)	(20,692)	(908)	(512)	(20,692)
Increase (decrease) in unappropriated retained earnings	(16,832)	(46,163)	59,585	(16,832)	(46,163)	59,585
Decrease in other component of shareholders' equity	-	-	1,844	-	-	1,844

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2013	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2012
Statements of comprehensive income				
Profit or loss:				
Increase in income tax expenses	16,832	46,163	16,832	46,163
Decrease in basic earnings per share (Baht)	0.03	0.08	0.03	0.08
Decrease in diluted earnings per share (Baht)	0.03	0.07	0.03	0.07

5. Significant accounting policies

5.1 Revenue 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 lease 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 lease 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 lease 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.

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.

5.2 Cash and cash equivalents

Cash and cash equivalents include 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.

5.3 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.

5.4 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.

5.5 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.

5.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

5.7 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.

5.8 Property, plant and equipment and depreciation

Land is stated at cost or revalued amount. Buildings and equipment are stated at cost 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 building improvements	20 years	-
Machinery and 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 derecognised 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 derecognised.

5.9 Network equipment

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

5.10 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)

5.11 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.

5.12 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.

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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.

5.14 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. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable

amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately 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.

5.15 Warranty reserve for claim of goods

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

5.16 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 in 2011, the Company and its subsidiaries elected to recognise 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.

5.17 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.

5.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current 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.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6. 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 judgments 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 properties

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 16.

Property plant and equipment and 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 property, plant 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 transaction, 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. Therefore, no contingent liabilities are recorded as at the end of reporting period.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	198	180	168	168
Bank deposits	68,530	2,247	68,357	2,030
Total	68,728	2,427	68,525	2,198

As at 31 December 2013, bank deposits in saving accounts carried interest at a rate of 0.5% per annum (2012: 0.62% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	-	-	8	11
Overdue				
1 - 3 months	-	-	60	94
4 - 6 months	-	-	67	261
7 - 12 months	-	-	213	749
Over 12 months	-	-	5,782	4,678
Total	-	-	6,130	5,793
Less: Allowance for doubtful debts	-	-	(2,927)	(2,927)
Net	-	-	3,203	2,866
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Post dated cheques	4,388	12,567	4,388	12,567
Not yet due	48,808	42,646	48,808	42,646
Past due - Up to 3 months	32,818	28,879	32,818	28,879
Past due - 4 - 6 months	3,625	4,443	3,625	4,443
Past due - Over 6 months	14,733	9,743	14,733	9,743
Returned cheques	641	695	641	695
Total	105,013	98,973	105,013	98,973
Less: Allowance for doubtful accounts	(10,079)	(10,033)	(10,079)	(10,033)
Net	94,934	88,940	94,934	88,940
Other receivables				
Advances - related parties	4,240	380	11,825	5,530
Other receivable	27,311	28,021	27,311	27,978
Total	31,551	28,401	39,136	33,508
Less: Allowance for doubtful accounts	(5,450)	(5,450)	(6,964)	(6,964)
Net	26,101	22,951	32,172	26,544
Trade and other receivables - net	121,035	111,891	130,309	118,350

9. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statement / Separate financial statement	
	2013	2012
Finance lease receivables		
- receivable within 1 year	1,488	1,704
- receivable within 2 to 5 years	3,252	4,979
Total finance lease receivables	4,740	6,683
Less : unearned finance lease income	(571)	(966)
Finance lease receivables -net	4,169	5,717
Less: Allowance for doubtful accounts	-	(569)
Net	4,169	5,148

As at 31 December 2013 and 2012, 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	
	2013	2012
Current	4,169	5,148
Past Due - Over 12 months	-	569
Total	4,169	5,717
Less: Allowance for doubtful accounts	-	(569)
Net	4,169	5,148

10. 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 statement		Separate financial statement		Transfer Pricing Policy
	For the years ended 31 December		For the years ended 31 December		
	2013	2012	2013	2012	
Transactions with subsidiary companies					
Sale of goods and services	-	-	1	1	Approximate cost , Market price 6.125% per annum
Interest income	-	-	2	2	

