



# KARMART

รายงานประจำปี 2558  
บริษัท คาร์มาร์ท จำกัด (มหาชน)  
สิ้นสุดวันที่ 31 ธันวาคม 2558

ANNUAL  
REPORT  
2015

#UniqueBeautySolution  
“สวยทุกปัญหาสวย”



[WWW.KARMARTS.CO.TH](http://WWW.KARMARTS.CO.TH)





# ANNUAL REPORT 2015

KARMARTS PUBLIC COMPANY LIMITED  
31 December 2015



## 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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สวยสะพรั่ง..ไม่พึ่งเมคอัพ  
Cathy Doll Splash Essence Series

หาซื้อสินค้าได้ที่ **KARMA**  **ฟู้ดปาร์ก** **Friday** **FamilyMart**  **7-Eleven** **7-Eleven** **makro**  
ดูรายละเอียด

พาดูสินค้าได้ก็การบริการเมื่อไปตลาด

[illegible]

ศูนย์บริการข้อมูล/รับสมัครแฟรนไชส์ โทร.02-805-2756-60 [www.karmarts.com](http://www.karmarts.com)  [www.facebook.com/karmarts](https://www.facebook.com/karmarts)  [karmartsclub](https://www.instagram.com/karmartsclub)  [karmartsclub](https://www.whatsapp.com/channel/karmartsclub)

# COMPANY PROFILE

<b>Name</b>	Karmarts Public Company Limited
<b>Address</b>	<b>Office</b> 81-81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. 0-2805-2756-60 Fax. 0-2805-2751-2 <b>Factory and Warehouse</b> 140-140/1 Moo 4 Mapyangporn, Plugdang, Rayong 21140 Tel. 038-891-811-15 Fax. 038-891-821-22
<b>Type of Business</b>	The distribution of consumer products and the provision of warehouse rental and warehouse services.
<b>Authorized share capital</b>	
Common stock	396,000,000 Baht
Issued and Paid up	395,741,285.40 Baht
<b>Incorporate</b>	May 11, 1982
<b>Registered as a public company</b>	March 18, 1994
<b>SET Listing</b>	October 31, 1994
<b>Registration No.</b>	0107537000823 (Old No. Plc. 329)
<b>Corporate Website</b>	www.karmarts.co.th
<b>E-commerce Website</b>	www.karmarts.com
<b>Share Registrar</b>	Thailand Securities Depository Company Limited The Stock Exchange Building
<b>Auditors</b>	Mr. Sophon Permsirivallop Certified Public Accountant No. 3182 EY Office Limited



## FINANCIAL HIGHLIGHTS

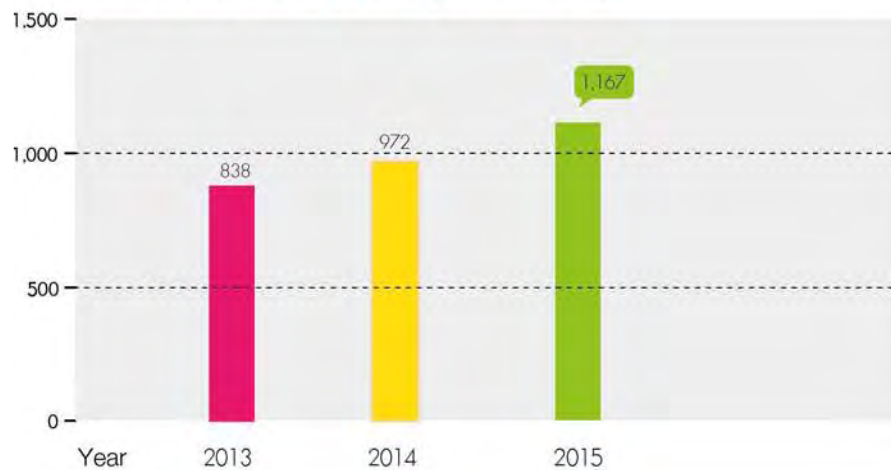
### KARMARTS PUBLIC COMPANY LIMITED

	Consolidated			The Company Only		
	2015	2014	2013	2015	2014	2013
<b>Financial Position and Operating results of year</b>						
<b>Financial Position (Thousand Baht)</b>						
Total Assets	1,001,183	918,121	915,429	997,233	917,224	904,570
Total Liabilities	285,102	286,283	290,419	280,692	282,373	283,734
Shareholders' Equity	716,081	631,838	625,010	716,540	634,851	620,836
<b>Operating Results (Thousand Baht)</b>						
Total Revenue	1,204,972	1,018,165	876,759	1,202,483	1,018,254	868,760
Total Sales and services	1,167,413	971,504	838,392	1,163,183	970,378	830,129
Gross Margin	631,811	394,523	407,960	633,767	401,999	408,224
Net Profit (Loss)	209,659	92,178	160,986	205,854	99,341	168,553
<b>Financial Ratio</b>						
Return on Assets (ROA) (%)	21.85	10.05	19.50	21.51	10.91	20.95
Return on Equity (ROE) (%)	31.04	14.65	27.07	30.47	15.82	28.77
Gross Margin (%)	54.54	40.61	48.66	54.51	41.43	49.18
Net Profit (Loss) (%)	18.02	9.05	18.36	17.69	9.76	19.40
Current Ratio (times)	2.37	2.15	2.34	2.43	2.31	2.54
Debt to Equity Ratio (times)	0.40	0.45	0.46	0.39	0.44	0.46
Book Value per share (Baht)	1.09	0.96	1.03	1.09	0.96	1.03
Earnings per share (Baht)	0.31	0.14	0.27	0.31	0.16	0.28

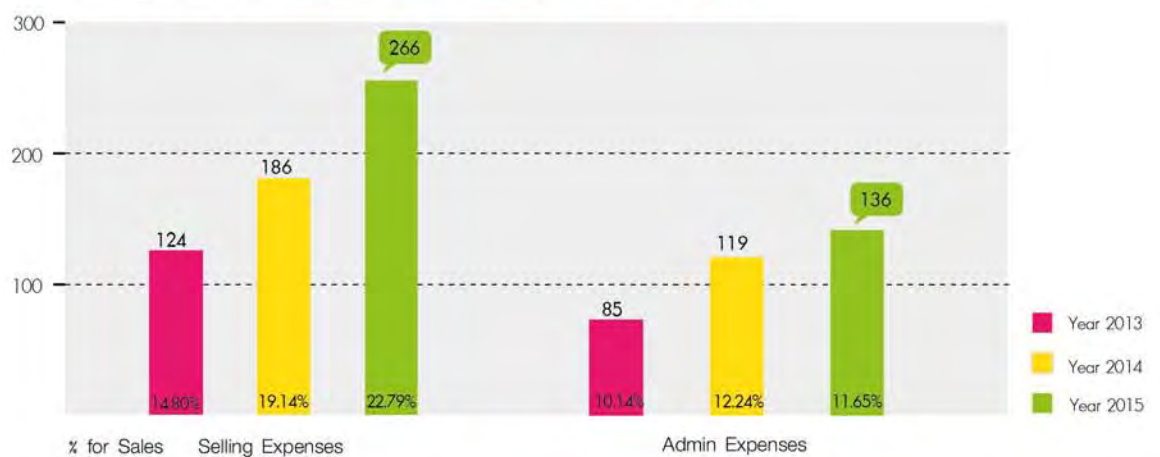
Note : Calculation is based on accounting standard by using weighted average number of ordinary shares issued during the year.

## KARMATS PUBLIC COMPANY LIMITED OPERATING RESULTS YEAR 2013, 2014 AND 2015 (CONSOLIDATED)

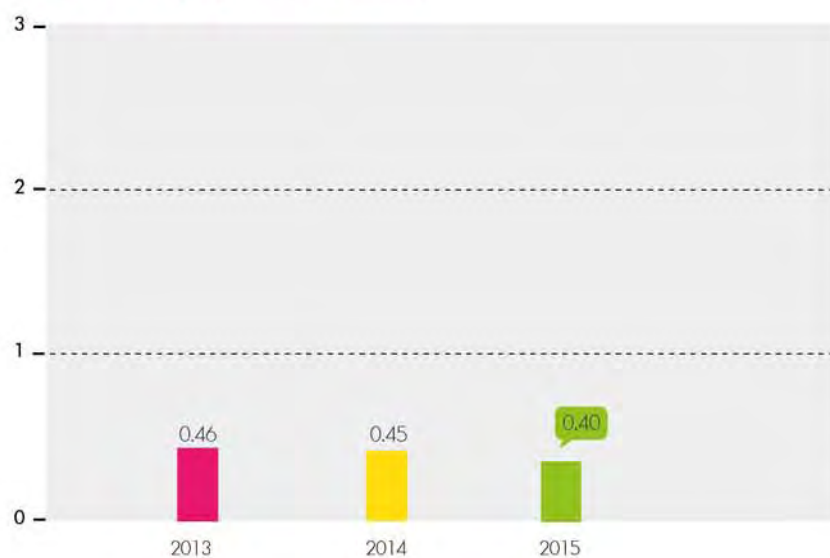
Total Sales and Services (Million Baht)



Selling and Administrative Expenses (Million Baht)



Debt to Equity Ratio (Times)

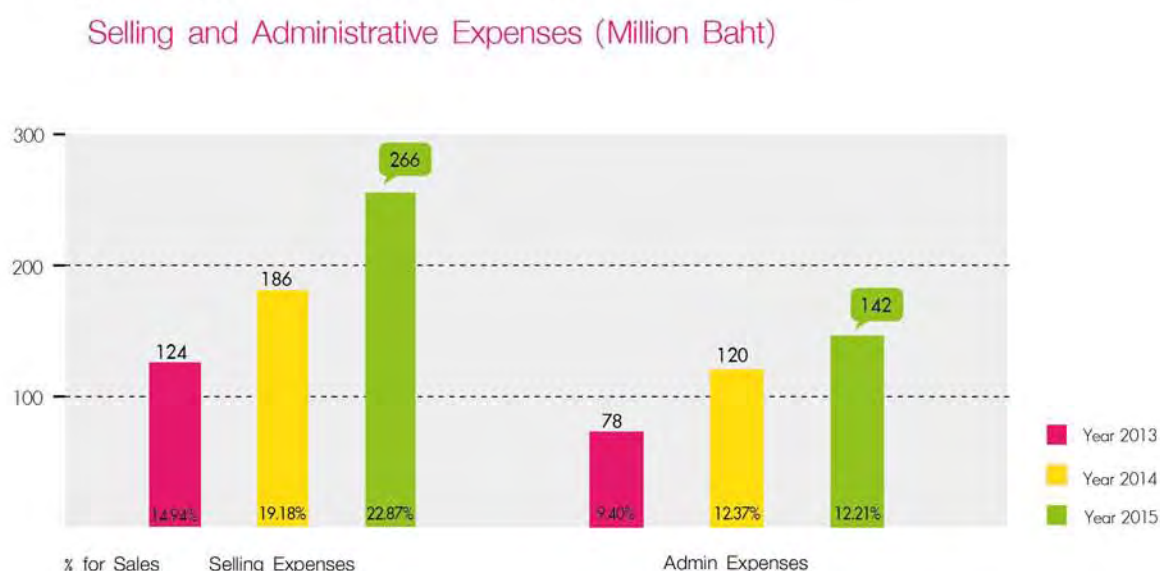


(Million Baht)	2013	2014	2015
Debt	290	286	285
Equity	626	632	716
Ratio	0.46	0.45	0.40

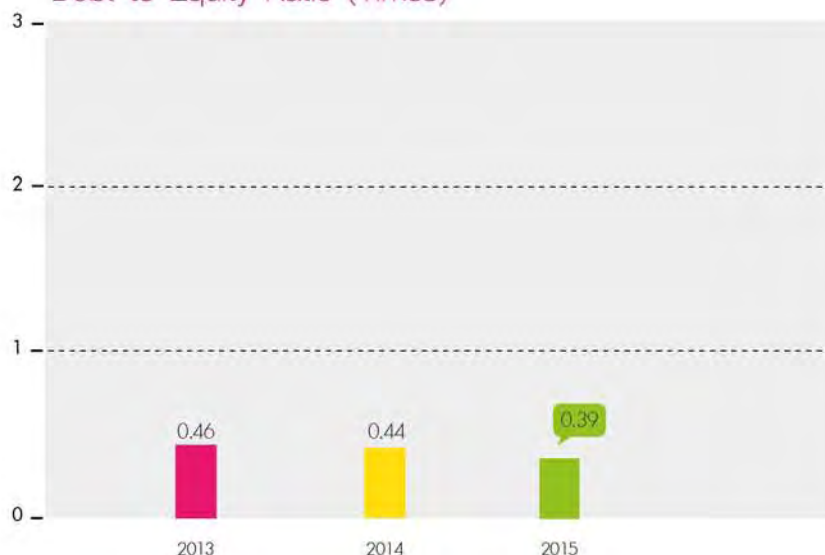


## KARMARTS PUBLIC COMPANY LIMITED

### OPERATING RESULTS YEAR 2013, 2014 AND 2015 (THE COMPANY ONLY)



### Debt to Equity Ratio (Times)



(Million Baht)	2013	2014	2015
Debt	284	282	281
Equity	621	635	717
Ratio	0.46	0.44	0.39

## BOARD OF DIRECTORS' MESSAGE

Political unrest remains a key factor which resulted in poor economic performance for Thailand as a whole in 2015, and companies of varying sizes and industries were negatively impacted on differing scales. The weakened Thai Baht currency also brought about an increase in product cost. However, through expansion of sales network via multiple sales and distribution channels, launches of innovative products that excite consumers and meet impending market demands coupled with efficient marketing campaigns and promotion of Karmart corporation, the company achieved almost 20% growth in total revenue aggregating to Baht 1,204.97 million.

A successful execution of overseas expansion plan gave rise to strengthening sales performance visible from Q4/2015 onwards as Karmart ventured into Modern Trade channels in overseas markets and received assuring responses from end consumers abroad.

In terms of the manufacturing aspect, the company has been progressing and will continue to work towards the introduction of new production facility so as to enhance our market competitiveness.

Karmart continues to source for the best product materials from all around the world to create high quality products at reasonable prices for the consumers. This is a significant contributor towards our target of becoming one of the leading skincare and cosmetic company in Asean within the next 5 years and that on an international scale 10 years from now. With this, the management is confident that the growth target of 30% in 2016 is a realistic goal attainable under the joint efforts of Karmart crew.

Last but not least, on behalf of Karmarts Public Company Limited, the Board of Directors would like to express our deepest appreciation towards our stakeholders and business partners for their trust and continuous support. We also like to thank our dedicated staff for their best efforts to grow Karmart into a successful global brand and expand beyond Asia. It is undoubtedly through these contributions anchored upon our vision to become "One of the leading branded beauty provider for everyone worldwide" that we are able to sustain our growth and stability and rise to greater heights in 2016.

