

**Karmarts Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2014**

**1. Corporate information**

Karmarts Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of consumer products 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 and accounting policies**

**2.1 Basis for the preparation of interim financial statements**

These interim financial statements have been prepared in accordance with Accounting Standard 34 (revised 2012) "Interim Financial Reporting" with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

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

**2.2 Basis of consolidation**

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2013. However, there has been a significant change in the composition of the group of companies during the current period since.

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

(Unaudited but reviewed)

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

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

## **2.3 New accounting standards**

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

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

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

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

## **2.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013, except the accounting policies for investments in associate.

**Investments in associate**

- a) Investments in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in associate is accounted for in the separate financial statements using the cost method.

**3. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due	-	-	-	8
Past due 1 - 3 months	-	-	9	60
Past due 4 - 6 months	-	-	9	67
Past due 7 - 12 months	-	-	93	213
Past due over 12 months	-	-	6,062	5,782
Total	-	-	6,173	6,130
Less: Allowance for doubtful debts	-	-	(6,062)	(2,927)
Net	-	-	111	3,203
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Post dated cheques	2,828	4,388	2,828	4,388
Not yet due	72,611	48,808	72,611	48,808
Past due - 1 - 3 months	49,762	32,818	49,763	32,818
Past due - 4 - 6 months	2,756	3,625	2,756	3,625
Past due - Over 6 months	15,518	14,733	15,518	14,733
Returned cheques	691	641	691	641
Total	144,166	105,013	144,167	105,013
Less: Allowance for doubtful debts	(10,353)	(10,079)	(10,353)	(10,079)
Net	133,813	94,934	133,814	94,934
<b>Other receivables</b>				
Advances - related parties	-	4,240	8,657	11,825
Other receivables	24,595	27,311	23,845	27,311
Total	24,595	31,551	32,502	39,136
Less: Allowance for doubtful debts	(5,450)	(5,450)	(7,010)	(6,964)
Net	19,145	26,101	25,492	32,172
Trade and other receivables - net	152,958	121,035	159,417	130,309

(Unaudited but reviewed)

#### 4. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	30 September 2014	31 December 2013
Finance lease receivables		
- Due within 1 year	1,657	1,488
- Due within 2 to 5 years	2,277	3,252
Total finance lease receivables	3,934	4,740
Less : Unearned finance lease income	(398)	(571)
Finance lease receivables - net	3,536	4,169

As at 30 September 2014 and 31 December 2013, the balance of the finance lease receivables (net of unearned finance lease income) was classified by aging as follows:

(Unit: Thousand Baht)

	Finance lease receivables - net	
	30 September 2014	31 December 2013
Not yet due	3,536	4,169
Past due over 12 months	-	-
Total	3,536	4,169

#### 5. Related party transactions

During the periods, 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, such transactions can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		Transfer Pricing Policy
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from Consolidated financial statements)					
Sales of goods and services	-	-	5	167	Approximate cost
Interest income	-	-	192	624	1.50 percent per annum (2013: 6.125 percent per annum)
<u>Transactions with related company</u>					
Rental expenses	-	90	-	90	Contract price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September		Transfer Pricing Policy
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from Consolidated financial statements)					
Sales of goods and services	-	-	40	389	Approximate cost
Interest income	-	-	1,072	1,777	1.50 - 6.125 percent per annum (2013: 6.125 percent per annum)
<u>Transactions with related company</u>					
Rental expenses	60	271	60	271	Contract price

The outstanding balances of the related transactions as at 30 September 2014 and 31 December 2013 have been shown in the statements of financial position as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<b><u>Trade and other receivables - related persons and parties</u></b> (Note 3)				
Subsidiaries	-	-	14,830	13,715
Related company (related by means of having common director and shareholder)	-	240	-	240
Director	-	4,000	-	4,000
Total	-	4,240	14,830	17,955
Less: Allowance for doubtful debts	-	-	(7,622)	(4,441)
Net	-	4,240	7,208	13,514
<b><u>Short-term loans to related parties</u></b>				
Subsidiaries	-	-	51,432	44,192
Less: Allowance for doubtful debts	-	-	(22,239)	(20,412)
Net	-	-	29,193	23,780
<b><u>Trade and other payables - related persons and parties</u></b> (Note 17)				
Advance received for the exercise of warrants	-	14,563	-	14,563
Accrued managements benefits	900	-	900	-
Share subscription payable to a subsidiary	-	-	2,100	600
Net	900	14,563	3,000	15,163