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade and other receivables - related persons and parties				
Subsidiaries	-	-	13,715	10,943
Related company (related by means of sharing director and shareholder)	240	380	240	380
Director	4,000	-	4,000	-
Total	4,240	380	17,955	11,323
Less: Allowance for doubtful debts	-	-	(4,441)	(4,441)
Net	4,240	380	13,514	6,882
Short-term loan to related parties				
Subsidiaries	-	-	44,192	35,902
Less: Allowance for doubtful debts	-	-	(20,412)	(20,412)
Net	-	-	23,780	15,490
Trade and other trade payables - related persons and parties				
Advance received for the exercise warrants	14,563	-	14,563	-
Share subscription payable of subsidiary	-	-	600	-
Advance received from director	-	132	-	132
Net	14,563	132	15,163	132

During the current year, the balances of loans to related party and the movements is as follows:

(Unit: Thousand Baht)

	Separate financial statement			
	2012	Increase	Allowance for doubtful accounts	2013
Short-term loans to related party				
Subsidiary				
My Bus Company Limited	15,490	8,290	-	23,780

Short-term loans to subsidiary as at 31 December 2013 and 2012 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 2013 and 2012, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statement	
	2013	2012	2013	2012
Short-term employee benefits	16	12	15	12
Post-employment benefits	7	5	7	5
Total	23	17	22	17

11. Inventories

As at 31 December 2013 and 2012, net inventories of the Company include amounts of Baht 99 million and Baht 97million, respectively, that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X. On 15 January 2014 and on 13 December 2012, the Company arranged for an independent professional valuer to re-appraise the value of the inventories related to the upgrade of such network, as discussed in Note 1.2. The Company adjusted the value of the assets in accordance with the new values appraised in the year 2013 and 2012 by decreasing Baht 2.6 million and Baht 0.5 million of provision to reduce cost of inventories to net realisable value in the 2013 and 2012 separate income statement, respectively.

(Unit: Thousand Baht)

	Consolidated financial statement / Separate financial statement					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	311,344	293,330	(30,998)	(30,172)	280,346	263,158
Raw materials and spare parts	8,983	10,148	(1,070)	(1,070)	7,913	9,078
Work in process	3,268	-	-	-	3,268	-
Goods in transit	7,158	6,259	(1,494)	(1,494)	5,664	4,765
Total	<u>330,753</u>	<u>309,737</u>	<u>(33,562)</u>	<u>(32,736)</u>	<u>297,191</u>	<u>277,001</u>

12. Current Investments

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements			
	31 December 2013		31 December 2012	
	Cost	Fair value	Cost	Fair value
Trading securities - ordinary shares	102,489	<u>95,917</u>	4,279	<u>4,249</u>
Unrealised loss from revaluation of investments	(6,572)		(30)	
Total current investments	<u>95,917</u>		<u>4,249</u>	

13. Other current assets

Movements in the allowance for loss on impairment of other current assets account during the years ended 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statement	
	2013	2012
Balance as at 1 January	2,671	2,722
Decrease in allowance for loss on impairment of other current assets account	-	(51)
Balance as at 31 December	2,671	2,671

14. Restricted bank deposits

As at 31 December 2013 and 2012, the Company and its subsidiary used bank deposits as security for credit facilities from banks and as a bond for litigation before the court, respectively.

15. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up share capital	Percentage holding	Separate financial statements	
			Cost method	
	Million Baht	Percent	31 December 2013	31 December 2012
My Bus Company Limited	9,173	95.16	9,173	9,173
Taobao Company Limited	1	100.00	1,000	-
Total			10,173	9,173
Less: Allowance for loss on impairment of investment - My Bus Company Limited			(9,173)	(9 173)
Net			1,000	-

On 15 July 2013, the Company purchased 199,998 ordinary shares of Taobao Company Limited (or 100% of the total 200,000 issued and paid-up shares of the said company) at a purchase price of par value, or Baht 5 per share, or a total of Baht 999,990.

