



ANNUAL REPORT 2014

รายงานประจำปี 2557
บริษัท คาร์มาร์ท จำกัด (มหาชน)
สิ้นสุดวันที่ 31 ธันวาคม 2557

KARMART



ANNUAL REPORT 2014

KARMARTS PUBLIC COMPANY LIMITED
31 December 2014



OUR VISION

One of the Leading Branded Beauty Providers for Everyone Worldwide

OUR MISSION

To be a supreme beauty provider well-recognised worldwide as a dynamic professional team committed to :

Product innovation and service excellence for customers

Efficient value creation for stakeholders

Social responsibility for community

Efficient Market expansion



KARMART

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Cathy Doll

“超细腻水雾质地防晒霜缔造让我不得不爱的靓丽肌肤。”
Water drop technology sunscreen delivers radiant skin that I'm falling for.



Boy Pakron Chatborirak
泰国知名一线全能艺人

Cathy Doll L-glutathione Magic Cream SPF50 PA+++

《凯婷娃娃》水雾防晒霜
清凉干爽，更含滋润成分，让身体肌肤丝滑柔顺

Water Drop Technology Sunscreen
Cooling, refreshing and nourishes skin for perfect touch.



轻便小包装也于7-Eleven便利店出售



KARMART

Available at **KARMART**            

    shops nationwide

Apply for overseas distributorship now, please dial +662-805-2756-60 for more information. 商业洽谈合作咨询请拨打公司国际热线: +662-805-2756-60 产品购买请前往卡玛斯东南亚各大专营店

Apply for domestic distributorship, please dial +6685-138-7997 for more information. www.karmarts.com  www.facebook.com/karmarts  [karmartsclub](https://www.instagram.com/karmartsclub)  [karmartsclub](https://www.whatsapp.com/karmartsclub)

COMPANY PROFILE

Name	Karmarts Public Company Limited
Address	Office 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 and Warehouse 140, 140/1 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
Issued and Paid up	395,741,285.40 Baht
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	Mr. Sophon Permsirivallop Certified Public Accountant No. 3182 EY Office Limited

FINANCIAL HIGHLIGHTS

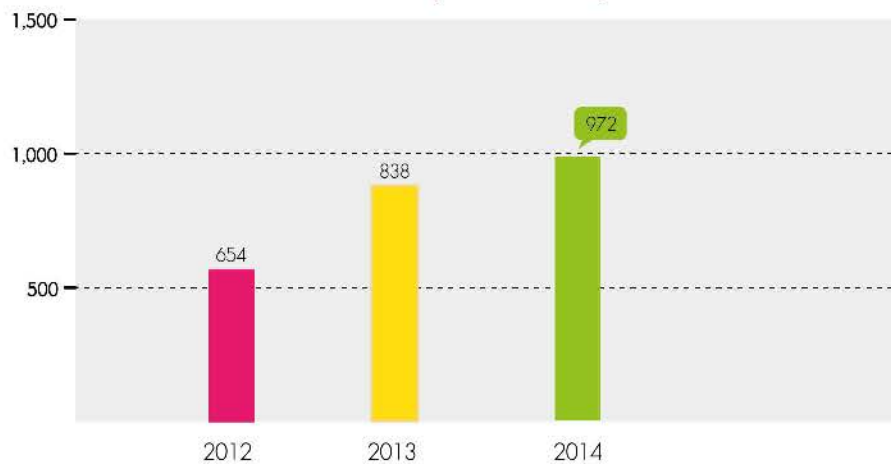
KARMARTS PUBLIC COMPANY LIMITED

Financial Position and Operating results of year	Consolidated			The Company Only		
	2014	2013	2012	2014	2013	2012
Financial Position (Thousand Baht)						
Total Assets	918,121	915,429	736,013	917,224	904,570	704,318
Total Liabilities	286,283	290,419	172,833	282,373	283,734	153,253
Shareholders' Equity	631,838	625,010	563,180	634,851	620,836	551,065
Operating Results (Thousand Baht)						
Total Revenue	1,018,165	876,759	709,046	1,018,254	868,760	675,406
Total Sales and services	971,504	838,392	653,510	970,378	830,129	636,497
Gross Margin	394,523	407,960	319,626	401,999	408,224	310,910
Net Profit (Loss)	92,178	160,986	151,956	99,341	168,553	150,427
Financial Ratio						
Return on Assets (ROA) (%)	10.05	19.50	24.74	10.91	20.95	29.64
Return on Equity (ROE) (%)	14.65	27.07	37.19	15.82	28.77	37.74
Gross Margin (%)	40.61	48.66	48.91	41.43	49.18	48.85
Net Profit (Loss) (%)	9.05	18.36	21.43	9.76	19.40	22.27
Current Ratio (times)	2.15	2.34	3.53	2.31	2.54	4.21
Debt to Equity Ratio (times)	0.45	0.46	0.31	0.44	0.46	0.28
Book Value per share (Baht)	0.96	1.03	0.94	0.96	1.03	0.92
Earnings per share (Baht)	0.14	0.27	0.25	0.16	0.28	0.25

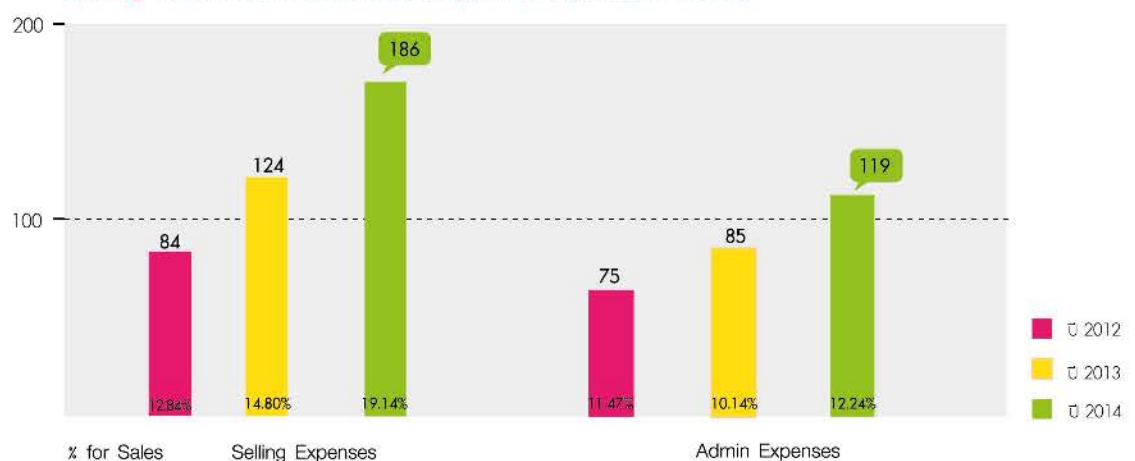
Note : Calculation is based on accounting standard by using weighted average number of ordinary shares issued during the year.

KARMATS PUBLIC COMPANY LIMITED OPERATING RESULTS YEAR 2012, 2013 AND 2014 (CONSOLIDATED)

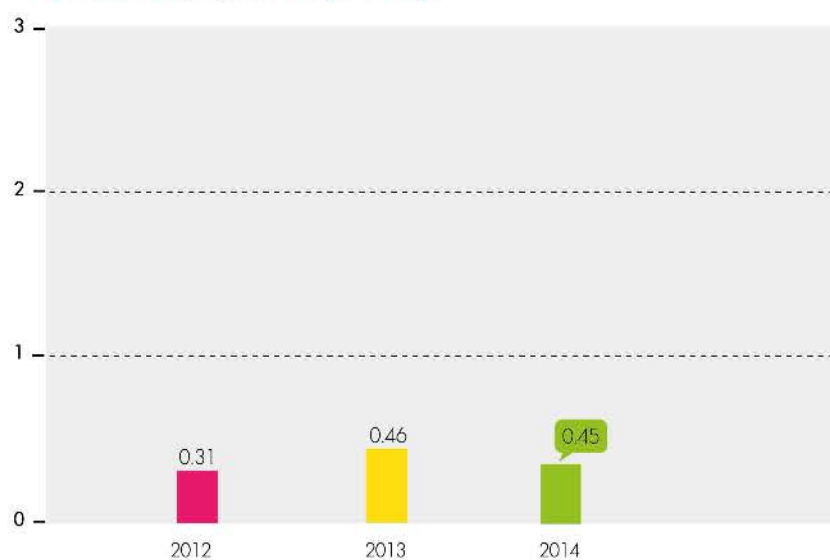
Total Sales and Services (Million Baht)



Selling and Administrative Expenses (Million Baht)



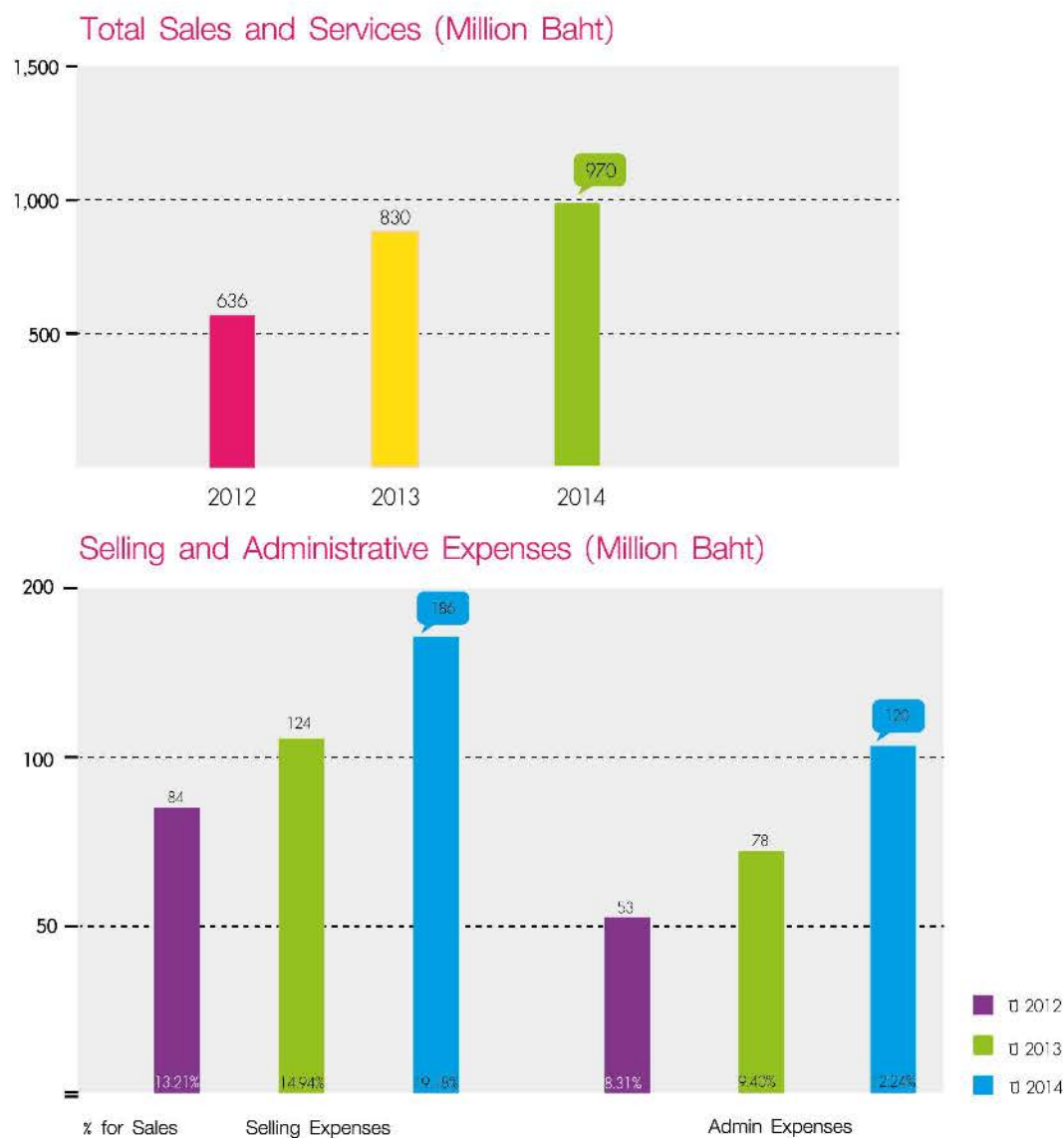
Debt to Equity Ratio (Times)



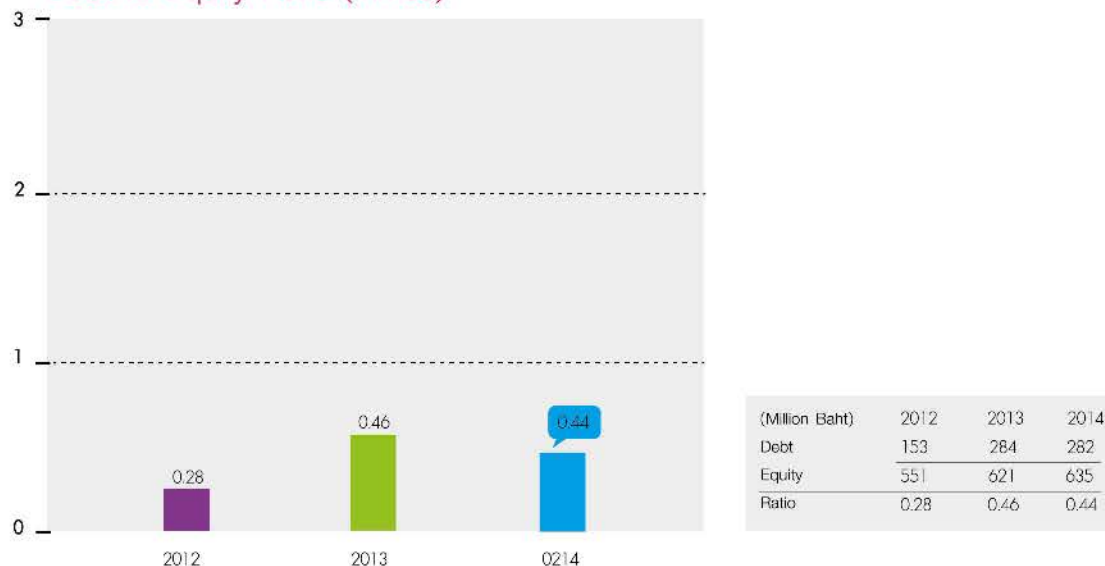
(Million Baht)	2012	2013	2014
Debt	173	290	286
Equity	564	626	632
Ratio	0.31	0.46	0.45

KARMARTS PUBLIC COMPANY LIMITED

OPERATING RESULTS YEAR 2012, 2013 AND 2014 (THE COMPANY ONLY)



Debt to Equity Ratio (Times)



BOARD OF DIRECTORS' MESSAGE

Political unrest is the main macro-environmental factor which affected the Thailand economy as a whole in 2014. Consumer confidence index dropped significantly. This resulted in substantial adverse influence on retail businesses, and can even be considered as the biggest impact ever suffered over the past years.

Although sales revenue fell short of the target in 2014, the overall growth of Karmarts was equitable considering the obstacles that presented. Sales revenue in 2014 totals Baht 1,018 million, representing an increase of 14 % or Baht 142 million. Beyond the increase in sales revenue, Karmarts also successfully sustained the targeted gross profit margin in 2014. The decrease of net profit is attributable to the writing off of previous business units of approximately Baht 137 million associated with the previous business units during the past years. By eliminating non-profitable businesses from the balance sheet, sales figures resulting from operations in 2015 will become a true measure of the performance of Karmarts in the cosmetics industry.

Karmarts successfully established prevalent growth over the past year across all sales and distribution channels. Having implemented customer relation management (CRM) campaign not only with retail customers in Karmarts shops but also with the mass consumers in traditional trade, we successfully enhanced brand awareness and brand loyalty. Increase in the number of modern trade key accounts, coupled with concurrent increase in the number of new product launches carefully tailored for each key account, played a critical part in the increment of sales revenue from this channel. The assimilation of Karmarts shops into departmental stores greatly increased end-users' visibility of and accessibility to Karmarts and our products. With solid plans already made for export markets, Karmarts is ready to step out of homeground and into the greater Asean region including Vietnam, Malaysia, China and Singapore.

Through sourcing and selection of the best raw materials from all around the world, Karmarts is working towards an effective cost-saving strategy in the incurrence of operational expenses and aiming to bring product quality to a whole new high level in the cosmetic industry. Karmarts also entered into a joint venture with JKOS Laboratories Company Limited in 2014 and acquired the ability to elevate herself to the next level of advancement, developing products with her own research and development (R&D) team for both colour makeup and skincare product lines.