The Board of Directors  
Karmarts Public Company Limited



## INCOME STRUCTURE

The Company had the Consumer Products Sales and Vehicle NGV in 2013 – 2015 as follow:

Product	2015		2014		2013	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<b>Vehicle NGV Sales Value</b>						
- Vehicle NGV	–	–	187	0.02	–	–
- Engines	1,408	0.12	201	0.02	3,192	0.38
- Cylinder	–	–	455	0.05	–	–
- Other	1,518	0.13	24,984	2.57	–	–
<b>Total Vehicle NGV Sales Value</b>	<b>2,926</b>	<b>0.25</b>	<b>25,827</b>	<b>2.66</b>	<b>3,192</b>	<b>0.38</b>
<b>Consumer Products Sales Value</b>						
- Cosmetics						
Body care	282,056	24.24	321,954	33.18	285,430	34.38
Facial skin care and	344,689	29.62	256,760	26.46	244,437	29.45
Cosmetics	493,426	42.40	306,587	31.59	239,308	28.83
- Accessories	18,039	1.55	14,401	1.48	15,048	1.81
- Furnitures and marketing tools	12,868	1.11	25,409	2.62	27,243	3.28
- Supplomentarie	9,458	0.81	18,608	1.92	12,820	1.54
- Other	369	0.03	832	0.09	2,651	0.32
<b>Total Consumer Products Sales Value</b>	<b>1,160,905</b>	<b>99.75</b>	<b>944,551</b>	<b>97.34</b>	<b>826,937</b>	<b>99.62</b>
<b>Total Sales Value</b>	<b>1,163,831</b>	<b>100.00</b>	<b>970,378</b>	<b>100.00</b>	<b>830,129</b>	<b>100.00</b>
Service Income	–	–	–	–	–	–
Grand total Revenue	1,163,831	100.00	970,378	100.00	830,129	100.00
% increased (decreased)	19.94		16.89		30.42	

## CORE BUSINESS

Karmarts Public Company Limited (KARMART) operates core businesses in the fields of import, manufacturing and distribution of cosmetics and consumer products on an international scale. Key products can be generally segregated into two groups: (1) international brands solely distributed by KARMART within Thailand territory and (2) domestic household brands whose trademark rights belong with KARMART. For the latter, the company plans and executes the concept and development of each brand through multinational product development teams across Thailand and Korea, effectively tapping on the teams' solid understanding in global trends and consumer behavior. This facilitates consistent creation of new innovative products which meet the imminent needs of target markets across Asia. The primary objective of the business lies in the conception of new products which deliver aesthetic appeal and unique beauty solution to customers, thereby allowing mass consumers to enjoy shopping for each and every category of beauty products to satisfy their customized needs. Underlying the primary objective is KARMART's promise to deliver high quality products produced across the globe at reasonable prices affordable to all. Following excellent market responses from consumers in 2014, the company has since dedicated resources to the expansion of manufacturing factory locally.

In terms of distribution channels, the company maintains an extensive distribution network nationwide encompassing both wholesale and retail sales, e.g. cosmetic store, supermarket, pharmacy etc. Modern trade channels also constitute a strong arm in distribution and strategic collaborations have been established with 7-Eleven, Watsons, Lotus etc. In addition, KARMART products are widely distributed across Thailand through 54 franchisee cosmetic retailers operating under the name "KARMARTS", all of which are managed centrally to exhibit the same brand image, style and layout and implement consistent operating systems to meet the needs of consumers.

Outstanding performance from within domestic market motivated KARMART to expand operations abroad since 2013. The expansion started with Southeast Asia and has conquered a total of 9 other Asian markets to date, including Singapore, Malaysia, Cambodia, Myanmar, Vietnam, Laos, Philippines, Indonesia and China. The ultimate goal of the company is to be "One of the Leading Branded Beauty Providers for Everyone Worldwide" and rise to Asia's number one cosmetic player in the foreseeable future.



## COMPANY BACKGROUND AND SIGNIFICANT MILESTONES

- 2009 Commenced import of cosmetic, skin care and other consumer products for distribution in various channels under “Karmarts” trademark, and concurrently operated automobile and NGV businesses which were launched in previous years
- 2010 Achieved annual sales growth exceeding 100% in “Karmarts” cosmetic business
- 2011 Officially updated company’s name from Distar Electric Corporation Public Company Limited to Karmarts Public Company Limited with the Stock Exchange of Thailand
- 2012 Strategized manufacturing and distribution of cosmetic, skin care and consumer products as primary business
- 2013 Expanded distribution channels and ventured into export markets with Asian countries as key focus
- 2014 Enhanced overseas distribution through strategic alliances with high potential business partners; Commenced product Research and Development under “JKOS Laboratory Company Limited” which focuses on manufacturing of cosmetic, perfume, beauty appliances and accessories; Embarked real estate business with “The Iconic Property Company Limited” as an alternative to the company’s investment portfolio
- 2015 Established joint venture with Karmarts Vietnam Company Limited as part of key expansion plan

## Brands and Products Overview

Working towards the vision of becoming a leading cosmetic brand that fulfills all beauty needs of modern females, KARMART is constantly driven to invent unique and outstanding products to meet needs of various target markets and be the ultimate provider of “Unique Beauty Solution” to all.

## PRODUCT CHARACTERISTICS

KARMART has a vast collection of more than 1,000 beauty products from our house brands namely Cathy Doll, Cathy Choo, Baby Bright, Jejuvita, Reunrom and Crayon.



# Cathy Doll

1. Cathy Doll : Just play it!

A 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. As KARMART's largest and leading house brand, Cathy Doll offers a wide range of product choices as follows:

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





# CATHY CHOO

## 2. Cathy Choo: Prestige Thai fusion spa

The distinctive skincare and home spa products which fuse spa styles garnered from all around the world. Uniquely combining western and eastern natural aromas, the flora and herb scents from natural flowers are suitable for consumers who seek an array of holistic wellness. Cathy Choo offers to consumers the following range of product choices:

- Facial Care
- Body Care
- Hair Care
- Home Fragrance Products



# Baby Bright

## 3. Baby Bright: Gift from nature

An economical product line for young people who seek to boost their well-being with natural ingredients that gently pamper skin while strengthening skin's condition. Specially designed to cater to the needs of all skin types i.e., dry and/or sensitive skin and offering product choices as follows:

- Facial Care
- Body Care
- Makeup
- Hair Care
- Intimate Care





# Jejuvita

## 4. Jejuvita: Beauty inside out

A variety of dietary supplement products which contain multi-vitamins and deliver the finest selection of quality nutrients from overseas at reasonable pricing and in 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 and offers product choice as follows:

- Dietary supplement in the form of capsules and beverage



## Jejuvita ผลิตภัณฑ์เสริมอาหาร เจจูวิต้า



# รีนรมย์ REUNROM

## 5. Reunrom: Modern Thai spa

An authentic Thai aromatherapy spa series which was founded upon traditional Thai herbs and ancient skincare methodologies, Reunrom delivers unique natural scents and primeval skincare at cost-effective prices and offers a range of product choices as follows:

- Facial Care
- Body Care
- Hair Care
- Intimate Care





# crayon

## 6. Crayon: The Professional Makeup

A lavish makeup line which delivers professional results through amateur skills, Crayon enables every modern woman to become a chic master of her own. Invented and designed well-known fashion gurus and beauty experts across the globe, the brand offers product choice as follows:

- Makeup



Crayon EE Extra Enrichment Cream SPF50 & Crayon EE Extra Enrichment Elastic Pact SPF30 PA++

KARMART

พาร์ตเนอร์ที่ KARMATS Shop, Evanechoy, Beautrium, Beauty Market, Royal Paragon Puket, Royal Thai Herb และร้านจำหน่ายเครื่องสำอางชั้นนำ  
 02-805-2756-60 www.karmats.com Crayon Cosmetics Crayoncosmetics karmats\_onlineshop

In addition to the above-mentioned KARMART house brands, KARMART also manages the distribution of internationally renowned brands such as

# MISSHA

Missha, the No.1 cosmetic brand in Korea, so as to further enhance our product offering to consumers. World renowned as a leader in the beauty industry, Missha currently operates 40 branches worldwide and is acknowledged as "A brand known for quality first idea and its reasonable prices".



SIGNATURE COLLECTION  
Elegant Glamorous Glow

1. Signature Winkle Filler B.B Cream SPF37 PA++ 2. Signature High Glow Dual Pact SPF25 PA++ 3. Signature Velvet Air Shadow  
 4. Signature Extreme Cover Concealer SPF30 PA++ 5. M Signature Real Complete B.B Cream SPF25 PA++ 6. Signature Glam Air Gloss SPF12  
 7. Signature Technical-Up Mascara 8. Signature Glam-Air Rouge SPF15 PA++



## AWARDS AND ACHIEVEMENTS

As a leading cosmetic brand in Thailand, KARMART has been honored by leading Thai beauty magazines and government authorities in recognition of exceptional product quality, outstanding packaging and superior cost-effectiveness as follows:

1) Beauty Hall of Fame 2014 Award – “Best Mask Under 50.-” by CLEO (Thailand) Magazine from “Cathy Doll Sweetie Recipe Mask”.

2) Beauty Hall of Fame 2014 Award – “Best Body Wash” by CLEO (Thailand) Magazine from “Cathy Doll Tofu Body Bath Cleanser”.

3) Beauty Hall of Fame 2015 Award – “Best CC in a Budget” by CLEO (Thailand) Magazine from “Cathy Doll Speed White CC Cream SPF50+ PA+++”.

4) “Best Pressed Powder” Award by Lemonade Magazine from “Cathy Doll Speed White CC Powder SPF40 PA+++”.



5) Cosmo Kiss Beauty Award 2015 – “Best Lengthening & Volumizing Mascara” by Cosmopolitan (Thailand) Magazine from “Cathy Doll Mademoiselle Mascara”.



6) Beauty Hall of Fame 2015 Award – “Best High Cover Brush” by CLEO (Thailand) Magazine from “Cathy Doll Intensive Dual Coverage Brush”.

7) Beauty Hall of Fame 2015 Award – “Best Instant Whitening Cream” by CLEO (Thailand) Magazine from “Cathy Doll Ready 2 White One Day Whitener Body Lotion”.

8) Beauty Hall of Fame 2015 Award – “Best Whitening Sunscreen” by CLEO (Thailand) Magazine from “Cathy Doll L-Glutathione Magic Cream SPF50 PA+++”.

9) Grand winner for “Packaging Award – Distribution Packaging Prize” by THAISTAR PACKAGING AWARDS 2015 from “Cathy Doll No.1 Frink Series”.

10) Grand winner for “Packaging Award – Distribution Packaging Prize” by THAISTAR PACKAGING AWARDS 2015 from packaging of “KARMART Treasure Box”.





## MARKETING AND SALES

In summary, KARMART focuses on 5 distribution channels in relation to sales and marketing:

### 1) KARMART Shop

KARMART shops focus on retail sales and operate as cosmetic stores under a multi-brand concept, presenting all KARMART beauty products under one roof, thereby giving rise to a One-Stop-Service beauty center. Consistent interior decoration comprising the corporate shocking pink shade is put in place to present a standard brand image to consumers.

KARMART shop is an important channel for the company, ensuring easy and convenient access to all KARMART products in mass markets. It is also a key channel through which the company continuously study consumer needs and build customer relationships, which is a strong factor to building brand loyalty successfully. Therefore, the company places great attention on organizing promotional activities for KARMART members regularly.

100% of KARMART shops fall within the franchise system whereby entrepreneurs or franchisees assume the role of shop operators, conclude outright sales with the company and possess discrepancy to implement customized marketing activities or offer discounts as per the need of individual KARMART shop. Franchisees are also entitled to adopt monthly promotional directives from the company. Every branch implements Point-of-Sale system centrally linked to the company and data feeds are



centrally analyzed by the company to offer management support for each and every franchisee. A sales operating system officer who possesses KARMART Shop management experience will be present in each branch so as to provide technical store management support and ensure operations comply with the standards laid down by the company.

Currently, there are a total of 54 KARMART shops nationwide, of which 35 branches are standalone or retail shops and 19 branches exist in department stores' beauty hall zone e.g. The Mall and Robinson.

### 2) Traditional Trade or Dealer

Despite the rapid expansion of modern trade channel in the past year, the traditional trade channel remains a key sales generator for the company, thanks to the hard work which went into building the distribution network since 2009.

The remarkable network of traditional trade distributors aggregates to approximately 100 and spread extensively across the country. 2 main types of traditional trade distributors exist as follows:

- Retailers: comprise of cosmetic shop retailer, local supermarket, local convenience store and local pharmacies etc.
- Wholesalers: comprise of cosmetic shop wholesaler and large scale consumer products store etc.



### 3) Modern Trade

The past year witnessed a robust growth from the modern trade channels. This may be attributable to the increasingly stronger brand recognition of such systems accorded by consumers local and abroad. Presently, KARMART distributes through 4 main types of modern trade channels as follows:

- Convenience Store

Convenience stores offer advantages with the mass number of branches and the convenient locations which bring KARMART products closer to customers on a 24/7 basis. Our existing partners in this aspect include 7-Eleven, Family Mart, Jiffy, Big C Mini, Lotus Express, Pure, Tops Daily and Lawson 108 etc.

- Supermarket/ Hypermarket and Discount Store

Listed under this category are large scale retail stores which focus on offering huge product variety of moderate to high quality at affordable prices to mass markets. Examples of KARMART's partners in this category include Tops, Home Fresh Mart, Gourmet Market, Food Hall, Max Valu, Tesco Lotus, Big C, Mega Market, Makro, Beautrium, EVEANDBOY, Stardust and Beauty Market etc.

- Specialty Store

Focusing on consumables, pharmaceuticals, cosmetics, skin care and hair care products, specialty stores are gaining popularity with the middle and upper market segments in view of their friendly service, convenient locations and up-to-date product offerings. Currently, KARMART works with Watsons, Boots, Tsuruha, Ogenki, B2S, Be Trend and Loft etc. to distribute our products locally.

- Catalogs

As a traditional form of direct marketing, Friday Catalog, 7-Catalog, His&Her Shop Smart and TV Direct etc. also play a significant role in distribution of KARMART products, especially to suburban areas which lack convenient access to other distribution channels.

### 4) Export

Ventures into overseas export markets are carefully strategized following in-depth market analysis and the company has went great lengths to expand our household brands internationally. Export partners or potential business partners are generally divided into 3 groups: Sole Distributor, Distributor, and Joint Venture. To this point, KARMART has successfully secured 11 distributorships in overseas markets such as Singapore, Cambodia, Vietnam, Myanmar, China, Laos, Indonesia, Philippines, United Arab Emirates, Bangladesh and India, while establishing joint ventures in 3 countries, namely China, Vietnam and Malaysia.





## 5) Online

Social Media is now the most important tool which empowers consumers to infiltrate the internet and tap on vast product information, thus enabling them to shop with the greatest convenience anywhere at any time. Therefore, the company designs and builds the online sales channels upon two critical founding aspects:

- Ability to provide immediate responses to customer needs
- Ability to build and maintain positive customer relationships to create brand loyalty

At the current moment, 2 types of online channels have been made available:

- KARMART Online Store:
  - o [www.karmarts.com](http://www.karmarts.com)
  - o Instagram: Karmarts\_onlineshop
  - o Line: Karmarts\_onlineshop
- Online Partner Store: Shop@7, Lazada, Wear You Want, Robinson Online, Zalora, Weloveshopping and Line Shop etc.



## MARKETING COMMUNICATION

### 1) Communication Channel

To maximize the impact of marketing communication, KARMART taps on a variety of communication channel for various forms of public relations and constantly tops up on mass communication channels in order to relay to a greater volume of receivers simultaneously. The selection of communication channels is based upon individual media's ability to conform to the right mood and tone which emphasizes our unique, lively, playful and passionate brand image.

#### 1.1) Offline media

##### 1.1.1) Print media

Integrated print media facilitates direct communication with all target consumers through advertisements in books and magazines, tie-in of products with selective columns and regular announcements of company's public relation activities.