As at 31 December 2013 and 31 December 2012, the Company had commitments amounting to approximately Baht 55 million in respect of the unpaid shares in My Bus Company Limited.

On 18 December 2012, a meeting of the Company's Board of Directors approved the disposal of an investment in StarCom Co., Ltd. to a non-related party, and the Company sold all of its investment in that subsidiary on 20 December 2012 at a price of Baht 5.8 million. Details of the net asset value of StarCom Co., Ltd. as at the disposal date are as follows:

(Unit: Thousand Baht)

Total assets	209,200
Total liabilities	(213,861)
Net asset value	(4,661)
Less: Non-controlling interests of subsidiary	447
Net asset value attributable to the Company's investment	(4,214)
Selling price	5,768
Gain on the disposal of investment in subsidiary	9,982

16. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2013 and 2012 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statement / Separate financial statement		
	Properties used for warehouse service	Properties of which future utilisation is unspecified	Total
Net book value at beginning of 2012	162,000	-	162,000
Net loss from a fair value adjustment	-	-	-
Net book value at end of 2012	162,000	-	162,000
Net gain from a fair value adjustment	2,000	-	2,000
Net book value at end of 2013	164,000	-	164,000

The investment properties are land and building used for providing warehouse service. The fair value of the investment properties have 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 properties 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.

17. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis							Total
		Land and land improvement	Building and building improvement	Leasehold buildings	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Equipment under installation	
Cost/Revalued amount									
1 January 2012	26,861	206	32,755	2,200	10,228	93,302	29,014	402	194,968
Addition	-	-	35	-	1,246	13,696	6,359	14,171	35,507
Disposal / write-off assets	-	-	(277)	-	(2,882)	(2,317)	(1,272)	(4,027)	(10,775)
Transfer in / Transfer out	-	-	5,134	-	-	40	988	(6,162)	-
Disposal of a subsidiary	-	-	-	-	(295)	-	(875)	-	(1,170)
31 December 2012	26,861	206	37,647	2,200	8,297	104,721	34,214	4,384	218,530
Addition	-	-	604	-	12,829	207	8,929	2,778	25,347
Disposal / write-off assets	-	-	-	-	(243)	(4,167)	(2,023)	(1,291)	(7,724)
Transfer in / Transfer out	-	-	36	-	3,897	-	1,398	(5,331)	-
31 December 2013	26,861	206	38,287	2,200	24,780	100,761	42,518	540	236,153

Consolidated financial statements (continued)

Separate financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis							Total
		Land and land improvement	Building and building improvement	Leasehold buildings	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Equipment under installation	
Cost/Revalued amount									
1 January 2012	26,861	206	32,755	2,200	9,933	25,532	27,993	402	125,882
Addition	-	-	35	-	1,246	13,696	6,329	14,171	35,477
Disposal / write-off assets	-	-	(277)	-	(2,882)	(2,317)	(1,272)	(4,027)	(10,775)
Transfer in / Transfer out	-	-	5,134	-	-	40	988	(6,162)	-
31 December 2012	26,861	206	37,647	2,200	8,297	36,951	34,038	4,384	150,584
Addition	-	-	604	-	12,829	207	8,761	2,778	25,179
Disposal / write-off assets	-	-	-	-	(243)	(4,167)	(1,861)	(1,291)	(7,562)
Transfer in / Transfer out	-	-	36	-	3,897	-	1,398	(5,331)	-
31 December 2013	26,861	206	38,287	2,200	24,780	32,991	42,336	540	168,201
Accumulated depreciation									
1 January 2012	-	206	28,257	2,200	8,472	6,707	23,865	-	69,707
Depreciation for the year	-	-	2,395	-	791	6,370	2,196	-	11,752
Depreciation for disposals / write-off	-	-	(209)	-	(2,883)	(857)	(840)	-	(4,789)
31 December 2012	-	206	30,443	2,200	6,380	12,220	25,221	-	76,670
Depreciation for the year	-	-	2,486	-	1,907	6,446	3,562	-	14,401
Depreciation for disposals / write-off	-	-	-	-	(237)	(4,134)	(1,269)	-	(5,640)
31 December 2013	-	206	32,929	2,200	8,050	14,532	27,514	-	85,431