Last but not least, on behalf of Karmarts Public Company Limited, the Board of Directors would like to express our sincere appreciation to all stakeholders, including Karmarts Business Partners, for their firm support and trust, and to all Karmarts staff who have dedicated their hearts and souls for the good work which enabled Karmarts to constantly achieve business successes that underscore our commitment to our vision: One of the Leading Branded Beauty Providers for Everyone Worldwide.

The Board of Directors
Karmarts Public Company Limited

INCOME STRUCTURE

The Company had the Consumer Products Sales and Vehicle NGV in 2012 – 2014 as follow :

Product	2014		2013		2012	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Vehicle NGV Sales Value						
– Vehicle NGV	187	0.02	–	–	5,390	0.85
– Engines	201	0.02	3,192	0.38	–	–
– Cylinder	455	0.05	–	–	–	–
– Other	24,984	2.57	–	–	–	–
Total Vehicle NGV Sales Value	25,827	2.66	3,192	0.38	5,390	0.85
Consumer Products Sales Value						
– Cosmetics						
Body care	321,954	33.18	285,430	34.38	218,260	34.04
Facial skin care and	256,760	26.46	244,437	29.45	198,079	30.89
Cosmetics	306,587	31.59	239,308	28.83	153,308	23.91
– Accessories	14,401	1.48	15,048	1.81	6,128	0.96
–Furnitures and marketing tools	25,409	2.62	27,243	3.28	49,915	7.78
–Supplomentarie	18,608	1.92	12,820	1.54	1,292	0.20
– Other	832	0.09	2,651	0.32	2,380	0.37
Total Consumer Products Sales Value	944,551	97.34	826,937	99.62	629,362	98.88
Total Sales Value	970,378	100.00	830,129	100.00	634,752	99.73
Service Income	–	–	–	–	1,745	0.27
Grand total Revenue	970,378	100.00	830,129	100.00	636,497	100.00
% increased (decreased)	16.89		30.42		66.14	

TYPE OF BUSINESS

A former electrical appliance manufacturing company operating under the “Distar” trademark, Karmarts officially established herself as Karmarts Public Company Limited in 2011, engaging in the distribution of cosmetic products imported from overseas markets. Karmarts currently operates two key businesses, 1. import and distribution of finished goods of established makeup and skincare brands that come with bundled marketing strategies and 2. development of house brands and products including joint research and development by Thai expert team and Korean team who currently manufacture most of Karmarts products overseas, tapping on the market’s most advanced technologies and facilities. After receiving positive feedback in 2014, Karmarts will allocate a portion of former manufacturing capacity for added production and packing support in the cosmetics business so as to improve production efficiency and expand distribution channels more dexterously.

The company house brand was established based on extensive marketing research by a dedicated expert team with in-depth know-how on consumer needs accumulated from years of experience in product import. Thanks to the in-house knowledge, Karmarts is able to create and develop new products that perfectly match consumer needs by bringing together new innovation of beauty technologies and trends interweaved with vivid product packaging and compact product quality at reasonable pricing.

In terms of distribution channel, Karmarts has distributed products nationwide through wholesale and retail formats such as traditional trade channels, local supermarkets, drug stores etc. Besides, Karmarts has expanded and assimilated into all modern trade channels such as 7-Eleven, Watsons, Lotus and so on. As of 2015, Karmarts Public Company Limited has 65 branches of franchise cosmetic shops nationwide operating under “Karmarts” service trademark and a standard set of management mode, operation system and shop decoration to meet the consumers’ needs.

The success from nationwide allowed Karmarts to have a new business role to play, as a cosmetic product exporter by expanding the branch of Karmarts shop to the various countries such as Singapore, Cambodia, Myanmar, Vietnam, Laos, China and Indonesia as we work towards our goal in becoming the Number one leading cosmetic brand in Asia.

COMPANY'S HISTORY

- 2009 : Commenced import and distribution of consumer products, makeup cosmetics and skincare products to the Traditional Trade Channel under "Karmarts" trademark while maintaining the operation of previous "HIGER" Natural Gas Vehicle (NGV) business.
- 2010 : Attained 100% sales growth within 5 months of goods distribution and officially opened the first retail shop at Headquarter Office to meet customer demand.
- 2011 : Distar Electric Corporation Public Company Limited officially changed its name to Karmarts Public Company Limited (Karmarts) and operated 20 branches of franchise cosmetics shops under "Karmarts" service trademark. Within the same year, Karmarts successfully gathered more than 500 agents and over 1,000 wholesalers to distribute Karmarts products nationwide.
- 2012 : Karmarts had completely entered into cosmetic, skin care, and consumer products business.
- 2013 : Karmarts products were distributed and circulated across more than 20 accounts of Modern Trade Channel apart from Traditional Trade Channel and Karmarts Franchise shops. Karmarts products were concurrently exported to various countries such as Myanmar, Laos, Cambodia, Vietnam, Malaysia, and Singapore.
- 2014 : Karmarts further expanded to retailers in local shopping malls of other districts and continued to enjoy success in collaborating with high-potential business partners to enter overseas markets.

Product Characteristics

Karmarts has a vast collection of over 2,000 beauty products from our house brands namely Cathy Doll, Cathy Choo, Baby Bright and Jejuvita.

Cathy Doll

"ครีมกันแดดต้องน้ำ ผิวเนียนใสตลอดทั้งวัน"

Cathy Doll L-glutathione Magic Cream SPF50 PA+++

เคทีดอลส์ ครีมกันแดดสะท้อนน้ำ
ชุ่มชื้น เย็นฉ่ำ ช่วยบำรุงผิวเพื่อผิวใส

ขนาดพกพาใช้ได้

Cathy Doll

The unique and outstanding brand which expresses the daring aspect of femininity. A leader of trendsetting innovation, along with its colorful charm and fashionable packaging, Cathy Doll is well-suited for dreamy girls who pursue sweet avant-garde look. The largest house brand is Karmarts's leading brand that offers a range of product choices as follows:

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



Cathy Doll

Water Splash Essence With L-Glutathione

원티 스프레이 에센스 워드 엘 글루타마이트

Cathy Doll

Aloe Ha

Aloe Vera

알로 하 알로에 베라

CATHY CHOO

The distinctive skincare and home spa products which contain natural sweet scent and fusion spa style garnered from all around the world. Uniquely combining western and eastern natural aromas, the flora and herb scent from natural flowers are suitable for consumers who seek an array of holistic wellness, collective responsibility and encouraging generosity.

- Facial Care
- Hair Care
- Body Care
- Home fragrance products



Baby Bright

แป้งสเนล + บั๊วนอน
2 WAY POWDER PACT

สเนล + บั๊วนอน 2 WAY POWDER PACT

- ✓ ADJUST UNEVEN SKIN TONE
- ✓ BLEMISHES AND REDNESS COVERAGE
- ✓ PORE COVERAGE
- ✓ UV PROTECTION

Baby Bright

An economical product line for young people who like to nourish their skin with natural ingredients which also gently pampers skin and strengthens the skin's condition. Specially designed to cater to the needs of all skin types i.e. dry and/or sensitive skin.

- Body Care
- Hair Care
- Makeup
- Intimate Care



Baby Bright

สเนล 화이트นิง 데이 크림
SNAIL Whitening Day Cream

เดย์ครีมเมือกหอยทากหน้าใส
ตบเบาๆในตอนเช้า

ราคาเพียง **159.-**

7-Catalog

Jejuvita

Jejuvita

A variety of dietary supplement products which contain multi-vitamins and deliver the finest selection of quality nutrients from overseas at reasonable pricing and cute convenient packaging. Offering beauty from inside out, Jejuvita is suitable for modern consumers who are occupied with hectic schedules and pursue on-the-go lifestyles. Notably, Jejuvita is becoming one of the most sought after supplementary products across Asia today.

- Dietary supplements including capsules and beverage



Jejuvita



Emphasizing on the diversity of product variety and brand richness apart from our house brands, Karmarts aims to offer as many choices to our customers as possible. Hence, we are also managing the distribution of internationally renowned brands like Missha, Peripera and BRTC to the market, each of which has its individual dominant features as follows:

MISSHA

The No.1 luxurious Korean Cosmetics brand which identifies with a sexy and classy style across more than 30 countries worldwide. Missha guarantees to deliver skincare, body care, makeup, fragrance and hair care lines and products that never stop moving forward in terms of beauty innovation.



MISSHA



SIGNATURE COLLECTION Elegant Glamorous Glow

ผลิตภัณฑ์เครื่องสำอางที่มีส่วนผสมของสมุนไพรและวิตามินจากธรรมชาติในรูปของครีมและสเปรย์
1.5g/0.5oz Winko 110 3.5g/0.12oz High Glow Dual Pad SPF35 PA++ 3.5g/0.12oz Volcanic Ash Shadow
4.5g/0.16oz Sensitive Cover Concealer SPF35 PA++ 5.0g/0.17oz Red Concealer 3.0g/0.10oz Cream SPF25 PA++ 4.5g/0.16oz Glam Air Glass SPF12
7.5g/0.26oz Techno-Lip Mascara 8.5g/0.30oz Glam Air Rouge SPF 15 PA++

BRTCOT

The top Korean derma-cosmetics which is K-FDA approved, BRTC products strike the right balance with superior relief controls for sensitive skin and special protection power which prevents skin damage. Additional, special product series are dedicated to various skin problems such as acne combat, dryness relief, wrinkles reduction, pore tightening and more.

THERAPEUTIC BOTANICAL INGREDIENTS



Portulaca Oleracea
Recent plant herbs from Asia for the potency of its antioxidant, soothing and anti-inflammatory properties, plant used in other types of cancer treatments.

Tree Oil
Known for its healing properties for acne because of its anti-inflammatory, anti-bacterial, and viral properties. Natural substitute for Benzoyl peroxide.

Platycodon Grandiflorum
Plant from eastern Siberia, has Anti-inflammatory properties and used for multiple medical purposes.

Lavender
Antiseptic and Antifungal. Used to treat wounds, cuts, sunburns and skin in formation of over lesions. It is also used to treat eczema.

Willow Bark
Used in Skincare as an astringent, anti-pyretic properties. It stimulates circulation. It also contains Salicylic Acid which helps to get rid of dead skin cells and contains many natural minerals, flavonoids and Tannins.

Centella Asiatica
Improves skin's collagen which improves skin elasticity and firmness. Boosts circulation, Anti-oxidant.

Awards from Leading Magazines

As a result of continuous improvements in all aspects of operations, products from Cathy Doll have been accorded recognition in "CLEO Beauty Hall of Fame 2014" from Cleo Magazine Thailand and achieved the following awards in the past year.

- Best Mask Under 50.-THB Award: Cathy Doll Sweet Recipe Mask
- Best Body Wash: Cathy Doll Tofu Body Bath Cleanser



Body Wash Winner
Awarded Beauty Hall of Fame 2014 "Best Body Wash" CLEO Magazine

Mask Winner
Awarded Beauty Hall of Fame 2014 "Best Mask Under 50B" CLEO Magazine



500 สุดยอดบิวตี้ BEAUTY HALL OF FAME 2014

สิ่งนี้คือ...สุดยอดบิวตี้...แห่งปี 2014

รางวัลชนะเลิศ...ยอดเยี่ยมกว่า 50 หน้า

ท่านคนมีเจ้าของ...แล้วอยากสวย...ตามแบบบุคลิกของตัวเอง

คลีนฟิวท์...กำลังเจ้าท์...โดเทเกรนตีใหม่...พอมแป

ไม้อินจันประจำ...จนแล้วทำธุรกิจ...รวยกว่า?

THE ULTIMATE Mix & Match Guide

16 สีสันคู่กัน...อย่าให้สับสน

โลกนี้ยังมีอีก...คุณนายคลีนฟิวท์

Baby



TOFU BODY BATH CLEANSER

Sweet Recipe Juicy Tomato Mask Sheet

Fresh from Farm!!

Whitening
Vitamin C
Vitamin A

Tomato
20g

Sales and Marketing

Karmats sees the importance of matching product distribution across all trade channels with consumers' behavioral needs to effect an increase in product value (Value-added services), improvement of distribution network's potential (Place utility) and enhancement of time advantage (Time utility) in order to deliver consumer satisfaction meet consumer demand at the right place and time.

At present, Karmats has 5 contribution channels including Karmats Shop, Traditional Trade, Modern Trade, Export and Online

1. Karmats Shop Channel

The retail shop or beauty convenience store operating under a multi-branded concept looks forward to become the center of a Beauty Empire, comprising all brands and products of Karmats in one store (One-Stop Service) packaged with a shocking pink decoration theme portraying any girl's dream magical dressing room.

Karmats shop is an integral part to continuous enhancement of brand awareness and product accessibility. This key channel enables Karmats to constantly reach out to consumer needs and wants and adapt strategy to boost brand loyalty, of which the continuous creation of promotional activities for Karmats Shop members is critical.

Karmats shops operate under a franchise system whereby complete and all-encompassing management and operating systems are provided for entrepreneurs. Beyond that, the company also supports the monthly promotional activity of Karmats shops. Every franchise store implements a standard Point-of-Sale (POS) system linked to Karmats Headquarters Office in terms of data feeding and analysis, and also integrate promotional information and membership data at the central point. Individually supported by the expert management team of Karmats Shop distribution channel, operating sales officers are available to offer technical shop management in line with the company's standard module.



สาขาโรบินสัน ฉะเชิงเทรา ชั้น 2



สาขาโรบินสัน เชียงใหม่ ชั้น 1

สาขาโรบินสัน ร้อยเอ็ด ชั้น 1

2. Traditional Trade Channel

Though the modern trade channels are expanding steadily, the traditional trade channel still accounts as the key sale revenue of the company, with Karmarts dealers extensively covering all retailers nationwide.

Data from the past year shows that traditional trade has seen an increase of 500 accounts nationwide. The two main subdivisions of this channel are retailers and wholesalers who distribute products to consumers quickly and conveniently.

- Retailers comprises of cosmetic shop retailers, local supermarket stores, local convenient stores, local drug stores and so on.

- Wholesalers comprises of cosmetic shop wholesalers, big local consumer goods stores and so on.

3. Modern Trade Channel

2014 witnessed the continual expansion in the network of modern trade channels. Significant accounts include Boots Retail (Thailand) Company Limited (Boots), AEON (Thailand) Company Limited (Max Valu) and Robinson Department Store Public Company Limited. The growth gave rise to a change in product layout from wall shelf to standee shelf which is designed to improve the visibility and accessibility of products, thus enhancing brand impact among consumers.

Existing key accounts among Modern Trade channels in 2014:

- Convenience Store:

Offering a myriad of various strong brands in the market, most convenience stores open 24 hours a day and 7 days a week i.e. 7-11, Family Mart, Jiffy, BigC Mini, Lotus Express, Pure, Tops Daily and Lawson 108, etc.

- Supermarket/ Hypermarket and Discount Store:

Large retail markets that sell food and other household goods and usually operate on a self-service basis i.e. Tops Market, Home Fresh Mart, Gourmet Market, Food Hall, Max Valu, Tesco Lotus, Big C, Mega Market, Makro, Beautrium, EVEANDBOY, Stakdust and Beauty Market etc.

- Specialty Store:

Featuring a great selection of high-quality merchandise, friendly services and trendy fashionable products i.e. Watsons, Boots, Tsuruha, Ogenki, B2S, Be Trend and Loft etc.

- Catalogs

Direct marketing mechanisms i.e. as Friday Catalog, 7-Catalog, Wear you want and TV Direct etc.