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Separate financial statements			
	1			Increase in
	January			allowance
	2014	Increase	Decrease	for doubtful debts
				30 September 2014
<b><u>Short-term loans to related parties</u></b>				
<b><u>Subsidiaries</u></b>				
My Bus Company Limited	23,780	7,170	-	(1,827)
J KOS Laboratories Company Limited	-	70	-	-
Total	23,780	7,240	-	(1,827)

As at 30 September 2014, short-term loans to such subsidiaries mature at call and carries interest at the rate of 1.50 percent per annum (31 December 2013: 6.125 percent per annum).

#### Directors and management's benefits

During the periods, the Company and its subsidiaries paid salaries, bonuses, meeting allowances and gratuities to their directors and management recognised as expenses totaling Baht 14.3 million (Separate financial statements: Baht 13.9 million) (30 September 2013: Baht 12.0 million, Separate financial statements: Baht 11.6 million).

## **6. Inventories**

As at 30 September 2014 and 31 December 2013, net inventories of the Company amounting to Baht 99 million, are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X.

Movements in the allowance for reducing cost of inventories to net realisable value during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2014	33,562
Increase in allowance for reducing cost of inventories to net realisable value	11,509
Balance as at 30 September 2014	45,071

(Unaudited but reviewed)

**7. Current investments**

(Unit: Thousand Baht)

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

**8. Other current assets**

Allowance for impairment loss on other current assets amounted to Baht 2.67 million as of 30 September 2014 and 31 December 2013

**9. Restricted bank deposits**

As at 30 September 2014, the subsidiary used bank deposits as security for long-term loan from other company (31 December 2013: as security for for long-term loan from other company and as a bond for litigation before the court).

**10. Investments in 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	
			30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
			%	%				
The Iconic Property Co., Ltd.	Investment properties development	Thailand	33.33	-	71,030	-	70,916	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 September 2014	31 December 2013	30 September 2014	31 December 2013
			%	%		
The Iconic Property Co., Ltd.	Investment properties development	Thailand	33.33	-	71,030	-

(Unaudited but reviewed)

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 or that company) at a price equal to the par value of Baht 10 per shares or a total of Baht 66,666,660.

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

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

## 11. Investments in subsidiary companies

Company's name	Paid-up		Percentage		(Unit: Thousand Baht)	
	share capital		holding		Separate financial statements	
					Cost method	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2014	2013	2014	2013	2014	2013
	(Million Baht)	(Million Baht)	(%)	(%)		
My Bus Company Limited	9.20	9.20	95.16	95.16	9,173	9,173
J KOS Laboratories Company Limited*	3.25	1.00	70.00	100.00	2,500	1,000
Total					11,673	10,173
Less: Allowance for loss on - impairment of investment - My Bus Company Limited					(9,173)	(9,173)
Net					2,500	1,000

\*Formerly known as Taobao Company Limited.

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

(Unaudited but reviewed)

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

As at 30 September 2014, the Company had commitments amounting to approximately Baht 55 million and Baht 4.5 million in respect of the unpaid shares in My Bus Company Limited and J KOS Laboratories Company Limited, respectively (31 December 2013: My Bas Company Limited: approximately Baht 55 million).

## 12. Investment Properties

Changes in fair value for the nine-month period ended 30 September 2014 are as summarised below.

	(Unit: Thousand Baht) Consolidated financial statements / Separate financial statements
1 January 2014	164,000
Increase/(decrease) in fair value during the period	-
30 September 2014	164,000

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

## 13. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b><u>Cost</u></b>		
1 January 2014	236,153	168,201
Acquisitions	18,495	18,490
Transfer from inventories	871	871
Transfer to inventories	(511)	(511)
Disposals / write-off	(1,477)	(1,477)
30 September 2014	253,531	185,574
<b><u>Accumulated depreciation</u></b>		
1 January 2014	117,916	85,431
Depreciation during the period	18,181	13,085
Depreciation of disposals / write-off	(995)	(995)
30 September 2014	135,102	97,521

	(Unaudited but reviewed)	
	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b><u>Net book value</u></b>		
1 January 2014	118,237	82,770
30 September 2014	118,429	88,053

The subsidiary's vehicles with net book value as of 31 December 2013 of Baht 35.4 million have been pledged to secure the loans it obtained from financial institutions to pay for part of the cost of the buses according to bus sales agreement.