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 increase in asset values, totaling of approximately Baht 9 million, in “Surplus on revaluation of assets” in statement of changes in shareholders' equity.

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 December 2013 and 2012 would have been Baht 17.6 million.

The subsidiary's vehicles with net book values as of 31 December 2013 of Baht 35.4 (2012: Baht 42.2 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.

As at 31 December 2013, the Company had vehicles under finance lease agreements with net book values amounting to Baht 9.6 million (2012: Baht 13 million).

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.

18. Network equipment

As at 31 December 2011, 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., selected by 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 2535. 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 2535 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 2535, 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 663/2551), 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.

As a result of the Company's disposal of the investment in the above subsidiary on 20 December 2012, as discussed in Note 15, its status as a subsidiary ended. Such network equipment was therefore not included in the statement of financial position as at 31 December 2013 and 31 December 2012.

19. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Right to operate bus service	Computer software	Total
Cost			
1 January 2012	14,885	1,013	15,898
Addition	-	352	352
31 December 2012	14,885	1,365	16,250
Addition	-	1,465	1,465
Write-off	-	(9)	(9)
31 December 2013	14,885	2,821	17,706
Accumulated amortisation			
1 January 2012	3,996	680	4,676
Amortisation during the year	1,702	234	1,936
31 December 2012	5,698	914	6,612
Amortisation during the year	1,697	541	2,238
Amortisation of write-off items	-	(1)	(1)
31 December 2013	7,395	1,454	8,849
Net book value			
31 December 2012	9,187	451	9,638
31 December 2013	7,490	1,367	8,857

(Unit: Thousand Baht)

Cost	Separate financial statements
	Computer software
1 January 2012	1,013
Addition	352
31 December 2012	1,365
Addition	1,465
Write-off	(9)
31 December 2013	2,821
Accumulated amortisation	
1 January 2012	680
Amortisation during the year	234
31 December 2012	914
Amortisation during the year	541
Amortisation of write-off items	(1)
31 December 2013	1,454
Net book value	
31 December 2012	451
31 December 2013	1,367

20. Other non-current assets

As at 31 December 2013 and 2012, 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.

21. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Bank overdraft	MOR	2,595	-	2,573	-
Short-term loans from banks - Trust receipts	3.29% - 6.88%	128,081	51,175	128,081	51,175
	(2012: 3.43% - 7%)	130,676	51,175	130,654	51,175

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 directors of the Company.

22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables - unrelated parties	43,472	11,799	43,472	11,799
Other payables	11,851	10,226	11,064	7,999
Advance received from director	-	132	-	132
Advance received for the exercise warrants	14,563	-	14,563	-
Accrued expenses	15,608	5,584	15,608	5,584
Total trade and other payables	85,494	27,741	84,707	25,514

23. Other long-term loans

As at 31 December 2013 and 2012, 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.

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statement	
	2013	2012	2013	2012
Liabilities under finance lease agreements	14,226	25,986	10,184	12,506
Less: deferred interest expenses	(1,441)	(2,603)	(1,340)	(1,784)
Total	12,785	23,383	8,844	10,722
Less: portion due within one year	(6,889)	(11,295)	(2,948)	(2,575)
Liabilities under finance lease agreements - net of current portion	5,896	12,088	5,896	8,147

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.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2013		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	7	7	14
Deferred interest expenses	-	(1)	(1)
Present value of future minimum lease payments	7	6	13

(Unit: Million Baht)