4. Export Channel

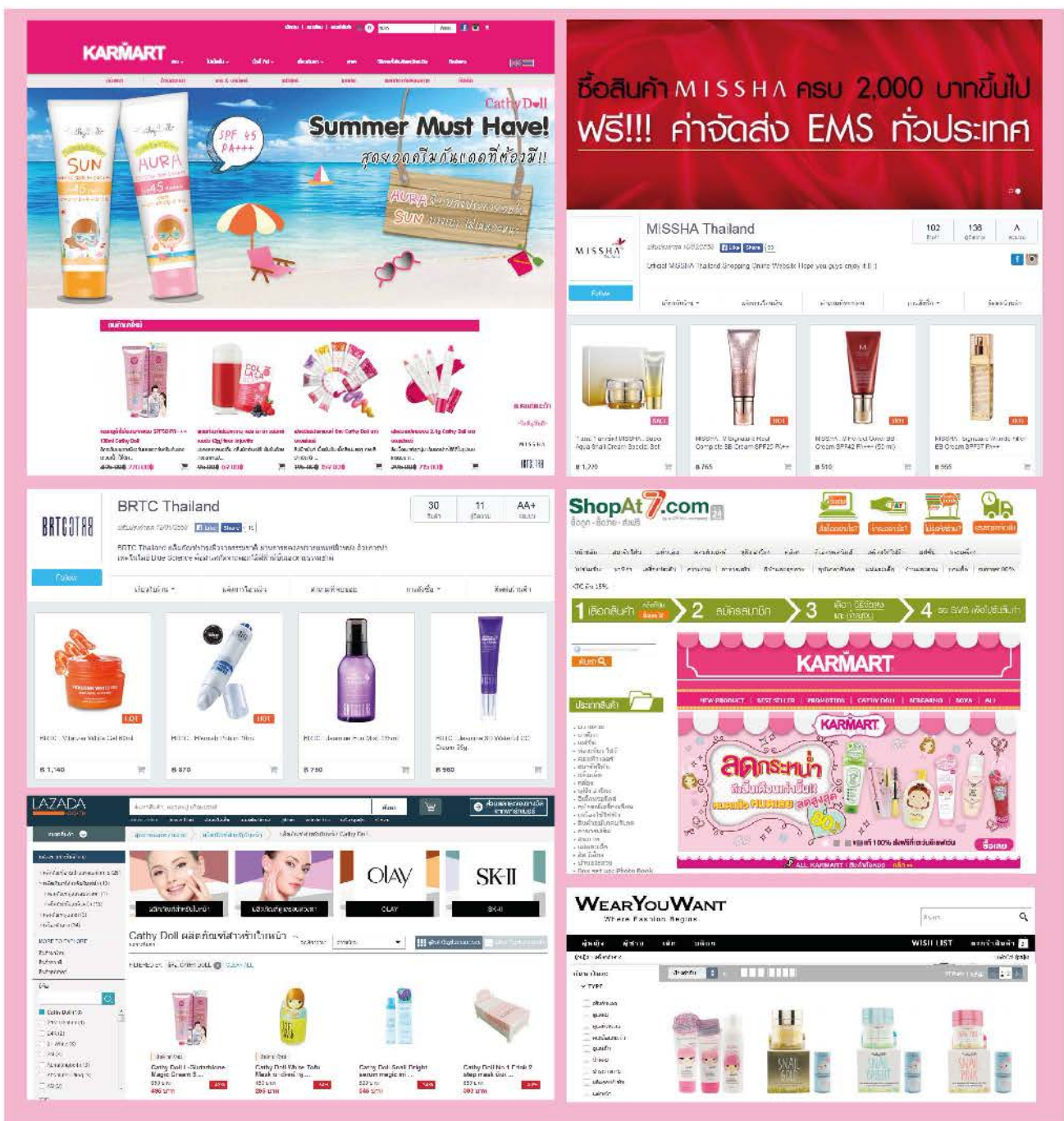
To facilitate continuous growth, Karmarts strives to distribute our brands to various Asian countries; we study and research international markets earnestly and formulate customized marketing strategies with business partners through Exclusive Distributorship, Distributorship and Joint Ventures. Currently, the company exports to 7 countries i.e. Singapore, Cambodia, Vietnam, Myanmar, China, Laos and Indonesia. Notably, China and Vietnam operations take the form of Joint Venture investment.

5. Online Channel

Social Media is an important transition tool to empower consumers to infiltrate the internet and tap on vast product information, thus enabling them to shop with the greatest convenience – anytime and anywhere. E-commerce is the alternative purchase mode that best matches lifestyles of modern trendy consumers. Also, it is an exceptionally effective channel to build individualised relationships with customers to enhance brand awareness and brand loyalty.

Karmarts products are now leveraging on two e-commerce channels, individually operated by our team as well as other partners.

- Karmarts Official Online Sites (operated by Karmarts)
 - Cathy Doll and Karmarts products are available at www.karmarts.com
 - Korean International Brands are available at <https://misshath.bentoweb.com/>, and <https://brtcthailand.bentoweb.com/>
- Partner sites: Friday Online, 7-Catalog online, Lazadda, Wearyouwant and Robinson Online etc



Marketing Communication

1. Enhancement of brand image

In view of the change of target market from teenager and working woman who exclusively favor Korean trends and styles to all segments of teenagers and working women, Karmats executed a change of brand image in pursuit of an international brand image that speaks to the mass groups of consumers.

1.1 Karmats Logo

The company implemented the elimination of Korean language and the alphabet “S” from the brand logo to build a brand new image and support our international expansion in new markets as well as increase the number of customer accounts. The change is also expected to facilitate our vision of becoming a multi-brand company in the mass cosmetic market.



1.2 Other Brand Logo

Beyond the corporate logo, Karmats also changed the brand image and perspective of each house brand to better match target consumer groups and convey every brand concept. This change is applicable for Cathy Doll, Cathy Choo, Baby Bright and Jejuvita as follows:



2. Communication Channel

Various public relation communication channels were utilized in 2014 and we also added a mass communication platform in order to relay to a greater volume of receivers simultaneously. The selection of communication channels will continue to be based upon individual media's ability to conform to the right mood and tone which emphasizes our unique, giggly fun, exciting and passionate brand image.

The selection of media coverage in the coming year includes:

2.1 Printing Media

Integrated printing media facilitates direct communication to all target groups of consumers through advertisements in books and magazines, tie-in of products with selective columns and regular announcements of company public relations activities.



2.2 Broadcasting

In 2014, Karmats produced television commercials to advertise our products on TV Media for the first time, thanks to the conclusive study which indicates TV broadcasting allows the dissemination of marketing messages across gender, age, income levels for the effective building of trademark and image.



2.3 Multi-Media Advertisement on Sky train (BTS) and Subway (MRT)

A form of well-recognized media, multimedia advertisements on BTS and MRT is another popular media Karmats engaged because of its ability to reach target consumer groups rapidly in the city, thus increasing brand recognition through constant exposure.

2.4 Point of purchase media (P.O.P)

Another new communication channel embraced in 2014 was the point of purchase promotion media such as handbill, Sale Talk, Standee, and Counter Card.

2.5 Transport Advertising

Transport Advertising (Bus Wrap) is the media on which exquisitely designed stickers are wrapped around buses for widespread exposure. To make the best use of this media, Karmats carefully chose bus lines that drive through all areas of Bangkok and its perimeter.

2.6 Online Media

Online Media remains the most valuable media channels to effectively reach target consumers with impact. Therefore, we placed substantial emphasis on aggressive online marketing in the past year. Activities were conducted on online media continuously and increasingly more forms of online media such Viral Clip Video, Product Review, Facebook Ad and Instagram were initiated.

Our online media channels:

- Facebook: Karmatsclub and Missha Thailand
- Instagram: Karmatsclub, Missha Thailand and Jejuvita_karmats
- Website: Karmatsclub, Cathydoll and Missha Thailand
- Youtube: Karmats Club



3. Activities

In 2014, numerous activities were organized with the aim of conducting promotional marketing and relating to target consumer groups.

3.1 “Rising Sun Showcase Fan Meeting” Event

Karmarts and Channel 3 Thailand (TV Channel 3) co-organized the Rising Sun Showcase Fan Meeting Event which consolidated leading actors from The Rising Sun series – a popular series that garnered a huge fan base, and gave Karmarts extensive exposure and recognition.



3.2 “Karmarts Beauty Review Contest 2014 by lemonade” Event

Karmarts and lemonade magazine co-organized the contest to crown the best beauty blogger from among women who embarked on the journey of beauty blogging. Upon the closure of the contest, the winner with the best review of Karmarts’ vast variety of products via a specific online media channel not only won herself fantastic prizes but also greatly enhanced Karmarts’ brand image within the online community.

3.3 “Col-La-La Mix Test Drink” Event

To support the operations of distributors, Karmarts conducted a giveaway activity to create awareness among customers by offering the mass public opportunities to try our new products while enjoying special promotions targeted to create sales.

4. Corporate Social Service (CSR)

At Karmarts, we are committed to social responsibility and consistently motivated to perform social service with creative consciousness by tapping on the strength of internal coordination and integrating with social entrepreneurs or any entity keen to participate in such activities. Such is the power as well as the key to the development of a progressive Thailand society with advancement that is sustainable throughout the years to come.

4.1 “Smile is the sign of happiness” charity program

1 in 700 Thai children is born with cleft lip or palate disorder or both, thus the “Smile is the sign of happiness” charity program is one of Karmarts’ CSR activities to share opportunities and happiness based on our commitment to CSR policy. Co-organized by Karmarts and LIPS Magazine, the charity project targets to help the unfortunate community with Cleft Lip & Palate Anomalies by cooperating with 5 famous designers from Thai top leading brands such as Asava, Tutti, Kloset, Lalalove and VATANIKA to create magnificent design for the packaging of Cathy Doll’s No.1 best seller, L-Glutathione Magic Cream SPF50+ PA+++ 138ml Limited Edition. Part of the revenue goes to Operation Smile Thailand Foundation which specifically helps people struck with Cleft Lip and Palate Disorders nationwide. Through the program, customers of Karmarts not only gained the limited edition beauty products but also shared the beauty of smiles with the children.



4.2 Delivery of happiness to children in Bangkok and perimeter

Kindness and sharing makes a better world, such is the case when the strong offers helping hands to the weak. In an effort to give back to the society, Karmarts initiated an activity in 2014 during which we delivered delicious “Sunflower seed chocolate” from Korea to children around Bangkok and the perimeter including Pakkred Home for boys, Nontapum Home for disabled children, Phaya Thai Babies Home, Wat Pakkred School, National Science Museum, Wat Boh (Pakkred) and other schools around Bangkok as well as more than 20 schools around the perimeter of the capital.

4.3 Reaching out to prisoners at the Department of Corrections

Beyond the younger community, Karmarts went an extra mile and shared love by distributing “Sunflower seed chocolate” and donating Double Rich ‘Double Care’ Shampoo to the Department of Corrections with the intention of reaching out to prison inmates, shining the light upon them and encouraging them in their endeavors to turn over a new leaf.

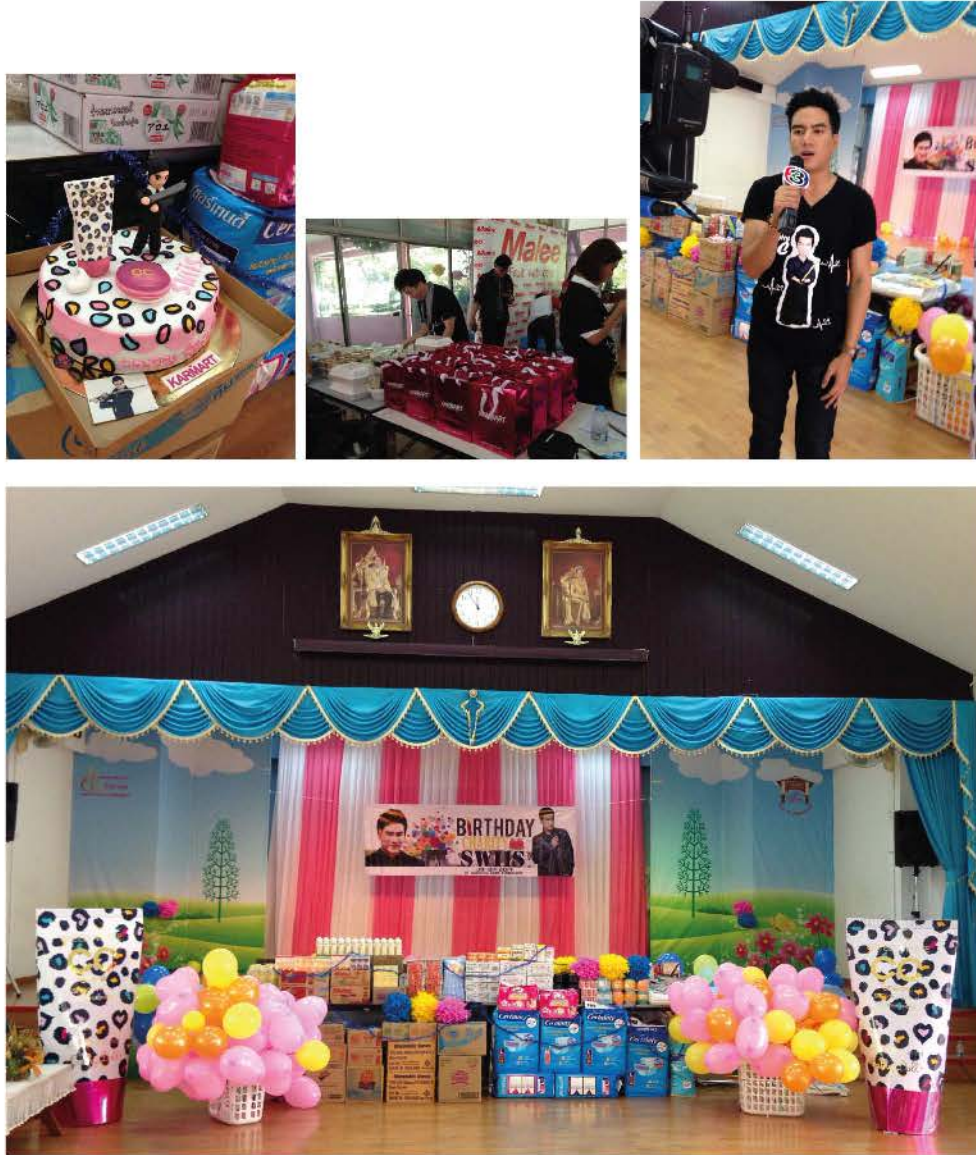
4.4 Awareness and fund raising for ALS patients

Riding on the Ice Bucket Challenge Thailand, Karmarts management executives’ (Khun Pongwiwat Theekhakhirikul and Khun Wongwiwat Theekhakhirikul) keen participation in the challenge helped raise awareness for patient with Amyotrophic Lateral Sclerosis (ALS) disease as well as donations to the ALS under the Institute of Neurology, Ministry of Health, for equipment and supplies.



4.5 Sharing of Love with the Elderly

On 30 September 2014, Karmarts, together with famous Thai actor 'Swiis Techabhuwanon' and his fans organized a heartwarming 'Sharing Love with the Elderly' activity at Ban Bang Khae Elderly Home and donated dry food and other supplies to the Bang khae Home Foundation. Every staff and caregiver was given the warmest welcome by the elderly and the moments were indeed filled with joy and happiness for everyone involved.



Future Projects and Plans

During the past year, Karmarts underwent a number of critical strategic initiatives namely, innovative product development, addition of new sales channels and enhancement of brand awareness etc. In 2015, the company endeavors to fulfill the tactical mission of expanding domestically and regionally. With that said, the guiding principles and key aspects of market expansion plans are as follows.

1. Consumer Aspect

Karmarts will continue to execute market penetration initiatives with aggressive marketing strategy i.e. building strong relationship with old customers while constantly seeking out new market opportunities.

- Enhance sales performance by adding multiple new channels as well as diversifying them to create an extensive network of channels which in turn increase product exposure to the targeted market.
- Progressively organize marketing events and activities to establish stronger bond with various customers and earn both brand awareness and brand loyalty. Besides, corporate social responsibility (CSR) activities will also be in place.
- Pay close attention to establish effective relationship with strong strategic partners in order to bring additional diversity as well as sharpen the company's competitive edge.

2. Product Aspect

To satisfy the ever-evolving demands of the cosmetic market, Karmarts will continuously develop creative and unique product concepts and signature lines.

- **INNOVATION!** – One of the most important but overused word in the fast moving world of today. Karmarts, as a business leader in terms of bringing new trends and innovative cosmetic technologies to the market as well as delivering fresh experiences for end-users, will place more focus on improving product quality than ever before. We will engage business partners in product innovation to create opportunities and competitive edge while satisfying customer demand at affordable prices.

- Develop new and distinct product lines

Karmarts has devised a strategy to develop new and exciting product lines that are distinct and tailor-made for every market segment. We will introduce a few new unique brands, each of which possesses a distinct concept of its own that stands out from the current brands. This will in turn fulfill different needs and preferences of various Thai customers as well as foreign consumers and fully exploit sales opportunities.

3. Brand Awareness and Brand Loyalty

With the implementation of a 360 degree pervasive marketing strategy, Karmarts will further enhance brand awareness and brand accessibility by going Above The Line (ATL) as well as Below The Line (BTL). The basis which guided the strategy lies in the fact that the success or failure of a cosmetic product comes from consumers' confidence level, both in terms of brand image and product quality. Moving ahead, Karmarts aims to invest more resources in strengthening brand recall/brand recognition by choosing the right mix of advertising tools as well as timing and frequency. An appropriate mix of TVC, newspaper, magazine as well as other advertising media, together with selection of the right brand endorsers that matches characteristics of Karmarts brand will promote and leverage Karmarts brand image both as an organizational corporate identity as well as product and service attributes.

Furthermore, Karmarts plans to collaborate with key strategic partners to set up manufacturing facility in 2015. This will facilitate the production of certain product lines and enhance the company's ability to grow into a high-capacity manufacturing facility in the near future to ensure maximum production cost efficiency and equip the company with a competitive edge to enter into new potential markets.

DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



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

DETAILS OF DIRECTOR, MANAGEMENT PERSON



— Ms. Pichamol Pratumswannpas

— Ms. Kanokporn Aroonrat

Ms. Chonthida Theekhakhirikul

Ms. Arunsri Kamolprempiya

Mr. Satjapong Yongskulrote

Ms. Wei Xiuqing

Mr. Sumeth Chuthavanitchkul

Mrs. Tussanee Auncharoen

Mrs. Aunruen Arunvisavakul

Ms. Suwannee Tharacheevin

Mr. Pongwiwat Theekhakhirikul

Mrs. Somsri Viriya



DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



Mr. Wiwat Theekhakhirikul *

Age 62 Year

Position

Director, Chief Executive Officer and Chairman of the board

Educational Background

Bachelor's Degree of Political Sciences Major in Political, Ramkhamhaeng University
National Defense College Class 2547

Number of Share 152,162,709 Shares 23.07%
As at March 17, 2015



Lt.Gen. Kobboon Vichit

Age 67 Year

Position

Director and Audit Committee Chairman

Educational Background

Master's Degree of Public Administration,
National Institute of Development Administration

Number of Share -
As at March 17, 2015



Mr. Kraiwit Satayapiwat *

Age 58 Year

Position

Director, Deputy Managing Director

Educational Background

Bachelor's Degree of Engineering Major in Mechanical, Chulalongkorn University

Number of Share -
As at March 17, 2015



Mr. Prasit Dheeraratbongkot

Age 60 Year

Position

Director and Audit Committee

Educational Background

B.ENG (EE) Chulalongkorn University
Directors Certification Program (DCP62) Thai Institute of Directors

Number of Share -
As at March 17, 2015



Puttithorn Jirayus, PhD

Age 39 Year

Position

Director and Audit Committee

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 17, 2015



Mr. Wongwiwat Theekhakhirikul *

Age 31 Year

Position

Director and Assistant Managing Director - Business Development

Educational Background

Bachelor's Degree of Engineering, Chulalongkorn University

Number of Share 1,113,490 Shares 0.17%
As at March 17, 2015



Mr. Parit Teekakirikul

Age 32 Year

Position

Director,

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 17, 2015



Mr. Seah Sin Loo

Age 64 Year

Position

Director

Educational Background

Secondary

Number of Share -

As at March 17, 2015



Mrs. Tussanee Auncharoen

Age 54 Year

Position

Deputy Managing Director

Educational Background

Bachelor's Degree of Education (B.Ed.),
Major Mathematics, Sri Nakharinwirot University
Bachelor's Degree of Business Administration
Major General Management, Sukhothai
Thammathirat University

Number of Share 176,000 Shares 0.03%

As at March 17, 2015



Ms. Chonthida Theekhakhirikul

Age 33 Year

Position

Assistant Managing Director - Marketing

Educational Background

MBA Major in Marketing at Sasin Graduate
Institute of Business Administration of
Chulalongkorn University
Bachelor's Degree of Accounting Faculty of
Commerce and Accountancy
Chulalongkorn University

Number of Share 243,100 Shares 0.04%

As at March 17, 2015



Ms. Suwannee Tharacheevin

Age 50 Year

Position

Assistant Managing Director - Accounting

Educational Background

Bachelor's Degree of Business Administration
Major Accounting, Sukhothai
Thammathirat University
Bachelor's Degree of Business Administration
(B.B.A), Major General Management,
Sukhothai Thammathirat University

Number of Share -

As at March 17, 2015



Mrs. Aunruen Arunvisavakul

Age 55 Year

Position

Assistant Managing Director -
Warehousing and Distribution

Educational Background

Bachelor's Degree of Liberal Arts Major
Management, Bansomdejchaopraya
Rajabhat University

Number of Share -

As at March 17, 2015

**Mr. Pongwiwat Theekhakhirikul****Age 30 Year****Position**

Product Development Senior Director

Educational BackgroundBachelor's Degree of Architecture,
Chulalongkorn University**Number of Share -**

As at March 17, 2015

**Mrs. Somsri Viriya****Age 46 Year****Position**

Accounting Director

Educational BackgroundBachelor's Degree of Business Administration
Major in Accounting, Sukhothai
Thammathirat University**Number of Share -**

As at March 17, 2015

**Mr. Satjapong Yongskulrote****Age 31 Year****Position**Business Development Director -
Information Technology**Educational Background**Bachelor's Degree of Engineering,
Chulalongkorn University**Number of Share 2,000 Shares 0.0003%**

As at March 17, 2015

**Ms. Kanokporn Aroonrat****Age 31 Year****Position**

Marketing Director

Educational BackgroundMaster's Degree of Economics for business,
University of Portsmouth
Bachelor's Degree of Social Administration,
Thammasat University**Number of Share -**

As at March 17, 2015

**Ms. Pichamol Pratumsuwannpas****Age 33 Year****Position**

Sales Operation Director - Modern Trade

Educational BackgroundBachelor's Degree of Faculty of Fine Arts
Major Performing Arts, Acting and Directing,
Srinakharinwirot University.**Number of Share -**

As at March 17, 2015

**Ms. Wei Xiuqing****Age 30 Year****Position**Business Development Director -
China Region**Educational Background**Business IT and Law,
Nanyang Technological University**Number of Share -**

As at March 17, 2015



Mr. Sumeth Chuthavanitchkul

Age 30 Year

Position

Business Development Director – Vietnam

Educational Background

Management Sciences,
University of Southampton

Number of Share –

As at March 17, 2015



Mr. Yang Ki Ho

Age 57 Year

Position

Research & Development Director

Educational Background

Process Engineering, Chungbuk
National University Graduate School

Number of Share –

As at March 17, 2015



Ms. Arunsri Kamolprempiya

Age 38 Year

Position

Business Development Director – Export

Educational Background

Bachelor's Degree of Business Administration
Major in Marketing, Assumption University

Number of Share –

As at March 17, 2015

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

RISK FACTORS

The company has financial 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 and other receivables, finance lease 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 and other receivables, finance lease receivable, as stated in the statement of financial position of Baht 203 million and Baht 3 million, respectively. Mostly, credits are given to those high potential modern trade accounts and several traditional trade accounts so as to even out the risk.

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 which agreement on payment is in USD, while selling all products in Thai Baht. Apparently, The risk is from currency exchange rate devaluation. However, total amount of bank overdrafts and short-term loans in year 2013 and 2014 was around USD 3-5 million and is not likely to be increased. However, if the purchasing value of foreign goods increases in the future, the company will consider using currency forward contract in a case by case basis.

The significant balance of financial assets and liabilities denominated in foreign currencies as at December 31, 2014 was USD 4.71 million with an average exchange rate of 33.1132 Baht/USD. (2013 : USD 3.77 million with an average exchange rate of 32.9494 Baht/USD)

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 loans with interests. 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 are classified by types of interest rates and those financial assets and liabilities that carry fixed interest rates are further classified based on the maturity date, or the reprising date if this occurs before the maturity date according to the financial statement remark No. 36: Interest rate risk.

Risk for being in highly competitive industry and product imitations

The cosmetics and skincare business is considered to be in a highly competitive industry. There are new local and foreign entrepreneurs who import products from asian countries like Korean and Japan, targeting the same group of customers as the companys which increases the risk of losing the market shares. In addition, many new players sell counterfeit goods or illegal parallel import products which might affect the companys income as a whole.

Nevertheless, the company strengthens brand awareness, sustains long term customer loyalty, increases public relation which lead to companys competitiveness. Emphasizing on the packaging and product quality will increase the customers confidence and decrease the chance of goods being counterfeited.

Risk of inventory devaluation

Cosmetics and skincare products always change in demand and popularity. In 2013 and 2014, the company has an average inventory of 21.57% and 17.92% of all assets respectively and has an average selling period of 105 days.

The company reserves devaluation of inventory aged between 1 2 years of Baht 3 million and another Baht 3 million for inventory aged more than 2 years. With constant sales and marketing clearance promotions, the company expects that the risk is relatively low.

THE CONNECTED TRANSECTIONS

The Connected Transactions

An acquisition of goods and services Baht – million, under normal commercial terms and conditions trade and other receivables – related persons and parties Baht 4.44 million, the Long-term loan from related party Baht 30.96 million and Interest income Baht 1 million, trade and other trade payables – related persons and parties Baht 0.93 million, short – term loans from a related person amount to Baht 10 million interest at a rate of 9 percent per annum. The company and its subsidiaries had employee benefit expenses of their directors and management Baht 18 million and Baht 19 million which had been disclosed in notes to financial statements in topic 9.

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.

Karmats Public Company Limited Connected Persons

Connected Persons	At March 17, 2015		Subsidiary		Associates				Related Company	
	Karmats Public Company Limited		Karmats Public Company Limited		J Kos Laboratories Company Limited		The Iconic Property Company Limited		Chaiviboon Intertrade Limited Partnership	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmats Plc.	–		95.16		70		33.33		–	
2. "Theekhakhirikul" Group			–		–				–	
2.1 Mr. Wiwat Theekhakhirikul	23.07	Director	–	Director	–			Director	–	
2.2 Ms. Chontida Theekhakhirikul	0.04		–	Director	–				–	
2.3 Mr. Wongwiwat Theekhakhirikul	0.17	Director	–		–	Director			–	
2.4 Mr. Pongwiwat Theekhakhirikul	–		–		–				90.00	Partnership
2.5 Mr. Polkrit Theekhakhirikul	4.54		–	Director	–				–	
2.6 Mr. Parit Teekakirikul	–	Director	–		–		33.33	Director	–	
2.7 Ms. Vlamol Theekhakhirikul	4.09		–		–				–	
2.8 Ms. Narapan Theekhakhirikul	0.06		–		–				–	
3. Mr. Kraiwit Satayapiwat	–	Director	–	Director	–	Director			–	
4. Other	68.03		4.84		30	Director	33.34	Director	10.00	
	100.00		100.00		100.00		100.00		100.00	

Director	Karmats Public Company Limited		My Bus Company Limited		J Kos Laboratories Company Limited		The Iconic Property Company Limited		Chaiviboon Intertrade Limited Partnership	
	CEO	Director ^A	CEO	Director ^A	CEO	Director ^A	CEO	Director ^A	CEO	Director ^A
1. Mr. Wiwat Theekhakhirikul	✓	✓		✓				✓		
2. Ms. Chontida Theekhakhirikul				✓						
3. Mr. Wongwiwat Theekhakhirikul		✓				✓				
4. Mr. Pongwiwat Theekhakhirikul										✓
5. Mr. Kraiwit Satayapiwat		✓		✓		✓				
6 Mr. Parit Teekakirikul							✓	✓		

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 395,741,285.40 or common stock of 659,568,809 share.

Shareholders' name	Amount	% Owned
1. Theekhakhirikul Group	210,785,299	31.958
Mr. Wiwat Theekhakhirikul	152,162,709	23.070
Mr. Polkrit Teekhakhirikul	29,920,000	4.536
Ms. Woramol Teekhakhirikul	26,950,000	4.086
Mr. Wongwiwat Theekhakhirikul	1,113,490	0.169
Ms. Narapan Theekhakhirikul	396,000	0.060
Ms. Chontida Theekhakhirikul	243,100	0.037
2. UBS AG SINGAPORE BRANCH	48,274,800	7.319
3. Mrs. Vanida Saejew	25,384,000	3.849
4. Mr. Chalermdech Leewongcharoen	19,000,000	2.881
5. Mr. Aekkarith Aeksamith	18,757,000	2.844
6. Mr. Thammarith Aeksamith	18,420,000	2.793
7. Thai NVDR Co., Ltd	17,033,750	2.583
8. Mr. Witit Pongpirodom	17,025,001	2.581
9. Mr. Pramote Pasawong	15,100,000	2.289
10. PHILLIP SECURITIES PTE LTD.	12,100,000	1.835
11. Other	257,688,959	39.069
Total	659,568,809	100.000

Remark : Shareholder's name and percentage of shareholding as shown above is the same as the closing date of the securities register on March 17, 2015 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 year 2013, the Company received additional share subscription totaling Baht 47.1 million as a result of the exercise of warrants, as discussed in Note 30. 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.

During the current year, the Company received additional share subscription totaling Baht 72.1 million as a result of the exercise of warrants, as discussed in Note 30. The Company registered the increase in its paid up share capital of Baht 21.6 million with the Ministry of Commerce on 6 February 2014 and 14 May 2014 (36 million ordinary shares of Baht 0.60 each) and the remaining Baht 50.5 million has been recorded as share premium in the statements 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.

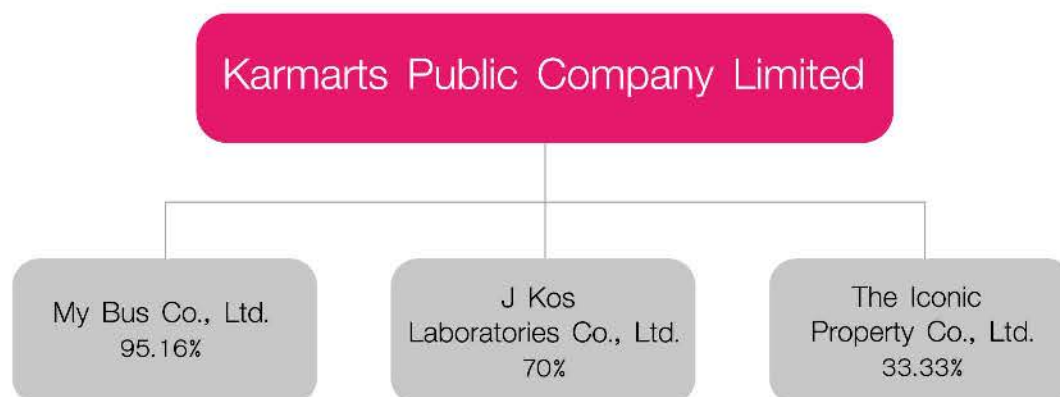
During the current year, 36,036,325 warrants (2013 : 23,532,484 warrants) were exercised to purchase the Company's ordinary shares, amounting to Baht 72.10 million (2013 : Baht 47.10 million), as discussed in Note 29.

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.

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
		145,847	0.24
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	38,202	0.06
Interim dividends for 2014	Board of Directors' meeting on 12 May 2014	39,559	0.06
	Board of Directors' meeting on 13 August 2014	39,559	0.06
	Board of Directors' meeting on 12 November 2014	39,573	0.06
		156,893	0.24

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%
J Kos Laboratories Co., Ltd. (formerly known as "Taobao Co., Ltd.) Location : 269 Soi Sathupradit 58, Bangpongpan, Yannawa, Bangkok 10120 Tel : 0-2284-0127 Fax : 0-2683-9816 (The change name of business and details on September 19, 2014.)	Manufacturing of skin care, cosmetics, fragrances, cosmetics accessories and the like	10,000,000	3,250,000	70%
The Iconic Property Co., Ltd. Location : 83 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel : 0-2805-2756-60 Fax : 0-2805-0251-2	Property development (Hotel, Resort and Condominium)	213,090,000	213,090,000	33.33%

MANAGEMENT STRUCTURE

Names of Director, Audit Committee, Management and Secretary as at December 31, 2015 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. Satjapong Yongskulrote	-	-	-	/	-
16. Ms. Kanokporn Aroonrat	-	-	-	/	-
17. Ms. Pichamol Pratumswannpas	-	-	-	/	-
18. Ms. Wei Xiuging	-	-	-	/	-
19. Mr. Sumeth Chuthavanitchkul	-	-	-	/	-
20. Mr. Yang Ki Ho	-	-	-	/	-
21. Ms. Arunsri Kamolprempiya	-	-	-	/	-

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	
	2014	2013
1. Mr. Wiwat Theekhakhirikul	120,000	80,000
2. Mrs. Preeyanuch Paiboonsithiwong	–	30,000
3. Lt.Gen. Kobboon Vichit	130,000	140,000
4. Mr. Kraiwit Satayapiwat	60,000	40,000
5. Mr. Prasit Dheeraratbongkot	120,000	90,000
6. Puttithorn Jirayus, PhD	110,000	90,000
7. Mr. Parit Teekakirikul	60,000	40,000
8. Mr. Wongwiwat Theekhakhirikul	40,000	40,000
9. Mr. Seah Sin Loo	–	–
Total	640,000	550,000

The Board of Director's remuneration for the year 2014 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 2014 was Baht 17 million compared to previous year of Baht 15 million. The sums are in terms of salary, Bonus, and transportation expenses.

Others allowance for the Directors and Management team.

None.