##### 1.1.2) Television (TV) media

As one of the dominant media whose outreach spreads across gender, age and income level, TV Commercial (TVC) is one of primary communication tools KARMART engages to expand brand recognition locally and abroad. Thus far, the company has relied on both Free TV and Digital TV channels.





### 1.1.3) Out-of-home media

- Multimedia Advertisement on Sky train (BTS) and Subway (MRT)

A form of well-recognized media, multimedia advertisement on BTS and MRT is another popular media KARMART has engaged because of its ability to reach target consumer groups rapidly in the city, including tourists. Tentatively, the company uses the same ad contents as TVC to increase brand awareness and recognition.



- Mupi Ad media

Maximum Urban People Informed or Mupi is a small size ad media which can effectively build brand recognition. Available all around Bangkok and other big cities, this media offers coverage across every community and business area.

- Billboard Ad media

Billboards are big outdoor ad media typically found along expressways or any form of passageways and can attract attention from afar. An effective tool at building brand recognition, this media is widely available along main streets and most of the popular locations locally e.g. main road intersections, big markets or crowded areas in Bangkok.

- Digital Ad media

Digital ad media presents animated advertisement alike TVC, and are normally located in the community and business area. Therefore, KARMART uses the identical media content as with TVC to increase exposure of brand and products to target customers.

- Mobility Ad media

Bus Wrap is one form of mobility ad media adopted by KARMART, whereby advertising sticker of the company's brand and/or product fully covers the body of a vehicle. Accessible to the mass public as the buses travel across Thailand, it is an excellent tool for creating brand recognition across diverse geographic regions. The cosmos strategy is adopted in mobility ad media to utilize various bus routes around Bangkok and its surrounding provinces.

### 1.2) Online media

In view of the current digital age, the online media is a key communication channel which cannot be neglected as it most effectively reaches out to KARMART's target consumers – the young and modern. Therefore, great focus and substantial resources are dedicated to online media. Starting last year, the company redirected marketing communication focus onto online platforms and launched a series of vital online events one after another, including Viral Video Clip, Product Review, Facebook Ad and Instagram Post across the following platforms:

- Facebook: Karmartsclub, Baby Bright, Jejuvita, Reunrom Spa Product, Crayon Cosmetics, Missha Thailand
- Instagram: Karmartsclub, Babybrightclub, Jejuvita\_supplement, Reunrom.spaproduct, Crayoncosmetics, Misshathailand
- Website: [www.karmarts.com](http://www.karmarts.com)
- Youtube: Karmarts Club
- Line Official: @karmart





## 2) Activities

In 2015, a total of 9 grand events were organized with the aim of delivering promotional marketing and relating to target consumer groups so as to enhance brand value and loyalty amongst KARMART supporters.

### 1) Get Beauty and Lucky with Karmart

A thanks-giving lucky draw event titled "Get Beauty and Lucky with Karmart" kick started 2015 with a blast and prizes worth more than 1,000,000THB were won by customers nationwide, including a Shocking Pink Limited Edition Nissan March and many other fantastic pink rewards. To participate, customers only had to purchase one "CC Cream" or "CC Powder Pact" of any color and size from participating shops, then send the receipt number or product packaging (Sachet or Box) back to the company during the promotion period to qualify for a chance in the lucky draw. Upon the conclusion of the event, the company not only enhanced brand recognition and loyalty significantly and garnered new KARMART supporters but also harvested an outstanding increase in sales revenue on the overall.

### 2) Grand Launch of Cathy Doll L-Glutathione Magic Cream

The first product launch event of 2015 showcased the new water drop technology sunscreen "Cathy Doll L-Glutathione Magic Cream SPF50 PA+++" and was held on 27<sup>th</sup> February 2015 at 1st floor Atrium Zone, Siam Center. Together with product endorser "Boy Pakorn Chatborirak", attendees of the event shared wonderful moments of joy throughout the two-hour activity which comprised enticing performance and endless stream of humor talk from the emcee. KARMART's brand image was taken to the next level and wide coverage of the grand event in local media also enhanced brand recognition notably.



### 3) Karmarts Beauty Review Contest Season 2 by Lemonade

A second-time collaboration between KARMART and Lemonade magazine resulted in an even greater success than before when it comes to crowning the best beauty blogger from among women who embarked on the professional journey of beauty blogging. Upon the closure of the contest, the winner with the best review of KARMART's vast variety of products not only won herself incredible prizes but also greatly boosted KARMART's brand image among the online community.

### 4) "Snap & Share" event for travel opportunity to Macao

An event dedicated to securing KARMART's No. 1 position in the niche market segment of sunscreen protection, 2 travel packages including air tickets to Macao with accommodation and food included were up for grab through a Snap & Share social media event. Grand prizes as well as other rewards worth more than 140,000THB were given out to KARMART customers in total. To qualify, participants had to purchase a Cathy Doll L-Glutathione Magic Cream SPF50 PA+++ and capture a selfie of themselves with the product or the product presenter







Boy-Pakorn's standee, then share their pictures on their social media accounts and tag Karmartsclub's facebook fanpage and instagram. The end result: Increased market share in the aspect of sunscreen products!

#### 5) Grand Launch of Cathy Doll Splash Essence Series

Held on 23<sup>rd</sup> July 2015 at 1st floor Atrium Zone, Siam Center, the launch of "Cathy Doll Splash Essence Series" was graced by Thai super star "Ploy-Chermarn Boonyasak" who is the product endorser for KARMART's latest innovation – the new 3in1 facial skincare star item which comprises essence, serum and cream in one tube and comes in 3 unique formulas targeted at solving 3 different skin problems. The engagement of Ploy as KARMART product presenter considerably elevated the status of KARMART products to another whole new level and successfully enhanced brand image in the eyes of the mass consumers.

#### 6) Grand Launch of Cathy Doll Ready 2 White Series

The last product launch event in 2015 concern the magnificent introduction of "Cathy Doll Ready 2 White Series" – the newest skin care innovation from Korea which promises an "Instant Whitening Miracle". The event was held on 1<sup>st</sup> December 2015 at Center Point of Siam Square and welcomed participants from across Asian countries including Singapore and China etc.

#### 7) Beauty Lucky Draw

KARMART celebrated Christmas with a 10-metre tall giant Christmas tree lighting ceremony at Center Point of Siam Square in December 2015. A month-long promotional booth was also set up in Siam Centre where fascinating prizes such as iPhone 6S (64GB), Samsung Galaxy Note 5, Samsung Galaxy Tab, iPad Mini 2, gold necklaces and more were given out through the exciting "Beauty Lucky Draw" during the festive month to share the joy of giving with all KARMART supporters.

#### 8) JEJUVITA FREE GIFT!

In an attempt to amplify brand awareness of JEJUVITA, KARMART rolled out a nationwide promotion through KARMART Shops whereby new JEJUVITA products are given to customers for free as long as customers purchase any of a range of selected items and share their selfie pictures (with the purchased product/s) via social media. Additionally, the JEJUVITA promotion also allow customers to stand a chance to win themselves 2,000 THB cash voucher for subsequent purchase at any KARMART Shop.

#### 9) Fan Meeting Session with Boy Pakorn by KARMART

On 18<sup>th</sup> December 2015, KARMART delivered our deepest appreciation for all supporters through a fan meeting event with Boy Pakorn at Anatara Hotel. Participants were required to purchase a Cathy Doll L-Glutathione Magic Cream and send the product package to the company within the promotion period to win themselves a chance for a close-up meeting with the famous star. As the last marketing event of 2015, the fan meeting session came to a successful end amidst the screams and cheers our supporters have for Boy Pakorn, just as they have for our top selling star item L-Glutathione Magic Cream!





### 3) Corporate Social Service (CSR)

With Corporate Social Responsibility embedded in the heart of our corporate culture and mission statements, KARMART is committed to social responsibility and motivated to perform social service with a mindful conscious. We aim to consistently fulfill this responsibility by tapping on the strength of our internal teams and through collaboration with social entrepreneurs or any other body with a passion for social service. 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.

In 2015, the Corporate Social Service projects embarked by KARMART are deliberated as below:

#### 3.1 Personality Development Training and Scholarship Grant for Panyapiwat Institute of Management in 2014

Together with Panyapiwat Institute of Management, Karmarts Public Company Limited organised a Personality Development Training project for students of the institution to instill life skills which would be useful for all students as they enter the working force. Mr. Pongwiwat Theekhakhirikul, Senior Marketing Director, not only volunteered himself as a lecturer and imparted useful narrations on how to develop positive personality traits, but also granted a scholarship to the institution on behalf of KARMART so as to provide educational support to all students in need.

#### 3.2 Scholarship Grant for Panyapiwat Institute of Management in 2015

With the objective of supporting all needy students in their pursuit of tertiary education, Karmarts Public Company Limited awarded a total sum of 100,000 THB as scholarship grant to Panyapiwat Institute of Management, Chaengwattana Campus, to support the education for all disadvantaged students of the institution.

#### 3.3 Donation Drive for PIM SMART Funds at Panyapiwat Institute of Management in 2015

As a supporting partner of Panyapiwat Institute of Management, Karmarts Public Company Limited participated in a donation drive driven by the institution and collected consumer goods totaling 2,890 pieces or 55,136 THB, all of which went to the PIM SMART funds which provides for youth welfare to benefit the needy.



## FUTURE PROJECTS AND PLANS

At KARMART, 2015 has proven to be a harvesting year during which stakeholders of the corporation benefited from gains in various aspects. The harvest was only made possible because the company launched and executed numerous strategic initiatives targeted at enhancing product development, expanding sales channels and improving brand awareness etc. In 2016, the company shall strive to fulfill the mission of expanding domestically and regionally to achieve our vision of becoming one of the world's leading beauty providers.

### 1) Consumer Aspect

The primary goal with regards to the consumer aspect is to secure KARMART's leading market position and further increase market share with carefully planned marketing strategies. Customer relationship building will also remain as another key focus as we target to continuously capture new target segments.

- Raise benchmark regarding selection of production facilities and ensure only the best quality ingredients are used to manufacture the best products so as to sustain credibility, confidence and trust among consumers.
- Launch marketing events which focus on strengthening brand loyalty and providing customers with delightful experiences and further partakes in Corporate Social Responsibility (CSR) activities.
- Secure high value business partners to expand distribution and logistics networks extensively and further enhance product accessibility to provide greater convenience for consumers.
- Advance standards of product quality and shelf life and standardize product label in accordance with governmental regulations so as to provide greater security for consumers.

### 2) Product Aspect

In pursuit of our ambition to be the unique beauty solution provider for all, KARMART will continue to place strong emphasis on product research and development and expand our wide-ranging signature lines to fulfill the ever-changing needs of today's modern consumers.

- Create innovation

With utmost dedication to creativity and innovation, the company believes that product innovation should not only deliver exciting user experiences for customers and should also come equipped with the highest product quality. Therefore, we will continue to strive for product excellence in 2016 and bring to our customers the most revolutionary experiences along with highest quality assurance.

- Expand product line

Fulfilment of customer needs through product diversity is the key element which drives the company. By expanding product variety without compromising the unique styles and concepts of existing products, KARMART shall further expand product lines for both domestic and overseas customers moving forward.

- Strengthen research and development

Through the strategic collaboration with JKOS Laboratories Company Limited, one of the leading cosmetic manufacturer, fragrance packaging company and supplier of beauty accessories, KARMART is well equipped to bring our research and development function to the next higher level and work towards international standards and certifications.



### 3) Enhance Brand Awareness and Brand Loyalty

With the implementation of a 360-degree pervasive marketing strategy, KARMART 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, KARMART 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 KARMART brand will promote and leverage KARMART brand image both as an organizational corporate identity as well as product and service attributes.

### 4) Create Sustainable Value

As a corporation, we believe that values are only sustainable if they benefit all aspects of the community a business operates in. Internally, ethics remain as the foundation of KARMART business and we plan to better enforce ethical decision making through transparent work processes, critical management control and regular risk assessment. Beyond the company, we shall continue to work towards the following goals in 2016:

- Deliver product innovation and service excellence for customers,
- Create value efficiently for stakeholders,
- Uphold social responsibility towards the community and
- Expand market to drive value creation.

## 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

Mr. Teeradaj Snongtaweeporn



Ms. Wei Xiuqing

Mr. Satjapong Yongskulrote

Ms. Chonthida Theekhakhirikul



Mr. Pongwiwat Theekhakhirikul

Mrs. Tussanee Auncharoen

Mrs. Aunruen Arunvisavakul

Ms. Suwannee Tharacheevin

Mrs. Somsri Vinya





## DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



**Mr. Wiwat Theekhakhirikul \***

**Age 63 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 15, 2016



**Lt.Gen. Kobboon Vichit**

**Age 68 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 15, 2016



**Mr. Kraiwit Satayapiwat \***

**Age 59 Year**

**Position**

Director, Deputy Managing Director

**Educational Background**

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

**Number of Share -**  
As at March 15, 2016



**Mr. Prasit Dheeraratbongkot**

**Age 61 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 15, 2016



**Puttithorn Jirayus, PhD**

**Age 40 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 15, 2016



**Mr. Wongwiwat Theekhakhirikul \***

**Age 32 Year**

**Position**

Director and Assistant Managing Director - Business Development

**Educational Background**

Bachelor's Degree of Engineering, Chulalongkorn University

**Number of Share 1,133,490 Shares 0.17%**  
As at March 15, 2016



**Mr. Parit Teekakirikul**

**Age 33 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 15, 2016



**Mr. Seah Sin Loo**

**Age 65 Year**

**Position**

Director

**Educational Background**

Secondary

**Number of Share -**

As at March 15, 2016



**Mrs. Tussanee Auncharoen**

**Age 55 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 15, 2016



**Ms. Chonthida Theekhakhirikul**

**Age 34 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 15, 2016



**Ms. Suwannee Tharacheevin**

**Age 51 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 15, 2016



**Mrs. Aunruen Arunvisavakul**

**Age 56 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 15, 2016



**Mr. Teeradaj Snongtaweeporn****Age 47 Year****Position**Assistant Managing Director –  
Sales and Operation**Educational Background**Doctorate's Degree in Business Management,  
The Philippine Women's University  
Master Degree in Business Administration,  
Dhurakijpundit University**Number of Share –**

As at March 15, 2016

**Mr. Pongwiwat Theekhakhirikul****Age 31 Year****Position**

Product Development Senior Director

**Educational Background**Bachelor's Degree of Architecture,  
Chulalongkorn University**Number of Share –**

As at March 15, 2016

**Mrs. Somsri Viriya****Age 47 Year****Position**

Accounting Director

**Educational Background**Bachelor's Degree of Business Administration  
Major in Accounting, Sukhothai  
Thammathirat University**Number of Share –**

As at March 15, 2016

**Mr. Satjapong Yongskulrote****Age 32 Year****Position**Business Development Director –  
Information Technology**Educational Background**Bachelor's Degree of Engineering,  
Chulalongkorn University**Number of Share 18,000 Shares 0.003%**

As at March 15, 2016

**Ms. Pichamol Pratumswannpas****Age 34 Year****Position**

Sales Operation Director – Modern Trade

**Educational Background**Bachelor's Degree of Faculty of Fine Arts  
Major Performing Arts, Acting and Directing,  
Srinakharinwirot University**Number of Share –**

As at March 15, 2016

**Ms. Wei Xiuqing****Age 31 Year****Position**Business Development Director –  
China Region**Educational Background**Business IT and Law,  
Nanyang Technological University**Number of Share –**

As at March 15, 2016



## 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 223 million and Baht 0.5 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 2015 and 2014 was around USD 3-4 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, 2015 was USD 3.79 million with an average exchange rate of 36.2538 Baht/USD. (2014 : USD 4.71 million with an average exchange rate of 33.1132 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. 35: 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 2015 and 2014, the company has an average inventory of 19.78% and 21.57% of all assets respectively and has an average selling period of 104 days.