	As at 31 December 2012		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	12	13	25
Deferred interest expenses	(1)	(1)	(2)
Present value of future minimum lease payments	11	12	23

25. Long-term loans

(Unit: Thousand Baht)

Interest rate (percent)	Repayment schedule	Consolidated financial statement / Separate financial statement	
		2013	2012
MLR per annum	Repayable in monthly installments until 2016	-	31,688
Less: Current portion		-	(16,424)
Long-term loans - net		-	15,264

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 October 2013. The bank forgave related accrued interest amounting to Baht 6.7 million when the Company completes settlement in accordance with the agreed terms.

The loan 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.

26. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	6,881	3,873	6,846	3,855
Current service cost	368	2,875	358	2,859
Interest cost	261	133	260	133
Defined benefit obligation at end of year	7,510	6,881	7,464	6,847

Long-term employee benefit expenses of the Company and its subsidiaries included in profit or loss for the year ended 31 December 2013 amounted to Baht 1 million (2012: Baht 3 million). These were recognised as administrative expenses in the income statement

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.79%	3.44%	3.79%	3.44%
Future average salary increase rate	5%	5%	5%	5%
Staff turnover rate (depending on age)	5% - 30%	5% - 30%	5% - 30%	5% - 30%

Amounts of defined benefit for the current and previous two years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2013	7,510	7,464
Year 2012	6,881	6,846
Year 2011	3,873	3,855

27. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2013	2012
Current income tax:		(Restated)
Current income tax charge	28,109	-
Deferred tax:		
Relating to origination and reversal of temporary differences	16,832	46,163
Income tax expenses reported in the statement of comprehensive income	44,941	46,163

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before tax	205,554	198,707	213,494	196,590

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	42,699	45,703	42,699	45,216
Effects of:				
Non-deductible expenses	1,927	1,906	1,927	1,255
Additional expenses deductions allowed	(2,244)	(33,635)	(2,244)	(33,635)
Utilised tax losses	(14,273)	(13,974)	(14,273)	(12,836)
Total	(14,590)	-	(14,590)	-
Decrease in deferred tax assets	15,924	45,651	15,924	45,651
Increase in deferred tax liabilities	908	512	908	512
Income tax expenses reported in the statement of comprehensive income	44,941	46,163	44,941	46,163

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

Statements of financial position

	Consolidated financial statements / Separate financial statements		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets			
Allowance for doubtful accounts	8,077	8,181	8,246
Allowance for diminution in value of inventories	6,712	6,547	5,750
Allowance for assets impairment	576	576	586
Allowance for impairment on investments	-	1,835	33,829
Provision for long-term employee benefits	1,493	1,369	771
Unused tax losses	-	14,274	29,251
Total	16,858	32,782	78,433
Deferred tax liabilities			
Surplus of fair value from book value of investment properties	20,268	19,360	18,848
Surplus on revaluation of assets	1,844	1,844	1,844
Total	22,112	21,204	20,692

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2013 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 56.5 million (2012: Baht 44.9 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

28. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salary and wages and other employee benefits	94,099	65,177	92,143	62,686
Depreciation	21,227	18,581	14,401	11,752
Allowance for doubtful accounts (reversal)	(523)	197	(523)	(272)
Reverse impairment loss of assets	-	(79)	-	(79)
Advertising and sales promotion expenses	49,806	19,888	49,806	19,888
Loss on cost reduction of inventories to net realizable value	826	3,986	826	3,986
Raw materials and consumables used	386	217	266	84
Purchase of goods	418,166	380,152	418,166	380,152
Changes in finished goods and work in process	21,282	49,555	21,282	49,555

29. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

Diluted earnings per share is calculated by dividing profit 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 plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares from the issuance of warrant (KAMART-W) to subscribe to the Company's ordinary share as discussed in Note 32. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	For the year ended 31 December 2013				
	Profit for the year		Weighted average number of ordinary shares	Earnings per share	
	Consolidated financial statements	Separate financial statements		Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht	Thousand shares	Baht	Baht
Basic earnings per share					
Profit attributable to equity holders of the Company	160,986	168,553	605,546	0.266	0.278
Effect of dilutive potential ordinary share					
Warrant	-	-	43,126		
Diluted earnings per share					
Profit attributable to equity holders of the Company assuming the exercise warrant to subscribed ordinary share	160,986	168,553	648,672	0.248	0.260

	For year ended 31 December 2012				
	Profit for the year		Weighted average number of ordinary shares	Earnings per share	
	Consolidated financial statements	Separate financial statements		Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht	Thousand shares	Baht	Baht
Basic earnings per share					
Profit attributable to equity holders of the Company	151,956	150,427	600,000	0.253	0.250
Effect of dilutive potential ordinary share					
Warrant	-	-	40,040		
Diluted earnings per share					
Profit attributable to equity holders of the Company assuming the exercise warrant to subscribed ordinary share	151,956	150,427	640,040	0.237	0.235

30. Share capital

On 22 April 2013, the Annual General Meeting of the shareholders passed a resolution to approve an increase of the registered share capital of the Company from Baht 360 million (600 million ordinary shares of Baht 0.60 each) to Baht 396 million (660 million ordinary shares of Baht 0.60 each) for the purpose of reserving the issuance of the said newly issued warrants. The Company registered the increase of its share capital with the Ministry of Commerce on 25 April 2013.

During the current year, the Company received additional share subscription totaling Baht 47.1 million as a result of the exercise of warrants, as discussed in Note 32. The Company registered the increase in its paid up share capital to Baht 14.1 million with the Ministry of Commerce on 8 November 2013 and 7 August 2013 (23.5 million ordinary shares of Baht 0.60 each) and the remaining Baht 33 million has been recorded as share premium in the statement of financial position.

31. Reduction of share capital with deficit

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 0.60 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 completed the process on 28 February 2012.

32. Warrants

On 8 May 2013, the Company issued 59,997,956 warrants (KAMART-W) to subscribe to the Company's ordinary shares, at a price of Baht zero each in a ratio of 1 warrant for 10 existing ordinary shares. The warrants are exercisable within 1 year from the issuance date at the last business day of July 2013, October 2013, January 2014 and on 6 May 2014, in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 2 per share. The warrants are negotiable instrument which entered in the name certificated.

During the current year, 23,532,484 warrants were exercised to purchase the Company's ordinary shares, amounting to Baht 47.1 million, as discussed in Note 30.

33. Revaluation surplus on land

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

34. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividends for 2012	Board of Directors' meeting on 23 February 2012	29,999	0.05
	Board of Directors' meeting on 10 August 2012	29,999	0.05
	Board of Directors' meeting on 9 November 2012	29,984	0.05
		<u>89,982</u>	<u>0.15</u>

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	35,999	0.06
Interim dividends for 2013	Board of Directors' meeting on 14 May 2013	35,998	0.06
	Board of Directors' meeting on 9 August 2013	36,454	0.06
	Board of Directors' meeting on 12 November 2013	37,396	0.06
		<u>145,847</u>	<u>0.24</u>

35. 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 the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

36. Financial information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- Distribution of consumer products segment
- Distribution of NGV cars and gas tank business segment
- Bus service operator segment
- Warehouse rental and warehouse service segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions. The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Thousand Baht)