Good Corporate Governance Policies

1. Report on Good Corporate Governance

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

- Equal and fair treatment for all stakeholders.
- Forward looking commitment to add value to company's operations, prudent and thorough management of its operations, responsible, competent and effective performance to maximize shareholders' value with prevention the conflicts of interest.
- Transparency and accountability in the operations, adequate disclosure of information to all parties concerned.
- Awareness of risks in conducting the business, implementation of appropriate risk management strategies.
- Establishment of moral and ethical guidelines for company's directors and 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	–	6/6	–	6/6	
2. Lt.Gen. Kobboon Vichit *	4/5	5/6	–	5/6	
3. Mr. Kraiwit Satayapiwat	–	6/6	–	6/6	
4. Mr. Prasit Dheeraratbongkot *	5/5	6/6	–	6/6	
5. Puttithorn Jirayus, PhD *	5/5	6/6	–	6/6	
6. Mr. Parit Teekakirikul	–	6/6	–	6/6	
7. Mr. Wongwiwat Theekhakhirikul	–	4/6	–	4/6	
8. 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.

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

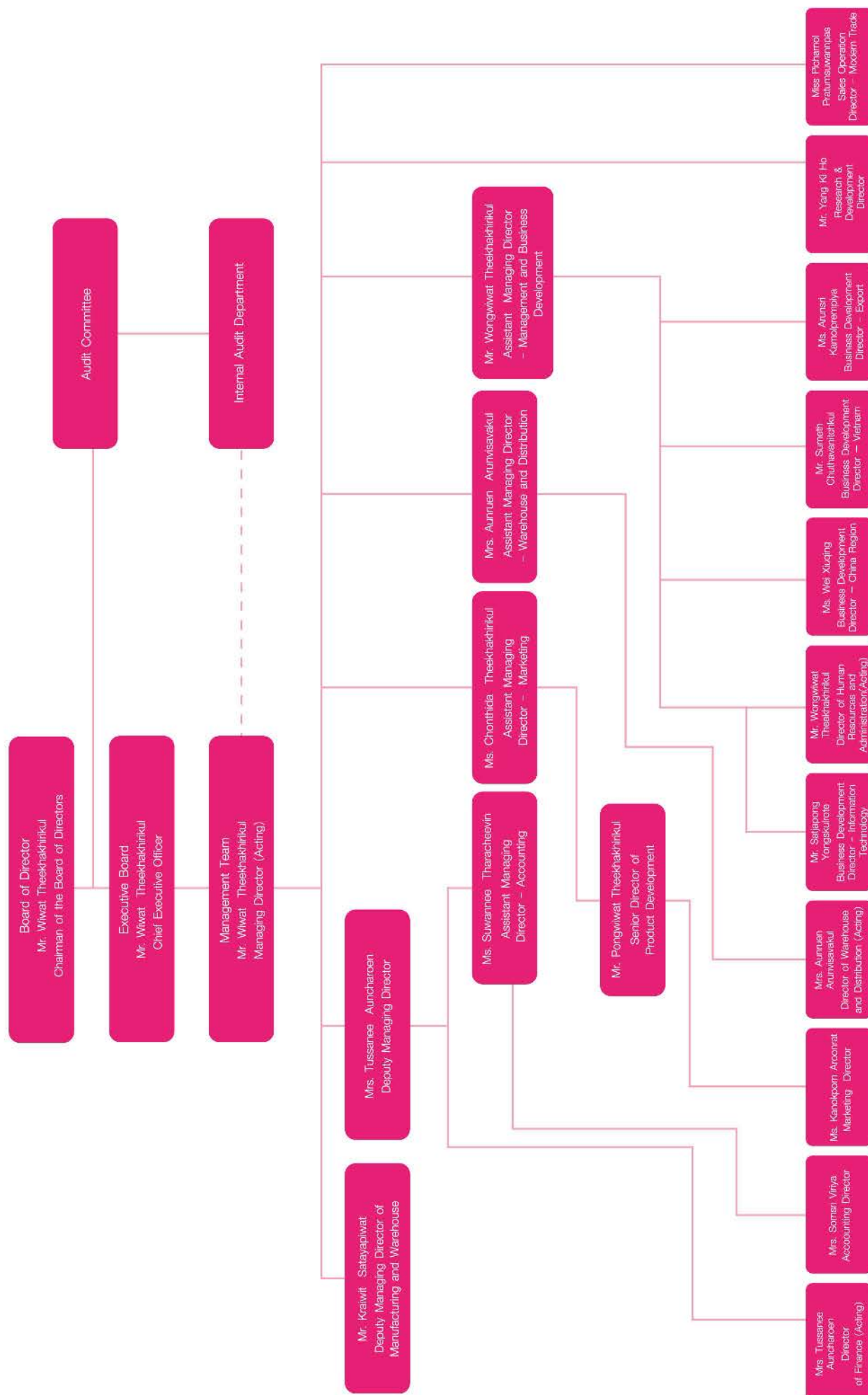
Company is committed to fostering mutually beneficial relationships with and to disclosing important company information to its investors. Company has not set up an investor Relations Unit but assigned the duties to information Relation section and or Executive director to communicate and promoting productive 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 2014

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 held a total of 5 meetings of which all are attended by all Audit Committee members.

To review the Company's financial reporting process, the committee has quarterly and annually reviewed and discussed with the external auditor and executives responsible for the financial report in relation with significant information for the Company's financial statements for the year 2014. The committee also shared their opinions with appropriated comments about their accuracy and important accounting and other relating issues to ensure that they are correct and complied with accepted accounting principles and SEC rules and regulation

To review the Company's internal control system, the committee has provided their suggestions to assist improvement of company internal control system. And also acknowledged internal audit plan including holding one meeting with internal auditor without attending of management for discussion on importance information, working process and internal audit programs / highlight of company to ensure that practice of financial activities are executed effectively and efficiently, and in accordance with Law, Regulation and company principle.

To review the Company's compliance with the law on securities and the stock exchange, and the laws relating to the Company's business and corporate governance, the committee has reviewed the Company's operations and any inter-relating transactions 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.

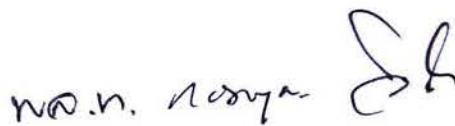
To review the Internal Audit Activities, the committee has quarterly and annually reviewed and recommended the internal audit activities to be complied with the Internal Audit Standard and support company business by adding it as one topic in all five meetings held thru the year of 2014, and also considered and approved the internal objective plans and programs with appropriated recommendation to ensure that all the significant and important aspects are observed.

To evaluate the Risk Management, the committee has reviewed to ensure that the management has always analyzed , evaluated and concerned with the risk on a continuity basis in operation, financial and investment plans and activities. Key business risks are such as foreign currency risk, interest rate risk, credit risk, impairment of inventory risk, IT risk and competitive business and knock-offs risk.

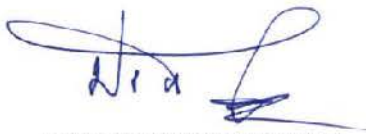
To consider and appoint the external auditor, the committee has reviewed the external audit performance and proposed Ernst & Young Office Limited to the Board of Directors and the Board has agreed to seek approval at the Shareholders' Meeting for the appointment of Mr. Sophon Permsirivallop Certified Public Accountant No. 3182

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

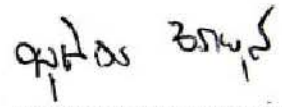
Overall, the committee is of the opinion that the Company has a proper financial reporting process in term of appropriated disclosure with transparency and in accordance with generally accepted accounting principles including internal control system, good corporate governance and risk management under laws and regulations related to support 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, 2014

1.1 Sales and Services Incomes

During 2014, the company had total income of Baht 1,018 million which consisted of;

- Baht 970 million on Sales and services which increased by Baht 140 million or 16.86% from the previous year. The increment was due to the company's selling of consumer products totalled of Baht 944 million, increased from the previous year by Baht 118 million or 14.28%, which comprises of Baht 322 million on body care products, Baht 257 million on facial skin care products, Baht 307 million on colour cosmetics, Baht 14 million on accessories, Baht 25 million on furniture and marketing tools and Baht 19 million on food and beverage section, Baht 25 million on Sales of Public Telephone and Sales of NGV Equipments totalled Baht 1 million which decreased from the previous year by Baht 2 million.

- Income from bus service operator amounted to Baht 1 million which decreased from the previous year by Baht 7 million or 87.50%.

- Income from warehouse rental and warehouse services amounted to Baht 26 million which was the same as the previous year.

- Gain from a fair value adjustment of properties investment amounted to Baht 4 million which increased from the previous year by Baht 2 million or 100% as the company had properties re-evaluated on December 22, 2014.

- Other incomes totalled of Baht 16 million, increased from the previous year by Baht 7 million or 77.77% which comprises of the gain from interest of Baht 3 million, short-term investment of Baht 10 million, and others of Baht 3 million.

1.2 Cost of sales, Selling and administrative Expenses

During the year 2014, The Total Expenses was Baht 886 million which comprises of;

- Cost of sales amounted to Baht 568 million which increased from the previous year by Baht 146 million or 34.59%. This consisted of the Cost of consumer products of Baht 448 million. The increased cost of Sales is directly proportional to the Sales Revenue. The cost of public telephone and NGV equipment were Baht 99 million and Baht 21 million, respectively. The gross profit margin was 41.43% which was similar to the previous year.

- Cost of bus service operator was Baht 9 million.

- Cost of warehouse rentals and warehouse services were Baht 4 million.

- Selling and Administrative expenses totalled of Baht 305 million which increased from the previous year by Baht 96 million or 45.93%, directly proportionate to the company's business expansion. The selling expenses increased by Baht 6.2 million mainly on public relation. The administration expenses increased by Baht 34 million due to the increase of employment which includes employee benefit expenses to support the growth of the business and lastly the tax penalty.

- Impairment loss on investment of Baht – million which decreased from the previous year by Baht 7 million or 100% as the company had gained from the sales of current investment of Baht 10 million.

- Exchange Loss of Baht – million due to the stronger Thai Baht Currency for the year 2014 compared to the previous year which Loss from foreign exchange of Baht 9 million.

- Financial cost of the company on the interest expenses totalled of Baht 11 million which decreased from the previous year by Baht 1 million or 8.33% resulted from the company's increased liquidity.

- Income tax expenses of Baht 30 million decreased from the previous year by Baht 15 million or 33.33%.

1.3 Profit

During the year 2014, the company had 9.05% net profit which decreased from the previous year by 18.36% as the company had selling and administrative expenses increased from the previous year by Baht 96 million mainly for the company products promotion, increase of employment which included the employee benefit expenses to support the growth of the business, and the tax penalty.

1.4 Rate of Return on Equity

The business operation profit during the year 2014 resulted in the rate of return on equity at Baht 0.14 per share. (2013 : Baht 0.27 per share)

2. Financial Status as at December 31, 2014.

1. Assets

1.1 Composition of Assets

The total assets at the year end 2014 was Baht 918 million which increased from the previous year by Baht 2 million or 0.21%.

1.1.1 Current Assets amounted to Baht 523 million, decreased by Baht 75 million or 12.54% from the previous year. The details are as follows;

- Cash and cash equivalents of Baht 60 million which decreased from the previous year by Baht 9 million.
- Current investments of Baht – million decreased from the previous year by Baht 96 million due to the company's sales of current investment.

- Trade accounts receivable and other account receivable at Baht 203 million, increased from the previous year by Baht 81 million or 66.39% due to the company had increased the sales in many channels, including added more modern trade accounts.

- Short-Term Loans to an unrelated company amounted to Baht 30 million. The Loans are repayable within March 2015 and carry interest rate of 15% per annum.

- Inventory of Baht 203 million which comprises of Baht 198 million on consumer products which increased from the previous year by Baht 37 million or 22.98% as the inventory consisted of finished goods and raw materials for manufacturing and NGV products of Baht 5 million.

- Other Current Assets of Baht 25 million, increased from the previous year by Baht 11 million or 78.57% due to the deposit payment for goods increased by Baht 2 million and the advanced payment on promotion and advertising of Baht 9 million.

1.1.2 Non-Current Asset amounted to Baht 395 million which decreased by Baht 77 million or 24.21% from the previous year as follows;

- Financial Lease Receivables of Baht 1 million, decreased by Baht 2 million or 66.66% due to the company received constant payment from the receivables.

- Investment in the subsidiary of Baht 71 million, increased from the previous year because the company invested 7,102,999 shares or 33.33% in The Iconnic Property Company Limited.

- Properties Investment was at Baht 168 million, increased from the previous year by Baht 4 million or 2.43% because the company re-evaluates the properties' value every year.

- Property, Plant and Equipment – net amounted to Baht 121 million with an increase from the previous year by Baht 3 million or 2.54% as the company purchased filling machines and sachet filling machines to manufacture the company own products and bought vehicles for the purpose of goods transport at Baht 28 million. The annual depreciation was Baht 22 million. The impairment for the subsidiaries was Baht 3 million.

- Intangible Assets – net at Baht 7 million decreased by Baht 2 million from the previous year due to the amortization during the year and the amortization of the write-off items in 2014.

- Deferred Tax Assets was Baht 20 million increased from the previous year by Baht 3 million or 17.64%.

- Other Non-Current Assets was Baht 5 million decreased from the previous year by Baht 1 million or 16.66%.

1.2 Quality of Assets

Account receivable average collection period in 2014 was 68 days, increased by 9 days from last year (59 days in 2013) due to the fact that the cash sales for consumer goods had decreased, and instead increased on other trade channels credit sales with 30 – 90 days term of payment.

An adequate reserve was set according to the prediction of non-collectable debt. The reserve for the year 2014 non-collectible debt was budgeted at 8.44% of the outstanding account receivable at the year-end.

2. Liquidity

2.1 Cash flows

In 2014, the company's net cash flows from operations was Baht 65 million, compared to 2013 which was Baht 258 million, decreased by Baht 193 million as there is an increase of sales in consumer goods with less cash sales term and more long credit term account receivables between 30–90 days. The account receivables increased because of sales in Modern Trade channels. Meanwhile, the account payables decreased due to the prolonged credit term around 120–150 days through Trust Receipt granted by the commercial bank.

2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2014 was 2.15:1 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, cash or cash equivalents, etc.

The company average debt collection period was between 30 – 90 days. Average inventory turnover of 105 days shows an improvement over the previous year due to the fact that Karmarts products had a higher turnover rate than NGV vehicles and telecommunication businesses. As a result, the company sold off its NGV vehicles and telecommunication equipment stock to better utilize its capital.

2.3 Collection and Payment Periods

Average debt collection period was 68 days while average account payment period was 107 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's increase in capital expenditures was mainly from the investment in the subsidiary at Baht 71 million. Short-term loan to an unrelated party of Baht 30 million with interest rate of 15% per annum is repayable within March 2015. Others would be machines bought to manufacture the company products, and the office renovation for supporting the business growth.

4. Sources of funds

4.1 Capital Structure

In 2014, Debt/Equity Ratio was 0.45:1 against 0.46:1 in the previous year. The company issuance of ordinary shares during the year from the exercise of warrants was Baht 72 million, Increased from the previous year by Baht 25 million or 53.19%

4.2 Shareholders' Equity

In 2014, shareholders' equity increased by Baht 7 million to Baht 633 million from the operating profit during the year of Baht 92 million and ordinary shares issuance during the year from the exercise of warrant of Baht 72 million while the dividend payment was Baht 157 million.

4.3 Liabilities

The company's total liabilities was Baht 286 million, decreased by Baht 4 million or 1.37% from the previous year.

Current Liabilities was Baht 243 million, decreased by Baht 11 million or 4.33% from the previous year.

The Details are as follows:

- Bank overdrafts and Short-term loan from bank was Baht 160 million, increased by Baht 29 million from the previous year as the result of the company's goods payment method through prolonged credit term commercial bank's Trust Receipts to meet the increased sales demand.
- Trade and other payables of Baht 55 million, decreased by Baht 30 million from the previous year as the company invested Baht 36 million in current investments around late December 2013 and had been paid in the year 2014.
- Short-Term Loans from a related person amounted to Baht 10 million. The Loans are repayable within March 2015 and carry interest at a rate of 9 percent per annum.
- Current portion of Liabilities under financial lease agreements due within 1 year and Liabilities under financial lease agreements — net of current portion was Baht 7 million which decreased by Baht 6 million or 46.15% from the previous year due to the company's consistency in liabilities payment.
- Income Tax Payable at Baht 2 million, decreased from the previous year of Baht 21 million or 91.30% due to the company's decrease in net profit as the company sold the previous business' public telephones with net loss.
- Other Current Liabilities was Baht 13 million due to the withholding tax from the dividend payment and the accrued value added tax.
- Provision had been made for long-term employee benefits of Baht 9 million, which increased by Baht 1 million or 12.50% from the previous year due to the new standard of accounting for employee benefit reservation No.19 had taken effect.
- Deferred Tax Liabilities at Baht 30 million, increased by Baht 8 million or 36.36% from the previous year due to the new Standard of Accounting for Income Tax No.12 had taken 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 raw material finished products from quality sources with competitive prices.
4. Financial Assistant to Associated or Subsidiary companies and Contingent Liabilities in the future.	4. In case of rendering financial assistant to the Associated or Subsidiary company, the company completely and transparently follows the rules and regulations of SET and able to be audited. The independent directors are to review and monitor the company's operations closely, for the most benefit of investors and stakeholders.