The company reserves devaluation of inventory aged between 1– 3 years of Baht 7 million and another Baht 5 million for inventory aged more than 3 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 7 million, under normal commercial terms and conditions trade and other receivables – related persons and parties Baht 26.21 million, the Long-term loan from related party Baht 10.47 million and Interest income Baht 1 million, purchases of good Baht 4 million trade and other trade payables – related persons and parties Baht 1.04 million. The company and its subsidiaries had employee benefit expenses of their directors and management Baht 23 million and Baht 23 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 15, 2015		Subsidiary				Associates		Joint venture		Related Company	
	Karmats Public Company Limited		My Bus Company Limited		J Kos Laboratories Company Limited		The Iconic Property Company Limited		Karmats Vietnam		Chaiviboon Intertrade Limited Partnership	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmats Plc.			95.16		70.00		33.33		51.00			
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. Viamol Theekhakhirikul	4.09		-		-		-					
2.8 Ms. Narapan Theekhakhirikul	0.06		-		-		-					
3. Mr. Kraiwit Satayapiwat	-	Director	-	Director	-	Director	-					
4. Other	68.03		4.84		30.00	Director	33.34	Director	49.00	Director	10.00	
Total	100.00		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 <sup>A</sup>	MD	Director <sup>A</sup>	MD	Director <sup>A</sup>	MD	Director <sup>A</sup>	MD	Director <sup>A</sup>
1. Mr. Wiwat Theekhakhirikul	✓	✓		✓				✓		
2. Ms. Chontida Theekhakhirikul				✓						
3. Mr. Wongwiwat Theekhakhiriku		✓				✓				
4. Mr. Pongwiwat Theekhakhirikul										✓
5. Mr. Kraiwit Satayapiwat		✓		✓		✓				
6 Mr. Parit Teekakirikul							✓	✓		

Remark: Director<sup>A</sup> 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	210,805,299	31.961
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	1,133,490	0.172
Ms. Narapan Theekhakhirikul	396,000	0.060
Ms. Chontida Theekhakhirikul	243,100	0.037
2. UBS AG SINGAPORE BRANCH	40,774,800	6.182
3. Mrs. Vanida Saejew	25,317,500	3.838
4. Mr. Aekkarith Aeksamith	18,757,000	2.844
5. Mr. Thammarith Aeksamith	18,478,500	2.802
6. Mr. Chalermdech Leewongcharoen	17,800,000	2.699
7. Thai NVDR Co., Ltd	15,483,750	2.348
8. Mr. Pramote Pasawong	15,466,200	2.345
9. PHILLIP SECURITIES PTE LTD.	12,100,000	1.835
10. Mrs. Jarunee Chinwongvorakul	9,411,400	1.427
11. Other	275,174,360	41.720
<b>Total</b>	<b>659,568,809</b>	<b>100.000</b>

Remark : Shareholder's name and percentage of shareholding as shown above is the same as the closing date of the securities register on March 15, 2016 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 2014, the Company received additional share subscription totaling Baht 72.1 million as a result of the exercise of warrants as discussed in Note to consolidated financial statement No. 28. 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-W1) to subscribe 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 2014, 36,036,325 warrants were exercised to purchase the Company's ordinary shares, amounting to Baht 72.1 million, as discussed in Notes to consolidated financial statement No. 27.

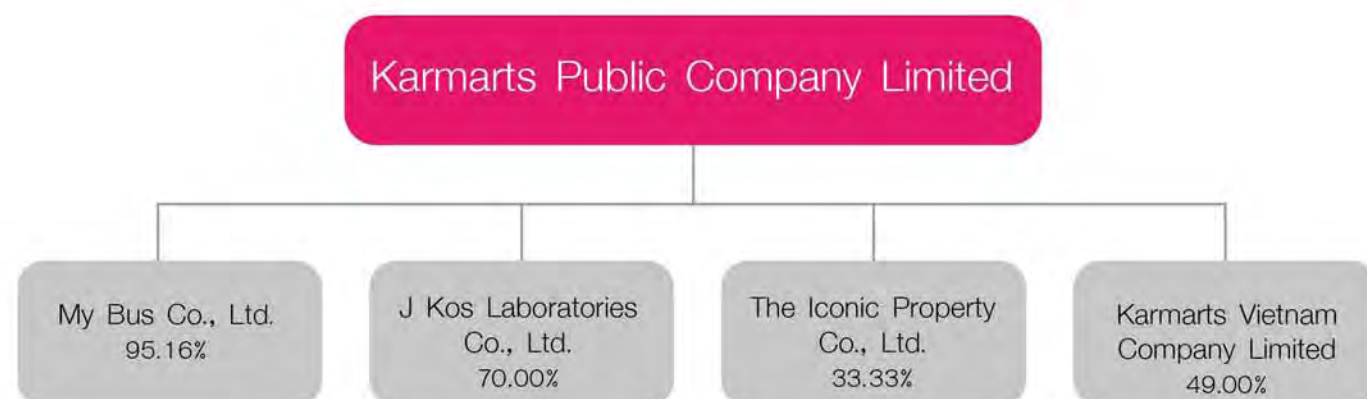
### Dividend payment policy

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 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
Final dividends for 2014	Annual General Meeting of the shareholders on 28 April 2015	39,574	0.06
Interim dividends for 2015	Board of Directors' meeting on 13 May 2015	39,573	0.06
	Board of Directors' meeting on 11 August 2015	39,573	0.06
	Board of Directors' meeting on 12 November 2015	39,573	0.06
		158,293	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
<b>My Bus Co., Ltd.</b> 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%
<b>J Kos Laboratories Co., Ltd.</b> (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	70.00%
<b>The Iconic Property Co., Ltd.</b> 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%
<b>Karmarts Vietnam Company Limited</b> Location : Vietnam	Wholesale and retail business of cosmetics	400,000US\$	200,000US\$	49.00%

## 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. Teeradej Snongtaweepon	-	-	-	/	-
14. Mr. Pongwiwat Theekhakhirikul	-	-	-	/	-
15. Mrs. Somsri Viriya	-	-	-	/	-
16. Mr. Satjapong Yongskulrote	-	-	-	/	-
17. Ms. Pichamol Pratumswannpas	-	-	-	/	-
18. Ms. Wei Xiuging	-	-	-	/	-

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	
	2015	2014
1. Mr. Wiwat Theekhakhirikul	100,000	120,000
2. Lt.Gen. Kobboon Vichit	150,000	130,000
3. Mr. Kraiwit Satayapiwat	50,000	60,000
4. Mr. Prasit Dheeraratbongkot	100,000	120,000
5. Puttithorn Jirayus, PhD	100,000	110,000
6. Mr. Parit Teekakirikul	50,000	60,000
7. Mr. Wongwiwat Theekhakhirikul	40,000	40,000
8. Mr. Seah Sin Loo	10,000	-
Total	600,000	640,000

The Board of Director's remuneration for the year 2016 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 2016 was Baht 16 million compared to previous year of Baht 19 million. The sums are in terms of salary, Bonus, and transportation expenses.

Others allowance for the Directors and Management team.

None.



## Good Corporate Governance Policies

### 1. Repot on Good Corporate Governance

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

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

### 2. Shareholders Rights

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

### 3. Stakeholders Rights

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

### 4. Shareholders' Meetings

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

### 5. Leadership and Vision

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

## 6. Conflicts of interest

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

## 7. Business Ethics

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

## 8. Checks and Balance of Non-Management Board Members

Company's Board of Directors consists of 8 members.

- Directors who are the management members 3 persons.
- Independent directors who also serve as the Audit Committee 5 persons.

## 9. Aggregation or Segregation of Positions

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

## 10. Remuneration of Board's Members and Executives

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

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

## 11. Board of Directors' Meeting

The Board holds regular meetings on quarterly and extraordinary meetings when necessary, with a clearly specified agenda to continually monitor the proposes and performance of company's operations. The Board's secretary sends out meeting invitation with agenda and related documents to the directors prior to the scheduled meetings to allow sufficient preparation time. Normally, the meeting spends 3 hours per time. During year 2015 the Board held 5 regular meetings as following detail.



Name	Board of Audit Committee	Board of Director			Remark
		Ordinary Meeting	Extra Ordinary Meeting	Total	
1. Mr. Wiwat Theekhakhirikul	–	5/5	–	5/5	
2. Lt.Gen. Kobbsoon Vichit *	5/5	5/5	–	5/5	
3. Mr. Kraiwit Satayapiwat	–	5/5	–	5/5	
4. Mr. Prasit Dheeraratbongkot *	5/5	5/5	–	5/5	
5. Puttithorn Jirayus, PhD *	5/5	5/5	–	5/5	
6. Mr. Parit Teekakirikul	–	5/5	–	5/5	
7. Mr. Wongwiwat Theekhakhirikul	–	4/5	–	4/5	
8. Mr. Seah Sin Loo	–	1/5	–	1/5	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. Kobbsoon 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 2016 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](http://www.karmarts.co.th).

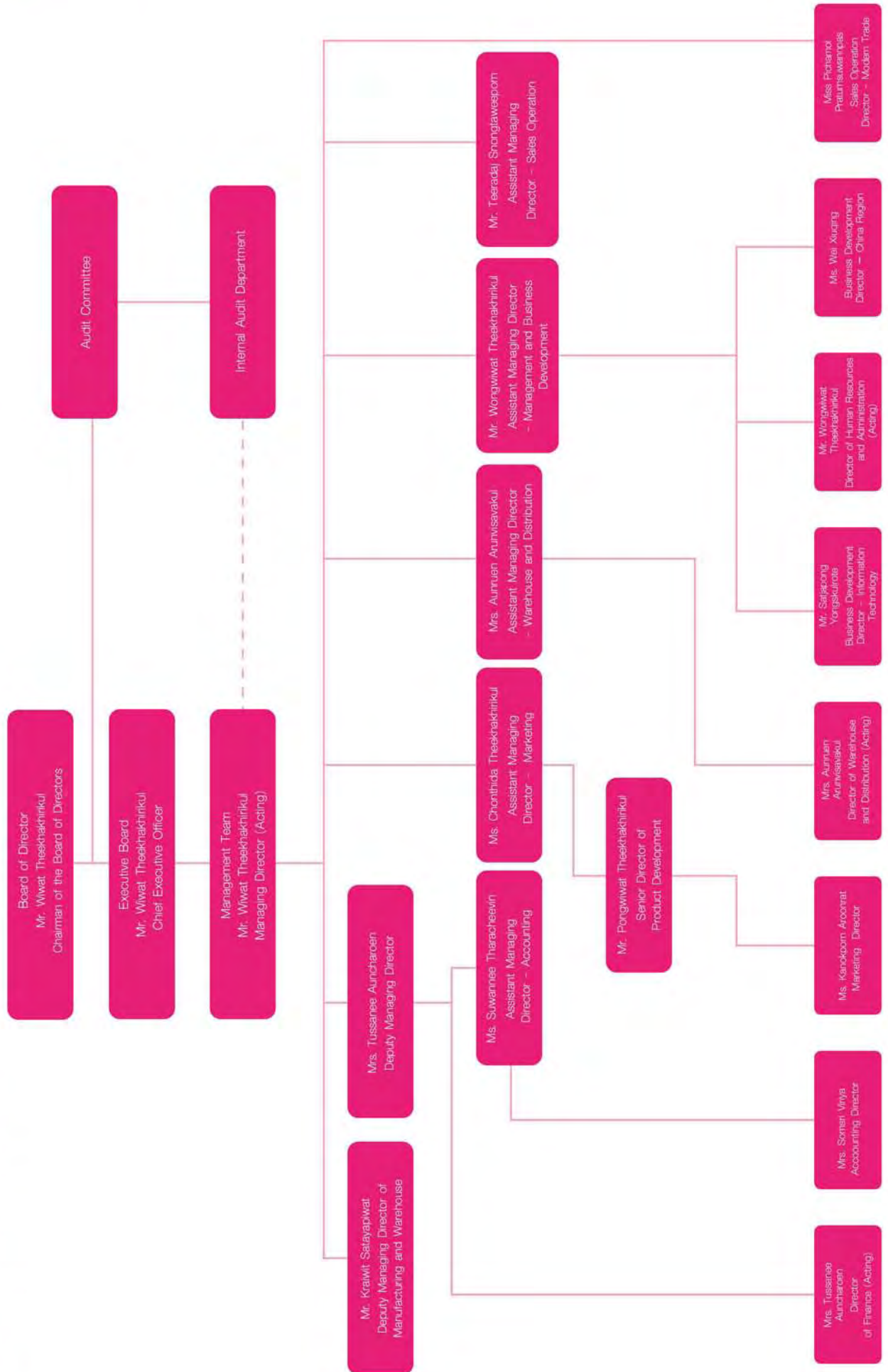
## Assessing the Internal Information

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 2015

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 2015. 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 2015, 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.

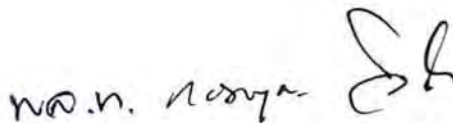
**To evaluate the Risk Management,** the committee has reviewed to ensure that the management has always analyzed, evaluated and concerned with the risk on a continuity basis in operation, financial and investment plans and activities. Key business risks are such as foreign currency risk, interest rate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

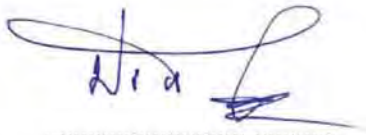


To opine on transactions involving conflicts of interest, –none–

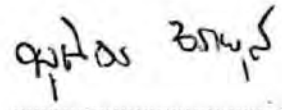
Overall, the committee is of the opinion that the Company has a proper financial reporting process in term of appropriated disclosure with transparency and in accordance with generally accepted accounting principles including internal control system, good corporate governance and risk management under 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, 2015

#### 1.1 Sales and Services Incomes

During 2015, the company had total income of Baht 1,204 million which consisted of;

- Baht 1,163 million on Sales and services which increased by Baht 193 million or 19.90% from the previous year. The increment was due to the company's selling of consumer products totalled of Baht 1,161 million, increased from the previous year by Baht 217 million or 22.99%, which comprises of Baht 282 million on body care products, Baht 345 million on facial skin care products, Baht 493 million on colour cosmetics, Baht 18 million on accessories, Baht 13 million on furniture and marketing tools and Baht 10 million on food and beverage section and Sales of NGV Equipments totalled Baht 2 million.

- Income from bus service operator amounted to Baht 4 million which increased from the previous year by Baht 3 million.

- Income from warehouse rental and warehouse services amounted to Baht 19 million which decreased from the previous year by Baht 7 million or 26.92%

- Gain from a fair value adjustment of properties investment amounted to Baht 10 million which increased from the previous year by Baht 6 million or 150% as the company had properties re-evaluated on December 25, 2015.

- Other incomes totalled of Baht 8 million, decreased from the previous year by Baht 8 million or 50.00% which comprises of the gain from interest of Baht 3 million, and others of Baht 5 million.