Year ended 31 December 2013	Distribution of consumer products segment	Distribution of NGV cars and gas tank business segment	Bus service operator segment	Warehouse rental and warehouse service segment	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	825,841	4,627	8,318	26,417	8,716	873,919	-	873,919
Inter-segment revenue	113	275	-	-	-	388	(388)	-
Interest revenue	3,127	-	-	-	-	3,127	(2,435)	692
Interest expense	5,934	-	2,561	-	-	8,495	(2,435)	6,060
Depreciation and amortisation	14,714	-	8,511	240	-	23,465	-	23,465
Gain from sale of assets	148	-	-	-	-	148	-	148
Gain on revaluation of investment properties to fair value	-	-	-	2,000	-	2,000	-	2,000
Income tax expenses	44,941	-	-	-	-	44,941	-	44,941
Segment profit (loss)	160,606	(16,760)	(7,721)	24,487	-	160,612	-	160,612
Segment total assets	555,231	167,086	44,648	164,000	17,489	948,454	(33,025)	915,429
Additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance	25,784	-	-	2,000	-	27,784	-	27,784

	(Unit: Thousand Baht)							
Year ended 31 December 2012	Distribution of consumer products segment	Distribution of NGV cars and gas tank business segment	Bus service operator segment	Warehouse rental and warehouse service segment	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	626,185	10,696	15,430	26,940	17,494	696,745	-	696,745
Inter-segment revenue	-	785	-	-	-	785	(785)	-
Interest revenue	2,768	-	-	-	-	2,768	(2,017)	751
Interest expense	8,079	-	2,136	-	-	10,215	-	10,215
Depreciation and amortisation	6,201	-	8,531	5,785	-	20,517	-	20,517
Gain from disposal of subsidiary	9,982	-	-	-	-	9,982	-	9,982
Gain (loss) from sale of assets	(350)	-	-	-	1,919	1,569	-	1,569
Loss from impairment of asset	79	-	-	-	-	79	-	79
Income tax expenses	46,163	-	-	-	-	46,163	-	46,163
Segment profit (loss)	137,061	(91)	(2,361)	17,935	-	152,544	-	152,544
Segment total assets	325,259	185,797	53,686	162,000	31,263	758,005	(21,992)	736,013
Additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance	26,353	-	-	-	-	26,353	-	26,353

Geographic information

The Company and its subsidiaries are operated mainly in Thailand. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable segment.

Major customers

For the year 2013, the Company and its subsidiaries have revenue from a major customer in the amount of Baht 243 million, arising from sales by the distribution of consumer product segment (2012: Baht 73 million derived from a major customer, arising from sales by the distribution of consumer products segment).

37. Commitment and contingent liabilities

37.1 Operating lease and service commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and building and service contracts. The terms of the agreements are generally between 1 and 3 years, and non-cancellable.

Future minimum lease payments required under these non-cancellable operating lease and service contracts were as follows.

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Payable within:		
1 year	6.4	1.9
2 to 3 years	2.7	0.1

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

As at 31 December 2013 and 2012, the Company and its subsidiary company had commitment in respect of purchase of finished goods and equipment of approximately USD 39 million.

37.3 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of Baht 0.5 million (2012: Baht 1.3 million) issued by the banks on behalf of the Company and its subsidiary companies in respect of certain performance bonds as required in the normal course of business.

As at 31 December 2013 and 2012, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

37.4 Litigation

In 2009, the Central Tax Court issued a judgment ordering the Company (formerly known as Distar Electric Corporation Public Company Limited) to pay excise tax and related surcharge totaling Baht 6.2 million on past imports of goods (consisting of customs duty of Baht 1.6 million and surcharge of Baht 4.6 million), and the Company paid the full amount, as previously disclosed in Note 19 to the financial statements for the year ended 31 December 2009.

Subsequently, on 13 September 2013, a prosecutor in the Executive Director Office of the Department of Economic Crime Litigation 4 filed a lawsuit with the Bangkok South Criminal Court against the Company as the first, corporate party and the Company's director as the second, individual party, on the grounds that they had committed a wrongful act for the purpose of tax evasion. At present, the case is being considered by the Court of First Instance.