REMUNERATION OF THE AUDITOR OF THE COMPANY AND THE SUBSIDIARIES

Item	office	Company Payment	Professional Fee		
			2012	2013	2014
1	EY Office Limited	Karmarts Plc.	1,030,000	1,110,000	1,240,000
2	EY Office Limited	Star Com Co., Ltd.	120,000	–	–
3	EY Office Limited	My Bus Co., Ltd.	195,000	195,000	195,000
4	EY Office Limited	J Kos Laboratories Co., Ltd.	–	65,000	80,000
5	Thai Audit The Truth Limited	The Iconic Property Co., Ltd.	–	–	80,000
ToTal			1,345,000	1,370,000	1,595,000

Other Fee

– None –

Cathy Doll

Cathy Doll Speed White CC Powder Pact SPF40 PA+++

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Nak Ta, a member of Top Dogg Korean Boy Band

Available at 产品购买请前往

Nak Ta, a member of Topp Dogg Korean Boy Band

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KARMART

Available at... **KARMA** **TESCO** **TESCO** **WATSON'S** **LAWSON 108** **MEXICO** **7** **LAVAZZA** **SPEEDY 7** **WEARYOUWANT**
friday shops nationwide

Karmarts Public Company Limited and its subsidiaries

Report and consolidated financial statements 31 December 2014

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 2014, 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 judgement, 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 27 February 2015



Karmats Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash and cash equivalents	6	59,711,581	68,727,689	54,567,657	68,524,700
Current investments	12	–	95,917,003	–	95,917,003
Trade and other receivables	7, 9	203,056,280	121,034,726	207,492,184	130,309,388
Current portion of finance lease receivables	8	1,922,129	1,200,148	1,922,129	1,200,148
Short-term loan and advances to related parties	9	955,565	–	30,968,406	23,780,000
Short-term loan to an unrelated party	10	30,000,000	–	30,000,000	–
Inventories	11	202,571,359	297,191,000	202,571,359	297,191,000
Other current assets	13	24,761,191	13,555,339	24,709,506	13,349,345
Total current assets		522,978,105	597,625,905	552,231,241	630,271,584
Non-current assets					
Restricted bank deposits	14	648,000	1,124,725	–	476,725
Finance lease receivables – net of current portion	8	1,446,747	2,968,930	1,446,747	2,968,930
Investments in associate	15	70,915,807	–	71,029,990	–
Investments in subsidiaries	16	–	–	2,500,000	999,990
Investment properties	17	168,000,000	164,000,000	168,000,000	164,000,000
Property, plant and equipment	18	121,398,519	118,237,078	95,884,720	82,770,315
Intangible assets	19	6,861,998	8,856,550	1,069,665	1,367,434
Deferred tax assets	26	20,489,399	16,858,160	20,489,399	16,858,160
Other non-current assets	20	5,382,845	5,757,322	4,571,995	4,856,472
Total non-current assets		395,143,315	317,802,765	364,992,516	274,298,026
Total assets		918,121,420	915,428,670	917,223,757	904,569,610

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	21	159,714,716	130,675,971	159,714,716	130,654,463
Trade and other payables	9, 22	55,311,484	85,493,873	53,654,287	84,706,731
Short-term loans from a related person	9	10,000,000	–	10,000,000	–
Current portion of other long-term loans	23	–	1,879,286	–	–
Current portion of liabilities under finance lease agreements	24	2,983,925	6,889,043	2,983,925	2,948,005
Income tax payable		2,220,181	23,021,675	2,220,181	23,021,675
Other current liabilities		12,902,896	6,940,133	10,649,155	6,931,010
Total current liabilities		243,133,202	254,899,981	239,222,264	248,261,884
Non-current liabilities					
Liabilities under finance lease agreements – net of current portion	24	4,142,329	5,895,980	4,142,329	5,895,980
Provision for long-term employee benefits	25	9,437,172	7,510,220	9,437,172	7,463,904
Deferred tax liabilities	26	29,570,827	22,112,392	29,570,827	22,112,392
Total non-current liabilities		43,150,328	35,518,592	43,150,328	35,472,276
Total liabilities		286,283,530	290,418,573	282,372,592	283,734,160

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

Karmats Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Shareholders' equity					
Share capital					
Registered					
860,000,000 ordinary shares of Baht 0.60 each	29	396,000,000	396,000,000	396,000,000	396,000,000
Issued and fully paid up					
659,568,809 ordinary shares of Baht 0.60 each					
(31 December 2013: 623,532,484					
ordinary shares of Baht 0.60 each)	29, 30	395,741,285	374,119,490	395,741,285	374,119,490
Share premium	29	83,396,333	32,945,478	83,396,333	32,945,478
Capital reduction surplus		15,267,473	15,267,473	15,267,473	15,267,473
Retained earnings					
Appropriated – statutory reserve	33	23,295,602	18,257,125	23,295,602	18,257,125
Unappropriated		107,662,782	177,921,031	109,772,644	172,868,056
Other components of shareholders' equity		7,377,828	7,377,828	7,377,828	7,377,828
Equity attributable to owners of the Company		632,741,303	625,888,425	634,851,165	620,835,450
Non-controlling interests of the subsidiaries		(903,413)	(878,328)	–	–
Total shareholders' equity		631,837,890	625,010,097	634,851,165	620,835,450
Total liabilities and shareholders' equity		918,121,420	915,428,670	917,223,757	904,569,610

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Sales and service income	9	970,340,933	830,073,609	970,377,871	830,128,229
Income from bus service operator		1,162,804	8,318,300	–	–
Interest income on hire purchase		222,590	394,720	222,590	394,720
Income from warehouse rental and warehouse services		26,432,891	26,416,656	26,432,891	26,416,656
Gain from a fair value adjustment of investment properties	17	4,000,000	2,000,000	4,000,000	2,000,000
Exchange gain		268,307	–	268,307	–
Gain on sale of assets		168,944	148,217	168,944	148,217
Other income	9	15,568,612	9,407,466	16,783,073	9,672,507
Total revenues		<u>1,018,165,081</u>	<u>876,758,968</u>	<u>1,018,253,676</u>	<u>868,760,329</u>
Expenses					
Cost of sales and service		568,342,276	421,727,543	568,379,215	421,905,028
Cost of bus service operator		8,638,015	8,704,269	–	–
Cost of warehouse rental and warehouse services		4,266,204	3,930,086	4,266,204	3,930,086
Selling expenses		186,229,602	123,980,461	186,229,602	123,959,985
Administrative expenses		118,828,908	84,714,778	119,916,052	78,169,111
Loss from revaluation of investments		–	6,542,501	–	6,542,501
Exchange loss		–	9,345,068	–	9,345,016
Total expenses		<u>886,305,005</u>	<u>658,944,706</u>	<u>878,791,073</u>	<u>643,851,727</u>
Profit before share of loss from investments in associate, finance cost and income tax expenses		<u>131,860,076</u>	<u>217,814,262</u>	<u>139,462,603</u>	<u>224,908,602</u>
Share of loss from investments in associate	15	(114,183)	–	–	–
Profit before finance cost and income tax expenses		<u>131,745,893</u>	<u>217,814,262</u>	<u>139,462,603</u>	<u>224,908,602</u>
Finance cost		(10,736,500)	(12,260,360)	(10,515,298)	(11,414,320)
Profit before income tax expenses		<u>121,009,393</u>	<u>205,553,902</u>	<u>128,947,305</u>	<u>213,494,282</u>
Income tax expenses	26	(29,606,474)	(44,941,498)	(29,606,474)	(44,941,498)
Profit for the year		<u>91,402,919</u>	<u>160,612,404</u>	<u>99,340,831</u>	<u>168,552,784</u>
Profit attributable to:					
Equity holders of the Company		92,177,994	160,986,097	99,340,831	168,552,784
Non-controlling interests of the subsidiaries		(775,075)	(373,693)	–	–
		<u>91,402,919</u>	<u>160,612,404</u>		
Basic earnings per share	28				
Profit attributable to equity holders of the Company		<u>0.142</u>	<u>0.266</u>	<u>0.153</u>	<u>0.278</u>
Weighted average number of common stock (shares)		<u>650,006,925</u>	<u>605,546,174</u>	<u>650,006,925</u>	<u>605,546,174</u>
Diluted earnings per share	28				
Profit attributable to equity holders of the Company		<u>0.141</u>	<u>0.248</u>	<u>0.151</u>	<u>0.260</u>
Weighted average number of common stock (shares)		<u>655,973,505</u>	<u>648,671,581</u>	<u>655,973,505</u>	<u>648,671,581</u>

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit for the year		<u>91,402,919</u>	<u>160,612,404</u>	<u>99,340,831</u>	<u>168,552,784</u>
Other comprehensive income:					
Actuarial losses, net of income tax	25	<u>(505,131)</u>	<u>-</u>	<u>(505,131)</u>	<u>-</u>
Other comprehensive income for the year		<u>(505,131)</u>	<u>-</u>	<u>(505,131)</u>	<u>-</u>
Total comprehensive income for the year		<u>90,897,788</u>	<u>160,612,404</u>	<u>98,835,700</u>	<u>168,552,784</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>91,672,863</u>	<u>160,986,097</u>	<u>98,835,700</u>	<u>168,552,784</u>
Non-controlling interests of the subsidiaries		<u>(775,075)</u>	<u>(373,693)</u>		
		<u>90,897,788</u>	<u>160,612,404</u>		

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 2014

(Unit: Baht)

Consolidated financial statement										
	Equity attributable to the parent's shareholders							Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Other components of equity				
				Appropriated – statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity			
Balance as at 1 January 2013	360,000,000	-	15,267,473	9,829,486	171,209,990	7,377,828	7,377,828	563,684,777	(504,646)	563,180,132
Issuance of ordinary shares during the year from the exercise of warrants (Note 29 and 30)	14,119,490	32,945,478	-	-	-	-	-	47,064,968	-	47,064,968
Dividend paid (Note 32)	-	-	-	-	(145,847,417)	-	-	(145,847,417)	-	(145,847,417)
Transfer to statutory reserve (Note 33)	-	-	-	8,427,639	(8,427,639)	-	-	-	-	-
Profit for the year	-	-	-	-	160,986,097	-	-	160,986,097	(373,693)	160,612,404
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
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	7,377,828	625,888,425	(878,328)	625,010,097
Balance as at 1 January 2014	374,119,490	32,945,478	15,267,473	18,257,125	177,921,031	7,377,828	7,377,828	625,888,425	(878,328)	625,010,097
Issuance of ordinary shares during the year from the exercise of warrants (Note 29 and 30)	21,621,795	50,450,855	-	-	-	-	-	72,072,650	-	72,072,650
Dividend paid (Note 32)	-	-	-	-	(156,892,635)	-	-	(156,892,635)	-	(156,892,635)
Transfer to statutory reserve (Note 33)	-	-	-	5,038,477	(5,038,477)	-	-	-	-	-
Profit for the year	-	-	-	-	92,177,994	-	-	92,177,994	(775,075)	91,402,919
Other comprehensive income for the year	-	-	-	-	(505,131)	-	-	(505,131)	-	(505,131)
Total comprehensive income for the year	-	-	-	-	91,672,863	-	-	91,672,863	(775,075)	90,897,788
In non-controlling interests from change in investments in subsidiary	-	-	-	-	-	-	-	-	749,990	749,990
Balance as at 31 December 2014	395,741,285	83,396,333	15,267,473	23,295,602	107,662,782	7,377,828	7,377,828	632,741,303	(903,413)	631,837,890

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 2014

(Unit: Baht)

	Separate financial statement						
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Other components of equity	Total shareholders' equity
				Appropriated – statutory reserve	Unappropriated		
Balance as at 1 January 2013	360,000,000	-	15,267,473	9,829,486	158,590,328	7,377,828	551,065,115
Issuance of ordinary shares during the year from the exercise of warrants (Note 29 and 30)	14,119,490	32,945,478	-	-	-	-	47,064,968
Dividend paid (Note 32)	-	-	-	-	(145,847,417)	-	(145,847,417)
Transfer to statutory reserve (Note 33)	-	-	-	8,427,639	(8,427,639)	-	-
Profit for the year	-	-	-	-	168,552,784	-	168,552,784
Other comprehensive income for the year	-	-	-	-	-	-	-
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
Balance as at 1 January 2014	374,119,490	32,945,478	15,267,473	18,257,125	172,868,056	7,377,828	620,835,450
Issuance of ordinary shares during the year from the exercise of warrants (Note 29 and 30)	21,621,795	50,450,855	-	-	-	-	72,072,650
Dividend paid (Note 32)	-	-	-	-	(156,892,635)	-	(156,892,635)
Transfer to statutory reserve (Note 33)	-	-	-	5,038,477	(5,038,477)	-	-
Profit for the year	-	-	-	-	99,340,831	-	99,340,831
Other comprehensive income for the year	-	-	-	-	(505,131)	-	(505,131)
Total comprehensive income for the year	-	-	-	-	98,835,700	-	98,835,700
Balance as at 31 December 2014	395,741,285	83,396,333	15,267,473	23,295,602	109,772,644	7,377,828	634,851,165

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	121,009,393	205,553,902	128,947,305	213,494,282
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	27,513,482	23,464,815	19,003,897	14,941,887
Gain from a fair value adjustment of investment properties	(4,000,000)	(2,000,000)	(4,000,000)	(2,000,000)
Increase (reversal) in allowance for doubtful accounts	3,210,199	(523,263)	11,172,613	(523,263)
Increase (reversal) in allowance for reducing cost of inventories to net realisable value	(4,100,862)	826,423	(4,100,862)	826,423
Increase in allowance for impairment of fixed assets	3,146,132	–	–	–
Unrealised loss (gain) on exchange rate	(2,245,254)	2,541,935	(2,245,254)	2,541,937
Loss from investments in derivative	–	578,780	–	578,780
Unrealised loss from revaluation of investments	–	6,542,501	–	6,542,501
Fixed assets and intangible assets written off	420,940	485,718	420,940	485,718
Gain from disposal of equipment and intangible assets	(168,944)	(148,217)	(168,944)	(148,217)
Gain from disposal of investments in securities and derivative	(9,808,197)	(3,549,879)	(9,808,197)	(3,549,879)
Interest income	(1,578,319)	(691,902)	(2,846,699)	(3,126,926)
Dividend received	–	(270,000)	–	(270,000)
Provision for long-term employee benefits	1,295,538	629,132	1,341,854	617,703
Interest expenses	5,286,090	6,060,215	5,067,388	5,934,380
Share of loss from investments in associate	114,183	–	–	–
Profit from operating activities before changes in operating assets and liabilities	140,094,381	239,500,160	142,784,041	236,345,326
Operating assets (increase) decrease				
Trade and other receivables	(85,214,703)	(9,062,303)	(86,511,200)	(11,877,966)
Finance lease receivables	800,202	1,548,889	800,202	1,548,890
Inventories	90,605,874	(21,743,595)	90,605,874	(21,743,595)
Other current assets	(11,205,852)	(2,436,431)	(11,360,161)	(2,725,323)
Other non-current assets	374,477	(2,661,612)	284,477	(3,219,612)
Operating liabilities increase (decrease)				
Trade and other payables	(30,231,948)	57,766,663	(31,102,002)	58,606,650
Other current liabilities	5,962,763	231,325	3,718,145	826,527
Cash from operating activities	111,185,194	263,143,096	109,219,376	257,760,897
Cash paid for corporate income tax	(46,454,489)	(5,087,664)	(46,454,489)	(5,087,664)
Net cash from operating activities	64,730,705	258,055,432	62,764,887	252,673,233