#### 1.2 Cost of sales, Selling and administrative Expenses

During the year 2015, The Total Expenses was Baht 938 million which comprises of;

- Cost of sales amounted to Baht 529 million which decreased from the previous year by Baht 39 million or 6.87%. This consisted of the Cost of consumer products of Baht 525 million. The cost of sales is directly proportional to the Sales Revenue. The cost of sales NGV equipment Baht 4 million. The gross profit margin was 54.51% which was similar to the previous year.

- Cost of bus service operator was Baht 7 million.

- Cost of warehouse rentals and warehouse services were Baht 1 million.

- Selling and Administrative expenses totalled of Baht 401 million which increased from the previous year by Baht 96 million or 31.48%, directly proportionate to the company's business expansion. The selling expenses increased by Baht 80 million mainly on public relation. The administration expenses increased by Baht 17 million due to the increase of employment which includes employee benefit expenses to support the growth of the business and gain and loss on exchange.

- Financial cost of the company on the interest expenses totalled of Baht 11 million which was the same as the previous year.

- Income tax expenses of Baht 47 million increased from the previous year by Baht 17 million or 56.67%.



### 1.3 Profit

During the year 2015, the company had 18.02% net profit which decreased from the previous year by 9.05% as the company had selling and administrative expenses increased from the previous year by Baht 97 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 2015 resulted in the rate of return on equity at Baht 0.31 per share. (2014 : Baht 0.14 per share)

## 2. Financial Status as at December 31, 2015.

### 1. Assets

#### 1.1 Composition of Assets

The total assets at the year end 2015 was Baht 1,001 million which increased from the previous year by Baht 83 million or 9.04%.

1.1.1 Current Assets amounted to Baht 538 million, increased by Baht 39 million or 7.82% from the previous year. The details are as follows;

- Cash and cash equivalents of Baht 16 million which decreased from the previous year by Baht 44 million because Net cash from operating activities increased Baht 258 million, net cash used in investing activities decreased Baht 101 million and net cash used in financing activities decreased Baht 201 million.

- Current investments of Baht 77 million increased from the previous year by Baht 77 million because the company investments in trading securities – net Baht 27 million and special savings deposit 8 month Bath 50 million which carried interests at 1 – 6.5 percent per annum.

- Trade accounts receivable and other account receivable at Baht 222 million, increased from the previous year by Baht 43 million or 24.02% due to the company had increased the sales in many channels, including added more modern trade accounts.

- Short-Term Loans to an related company amounted to Baht 3 million, increased from the previous year by Baht 2 million.

- Inventory of Baht 198 million which comprises of Baht 198 million on consumer products which decreased from the previous year by Baht 5 million or 2.46% because The company sold out NGV products.

- Other Current Assets of Baht 22 million, decreased from the previous year by Baht 3 million or 12.00%

1.1.2 Non-Current Asset amounted to Baht 462 million which decreased by Baht 43 million or 10.26% from the previous year as follows;

- Investment in the subsidiary of Baht 71 million, decreased 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 115 million, decreased from the previous year by Baht 53 million or 31.55% because the company transfer investment properties to property and plant Baht 63 million and increased net gain from a fair value adjustment Baht 10 million.

- Property, Plant and Equipment — net amounted to Baht 229 million with an increase from the previous year by Baht 108 million or 89.26% because the company transfer from investment properties Baht 63 million and increased from revaluation Baht 43 million by independent professional.

- Intangible Assets — net at Baht 9 million increased by Baht 2 million because acquisitions computer software under installation and amortization during the year.

- Deferred Tax Assets was Baht 11 million decreased from the previous year by Baht 9 million or 45.00%.

- Other Non-Current Assets was Baht 25 million decreased from the previous year by Baht 4 million or 13.79%.

## 1.2 Quality of Assets

Account receivable average collection period in 2015 was 68 days, which was the same as previous year (68 days in 2014) due to the fact that the cash sales for consumer goods had decreased, and instead increased on modern 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 2015 non-collectible debt was budgeted at 4.84% of the outstanding account receivable at the year-end.

## 2. Liquidity

### 2.1 Cash flows

In 2015, the company's net cash flows cash and cash equivalents was Baht 15 million, compared to 2014 which was Baht 59 million, decreased by Baht 44 million net cash from operating activities increased Baht 258 million as The company increased net profit, net cash used in investing activities increased Baht 101 million as The company increased from purchase of current investments and property, net cash used in financing activities increased Baht 201 million as The company dividend paid.

### 2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2015 was 1.39:1 which shows high liquidity as the company's current assets can be easily cashed in a short period of time such as short-term cash or cash equivalents, account receivables, inventories, etc.

The company average debt collection period was between 68 days. Average inventory turnover of 104 days shows an improvement over the previous year due to the fact that Karmarts products had a higher turnover.

### 2.3 Collection and Payment Periods

Average debt collection period was 68 days while average account payment period was 138 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 current investments at Baht 76 million. Land Others would be machines bought to manufacture the company products, and the motor vehicles for supporting the business growth.

### 4. Sources of funds

#### 4.1 Capital Structure

In 2015, Debt/Equity Ratio was 0.40:1 against 0.45:1 in the previous year. The company had changes in revaluation of assets – net of income tax Baht 34 million for independent professional valuers.

#### 4.2 Shareholders' Equity

In 2015, shareholders' equity increased by Baht 84 million to Baht 716 million from the operating profit during the year of Baht 208 million and changes in revaluation of assets – net of income tax Baht 34 million while the dividend payment was Baht 158 million.

#### 4.3 Liabilities

The company's total liabilities was Baht 285 million, decreased by Baht 1 million or 0.35% from the previous year.

Current Liabilities was Baht 227 million, decreased by Baht 16 million or 6.58% from the previous year. The Details are as follows:

- Bank overdrafts and Short-term loan from bank was Baht 133 million, decreased by Baht 26 million from the previous year as the result of the company's goods payment method through prolonged credit term commercial bank's Trust Receipts and paid during the year.

- Trade and other payables of Baht 57 million, increased by Baht 2 million.

- Current portion of Liabilities under financial lease agreements due within 1 year and Liabilities under financial lease agreements – net of current portion was Baht 8 million which increased by Baht 1 million or 14.29% the company finance lease for transportation.

- Income Tax Payable at Baht 22 million, increased from the previous year of Baht 20 million due to the company's increase in net profit as the company selling of consumer product.

- Other Current Liabilities was Baht 10 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 11 million, which increased by Baht 2 million or 22.22% 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 40 million, increased by Baht 11 million or 36.67% from revaluation property and plant investment properties.

## 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		
			2013	2014	2015
1	EY Office Limited	Karmarts Plc.	1,110,000	1,240,000	1,400,000
2	EY Office Limited	My Bus Co., Ltd.	195,000	195,000	195,000
3	EY Office Limited	J Kos Laboratories Co., Ltd.	65,000	80,000	80,000
4	Thai Audit The Truth Limited	The Iconic Property Co., Ltd.	–	80,000	80,000
Total			1,370,000	1,595,000	1,755,000

Other Fee

– None –



หาซื้อสินค้าได้ที่ **KARMA** **7** **เคตพลัส** **rida** **FamilyMart** **Top** **Top** **makro** **watsons** **Lotus** **TENCO** **Lotus** **pure** **Lawson 108** **108** **Jiffy** **Maya** **OGENKI** **EYANDBOY** **Beauty** **BEAUTRUM** **STARDUST** **Raw Protein** **BETENY**

และตัวแทนจำหน่ายคาร์มาร์กทั่วประเทศ

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ศูนย์บริการข้อมูล/รับสมัครแฟรนไชส์ โทร.02-805-2756-60 [www.karmarts.com](http://www.karmarts.com)  [karmartsclub](https://www.facebook.com/karmartsclub)  [karmartsclub](https://www.instagram.com/karmartsclub)  [karmarts\\_online](https://line.me/tv/karmarts_online)



# **Karmarts Public Company Limited and its subsidiaries**

## **Report and consolidated financial statements 31 December 2015**

## 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 2015, 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 2015, 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: 26 February 2016



Karmarts Public Company Limited and its subsidiaries  
Statement of financial position  
As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Assets</b>					
<b>Current assets</b>					
CCash and cash equivalents	6	15,618,446	59,711,581	10,410,297	54,567,657
Current investments	12	76,500,000	–	76,500,000	–
Trade and other receivables	7, 9, 38	222,663,158	179,053,921	222,649,958	183,489,825
Current portion of finance lease receivables	8	39,885	1,922,129	39,885	1,922,129
Short-term loans to related parties	9	2,655,565	955,565	10,472,746	30,968,406
Short-term loans to an unrelated party	10	–	30,000,000	–	30,000,000
Current portion of long-term loans to unrelated persons and parties		771,622	–	771,622	–
Inventories	11	198,339,241	202,571,359	198,701,914	202,571,359
Other current assets	13	21,944,288	24,761,191	21,769,101	24,709,506
<b>Total current assets</b>		<b>538,532,205</b>	<b>498,975,746</b>	<b>541,315,523</b>	<b>528,228,882</b>
<b>Non-current assets</b>					
Restricted bank deposits	14	–	648,000	–	–
Finance lease receivables – net of current portion	8	430,082	1,446,747	430,082	1,446,747
Long-term loans to unrelated persons and parties – net of current portion		983,771	–	983,771	–
Investments in associate	15	70,668,228	70,915,807	71,029,990	71,029,990
Investments in subsidiaries	16	–	–	2,500,000	2,500,000
Investment properties	17	115,000,000	168,000,000	115,000,000	168,000,000
Property, plant and equipment	18	229,089,834	121,398,519	221,712,980	95,884,720
Intangible assets	19	9,466,468	6,861,998	8,058,821	1,069,665
Deferred tax assets	24	11,364,183	20,489,399	11,364,183	20,489,399
Other non-current assets	7, 38	25,648,651	29,385,204	24,837,802	28,574,354
<b>Total non-current assets</b>		<b>462,651,217</b>	<b>419,145,674</b>	<b>455,917,629</b>	<b>388,994,875</b>
<b>Total assets</b>		<b>1,001,183,422</b>	<b>918,121,420</b>	<b>997,233,152</b>	<b>917,223,757</b>

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from banks	20	133,948,123	159,714,716	133,948,123	159,714,716
Trade and other payables	9, 21	57,563,474	55,311,484	55,438,183	53,654,287
Short-term loans from a related person	9	–	10,000,000	–	10,000,000
Current portion of liabilities under finance lease agreements	22	2,702,466	2,983,925	2,702,466	2,983,925
Income tax payable		22,774,440	2,220,181	22,774,440	2,220,181
Other current liabilities		10,516,395	12,902,896	8,232,068	10,649,155
<b>Total current liabilities</b>		<u>227,504,898</u>	<u>243,133,202</u>	<u>223,095,280</u>	<u>239,222,264</u>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements – net of current portion	22	5,745,609	4,142,329	5,745,609	4,142,329
Provision for long-term employee benefits	23	11,132,150	9,437,172	11,132,150	9,437,172
Deferred tax liabilities	24	40,719,262	29,570,827	40,719,262	29,570,827
<b>Total non-current liabilities</b>		<u>57,597,021</u>	<u>43,150,328</u>	<u>57,597,021</u>	<u>43,150,328</u>
<b>Total liabilities</b>		<u><u>285,101,919</u></u>	<u><u>286,283,530</u></u>	<u><u>280,692,301</u></u>	<u><u>282,372,592</u></u>

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Shareholders' equity</b>					
Share capital					
Registered					
660,000,000 ordinary shares of Baht 0.60 each	27	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	27, 28	395,741,285	395,741,285	395,741,285	395,741,285
Share premium	27	83,396,333	83,396,333	83,396,333	83,396,333
Capital reduction surplus		15,267,473	15,267,473	15,267,473	15,267,473
Retained earnings					
Appropriated – statutory reserve	31	33,588,310	23,295,602	33,588,310	23,295,602
Unappropriated		148,736,515	107,662,782	147,041,062	109,772,644
Other components of shareholders' equity		41,506,388	7,377,828	41,506,388	7,377,828
<b>Equity attributable to owners of the Company</b>		<b>718,236,304</b>	<b>632,741,303</b>	<b>716,540,851</b>	<b>634,851,165</b>
Non-controlling interests of the subsidiaries		(2,154,801)	(903,413)	-	-
<b>Total shareholders' equity</b>		<b>716,081,503</b>	<b>631,837,890</b>	<b>716,540,851</b>	<b>634,851,165</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,001,183,422</b>	<b>918,121,420</b>	<b>997,233,152</b>	<b>917,223,757</b>

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Revenues</b>					
Sales	9	1,163,731,735	970,340,933	1,163,831,185	970,377,871
Income from bus service operator		3,682,328	1,162,804	-	-
Income from warehouse rental and services		19,064,798	26,432,891	19,064,798	26,432,891
Gain from a fair value adjustment of investment properties	17	10,000,000	4,000,000	10,000,000	4,000,000
Other income	9, 38	8,493,356	16,228,453	9,587,591	17,442,914
<b>Total revenues</b>		<u>1,204,972,217</u>	<u>1,018,165,081</u>	<u>1,202,483,574</u>	<u>1,018,253,676</u>
<b>Expenses</b>					
Cost of sales	9	529,025,485	568,342,276	529,416,007	568,379,215
Cost of bus service operator		6,577,440	8,638,015	-	-
Cost of warehouse rental and services		888,258	4,266,204	888,258	4,266,204
Selling expenses		266,198,669	186,229,602	266,198,669	186,229,602
Administrative expenses	9	135,828,524	118,828,908	142,483,678	119,916,052
<b>Total expenses</b>		<u>938,518,376</u>	<u>886,305,005</u>	<u>938,986,612</u>	<u>878,791,073</u>
<b>Profit before share of loss from investments in associate, finance cost and income tax expenses</b>		<u>266,453,841</u>	<u>131,860,076</u>	<u>263,496,962</u>	<u>139,462,603</u>
Share of loss from investments in associate	15	(247,579)	(114,183)	-	-
<b>Profit before finance cost and income tax expenses</b>		<u>266,206,262</u>	<u>131,745,893</u>	<u>263,496,962</u>	<u>139,462,603</u>
Finance cost	9	(11,038,308)	(10,736,500)	(10,882,935)	(10,515,298)
<b>Profit before income tax expenses</b>		<u>255,167,954</u>	<u>121,009,393</u>	<u>252,614,027</u>	<u>128,947,305</u>
Income tax expenses	24	(46,759,867)	(29,606,474)	(46,759,867)	(29,606,474)
<b>Profit for the year</b>		<u><u>208,408,087</u></u>	<u><u>91,402,919</u></u>	<u><u>205,854,160</u></u>	<u><u>99,340,831</u></u>
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		209,659,475	92,177,994	205,854,160	99,340,831
Non-controlling interests of the subsidiaries		(1,251,388)	(775,075)	-	-
		<u>208,408,087</u>	<u>91,402,919</u>		
<b>Basic earnings per share</b>	26				
Profit attributable to equity holders of the Company		<u>0.318</u>	<u>0.142</u>	<u>0.312</u>	<u>0.153</u>
Weighted average number of common stock (shares)		<u>659,568,809</u>	<u>650,006,925</u>	<u>659,568,809</u>	<u>650,006,925</u>
<b>Diluted earnings per share</b>	26				
Profit attributable to equity holders of the Company		<u>0.318</u>	<u>0.141</u>	<u>0.312</u>	<u>0.151</u>
Weighted average number of common stock (shares)		<u>659,568,809</u>	<u>655,973,505</u>	<u>659,568,809</u>	<u>655,973,505</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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit for the year		<u>208,408,087</u>	<u>91,402,919</u>	<u>205,854,160</u>	<u>99,340,831</u>
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial losses – net of income tax	23	–	(505,131)	–	(505,131)
Changes in revaluation of assets – net of income tax	18, 29	<u>34,128,560</u>	<u>–</u>	<u>34,128,560</u>	<u>–</u>
Other comprehensive income for the year		<u>34,128,560</u>	<u>(505,131)</u>	<u>34,128,560</u>	<u>(505,131)</u>
Total comprehensive income for the year		<u>242,536,647</u>	<u>90,897,788</u>	<u>239,982,720</u>	<u>98,835,700</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>243,788,035</u>	<u>91,672,863</u>	<u>239,982,720</u>	<u>98,835,700</u>
Non-controlling interests of the subsidiaries		<u>(1,251,388)</u>	<u>(775,075)</u>		
		<u>242,536,647</u>	<u>90,897,788</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 2015