As at 30 September 2014, the Company had vehicles under finance lease agreements with net book values amounting to Baht 7.3 million (31 December 2013: Baht 9.6 million).

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

#### 14. Intangible assets

Movements of the intangible assets during the nine-month period ended 30 September 2014 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	8,857	1,367
Acquisitions	351	351
Net book value – write off	(34)	(34)
Net book value – disposal	(6)	(6)
Amortisation during the period	(1,790)	(520)
Net book value as at 30 September 2014	7,378	1,158

#### 15. Other non-current assets

As at 30 September 2014 and 31 December 2013, allowance for impairment loss on deposit for payphones was Baht 93 million. This deposit was paid in accordance with a purchase agreement with a foreign company and related to the upgrade of the 470MHz Mobile Telephone Network to CDMA2000 1X project.

**16. Bank overdrafts and short-term loans from banks**

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

**17. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Trade payables - unrelated parties	9,604	43,472	9,604	43,472
Other payables - related party	-	-	2,100	600
Other payables - unrelated parties	10,772	11,851	9,123	10,464
Advance received for the exercise of warrants	-	14,563	-	14,563
Accrued expenses - related person	900	-	900	-
Accrued expenses - unrelated parties	27,784	15,608	27,729	15,608
Total trade and other payables	49,060	85,494	49,456	84,707

**18. Other long-term loans**

As at 30 September 2014 and 31 December 2013, a subsidiary had long-term loans from an unrelated company. The loans are repayable in monthly installments until 2014 and carry interest at a rate of 0.5 percent per annum.

**19. 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 exercise rights of the said newly issued warrants. The Company registered the increase of its share capital with the Ministry of Commerce on 25 April 2013.

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

(Unaudited but reviewed)

During the current period, the Company received additional share subscription totaling Baht 72.1 million as a result of the exercise of warrants, as discussed in Note 20. 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.

## 20. Warrants

On 8 May 2013, the Company issued 59,997,956 warrants (KAMART-W) to subscribe to the Company's ordinary shares, at a price of Baht zero each in a ratio of 1 warrant for 10 existing ordinary shares. The warrants are exercisable within 1 year from the issuance date on 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 registered and transferable.

During the current period, 36,036,325 warrants were exercised to purchase the Company's ordinary shares (year 2013: 23,532,484 warrants), amounting to Baht 72.1 million (year 2013: Baht 47.1 million), as discussed in Note 19.

## 21. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	35,999	0.06
Interim dividends for 2013	Board of Directors' meeting on 14 May 2013	35,998	0.06
	Board of Directors' meeting on 9 August 2013	36,454	0.06
		<u>108,451</u>	<u>0.18</u>
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	38,202	0.06
Interim dividends for 2014	Board of Directors' meeting on 12 May 2014	39,559	0.06
	Board of Directors' meeting on 13 August 2014	39,558	0.06
		<u>117,319</u>	<u>0.18</u>

**22. Statutory reserve**

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

**23. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated / Separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Interim corporate income tax charge	8,932	13,359	31,666	17,675
<b>Deferred tax:</b>				
Reversal of temporary differences relating to deferred tax	(407)	1,458	(674)	16,583
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>8,525</u>	<u>14,817</u>	<u>30,992</u>	<u>34,258</u>

**24. Earnings per share**

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares from the issuance of warrant (KAMART-W) to subscribe to the Company's ordinary share as discussed in Note 20. The calculation assumes that the exercise took place either at the beginning of the period or on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