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Interest income	1,578,319	691,902	2,846,699	3,126,926
Dividend received	–	270,000	–	270,000
Increase in short-term loans to related parties	(955,565)	–	(9,015,565)	(8,290,000)
Increase in short-term loans to unrelated parties	(30,000,000)	–	(30,000,000)	–
Purchase of investments in securities and derivative	(62,410,000)	(261,111,030)	(62,410,000)	(261,111,030)
Proceeds from disposal of investments in securities and derivative	168,135,200	165,871,750	168,135,200	165,871,750
Proceeds from disposal of equipment and intangible assets	302,909	2,342,213	302,909	2,192,384
Purchase of equipment	(22,625,493)	(24,486,821)	(22,619,523)	(24,318,428)
Purchase of intangible assets	(444,910)	(1,465,404)	(444,910)	(1,465,404)
Increase in investments in a subsidiary	–	–	(1,500,010)	(400,000)
Increase in investments in associate	(71,029,990)	–	(71,029,990)	–
Net cash used in investing activities	(17,449,530)	(117,887,390)	(25,735,190)	(124,123,802)
Cash flows from financing activities				
Decrease (increase) in restricted bank deposits	476,725	(650,893)	476,725	(2,893)
Increase (decrease) in bank overdrafts and short-term loans from banks	(2,595,651)	2,595,341	(2,574,143)	2,573,833
Increase in trust receipts	33,869,696	74,396,150	33,869,696	74,396,150
Increase in loan from related party	10,000,000	–	10,000,000	–
Cash paid under finance lease	(7,524,807)	(12,002,872)	(3,482,870)	(3,282,615)
Repayment of long-term loans from other companies	(1,879,286)	(2,172,277)	–	–
Repayment of long-term loans from banks	–	(31,688,077)	–	(31,688,077)
Interest expense	(4,573,965)	(5,562,670)	(4,456,163)	(5,436,834)
Cash receipt from exercise of warrants to subscribed ordinary share	72,072,650	47,064,968	72,072,650	47,064,968
Dividend paid	(156,892,635)	(145,847,417)	(156,892,635)	(145,847,417)
Change in non-controlling interests of the subsidiary from receipt of shares subscription	–	10	–	–
Increase in non-controlling interests from change in investments in subsidiary	749,990	–	–	–
Net cash used in financing activities	(56,297,283)	(73,867,737)	(50,986,740)	(62,222,885)
Net increase (decrease) in cash and cash equivalents	(9,016,108)	66,300,305	(13,957,043)	66,326,546
Cash and cash equivalents at beginning of year	68,727,689	2,427,384	68,524,700	2,198,154
Cash and cash equivalents at end of year	59,711,581	68,727,689	54,567,657	68,524,700

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Supplemental cash flows information: –				
Non-cash transactions: –				
Sale of assets that have not yet been collected	17,050	126,601	17,050	126,601
Transfer inventories to equipment	8,679,762	726,816	8,679,762	726,816
Transfer of equipment to inventories and other assets	565,133	–	565,133	–
Purchases of vehicles under financial lease	1,213,426	860,000	1,213,426	860,000
Increase in share purchase payable	–	–	–	599,990
Actuarial losses	631,414	–	631,414	–

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

Karmarts Public Company Limited and subsidiaries

Notes to consolidated financial statement

For the year ended 31 December 2014

1. General information

1.1 Corporate information

Karmarts Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of consumer product and NGV cars, 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. Derivative

2. Basis of preparation and accounting policies

- 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
		2014	2013	
My Bus Co., Ltd.	Bus service operator	Percent 95.16	Percent 95.16	Thailand
J KOS Laboratories Co., Ltd.* *Formerly known as Taobao Company Limited	Manufacture of consumer product and electronic commerce	70.00	100.00	Thailand

However, there has been a significant change in the composition of the group of companies during the current year.

During the first quarter of the current year, the Company purchased 6,666,666 ordinary shares of The Iconic Property Company Limited (or 33.33% of the 20,000,000 issued and paid-up shares of that company) at a price equal to the par value of Baht 10 per shares or a total of Baht 66,666,660. That company is therefore an associate of the Company for the investment date onward.

During the third quarter of the current year, the Company purchased 1.2 million additionally issued ordinary shares of J KOS Laboratories Company Limited (formerly known as Taobao Company Limited) (a subsidiary) (or 66.67% of the 1.8 million newly issued and paid-up shares). As a result of this transaction, the Company's shareholding in this subsidiary decreased from 100% (of 0.2 million existing issued and paid-up shares) to 70% (of 2.0 million issued and paid-up shares).

Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- 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 subsidiaries 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 and associate under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

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

Financial Reporting Standard Interpretations:

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

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the financial reporting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of financial reporting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 Inventories

Finished goods are valued at the lower of cost (first-in, first-out method) or standard cost (which approximates actual cost under 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.

4.6 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 and associate are accounted for in the separate financial statements using the cost method.
- d) Investments in associate is accounted for in the consolidated financial statements using the equity 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.

4.7 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 derecognised.

4.8 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.

4.9 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)

4.10 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.

4.11 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.

4.12 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.

4.13 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 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.

4.14 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 other comprehensive income.

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.

4.15 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.

4.16 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.

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for impairment on investments

The Company treats investments in subsidiaries and associate 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 recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

Property plant and equipment 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.

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 has 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.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	193	198	168	168
Bank deposits	59,519	68,530	54,400	68,357
Total	<u>59,712</u>	<u>68,728</u>	<u>54,568</u>	<u>68,525</u>

As at 31 December 2014, bank deposits in saving accounts carried interest at a rate of 0.5% – 2.55% per annum (2013: 0.5% per annum).

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts receivable – related parties				
Aged on the basis of due dates				
Not yet due	–	–	–	8
Overdue				
1 – 3 months	–	–	–	60
4 – 6 months	–	–	9	67
7 – 12 months	–	–	43	213
Over 12 months	–	–	6,122	5,782
Total	–	–	6,174	6,130
Less: Allowance for doubtful debts	–	–	(6,062)	(2,927)
Net	–	–	112	3,203
Trade accounts receivable – unrelated parties				
Aged on the basis of due dates				
Post dated cheques	2,905	4,388	2,905	4,388
Not yet due	80,094	48,808	80,094	48,808
Past due – Up to 3 months	95,903	32,818	95,903	32,818
Past due – 4 – 6 months	2,215	3,625	2,215	3,625
Past due – Over 6 months	15,120	14,733	15,120	14,733
Returned cheques	616	641	616	641
Total	196,853	105,013	196,853	105,013
Less: Allowance for doubtful accounts	(10,491)	(10,079)	(10,491)	(10,079)
Net	186,362	94,934	186,362	94,934
Other receivables				
Advances – related parties	2	4,240	8,855	11,825
Other receivable	24,940	27,311	24,925	27,311
Total	24,942	31,551	33,780	39,136
Less: Allowance for doubtful accounts	(8,248)	(5,450)	(12,762)	(6,964)
Net	16,694	26,101	21,018	32,172
Trade and other receivables – net	203,056	121,035	207,492	130,309

8. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
Finance lease receivables		
– receivable within 1 year	2,165	1,488
– receivable within 2 to 5 years	1,552	3,252
Total finance lease receivables	3,717	4,740
Less : unearned finance lease income	(348)	(571)
Finance lease receivables –net	3,369	4,169
Less: Allowance for doubtful accounts	–	–
Net	3,369	4,169

As at 31 December 2014 and 2013, 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	
	2014	2013
Current	3,248	4,169
Past Due – Over 12 months	121	–
Total	3,369	4,169
Less: Allowance for doubtful accounts	–	–
Net	3,369	4,169

9. Related parties transactions

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

(Unit: Million Baht)

	Consolidated financial statements For the years ended 31 December		Separate financial statements For the years ended 31 December		Transfer Pricing Policy
	2014	2013	2014	2013	
Transactions with subsidiary companies (Eliminated from consolidated financial statements)					
Sale of goods and services	–	–	–	1	Approximate cost 1.5 – 6.125 percent per annum (2013: 6.125 percent per annum)
Interest income	–	–	1	2	



The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade and other receivables – related persons and parties (Note 7)				
Subsidiary	–	–	15,027	13,715
Associate	2	–	2	–
Related company (related by means of sharing director and shareholder)	–	240	–	240
Director	–	4,000	–	4,000
Total	2	4,240	15,029	17,955
Less: Allowance for doubtful debts	–	–	(10,587)	(4,441)
Net	2	4,240	4,442	13,514
Short-term loans to related parties				
Associate	956	–	956	–
Subsidiary	–	–	52,252	44,192
Less: Allowance for doubtful debts – subsidiary	–	–	(22,240)	(20,412)
Net	956	–	30,968	23,780
Trade and other trade payables – related persons and parties (Note 22)				
Advance received for the exercise of warrants	–	14,563	–	14,563
Accrued managements benefits	900	–	900	–
Share subscription payable of subsidiary	–	–	–	600
Accrued interest	39	–	39	–
Total	939	14,563	939	15,163
Short-term loans from a related person				
Director of associate	10,000	–	10,000	–
Total	10,000	–	10,000	–

During the current year, the balance of loans to related parties and loans from a related person and the movements are as follows:

	(Unit: Thousand Baht)				
	Consolidated financial statements				
	1 January 2014	Increase	Decrease	Increase in allowance for doubtful debts	31 December 2014
Short-term loans to related party					
Associate					
The Iconic Property Co., Ltd.	–	956	–	–	956
Total	–	956	–	–	956

(Unit: Thousand Baht)

	Separate financial statements				
	1 January 2014	Increase	Decrease	Increase in allowance for doubtful debts	31 December 2014
Short-term loans to related parties					
Associate					
The Iconic Property Co., Ltd.	-	956	-	-	956
Subsidiary					
My Bus Company Limited	23,780	8,060	-	(1,828)	30,012
J KOS Laboratories Company Limited*	-	70	(70)	-	-
Total	<u>23,780</u>	<u>9,086</u>	<u>(70)</u>	<u>(1,828)</u>	<u>30,968</u>

*Formerly known as Taobao Company Limited

As at 31 December 2014, short-term loan to such associate and subsidiaries matures at call and carries interest at the rate of 1.50 percent per annum (31 December 2013: 6.125 percent per annum).

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	1 January 2014	Increase	Decrease	31 December 2014
Short-term loans from a related person				
Director of associate	-	10,000	-	10,000
Total	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>

As at 31 December 2014, the Company had short-term loans from a related person amounting to Baht 10 million. The loans are repayable within March 2015 and carry interest at a rate of 9 percent per annum.

Directors and management's benefits

During the year ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	19	16	18	15
Post-employment benefits	-	7	-	7
Total	<u>19</u>	<u>23</u>	<u>18</u>	<u>22</u>

10. Short-term loans to an unrelated party

As at 31 December 2014, the Company had short-term loans to an unrelated company amounting to Baht 30 million. The loans are repayable within March 2015 and carry interest at a rate of 15 percent per annum. The loans are guaranteed by certain directors of the Company's associate.

11. Inventories

As at 31 December 2013, net inventories of the Company include amounts of Baht 99 million, that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X. 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 Company adjusted the value of the assets in accordance with the new values appraised in the year 2013 by decreasing Baht 2.6 million of provision to reduce cost of inventories to net realisable value in the 2013 consolidated and separate income statement. On 22 December, 2014, the Company entered into an agreement to sell all of these inventories to a non-related party at a price of Baht 28.10 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments, within 10 years. The Company recorded a loss of Baht 74 million from the sale of the inventory in the consolidated income statement and separate income statement for the year ended 31 December 2014.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2014	2013	2014	2013	2014	2013
Finished goods	176,457	311,344	(22,005)	(30,998)	154,452	280,346
Raw materials and spare parts	33,602	8,983	(5,962)	(1,070)	27,640	7,913
Work in process	3,489	3,268	-	-	3,489	3,268
Goods in transit	18,484	7,158	(1,494)	(1,494)	16,990	5,664
Total	<u>232,032</u>	<u>330,753</u>	<u>(29,461)</u>	<u>(33,562)</u>	<u>202,571</u>	<u>297,191</u>

During the current year, the Company reversed cost of inventories by Baht 4 million (2013: reducing cost Baht 1 million), to reflect the net realisable value. This was included in cost of sales.

12. Current Investments

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	31 December 2014		31 December 2013	
	Cost	Fair value	Cost	Fair value
Trading securities - ordinary shares	138	-	102,489	95,917
Unrealised loss from revaluation of investments	-		(6,434)	
Allowance for impairment loss on current investments	(138)		(138)	
Total current investments - net	<u>-</u>		<u>95,917</u>	

13. Other current assets

Movements in the allowance for loss on impairment of other current assets account during the years ended 31 December 2014 and 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
Balance as at 1 January	2,671	2,671
Increase/decrease in allowance for loss on impairment of other current assets	-	-
Balance as at 31 December	<u>2,671</u>	<u>2,671</u>

14. Restricted bank deposits

As at 31 December 2014, the subsidiary used bank deposits as security for long-term loans from other company (31 December 2013: as security for long-term loans from other company and as a bond for litigation before the court).

15. Investments in associate

15.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
			%	%				
The Iconic Property Co., Ltd.	Investment properties development	Thailand	33.33	-	71,030	-	70,916	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
			%	%		
The Iconic Property Co., Ltd.	Investment properties development	Thailand	33.33	-	71,030	-

15.2 Share of loss

During the years, the Company has recognised its share of loss from investments in associated company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investments in associate during the year	
	2014	2013
The Iconic Property Company Limited	114	–

15.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Loss for the year ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
The Iconic Property Company Limited	212	–	215	–	3	–	–	–	(1)	–

On 3 March 2014, the Company purchased 6,666,666 ordinary shares of The Iconic Property Company Limited (or 33.33% of the 20,000,000 issued and paid-up shares of that company) at a price equal to the par value of Baht 10 per shares or a total of Baht 66,666,660.

Consequently on 28 March 2014, the said associate registered the increase of its registered share capital with the Ministry of Commerce from Baht 200 million (20 million ordinary shares of Baht 10 each) to Baht 210 million (21 million ordinary shares of Baht 10 each) which was fully paid up.

Consequently on 19 August 2014, the said associate registered the increase of its registered share capital with the Ministry of Commerce from Baht 210 million (21 million ordinary shares of Baht 10 each) to Baht 213.09 million (21.309 million ordinary shares of Baht 10 each) which was fully paid up.

16. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Percentage holding		Separate financial statements	
					Cost Method	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(Million Baht)	(Million Baht)	(%)	(%)		
My Bus Company Limited	9.20	9.20	95.16	95.16	9,173	9,173
J KOS Laboratories Company Limited*	3.25	1.00	70.00	100.00	2,500	1,000
Total					11,673	10,173
Less: Allowance for loss on impairment of investment – My Bus Company Limited					(9,173)	(9,173)
Net					2,500	1,000

*Formerly known as Taobao Company Limited

On 1 December 2013, the Company engaged in the Memorandum of Understanding to establish Karmarts Vietnam Investment Company Limited, the new subsidiary in Vietnam which the Company will hold 510,000 ordinary shares (or 51% of the total 1,000,000 issued and paid-up shares) at VND 1,000 per share, or a total of VND 510,000,000 or approximately Baht 765,000. The said subsidiary has been in the process of registration.

During the third quarter of the current year, the Company purchased 1.2 million additionally issued ordinary shares of Baht 5 each of J KOS Laboratories Company Limited (formerly known as Taobao Company Limited) (a subsidiary), 25% paid-up, for a total payment of Baht 1.5 million (representing 66.67% of the 1.8 million newly issued and paid-up shares). As a result of the transaction, the Company's shareholding in this subsidiary decreased from 100% (of 0.2 million existing issued and paid-up shares) to 70% (of 2.0 million issued and paid-up shares).

As at 31 December 2014, the Company had commitments amounting to approximately Baht 55 million and Baht 4.5 million in respect of the unpaid shares in My Bus Company Limited and J KOS Laboratories Company Limited, respectively (31 December 2013: My Bas Company Limited: approximately Baht 55 million).

17. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2014 and 2013 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
	Properties used for warehouse service
Net book value at beginning of 2013	162,000
Net gain from a fair value adjustment	2,000
Net book value at end of 2013	164,000
Net gain from a fair value adjustment	4,000
Net book value at end of 2014	168,000

The investment properties represent land and building used for providing warehouse service. Its fair value has been determined based on the valuations performed by an accredited independent valuer, using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in 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.

18. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis							
	Land for office	Land and land improvement	Building and building improvement	Leasehold buildings	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Equipment under installation	Total
Cost/Revalued amount									
1 January 2013	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
Addition	5,390	-	502	-	3,491	11,536	3,662	7,937	32,518
Disposal / write-off assets	-	-	-	-	(377)	(429)	(3,623)	(117)	(4,546)
Transfer in / Transfer out	-	-	130	-	5,936	-	962	(7,028)	-
31 December 2014	32,251	206	38,919	2,200	33,830	111,868	43,519	1,332	264,125
Accumulated depreciation									
1 January 2013	-	206	30,443	2,200	6,380	37,818	25,295	-	102,342
Depreciation for the year	-	-	2,486	-	1,907	13,223	3,611	-	21,227
Depreciation for disposals / write-off	-	-	-	-	(237)	(4,134)	(1,282)	-	(5,653)
31 December 2013	-	206	32,929	2,200	8,050	46,907	27,624	-	117,916
Depreciation for the year	-	-	1,897	-	4,481	13,682	5,068	-	25,128
Depreciation for disposals / write-off	-	-	-	-	(82)	(429)	(2,953)	-	(3,464)
31 December 2014	-	206	34,826	2,200	12,449	60,160	29,739	-	139,580

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 2013	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
Addition	5,390	-	502	-	3,491	11,536	3,657	7,937	32,513
Disposal / write-off assets	-	-	-	-	(377)	(429)	(3,623)	(117)	(4,546)
Transfer in / Transfer out	-	-	130	-	5,936	-	962	(7,028)	-
31 December 2014	32,251	206	38,919	2,200	33,830	44,098	43,332	1,332	196,168

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 2014 and 2013 would have been Baht 17.6 million.