(Unit: Baht)

	Consolidated financial statement									
	Equity attributable to the parent's shareholders									
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Other components of equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated – statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity			
<b>Balance as at 1 January 2014</b>	374,119,490	32,945,478	15,267,473	18,257,125	177,921,031	7,377,828	7,377,828	625,888,425	(876,328)	625,010,097
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
Issuance of ordinary shares during the year	–	–	–	–	–	–	–	–	–	–
from the exercise of warrants (Note 27 and 28)	21,621,795	50,450,855	–	–	–	–	–	72,072,650	–	72,072,650
Dividend paid (Note 30)	–	–	–	–	(156,892,635)	–	–	(156,892,635)	–	(156,892,635)
Transfer to statutory reserve (Note 31)	–	–	–	5,038,477	(5,038,477)	–	–	–	–	–
Increase in non-controlling interests	–	–	–	–	–	–	–	–	–	–
from change in investment in subsidiary	–	–	–	–	–	–	–	–	749,990	749,990
<b>Balance as at 31 December 2014</b>	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
<b>Balance as at 1 January 2015</b>	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
Profit for the year	–	–	–	–	209,659,475	–	–	209,659,475	(1,251,388)	208,408,087
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	209,659,475	–	–	209,659,475	(1,251,388)	208,408,087
Dividend paid (Note 30)	–	–	–	–	–	–	–	–	–	–
Transfer to statutory reserve (Note 31)	–	–	–	–	–	–	–	–	–	–
<b>Balance as at 31 December 2015</b>	395,741,285	83,396,333	15,267,473	33,588,310	148,736,515	41,506,388	41,506,388	718,236,304	(2,154,801)	716,081,503

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



(Unit: Baht)

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 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Profit before tax	255,167,954	121,009,393	252,614,027	128,947,305
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	29,994,500	27,513,482	23,559,600	19,003,897
Gain from a fair value adjustment of investment properties	(10,000,000)	(4,000,000)	(10,000,000)	(4,000,000)
Increase in allowance for doubtful accounts (reversal)	(6,388,354)	3,210,199	20,545,013	11,172,613
Reversal of allowance for reducing cost of inventories to net realisable value	(14,330,663)	(4,100,862)	(14,330,663)	(4,100,862)
Increase in allowance for impairment of assets	17,045,038	3,146,132	877,456	–
Unrealised gain on exchange rate	(1,008,825)	(2,245,254)	(1,008,825)	(2,245,254)
Loss (gain) on disposal of current investments	404,600	(9,808,197)	404,600	(9,808,197)
Unrealised loss on change in the value of current investments	1,246,150	–	1,246,150	–
Fixed assets and intangible assets written off	127,693	420,940	127,693	420,940
Loss (gain) on disposal of equipment and intangible assets	5,546,719	(168,944)	5,546,719	(168,944)
Interest income	(2,464,330)	(1,578,319)	(3,246,248)	(2,846,699)
Dividend income	(600,000)	–	(600,000)	–
Provision for long-term employee benefits	2,081,078	1,357,638	2,081,078	1,403,954
Interest expenses	5,748,815	5,286,090	5,748,815	5,067,388
Share of loss from investments in associate	247,579	114,183	–	–
Profit from operating activities before changes in operating assets and liabilities:	282,817,954	140,156,481	283,565,415	142,846,141
Operating assets (increase) decrease				
Trade and other receivables	(36,275,334)	(85,214,703)	(37,153,937)	(86,511,200)
Finance lease receivables	2,015,482	800,202	2,015,482	800,202
Inventories	19,034,303	90,605,874	18,671,630	90,605,874
Other current assets	2,934,850	(11,205,852)	3,058,351	(11,360,161)
Other non-current assets	2,741,150	374,477	2,741,150	284,477
Operating liabilities increase (decrease)				
Trade and other payables	2,324,403	(30,231,948)	1,856,309	(31,102,002)
Other current liabilities	(2,386,501)	5,962,763	(2,417,087)	3,718,145
<b>Cash flows from operating activities</b>	273,206,307	111,247,294	272,337,313	109,281,476
Cash paid for corporate income tax	(14,464,097)	(46,454,489)	(14,464,097)	(46,454,489)
Cash paid for employee benefits	(386,100)	(62,100)	(386,100)	(62,100)
<b>Net cash from operating activities</b>	258,356,110	64,730,705	257,487,116	62,764,887

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





Karmats Public Company Limited and its subsidiaries  
Statement of cash flows (continued)  
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from investing activities</b>				
Interest income	2,464,330	1,578,319	3,246,248	2,846,699
Dividend received	600,000	-	600,000	-
Increase in short-term loans to related parties	(1,700,000)	(955,565)	(1,110,000)	(9,015,565)
Decrease (increase) in short-term loans to an unrelated party	30,000,000	(30,000,000)	30,000,000	(30,000,000)
Increase in long-term loans to unrelated persons and parties	(1,817,515)	-	(1,817,515)	-
Proceeds from disposal of equipment and intangible assets	4,657,963	302,909	4,657,963	302,909
Proceeds from disposal of current investments	17,595,000	168,135,200	17,595,000	168,135,200
Purchase of current investments	(95,745,750)	(62,410,000)	(95,745,750)	(62,410,000)
Purchase of equipment and intangible assets	(57,672,312)	(23,070,403)	(57,591,461)	(23,064,433)
Increase in investments in subsidiary	-	-	-	(1,500,010)
Increase in investments in associate	-	(71,029,990)	-	(71,029,990)
<b>Net cash used in investing activities</b>	<b>(101,618,284)</b>	<b>(17,449,530)</b>	<b>(100,165,515)</b>	<b>(25,735,190)</b>
<b>Cash flows from financing activities</b>				
Decrease in restricted bank deposits	648,000	476,725	-	476,725
Increase (decrease) in bank overdrafts and short-term loans from banks	(24,762,508)	31,274,045	(24,762,508)	31,295,553
Increase (decrease) in short-term loans from a related person	(10,000,000)	10,000,000	(10,000,000)	10,000,000
Cash paid under finance lease agreements	(3,165,646)	(7,524,807)	(3,165,646)	(3,482,870)
Repayment of long-term loans from other companies	-	(1,879,286)	-	-
Interest expenses	(5,257,773)	(4,573,965)	(5,257,773)	(4,456,163)
Cash receipt from exercise of warrants to subscribe ordinary shares	-	72,072,650	-	72,072,650
Dividend paid	(158,293,034)	(156,892,635)	(158,293,034)	(156,892,635)
Increase in non-controlling interests from change in investments in subsidiary	-	749,990	-	-
<b>Net cash used in financing activities</b>	<b>(200,830,961)</b>	<b>(56,297,283)</b>	<b>(201,478,961)</b>	<b>(50,986,740)</b>
Net decrease in cash and cash equivalents	(44,093,135)	(9,016,108)	(44,157,360)	(13,957,043)
Cash and cash equivalents at beginning of year	59,711,581	68,727,689	54,567,657	68,524,700
<b>Cash and cash equivalents at end of year</b>	<b>15,618,446</b>	<b>59,711,581</b>	<b>10,410,297</b>	<b>54,567,657</b>

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 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Supplemental cash flows information: –				
Non-cash transactions: –				
Sales of equipment and vehicles that have not yet been collected	–	17,050	–	17,050
Purchases of vehicles under financial lease agreements	3,928,752	1,213,426	3,928,752	1,213,426
Transfer of inventories to equipment	90,951	8,679,762	90,951	8,679,762
Transfer of equipment to inventories	562,473	565,133	562,473	565,133
Transfer of investment properties to property and plant	63,000,000	–	63,000,000	–
Actuarial losses	–	631,414	–	631,414
Gain on revaluation of assets	42,660,700	–	42,660,700	–

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 2015

#### 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.

#### 2. Basis of preparation of financial statements

- 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
		2015	2014	
My Bus Co., Ltd.	Bus service operator	Percent 95.16	Percent 95.16	Thailand
J KOS Laboratories Co., Ltd.	Manufacture and distribution of consumer product	70.00	70.00	Thailand

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same accounting period and significant accounting policies as the Company.

- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) 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 statements of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint venture and associate under the cost method.

### 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 year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised 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 former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or 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 recognise 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 content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated 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 investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any 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 investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the financial statements since the Company and its subsidiaries already apply the equity method to account for the investment in a joint venture.

**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 on 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 measurement. 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 effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

**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*

The Company recognises income on finance lease and hire purchase contracts over the term of the contracts, using the effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made. Recognition of interest income is stopped for receivables which have defaulted on more than 3 scheduled installment payments.

#### *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 operation 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.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents include cash on 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 or finance lease 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, labor cost 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 joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries, joint venture and associate are accounted for in the separate financial statements using the cost method.



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

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

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

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

#### 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 value of land. 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 in 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	5 years
Motor vehicles	5 years	10 years
Office furniture, fixtures and equipment	3 and 5 years	3 and 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)

No amortisation is provided for computer software under installation.

#### 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 and vehicles 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 assets acquired under finance leases is depreciated over the useful life of the asset.



Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. 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.

#### 4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 – Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 – Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 – Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 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.

##### Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

##### Allowance for impairment on investments

The Company treats investments in subsidiaries, joint venture 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 properties 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 properties 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 as described in Note 18.

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.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**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	
	2015	2014	2015	2014
Cash	186	193	165	168
Bank deposits	15,432	59,519	10,245	54,400
Total	<u>15,618</u>	<u>59,712</u>	<u>10,410</u>	<u>54,568</u>

As at 31 December 2015, bank deposits in savings accounts carried interest at a rate of 0.37% – 1.00% per annum (2014: 0.50% – 2.55% per annum).



7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Trade accounts receivable – related parties</b>				
Aged on the basis of due dates				
Not yet due	3,203	-	3,597	-
Past due				
1 – 3 months	483	-	521	-
4 – 6 months	382	-	50	9
7 – 12 months	8	-	22	43
Over 12 months	14	-	6,188	6,122
<b>Total</b>	<b>4,090</b>	<b>-</b>	<b>10,378</b>	<b>6,174</b>
Less: Allowance for doubtful accounts	-	-	(6,288)	(6,062)
<b>Net</b>	<b>4,090</b>	<b>-</b>	<b>4,090</b>	<b>112</b>
<b>Trade accounts receivable – unrelated parties</b>				
Aged on the basis of due dates				
Post dated cheques	2,469	2,905	2,469	2,905
Not yet due	108,339	80,094	108,339	80,094
Past due				
1 – 3 months	77,635	71,901	77,635	71,901
4 – 6 months	1,739	2,215	1,739	2,215
7 – 12 months	2,026	1,582	2,026	1,582
Over 12 months	3,913	13,538	3,913	13,538
Returned cheques	1,442	616	1,442	616
<b>Total</b>	<b>197,563</b>	<b>172,851</b>	<b>197,563</b>	<b>172,851</b>
Less: Allowance for doubtful accounts	(3,237)	(10,491)	(3,237)	(10,491)
<b>Net</b>	<b>194,326</b>	<b>162,360</b>	<b>194,326</b>	<b>162,360</b>
<b>Other receivables</b>				
Advances – related persons and parties	22,121	2	31,748	8,855
Other receivables	10,295	24,940	10,271	24,925
<b>Total</b>	<b>32,416</b>	<b>24,942</b>	<b>42,019</b>	<b>33,780</b>
Less: Allowance for doubtful accounts	(8,169)	(8,248)	(17,785)	(12,762)
<b>Net</b>	<b>24,247</b>	<b>16,694</b>	<b>24,234</b>	<b>21,018</b>
<b>Trade and other receivables – net</b>	<b>222,663</b>	<b>179,054</b>	<b>222,650</b>	<b>183,490</b>

On 22 December 2014, the Company entered into an agreement to sell all of the inventories, that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X to a non-related person at a price of Baht 28.1 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments, within 10 years. As at 31 December 2015, the Company had such account receivable balance totaling Baht 24.0 million (2014: Baht 26.7 million), with the portion due in over 12 months amounting to Baht 21.3 million (2014: Baht 24.0 million) and the balance was classified as other non-current assets in statements of financial position.

8. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2015	2014
Finance lease receivables		
– receivable within 1 year	862	2,165
– receivable within 2 to 5 years	625	1,552
Total finance lease receivables	1,487	3,717
Less : unearned finance lease income	(134)	(348)
Finance lease receivables – net	1,353	3,369
Less: Allowance for doubtful accounts	(883)	–
Net	470	3,369

As at 31 December 2015 and 2014, 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	
	2015	2014
Current	838	3,002
Past Due – Less than 12 months	315	246
Past Due – Over 12 months	200	121
Total	1,353	3,369
Less: Allowance for doubtful accounts	(883)	–
Net	470	3,369

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.

The relationship between the Company and the related parties is summarised below.

Name of related parties	Relationship with the Company
My Bus Co., Ltd.	Subsidiary
J KOS Laboratories Co., Ltd.	Subsidiary
The Iconic Property Co., Ltd.	Associate
Karmarts Vietnam Co., Ltd.*	Joint venture
Karmarts Malaysia Sdn. Bhd.**	Related company
June Laboratories Co., Ltd.	Common shareholders/ directors with the subsidiary

\*The Company paid for an investment in that joint venture after the reporting period as discussed in Note 37

\*\*The Company has planned to invest in that company as discussed in Note 16



Such significant transactions are summarised below.