38. 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 receivables, 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 receivables. 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 is summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013 (Million)	2012 (Million)	2013 (Million)	2012 (Million)	2013 (Baht per 1 foreign currency unit)	2012 (Baht per 1 foreign currency unit)
US dollar	-	-	3.77	1.71	32.9494	30.7775

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 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 statement as at 31 December 2013						
	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 equivalents	0.5 %	-	-	64	5	69
Finance lease receivables	5.6 % - 10.8 %	1	3	-	-	4
Trade and other receivables	-	-	-	-	121	121
		1	3	64	126	194
Financial liabilities						
Bank overdrafts and short-term	MOR and					
Loans from banks	3.29 % - 6.88 %	131	-	-	-	131
Trade and other payables	-	-	-	-	85	85
Liabilities under finance lease agreements	5 % - 8.5 %	7	6	-	-	13
Other long-term loan	0.5 %	2	-	-	-	2
		140	6	-	85	231

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2012						
	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 equivalents	0.62%	-	-	2	-	2
Finance lease receivables	5.6% - 10.8%	1	4	-	-	5
Trade and other receivables	-	-	-	-	112	112
		1	4	2	112	119
Financial liabilities						
Bank overdrafts and short-term						
Loans from banks	3.43% - 7%	51	-	-	-	51
Trade and other payables	-	-	-	-	28	28
Liabilities under finance lease agreements	5% - 8.5%	11	12	-	-	23
Long-term loan from bank	MLR - 0.5%	-	-	32	-	32
Other long-term loan	0.5%	2	2	-	-	4
		64	14	32	28	138

(Unit: Million Baht)

Separate financial statement as at 31 December 2013						
	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 equivalents	0.5 %	-	-	64	5	69
Finance lease receivables	5.6 % - 10.8 %	1	3	-	-	4
Trade and other receivables	-	-	-	-	130	130
Short-term loans to subsidiaries	6.125 %	24	-	-	-	24
		25	3	64	135	227
Financial liabilities						
Bank overdrafts and short-term						
Loans from banks	MOR and 3.29 % - 6.88 %	131	-	-	-	131
Trade and other payables	-	-	-	-	85	85
Liabilities under finance lease agreements	5 % - 8.5 %	3	6	-	-	9
		134	6	-	85	225

(Unit: Million Baht)

	Separate financial statement as at 31 December 2012					
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets	(% p.a.)					
Cash and cash equivalents	0.62%	-	-	2	-	2
Finance lease receivables	5.6% - 10.8%	1	4	-	-	5
Trade and other receivables	-	-	-	-	118	118
Short-term loans to subsidiaries	6.125%	15	-	-	-	15
		16	4	2	118	140
Financial liabilities						
Bank overdrafts and short-term						
Loans from banks	3.43% - 7%	51	-	-	-	51
Trade and other payables	-	-	-	-	26	26
Liabilities under finance lease agreements	5% - 8.5%	3	8	-	-	11
Long-term loan from bank	MLR - 0.5%	-	-	32	-	32
		54	8	32	26	120

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:

- 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.
- 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 as at 31 December		Fair value as at 31 December	
	2013	2012	2013	2012
Other long-term loans	1.9	4.1	1.8	3.8

39. 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 statement of financial position as at 31 December 2013, the Group's debt-to-equity ratio was 0.5:1 (2012: 0.3:1) and the Company's was 0.5:1 (2012: 0.2:1).

40. Events after the reporting period

On 26 February 2014, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders to be held on 25 April 2014 adopt the resolution to pay a year-end dividend of Baht 0.06 per share in respect of the operating result of 2013, or a total of Baht 38.2 million. The dividend payment is scheduled for 23 May 2014 and represents a total dividend payment is Baht 0.24 per share, inclusive of the interim dividend of Baht 0.18 per share.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

On 3 February 2014, 13,430,347 warrants were exercised to purchase the Company's ordinary shares, amounting to Baht 26.9 million. The Company registered the increase in its paid up share capital to Baht 8.1 million with the Ministry of Commerce on 6 February 2014 (13.4 million ordinary shares of Baht 0.60 each) and the remaining Baht 18.8 million has been recorded as share premium.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2014.