The subsidiary's vehicles with net book values as of 31 December 2014 of Baht 25.5 (2013: Baht 35.4 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 2014, the Company had vehicles under finance lease agreements with net book values amounting to Baht 6.4 million (2013: Baht 9.6 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.

19. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Right to operate bus service	Computer software	Total
Cost			
1 January 2013	14,885	1,365	16,250
Addition	–	1,465	1,465
Write-off	–	(9)	(9)
31 December 2013	14,885	2,821	17,706
Addition	–	445	445
Write-off	–	(93)	(93)
31 December 2014	14,885	3,173	18,058
Accumulated amortisation			
1 January 2013	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
Amortisation during the year	1,698	687	2,385
Amortisation of write-off items	–	(38)	(38)
31 December 2014	9,093	2,103	11,196
Net book value			
31 December 2013	7,490	1,367	8,857
31 December 2014	5,792	1,070	6,862

(Unit: Thousand Baht)

	Separate financial statements Computer software
Cost	
1 January 2013	1,365
Addition	1,465
Write-off	(9)
31 December 2013	2,821
Addition	445
Write-off	(93)
31 December 2014	3,173
Accumulated amortisation	
1 January 2013	914
Amortisation during the year	541
Amortisation of write-off items	(1)
31 December 2013	1,454
Amortisation during the year	687
Amortisation of write-off items	(38)
31 December 2014	2,103
Net book value	
31 December 2013	1,367
31 December 2014	1,070

20. Other non-current assets

As at 31 December 2014 and 2013, 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. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Bank overdraft	MOR	–	2,595	–	2,573
Short-term loans from banks – Trust receipts	3.18% – 7.25%	159,715	128,081	159,715	128,081
	(2556: 3.29% – 6.88%)	159,715	130,676	159,715	130,654

Bank overdrafts and short-term loans from banks are secured by the mortgage of majority of the Company's land with structures thereon, majority of 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	
	2014	2013	2014	2013
Trade payables – unrelated parties	12,807	43,472	12,807	43,472
Other payables – related party	–	–	–	600
Other payables – unrelated parties	10,568	11,851	8,970	10,464
Advance received for the exercised warrants	–	14,563	–	14,563
Advance received from director	900	–	900	–
Accrued interest – related person	39	–	39	–
Accrued expenses	30,997	15,608	30,938	15,608
Total trade and other payables	<u>55,311</u>	<u>85,494</u>	<u>53,654</u>	<u>84,707</u>

23. Other long-term loans

As at 31 December 2013, a subsidiary had long-term loans from an unrelated company. The loans are repayable in monthly installments carrying the interest at a rate of 0.5 percent per annum, and were fully repaid in the year 2014.

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Liabilities under finance lease agreements	8,000	14,226	8,000	10,184
Less: deferred interest expenses	(874)	(1,441)	(874)	(1,340)
Total	<u>7,126</u>	<u>12,785</u>	<u>7,126</u>	<u>8,844</u>
Less: portion due within one year	(2,984)	(6,889)	(2,984)	(2,948)
Liabilities under finance lease agreements – net of current portion	<u>4,142</u>	<u>5,896</u>	<u>4,142</u>	<u>5,896</u>

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 2014		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	3	5	8
Deferred interest expenses	-	(1)	(1)
Present value of future minimum lease payments	<u>3</u>	<u>4</u>	<u>7</u>

(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	<u>3</u>	<u>6</u>	<u>13</u>

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees after they retire from the Company, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	7,510	6,881	7,464	6,846
Current service cost	1,147	368	1,193	358
Interest cost	211	261	211	260
Benefits paid during the year	(62)	-	(62)	-
Actuarial losses	631	-	631	-
Defined benefit obligation at end of year	<u>9,437</u>	<u>7,510</u>	<u>9,437</u>	<u>7,464</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	1,147	368	1,193	358
Interest cost	211	261	211	260
Total expense recognised in profit or loss	<u>1,358</u>	<u>629</u>	<u>1,404</u>	<u>618</u>
Line items in profit and loss under which such expenses are included				
Cost of sales	1,020	49	1,020	49
Selling and administrative expenses	338	580	384	580

As at 31 December 2014, cumulative actuarial losses which were recognised in other comprehensive income of the Company amounted to Baht 0.6 million (2013: Baht – million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.63%	3.79%	2.63%	3.79%
Future average salary increase rate	5.75%	5.00%	5.75%	5.00%
Staff turnover rate (depending on age)	5% – 30%	5% – 30%	5% – 30%	5% – 30%

The amounts defined benefit obligations and experience adjustments for the current year and the past three years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	9,437	9,437	(238)	(238)
Year 2013	7,510	7,464	–	–
Year 2012	6,881	6,846	–	–
Year 2011	3,873	3,855	–	–

26. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
Current income tax:		
Current income tax charge	25,103	28,109
Adjustment in respect of current income tax of previous year	549	–
Deferred tax:		
Reversal of temporary differences relating to deferred tax	3,954	16,832
Income tax expenses reported in the statement of comprehensive income	<u>29,606</u>	<u>44,941</u>

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	<u>121,009</u>	<u>205,554</u>	<u>128,947</u>	<u>213,494</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	25,789	42,699	25,789	42,699
Adjustment in respect of current income tax of previous year	549	–	549	–
Effects of:				
Non-deductible expenses	1,148	1,927	1,148	1,927
Additional expenses deductions allowed	(1,834)	(2,244)	(1,834)	(2,244)
Utilised tax losses	–	(14,273)	–	(14,273)
Total	(686)	(14,590)	(686)	(14,590)
Decrease (increase) in deferred tax assets	(3,505)	15,924	(3,505)	15,924
Increase in deferred tax liabilities	<u>7,459</u>	<u>908</u>	<u>7,459</u>	<u>908</u>
Income tax expenses reported in the statement of comprehensive income	<u>29,606</u>	<u>44,941</u>	<u>29,606</u>	<u>44,941</u>

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 2014	As at 31 December 2013
Deferred tax assets		
Allowance for doubtful accounts	10,311	8,077
Allowance for diminution in value of inventories	5,892	6,712
Allowance for assets impairment	576	576
Allowance for impairment on investments	1,835	–
Provision for long-term employee benefits	1,875	1,493
Total	<u>20,489</u>	<u>16,858</u>

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements / Separate financial statements	
	As at 31 December 2014	As at 31 December 2013
Deferred tax liabilities		
Surplus of fair value from book value of investment properties	27,727	20,268
Surplus on revaluation of assets	1,844	1,844
Total	29,571	22,112

As at 31 December 2014, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 55.3 million (2013: Baht 56.5 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

27. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Salaries and wages and other employee benefits	107,167	94,099	105,861	92,143
Depreciation and amortisation	27,513	23,465	19,004	14,942
Allowance for doubtful accounts (reversal)	3,210	(523)	11,173	(523)
Advertising and sales promotion expenses	90,766	49,806	90,766	49,806
Loss on cost reduction of inventories to net realisable value (reversal)	(4,101)	826	(4,101)	826
Raw materials and consumables used	421,239	431,145	421,239	431,127
Purchase of goods	571,552	419,499	571,552	419,499
Changes in finished goods and work in process	(134,666)	21,282	(134,666)	21,282

28. 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 30. 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 2014				
	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	92,178	99,341	650,007	<u>0.142</u>	<u>0.153</u>
Effect of dilutive potential ordinary share					
Warrant	<u>-</u>	<u>-</u>	<u>5,967</u>		
Diluted earnings per share					
Profit attributable to equity holders of the Company assuming the exercise of warrant to subscribe ordinary share	<u>92,178</u>	<u>99,341</u>	<u>655,974</u>	<u>0.141</u>	<u>0.151</u>

	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	<u>0.266</u>	<u>0.278</u>
Effect of dilutive potential ordinary share					
Warrant	<u>-</u>	<u>-</u>	<u>43,126</u>		
Diluted earnings per share					
Profit attributable to equity holders of the Company assuming the exercise of warrant to subscribe ordinary share	<u>160,986</u>	<u>168,553</u>	<u>648,672</u>	<u>0.248</u>	<u>0.260</u>

29 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 2013, the Company received additional share subscription totaling Baht 47.1 million as a result of the exercise of warrants, as discussed in Note 30. 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 statements of financial position.



During the current year, the Company received additional share subscription totaling Baht 72.1 million as a result of the exercise of warrants, as discussed in Note 30. The Company registered the increase in its paid up share capital of Baht 21.6 million with the Ministry of Commerce on 6 February 2014 and 14 May 2014 (36 million ordinary shares of Baht 0.60 each) and the remaining Baht 50.5 million has been recorded as share premium in the statements of financial position.

30. 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, 36,036,325 warrants were exercised to purchase the Company's ordinary shares (year 2013: 23,532,484 warrants), amounting to Baht 72.1 million (year 2013: Baht 47.1 million), as discussed in Note 29.

31. Revaluation surplus on land

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

32. Dividends

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>
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	38,202	0.06
Interim dividends for 2014	Board of Directors' meeting on 12 May 2014	39,559	0.06
	Board of Directors' meeting on 13 August 2014	39,559	0.06
	Board of Directors' meeting on 12 November 2014	39,573	0.06
		<u>156,893</u>	<u>0.24</u>

33. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside 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.

34. Segment information

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:

- Manufacture and 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, total assets and total liabilities on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities 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, total assets and total liabilities information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013, respectively.

(Unit: Thousand Baht)								
	Manufacture and 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
Year ended 31 December 2014								
Revenue from external customers	944,551	26,012	1,163	26,433	13,991	1,012,150	–	1,012,150
Inter-segment revenue	–	37	–	–	–	37	(37)	–
Interest revenue	2,846	–	–	–	–	2,846	(1,268)	1,578
Interest expenses	5,067	–	1,487	–	–	6,554	(1,268)	5,286
Depreciation and amortisation	19,004	–	8,509	–	–	27,513	–	27,513
Gain on sale of assets	169	–	–	–	–	169	–	169
Gain on revaluation of investment properties to fair value	–	–	–	4,000	–	4,000	–	4,000
Share of loss from investments in associate	–	–	–	–	(114)	(114)	–	(114)
Income tax expenses	29,606	–	–	–	–	29,606	–	29,606
Segment profit (loss)	163,995	(91,118)	(15,500)	26,167	(114)	83,430	7,973	91,403
Segment total assets	563,145	49,030	32,921	168,000	141,978	955,074	(36,953)	918,121
Additions to non-current assets other than financial instruments and deferred tax assets	23,064	–	–	4,000	–	27,064	–	27,064
Segment total liabilities	284,682	–	68,881	–	–	353,563	(67,279)	286,284

	(Unit: Thousand Baht)							
	Manufacture and 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
Year ended 31 December 2013								
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 expenses	5,934	-	2,561	-	-	8,495	(2,435)	6,060
Depreciation and amortisation	14,714	-	8,511	240	-	23,465	-	23,465
Gain on 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	462,764	48,367	44,648	164,000	230,305	950,084	(34,655)	915,429
Additions to non-current assets other than financial instruments and deferred tax assets	25,784	-	-	2,000	-	27,784	-	27,784
Segment total liabilities	283,819	-	65,107	-	-	348,926	(58,508)	290,418

Geographic information

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

Major customers

For the year 2014, the Company and its subsidiaries have revenue from a major customer in the amount of Baht 197 million, arising from sales by the manufacture and distribution of consumer product segment (2013: Baht 243 million derived from a major customer, arising from sales by the manufacture and distribution of consumer products segment).

35. Commitment and contingent liabilities

35.1 Operating lease and service commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and 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	
	2014	2013
Payable within:		
1 year	6.2	6.4
2 to 3 years	2.0	2.7

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

As at 31 December 2014 and 2013, the Company and its subsidiary company had commitment in respect of purchase of finished goods and equipment of approximately USD 39 million.

35.3 Guarantees

As at 31 December 2014, there were outstanding bank guarantees of Baht 0.5 million (2013: Baht 0.5 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 2014 and 2013, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

35.4 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 pas 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. On 26 August 2014, the Company paid for the penalty amounting to Baht 28 million to the plaintiff in accordance with the Court of the First Instance order.

36. 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, short-term loan to, investments, and short-term and long-term loans from. 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	
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	4.17	3.77	33.1132	32.9494

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, short-term loan to, 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 statements as at 31 December 2014						
	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	0.5 % - 2.55 %	50	-	8	2	60
Finance lease receivables	5.6 % - 10.8 %	2	1	-	-	3
Trade and other receivables	-	-	-	-	203	203
Short-term loan to related parties	1.5 %	1	-	-	-	1
Short-term loan to unrelated parties	15.0 %	30	-	-	-	30
		<u>83</u>	<u>1</u>	<u>8</u>	<u>205</u>	<u>297</u>

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial liabilities	(% p.a.)					
Bank overdrafts and short-term loans from banks	MOR and 3.18% - 7.25%	160	-	-	-	160
Trade and other payables	-	-	-	-	55	55
Liabilities under finance lease agreements	3.5 % - 8.5 %	3	4	-	-	7
Short-term loan from related person	9 %	10	-	-	-	10
		<u>173</u>	<u>4</u>	<u>-</u>	<u>55</u>	<u>232</u>

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013						
	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	0.5 %	-	-	64	5	69
Finance lease receivables	5.6 % - 10.8%	1	3	-	-	4
Trade and other receivables	-	-	-	-	121	121
		<u>1</u>	<u>3</u>	<u>64</u>	<u>126</u>	<u>194</u>
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 %	7	6	-	-	13
Other long-term loan	0.5 %	2	-	-	-	2
		<u>140</u>	<u>6</u>	<u>-</u>	<u>85</u>	<u>231</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2014						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
<u>Financial Assets</u>	(% p.a.)					
Cash and cash equivalents	0.5% - 2.55%	50	-	3	2	55
Finance lease receivables	5.6% - 10.8%	2	1	-	-	3
Trade and other receivables	-	-	-	-	207	207
Short-term loan to related parties	1.5%	31	-	-	-	31
Short-term loan to unrelated parties	15.0%	30	-	-	-	30
		<u>113</u>	<u>1</u>	<u>3</u>	<u>209</u>	<u>326</u>
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from banks	MOR and 3.18% - 7.25%	160	-	-	-	160
Trade and other payables	-	-	-	-	54	54
Liabilities under finance lease agreements	3.5% - 8.5%	3	4	-	-	7
Short-term loans from related person	9.0%	10	-	-	-	10
		<u>173</u>	<u>4</u>	<u>-</u>	<u>54</u>	<u>231</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2013						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
<u>Financial Assets</u>	(% p.a.)					
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
		<u>25</u>	<u>3</u>	<u>64</u>	<u>135</u>	<u>227</u>
<u>Financial liabilities</u>						
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
		<u>134</u>	<u>6</u>	<u>-</u>	<u>85</u>	<u>225</u>

Fair value

Since major financial instruments are short-term in nature, loan to and loans from 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.
- For loans to unrelated parties, loans to related parties, loans from unrelated parties and person, loans from related party, and 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.
- 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	
	2014	2013	2014	2013
Other long-term loans	-	1.9	-	1.8

37. 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 2014, the Group's debt-to-equity ratio was 0.5:1 (2013: 0.5:1) and the Company's was 0.4:1 (2013: 0.5:1).

38. Events after the reporting period

On 27 February 2015, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders to be held on 28 April 2015 adopt the resolution to pay a year-end dividend of Baht 0.06 per share in respect of the operating result of 2013 and its retained earnings, or a total of Baht 39.6 million. The dividend payment is scheduled for 27 May 2015 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 23 February 2015, the Company engaged in the Memorandum of Understanding to establish Karmarts Malaysia Sdn. Bhd, the new joint venture in Malaysia which the Company will hold 51,000 ordinary shares (or 51% of the total 100,000 issued and paid-up shares) at MYR 10 per share, or a total of MYR 510,000,000 or approximately Baht 4.9 million. The said joint venture has been in the process of registration.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2015.



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