(Unit: Million Baht)

	Consolidated financial statements For the years ended 31 December		Separate financial statements For the years ended 31 December		Transfer Pricing Policy
	2015	2014	2015	2014	
Transactions with subsidiaries (Eliminated from consolidated financial statements)					
Interest income	–	–	1	1	1.50 percent per annum (2014: 1.50 and 6.125 percent per annum)
Purchases of goods	–	–	2	–	Near market price
Transactions with related companies					
Sales of goods	7	–	7	–	Near market price
Purchases of goods	4	–	4	–	Near market price

The outstanding balances of the related transactions as at 31 December 2015 and 2014 have been shown in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Trade and other receivables – related persons and parties (Note 7)</b>				
Associate	22	2	22	2
Subsidiary	–	–	15,915	15,027
Related parties	6,523	–	6,523	–
Director	19,666	–	19,666	–
Total	26,211	2	42,126	15,029
Less: Allowance for doubtful accounts – subsidiary	–	–	(15,915)	(10,587)
Net	26,211	2	26,211	4,442
<b>Short-term loans to related parties</b>				
Associate	2,656	956	2,656	956
Subsidiary	–	–	51,662	52,252
Less: Allowance for doubtful accounts – subsidiary	–	–	(43,845)	(22,240)
Net	2,656	956	10,473	30,968
<b>Trade and other payables – related persons and parties (Note 21)</b>				
Trade payables – related party	42	–	42	–
Accrued managements benefits	1,000	900	1,000	900
Accrued interest	–	39	–	39
Total	1,042	939	1,042	939
<b>Short-term loans from a related person</b>				
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 2015	Increase	Decrease	Increase in allowance for doubtful accounts	31 December 2015
Short-term loans to related party					
Associate					
The Iconic Property Co., Ltd.	956	1,700	-	-	2,656
Total	956	1,700	-	-	2,656

(Unit: Thousand Baht)

	Separate financial statements				
	1 January 2015	Increase	Decrease	Increase in allowance for doubtful accounts	31 December 2015
Short-term loans to related parties					
Associate					
The Iconic Property Co., Ltd.	956	1,700	-	-	2,656
Subsidiary					
My Bus Company Limited	30,012	610	(1,200)	(21,605)	7,817
Total	30,968	2,310	(1,200)	(21,605)	10,473

As at 31 December 2015 and 2014, short-term loans to such associate and subsidiary matures at call and carries interest at the rate of 1.50 percent per annum.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	1 January 2015	Increase	Decrease	31 December 2015
Short-term loans from a related person				
Director of associate	10,000	-	10,000	-
Total	10,000	-	10,000	-

As at 31 December 2014, the Company had short-term loan from the related person amounting to Baht 10 million and carried interest at a rate of 9 percent per annum. The loan was repaid in the full amount in March 2015.

#### Directors and management's benefits

During the year ended 31 December 2015 and 2014, 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	
	2015	2014	2015	2014
Short-term employee benefits	16	19	16	18
Post-employment benefits	7	7	7	7
Total	23	26	23	25

#### 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 and carried interest at a rate of 15 percent per annum that was guaranteed by certain director of the Company's associate. The loan was repaid in the full amount in March 2015.

#### 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	165,397	176,457	(14,940)	(22,005)	150,457	154,452
Raw materials and spare parts	27,731	33,602	(190)	(5,962)	27,541	27,640
Work in process	4,875	3,489	—	—	4,875	3,489
Goods in transit	15,466	18,484	—	(1,494)	15,466	16,990
Total	213,469	232,032	(15,130)	(29,461)	198,339	202,571

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	165,716	176,457	(14,940)	(22,005)	150,776	154,452
Raw materials and spare parts	27,775	33,602	(190)	(5,962)	27,585	27,640
Work in process	4,875	3,489	—	—	4,875	3,489
Goods in transit	15,466	18,484	—	(1,494)	15,466	16,990
Total	213,832	232,032	(15,130)	(29,461)	198,702	202,571

During the current year, the Company reducing cost of inventories by Baht 6 million, to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 20 million (2014: Baht 4 million) and reduced the amount of inventories recognised as expenses during the year.

## 12. Current Investments

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	31 December 2015		31 December 2014	
	Cost	Fair value	Cost	Fair value
Trading securities – ordinary shares	27,884	26,500	138	–
Unrealised loss from revaluation of investments	(1,246)		–	
Allowance for impairment loss on current investments	(138)		(138)	
Investments in trading securities – net	26,500		–	
Bank deposit	50,000		–	
Total current investments – net	76,500		–	

As at 31 December 2015, the Company had an eight-month special savings deposit amounting to Baht 50 million which carried interests at 1 – 6.5 percent per annum. (2014: Nil)

During the year 2015, the Company sold trading securities with book values totaling Baht 18.0 million (2014: Baht 158.3 million) and recognised loss (after tax) on sale amounting to Baht 0.3 million (2014 recognised gains (after tax): Baht 7.8 million) in profit or loss.

## 13. Other current assets

Allowance for impairment loss on other current assets amounted to Baht 2.55 million as of 31 December 2015 (2014: Baht 2.67 million).

## 14. Restricted bank deposits

As at 31 December 2014, the subsidiary used bank deposits as security for long-term loans from other company (2015: Nil).



## 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 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
			%	%				
The Iconic Property Co., Ltd.	Investment properties development	Thailand	33.33	33.33	71,030	71,030	70,668	70,916

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			31 December 2015	31 December 2014	31 December 2015	31 December 2014
			%	%		
The Iconic Property Co., Ltd.	properties development	Thailand	33.33	33.33	71,030	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	
	2015	2014
The Iconic Property Company Limited	248	114

## 15.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2015	2014
Current assets	5	1
Non-current assets	215	214
Current liabilities	(8)	(3)
Net assets	212	212
Shareholding percentage	33.33	33.33
Share of net assets	71	71
Elimination entries	–	–
Carrying amounts of associate based on equity method	71	71

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 share 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 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(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	3.25	70.00	70.00	2,500	2,500
Total					11,673	11,673
Less: Allowance for loss on impairment of investment - My Bus Company Limited					(9,173)	(9,173)
Net					2,500	2,500

During the third quarter of the year 2014, the Company purchased 1.2 million additionally issued ordinary shares of Baht 5 each of J KOS Laboratories Company Limited (a subsidiary), 25% paid-up, for a total payment of Baht 1.5 million (accounting for 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).

On 23 February 2015, the Company engaged in the Memorandum of Understanding to establish Karmarts Malaysia Sdn. Bhd., 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 or approximately Baht 4.9 million. The said company has been in the process of registration.

As at 31 December 2015 and 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.

## 17. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
	Properties used for warehouse service
Net book value at beginning of 2014	164,000
Net gain from a fair value adjustment	4,000
Net book value at end of 2014	168,000
Transfer to property and plant	(63,000)
Net gain from a fair value adjustment	10,000
Net book value at end of 2015	115,000

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 discount rate, yield rate and long-term growth in rental rates.

Key assumptions used in the valuation are summarised below:

	31 December 2015	Result to fair value where as an increase in assumption value
	Consolidated financial statements / Separate financial statements	
Discount rate (%)	15	Decrease in fair value
Yield rate (%)	12	Decrease in fair value
Rental rate per square meter per month (Baht)	115	Increase in fair value

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

During the current year, the Company transferred some of the land and building which had been used in the past in the provision of warehouse rental service to be used as a factory and as its own warehousing space, as discussed in Note 18.

The 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	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Machinery and equipment under installation	Total
Cost/Revalued amount								
1 January 2014	26,861	206	38,287	24,780	99,468	42,518	540	232,660
Acquisitions	5,390	-	502	3,491	2,856	3,662	7,937	23,838
Transfer from inventories	-	-	-	-	8,680	-	-	8,680
Transfer to inventories	-	-	-	-	-	(565)	-	(565)
Disposal / write-off	-	-	-	(377)	(429)	(3,058)	(117)	(3,981)
Transfer in / Transfer out	-	-	130	5,936	-	962	(7,028)	-
31 December 2014	32,251	206	38,919	33,830	110,575	43,519	1,332	260,632
Acquisitions	23,500	-	251	2,493	6,517	4,665	16,396	53,822
Transfer from inventories	-	-	-	-	-	91	-	91
Transfer from investment properties	24,000	-	39,000	-	-	-	-	63,000
Revaluation	42,661	-	-	-	-	-	-	42,661
Transfer to inventories	-	-	-	-	-	(714)	-	(714)
Disposal / write-off	-	-	(7,133)	(1,331)	(18,584)	(14,648)	(40)	(41,736)
Transfer in / Transfer out	-	50	4,418	9,539	-	520	(14,527)	-
31 December 2015	122,412	256	75,455	44,531	98,508	33,433	3,161	377,756

## Consolidated financial statements (continued)

(Unit: Thousand Baht)

[illegible]



# Separate financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						
	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Machinery and Equipment under installation	Total
Cost/Revalued amount								
1 January 2014	26,861	206	38,287	24,780	31,698	42,336	540	164,708
Acquisitions	5,390	-	502	3,491	2,856	3,657	7,937	23,833
Transfer from inventories	-	-	-	-	8,680	-	-	8,680
Transfer to inventories	-	-	-	-	-	(565)	-	(565)
Disposal / write-off assets	-	-	-	(377)	(429)	(3,058)	(117)	(3,981)
Transfer in / Transfer out	-	-	130	5,936	-	962	(7,028)	-
31 December 2014	32,251	206	38,919	33,830	42,805	43,332	1,332	192,675
Acquisitions	23,500	-	251	2,429	6,517	4,648	16,396	53,741
Transfer from inventories	-	-	-	-	-	91	-	91
Transfer from investment properties	24,000	-	39,000	-	-	-	-	63,000
Revaluation	42,661	-	-	-	-	-	-	42,661
Transfer to inventories	-	-	-	-	-	(714)	-	(714)
Disposal / write-off assets	-	-	(7,133)	(1,331)	(18,584)	(14,648)	(40)	(41,736)
Transfer in / Transfer out	-	50	4,418	9,539	-	520	(14,527)	-
31 December 2015	122,412	256	75,455	44,467	30,738	33,229	3,161	309,718





The Company arranged for independent professional valuers to appraise the value of the land at the end of year 2015 and 2010. The land was revalued using the market approach. The Company recorded the resulting increase in assets values, totaling of approximately Baht 42.7 million and 9.2 million, in "Surplus on revaluation of assets" in statement of changes in shareholders' equity for the year 2015 and 2010, respectively.

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 December 2015 would have been Baht 53.3 million(2010: Baht 23.0 million).

As at 31 December 2015, the Company had vehicles under finance lease agreements with net book value amounting to Baht 9.4 million (2014: Baht 7.6 million).

As at 31 December 2015, certain items of buildings and equipment are fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 42.3 million (The Company only: Baht 42.2 million) (2014: Baht 57.7 million, the Company only: Baht 57.6 million).

During the current year, the Company transferred certain land and buildings which had been used in the past in the provision of warehouse rental service and previously recorded as investment properties to be used as a factory and as its own warehousing space, because the purpose of using these assets had been changed, as discussed in Note 17.

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

The subsidiary's vehicles with net book values as of 31 December 2014 of Baht 25.5 million have been pledged (2015: There is no pledged asset) to secure the loans it obtained from financial institutions to pay for part of the cost of the buses according to bus sales agreement.

## 19. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Right to operate bus service	Computer software	Computer software under installation	Total
<b>Cost</b>				
1 January 2014	14,885	2,821	-	17,706
Acquisitions	-	445	-	445
Write-off	-	(93)	-	(93)
31 December 2014	14,885	3,173	-	18,058
Acquisitions	-	349	7,429	7,778
Write-off	-	(128)	-	(128)
31 December 2015	14,885	3,394	7,429	25,708
<b>Accumulated amortisation</b>				
1 January 2014	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
Amortisation during the year	1,698	686	-	2,384
Amortisation of write-off items	-	(25)	-	(25)
31 December 2015	10,791	2,764	-	13,555
<b>Allowance for impairment loss</b>				
31 December 2014	-	-	-	-
Impairment for the year	2,687	-	-	2,687
31 December 2015	2,687	-	-	2,687
<b>Net book value</b>				
31 December 2014	5,792	1,070	-	6,862
31 December 2015	1,407	630	7,429	9,466



(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Computer software under installation	Total
<b>Cost</b>			
1 January 2014	2,821	–	2,821
Acquisitions	445	–	445
Write-off	(93)	–	(93)
31 December 2014	3,173	–	3,173
Acquisitions	349	7,429	7,778
Write-off	(128)	–	(128)
31 December 2015	3,394	7,429	10,823
<b>Accumulated amortisation</b>			
1 January 2014	1,454	–	1,454
Amortisation during the year	687	–	687
Amortisation of write-off items	(38)	–	(38)
31 December 2014	2,103	–	2,103
Amortisation during the year	686	–	686
Amortisation of write-off items	(25)	–	(25)
31 December 2015	2,764	–	2,764
<b>Net book value</b>			
31 December 2014	1,070	–	1,070
31 December 2015	630	7,429	8,059

20. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements / Separate financial statements	
		2015	2014
Short-term loans from banks – Trust receipts	3.08% – 3.68% (2014: 3.18% – 7.25%)	133,948	159,715

Bank overdrafts and short-term loans from banks are secured by the mortgage of majority of the Company's land with structures thereon and investment properties.

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade payables – related party	42	–	42	–
Trade payables – unrelated parties	8,413	12,807	8,409	12,807
Other payables – unrelated parties	8,237	10,568	6,167	8,970
Accrued expenses – unrelated parties	39,871	30,997	39,820	30,938
Accrued management benefits	1,000	900	1,000	900
Accrued interest – related person	–	39	–	39
Total trade and other payables	<u>57,563</u>	<u>55,311</u>	<u>55,438</u>	<u>53,654</u>

## 22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2015	2014
Liabilities under finance lease agreements	9,248	8,000
Less: deferred interest expenses	<u>(800)</u>	<u>(874)</u>
Total	8,448	7,126
Less: portion due within one year	<u>(2,702)</u>	<u>(2,984)</u>
Liabilities under finance lease agreements – net of current portion	<u>5,746</u>	<u>4,142</u>

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their 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 2015		
	Less than 1 year	1–5 years	Total
Future minimum lease payments	3	6	9
Deferred interest expenses	<u>–</u>	<u>(1)</u>	<u>(1)</u>
Present value of future minimum lease payments	<u>3</u>	<u>5</u>	<u>8</u>



(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>

## 23. 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	
	2015	2014	2015	2014
Provision for long-term employee benefits at beginning of year	9,437	7,510	9,437	7,464
Included in profit or loss:				
Current service cost	1,833	1,147	1,833	1,193
Interest cost	248	211	248	211
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	22	-	22
Financial assumptions changes	-	847	-	847
Experience adjustments	-	(238)	-	(238)
Benefits paid during the year	(386)	(62)	(386)	(62)
Defined benefit obligation at end of year	<u>11,132</u>	<u>9,437</u>	<u>11,132</u>	<u>9,437</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	
	2015	2014	2015	2014
Current service cost	1,833	1,147	1,833	1,193
Interest cost	248	211	248	211
Total expense recognised in profit or loss	<u>2,081</u>	<u>1,358</u>	<u>2,081</u>	<u>1,404</u>
Line items in profit and loss under which such expenses are included				
Cost of sales	823	1,020	823	1,020
Selling and administrative expenses	1,258	338	1,258	384

Actuarial losses which were recognised in other comprehensive income of the Company in the year 2014 amounted to Baht 0.6 million (2015: Nil).

The Company and its subsidiaries expect to contribute to the provision for long-term employee benefits during the next year Baht 2.7 million (Separate financial statements: Baht 2.7 million) (2014: Baht 2.6 million, separate financial statements: Baht 2.6 million).

As at 31 December 2015 and 2014, the weighted average duration of the long-term employee benefit obligation is 6.07 years (Separate financial statements: 6.07 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements / Separate financial statements	
	2015	2014
Discount rate	2.63%	2.63%
Future average salary increase rate	5.75%	5.75%
Staff turnover rate	5% – 30%	5% – 30%

Sensitivity analysis for significant assumptions that affect to the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	Increase 0.50%	Decrease 0.50%
Discount rate	(163)	388
Salary increase rate	398	(175)

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	Increase 1%	Decrease 1%
Turnover rate	(155)	56

## 24. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2015	2014
Current income tax:		
Current income tax charge	32,214	25,103
Adjustment in respect of current income tax of previous year	2,805	549
Deferred tax:		
Reversal of temporary differences relating to deferred tax	11,741	3,954
Income tax expenses reported in the statement of comprehensive income	<u>46,760</u>	<u>29,606</u>



The Company and its subsidiaries expect to contribute to the provision for long-term employee benefits during the next year Baht 2.7 million (Separate financial statements: Baht 2.7 million) (2014: Baht 2.6 million, separate financial statements: Baht 2.6 million).

As at 31 December 2015 and 2014, the weighted average duration of the long-term employee benefit obligation is 6.07 years (Separate financial statements: 6.07 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements / Separate financial statements	
	2015	2014
Discount rate	2.63%	2.63%
Future average salary increase rate	5.75%	5.75%
Staff turnover rate	5% – 30%	5% – 30%

Sensitivity analysis for significant assumptions that affect to the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	Increase 0.50%	Decrease 0.50%
Discount rate	(163)	388
Salary increase rate	398	(175)

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	Increase 1%	Decrease 1%
Turnover rate	(155)	56

## 24. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2015	2014
Current income tax:		
Current income tax charge	32,214	25,103
Adjustment in respect of current income tax of previous year	2,805	549
Deferred tax:		
Reversal of temporary differences relating to deferred tax	11,741	3,954
Income tax expenses reported in the statement of comprehensive income	<u>46,760</u>	<u>29,606</u>

The Company had the amounts of income tax relating to deferred tax on gain from revaluation of land which were recorded in other comprehensive income for the year ended 31 December 2015 by Baht 8.5 million (2014 : Nil)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
Accounting profit before tax	255,168	121,009	252,614	128,947
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	50,523	25,789	50,523	25,789
Adjustment in respect of current income tax of previous year	2,805	549	2,805	549
Effects of:				
Non-deductible expenses	2,400	1,148	2,400	1,148
Additional deductible expenses allowed	(20,709)	(1,834)	(20,709)	(1,834)
Total	(18,309)	(686)	(18,309)	(686)
Decrease (increase) in deferred tax assets	9,125	(3,505)	9,125	(3,505)
Increase in deferred tax liabilities	2,616	7,459	2,616	7,459
Income tax expenses reported in the statement of comprehensive income	46,760	29,606	46,760	29,606

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 2015	As at 31 December 2014
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	4,036	10,311
Allowance for diminution in value of inventories	3,026	5,892
Allowance for assets impairment	241	576
Allowance for impairment on investments	1,835	1,835
Provision for long-term employee benefits	2,226	1,875
Total	11,364	20,489



(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements / Separate financial statements	
	As at 31 December 2015	As at 31 December 2014
Deferred tax liabilities		
Surplus of fair value from book value of investment properties	20,335	27,727
Surplus on revaluation of assets	10,376	1,844
Property and plant which transferred from investment properties	10,008	-
Total	<u>40,719</u>	<u>29,571</u>

As at 31 December 2015, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 66.7 million (2014: Baht 67.6 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.

The unused tax losses of subsidiaries amounting to Baht 47.4 million (2014: Baht 64.5 million) will expire by 2020 (2014: 2019).

## 25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Salaries and wages and other employee benefits	128,294	107,167	126,859	105,861
Depreciation	27,611	25,129	22,874	18,317
Amortisation	2,384	2,384	686	687
Allowance for doubtful accounts (reversal)	(6,388)	3,210	20,545	11,173
Advertising and sales promotion expenses	159,907	90,766	159,907	90,766
Reversal of loss on cost reduction of inventories to net realisable value	(14,331)	(4,101)	(14,331)	(4,101)
Loss on impairment of equipment	13,481	3,146	-	-
Loss on impairment of intangible assets	2,687	-	-	-
Loss on impairment of other assets	877	-	877	-
Loss (gain) on exchange	13,575	(268)	13,575	(268)
Rental expenses from operating lease agreements	598	598	598	598
Raw materials and consumables used	480,657	421,239	479,785	421,239
Purchase of goods	652,333	571,552	651,320	571,552
Changes in finished goods and work in process	9,674	(134,666)	9,355	(134,666)



## 26. 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-W1) to subscribe the Company's ordinary share as discussed in Note 28. 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:

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

There is no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2015 as the final exercise of warrants (KAMART-W1) was on 6 May 2014, as discussed in Note 28.

## 27. Share capital

During 2014, the Company received additional share subscription totaling Baht 72.1 million as a result of the exercise of warrants as discussed in Note 28. 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.



## 28. Warrants

On 8 May 2013, the Company issued 59,997,956 warrants (KAMART-W1) to subscribe 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 2014, 36,036,325 warrants were exercised to purchase the Company's ordinary shares, amounting to Baht 72.1 million, as discussed in Note 27.

## 29. Revaluation surplus of assets

This represents the revaluation surplus on land which can neither be offset against deficit nor used for dividend payment.

## 30. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
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>
Final dividends for 2014			
Interim dividends for 2015	Annual General Meeting of the shareholders on 28 April 2015	39,574	0.06
	Board of Directors' meeting on 13 May 2015	39,573	0.06
	Board of Directors' meeting on 11 August 2015	39,573	0.06
	Board of Directors' meeting on 12 November 2015	39,573	0.06
		<u>158,293</u>	<u>0.24</u>

**31. 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.

**32. 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
- Manufacture and distribution of NGV cars and gas tank business segment
- Bus service operator segment
- Warehouse rental and warehouse service segment

The Company's associate operate in the properties development 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 2015 and 2014, 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	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>Year ended 31 December 2015</b>							
Revenue from extRevenue from external customers	1,166,864	2,897	3,682	19,065	1,192,508	-	1,192,508
Inter-segment revenue	1,666	99	-	-	1,765	(1,765)	-
Interest revenue	3,246	-	-	-	3,246	(782)	2,464
Interest expenses	5,749	-	782	-	6,531	(782)	5,749
Depreciation and amortisation	23,562	-	6,433	-	29,995	-	29,995
Increase in allowance for doubtful accounts	(6,329)	26,874	-	-	20,545	(26,933)	(6,388)
Increase (reversal) in allowance for reducing cost of inventories to net realisable value	5,876	(20,207)	-	-	(14,331)	-	(14,331)
Increase in allowance for impairment loss of fixed assets	617	260	16,168	-	17,045	-	17,045
Loss on sale of assets	5,547	-	-	-	5,547	-	5,547
Gain on revaluation of investment properties to fair value	-	-	-	10,000	10,000	-	10,000
Share of loss from investments in associate	-	-	-	-	-	-	(248)
Income tax expenses	46,760	-	-	-	46,760	-	46,760
<b>Segment profit (loss)</b>	<b>181,811</b>	<b>(4,199)</b>	<b>(23,800)</b>	<b>28,177</b>	<b>181,989</b>	<b>26,419</b>	<b>208,408</b>
<b>Segment total assets</b>	<b>887,095</b>	-	<b>9,920</b>	<b>115,000</b>	<b>1,012,015</b>	<b>(10,832)</b>	<b>1,001,183</b>
Investments in associate accounted for by the equity method	-	-	-	-	-	-	70,668
Additions to non-current assets other than financial instruments and deferred tax assets	43,312	-	-	10,000	53,312	-	53,312
<b>Segment total liabilities</b>	<b>283,000</b>	-	<b>69,679</b>	-	<b>352,679</b>	<b>(67,577)</b>	<b>285,102</b>

(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	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>Year ended 31 December 2014</b>							
Revenue from external customers	958,542	26,012	1,163	26,433	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
Increase in allowance for doubtful accounts	7,991	3,181	11	-	11,183	(7,973)	3,210
Increase (reversal) in allowance for reducing cost of inventories to net realisable value	5,549	(9,650)	-	-	(4,101)	-	(4,101)
Increase in allowance for impairment loss of fixed assets	-	-	3,146	-	3,146	-	3,146
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)
Income tax expenses	29,606	-	-	-	29,606	-	29,606
<b>Segment profit (loss)</b>	<b>163,881</b>	<b>(91,118)</b>	<b>(15,500)</b>	<b>26,167</b>	<b>83,430</b>	<b>7,973</b>	<b>91,403</b>
<b>Segment total assets</b>	<b>705,123</b>	<b>49,030</b>	<b>32,921</b>	<b>188,000</b>	<b>955,074</b>	<b>(36,953)</b>	<b>918,121</b>
Investments in associate accounted for by the equity method	-	-	-	-	-	-	70,916
Additions to non-current assets other than financial instruments and deferred tax assets	71,708	-	-	4,000	75,708	-	75,708
<b>Segment total liabilities</b>	<b>284,682</b>	<b>-</b>	<b>68,881</b>	<b>-</b>	<b>353,563</b>	<b>(67,279)</b>	<b>286,284</b>



### Geographic information

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

### Major customers

For the year 2015, the Company and its subsidiaries have revenue from a major customer in the amount of Baht 306 million, arising from sales by the manufacture and distribution of consumer products segment (2014: Baht 197 million derived from a major customer, arising from sales by the manufacture and distribution of consumer products segment).

## 33. Commitment and contingent liabilities

### 33.1 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	
	2015	2014
Payable within:		
1 year	5.4	6.2
2 to 3 years	1.2	2.0

### 33.2 Commitment in respect of purchase of finished goods and capital commitments

As at 31 December 2015, the Company and its subsidiaries had commitment in respect of purchase of finished goods, equipment and computer programs of approximately Baht 5.9 million and USD 0.2 million (2014: USD 39 million).

### 33.3 Guarantees

As at 31 December 2015 and 2014, there were outstanding bank guarantees of Baht 0.5 million issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of their business.

As at 31 December 2015 and 2014, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

## 34. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments on trading securities	26,500	–	–	26,500
Land	–	122,412	–	122,412
Investment property	–	–	115,000	115,000
<b>Assets for which fair value are disclosed</b>				
Short-term loans to related parties	–	2,253	–	2,253

(Unit: Thousand Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments on trading securities	26,500	–	–	26,500
Land	–	122,412	–	122,412
Investment property	–	–	115,000	115,000
<b>Assets for which fair value are disclosed</b>				
Short-term loans to related parties	–	2,238	–	2,238

### 35. Financial instruments

#### 35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, finance lease receivables, loans 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, loans to 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. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, finance lease receivable, loans to and other receivables as stated in the statement of financial position.

##### Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and purchase of equipment 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	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	3.79	4.71	36.2538	33.1132

### Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans 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 2015						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
<b>Financial Assets</b>	(% p.a.)					
Cash and cash equivalents	0.37% - 1.00%	-	-	16	-	16
Current investments	1.00% - 6.50%	50	-	-	27	77
Finance lease receivables	-	-	-	-	223	223
Short-term loans to related parties	1.50%	3	-	-	-	3
Long-term loans to unrelated persons and parties	7.00%	1	1	-	-	2
		54	1	16	250	321
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	3.08% - 3.68%	134	-	-	-	134
Trade and other payables	-	-	-	-	58	58
Liabilities under finance lease agreements	2.99% - 8.49%	2	6	-	-	8
		136	6	-	58	200

(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			
<b>Financial Assets</b>	(% p.a.)					
Cash and cash equivalents	0.50% – 2.55%	50	–	8	2	60
Trade and other receivables	–	–	–	–	203	203
Finance lease receivables	5.63% – 10.83%	2	1	–	–	3
Short-term loans to related parties	1.50%	1	–	–	–	1
Short-term loans to unrelated parties	15.00%	30	–	–	–	30
		<u>83</u>	<u>1</u>	<u>8</u>	<u>205</u>	<u>297</u>
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	3.18 % – 7.25 %	160	–	–	–	160
Trade and other payables	–	–	–	–	55	55
Liabilities under finance lease agreements	3.45% – 8.49%	3	4	–	–	7
Short-term loan from related person	9.00%	10	–	–	–	10
		<u>173</u>	<u>4</u>	<u>–</u>	<u>55</u>	<u>232</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2015						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
<b>Financial Assets</b>	(% p.a.)					
Cash and cash equivalents	0.37% – 1.00%	–	–	10	–	10
Current investments	1.00% – 6.50%	50	–	–	27	77
Trade and other receivables	–	–	–	–	223	223
Short-term loans to related parties	1.50%	10	–	–	–	10
Long-term loans to unrelated persons and parties	7.00%	1	1	–	–	2
		<u>61</u>	<u>1</u>	<u>10</u>	<u>250</u>	<u>322</u>
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	3.08% – 3.68%	134	–	–	–	134
Trade and other payables	–	–	–	–	55	55
Liabilities under finance lease agreements	2.99% – 8.49%	2	6	–	–	8
		<u>136</u>	<u>6</u>	<u>–</u>	<u>55</u>	<u>197</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			
	(% p.a.)					
<b>Financial Assets</b>						
Cash and cash equivalents	0.50% - 2.55%	50	-	3	2	55
Trade and other receivables	-	-	-	-	207	207
Finance lease receivables	5.63% - 10.83%	2	1	-	-	3
Short-term loans to related parties	1.50%	31	-	-	-	31
Short-term loans to unrelated parties	15.00%	30	-	-	-	30
		113	1	3	209	326
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	3.18% - 7.25%	160	-	-	-	160
Trade and other payables	-	-	-	-	54	54
Liabilities under finance lease agreements	3.45% - 8.49%	3	4	-	-	7
Short-term loans from related person	9.00%	10	-	-	-	10
		173	4	-	54	231

### 35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value are not expected to be materially different from the amounts presented in the statement of financial position, except short-term loans to related parties.

The estimated fair value of short-term loans to related parties, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

		Consolidated financial statements			
		As at 31 December 2015		As at 31 December 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Short-term loans to related parties		2.7	2.3	1.0	0.8

(Unit: Million Baht)

		Separate financial statements			
		As at 31 December 2015		As at 31 December 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Short-term loans to related parties		10.5	2.2	31.0	22.8

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, current investments in special savings deposits, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For loans to, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

During the current period, there were no transfers within the fair value hierarchy.

### 36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statements of financial position as at 31 December 2015, the Group's debt-to-equity ratio was 0.4:1 (2014: 0.5:1) and the Company's debt-to-equity ratio was 0.4:1 (2014: 0.4:1).

### 37. Events after the reporting period

On 20 January 2016, the Company paid for an investment in Karmarts Vietnam Company Limited, registered and established in Vietnam, in a total of USD 98,000 or Baht 3.56 Million. As a result, the Company holds 49% of the issued and paid-up shares at USD 200,000 in this company. The Company has recorded the investment in this company as an investment in joint venture since the investment date.

On 26 February 2016, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders to be held on 26 April 2016 adopt the resolution to pay a total dividend payment by Baht 0.25 per share in respect of the operating result of 2015 and its retained earnings. The dividend payment is scheduled for 25 May 2016 and represents a year-end dividend of Baht 0.07 per share, inclusive of the interim dividend of Baht 0.18 per share, or a total of Baht 46.2 million. Such dividend will be paid and recorded after the payment is approved by the Annual General Meeting of the Company's shareholders.

### 38. Reclassifications

Certain accounts in the statements of financial position as at 31 December 2014 and the income statements for the year ended 31 December 2014 have been reclassified to conform to the current year's classification with no any significant impact on consolidated and separate statements of financial position as at 1 January 2014 and to the previously reported profit or loss or shareholders' equity. The reclassifications are as follows:



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2014			
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivables	179,054	203,056	183,490	207,492
Other non-current assets	29,385	5,383	28,574	4,572
Interest income on hire purchase	–	223	–	223
Exchange gain	–	268	–	268
Gain from disposal of assets	–	169	–	169
Other income	16,228	15,568	17,443	16,783

## 39. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 26 February 2016.

# KARMART

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บริษัท คาร์มาร์ท จำกัด (มหาชน)  
สิ้นสุดวันที่ 31 ธันวาคม 2558

## ANNUAL REPORT 2015