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

For the nine-month period ended 30 September 2014					
Profit for the period		Weighted	Earnings per share		
Consolidated	Separate	average	Consolidated	Separate	
financial	financial	number of	financial	financial	
statements	statements	ordinary	statements	statements	
Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares			
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
113,093	117,341	646,785	0.175	0.181	
<b>Effect of dilutive potential ordinary share</b>					
Warrant					
-	-	7,977			
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the exercise of warrants to subscribed ordinary share					
113,093	117,341	654,762	0.173	0.179	
For the three-month period ended 30 September 2013					
Profit for the period		Weighted	Earnings per share		
Consolidated	Separate	average	Consolidated	Separate	
financial	financial	number of	financial	financial	
statements	statements	ordinary	statements	statements	
Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares			
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
50,224	52,487	604,537	0.083	0.087	
<b>Effect of dilutive potential ordinary share</b>					
Warrant					
-	-	36,896			
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the exercise of warrants to subscribed ordinary share					
50,224	52,487	641,433	0.078	0.082	

(Unaudited but reviewed)

For the nine-month period ended 30 September 2013

	Profit for the period		Weighted	Earnings per share	
	Consolidated	Separate	average	Consolidated	Separate
	financial	financial	number of	financial	financial
	statements	statements	ordinary	statements	statements
	Thousand	Thousand	Thousand	Baht	Baht
	Baht	Baht	shares		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	127,691	133,691	601,529	0.212	0.222
<b>Effect of dilutive potential ordinary share</b>					
Warrant	-	-	45,402		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the exercise of warrants to subscribed ordinary share	127,691	133,691	646,931	0.197	0.207

There is no disclosure of diluted earnings per share in the financial statements for the three-month period ended 30 September 2014 as the final exercise of warrants (KAMART-W1) was on 6 May 2014, as discussed in Note 20.

## 25. Foreign currency risk

The Company is exposed to foreign currency risk arising mainly from purchase of finished goods and 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		Financial liabilities		Exchange rate	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	4.59	3.77	32.5161	32.9494

**26. Fair values of financial instruments**

As the majority of the Company and its subsidiaries' financial assets and liabilities are short-term in nature and the loans carry interest at rates close to current market rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position, except for the loans from unrelated party that carry interest at fixed rates and are long-term in nature, of which the fair value is as follows:

(Unit: Million Baht)

	Book value		Fair value	
	As at	As at	As at	As at
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Other long-term loans	0.2	1.9	0.3	1.8

**27. Commitment and contingent liabilities****27.1 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 agreements. The terms of the non-cancellable agreements are generally between 1 and 3 years.

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

(Unit: Million Baht)

	<u>30 September 2014</u>	<u>31 December 2013</u>
Payable within:		
1 year	6.6	6.4
2 - 3 years	3.7	2.7

**27.2 Commitment in respect of purchase of finished goods and capital expenses**

As at 30 September 2014 and 31 December 2013, the Company had commitment in respect of purchase of finished goods and equipment of approximately USD 39 million.

### **27.3 Guarantees**

As at 30 September 2014 and 31 December 2013, there were outstanding bank guarantees of Baht 0.5 million issued by the banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business.

As at 30 September 2014 and 31 December 2013, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

### **27.4 Litigation**

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

Subsequently, on 13 September 2013, a prosecutor in the Executive Director Office of the Department of Economic Crime Litigation 4 filed a lawsuit with the Bangkok South Criminal Court against the Company as the first, corporate party and the Company's director as the second, individual party, on the grounds that they had committed a wrongful act for the purpose of tax evasion. At present, the case is being considered by the Court. On 26 August 2014, the Company paid for the penalty amounting to Baht 28 million to the plaintiff in accordance with the Court of the First Instance order.

## **28. Segment information**

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2014 and 2013, respectively.

(Unit: Thousand Baht)

	Distribution of consumer products	Distribution of NGV car and gas tank business	Bus service operator	Warehouse rental and warehouse service	Total segments	Elimination of inter-segment revenues	Consolidated financial statements
<b>For the three-month ended 30 September 2014</b>							
<b>Sales and service income</b>							
Revenue from external customers	248,335	503	455	6,619	255,912	-	255,912
Inter-segment revenue	-	8	-	-	8	(8)	-
<b>Total revenue</b>	<b>248,335</b>	<b>511</b>	<b>455</b>	<b>6,619</b>	<b>255,920</b>	<b>(8)</b>	<b>255,912</b>
<b>Operating results</b>							
<b>Segment profit</b>	<b>44,960</b>	<b>(11,918)</b>	<b>(2,517)</b>	<b>5,356</b>	<b>35,881</b>	<b>-</b>	<b>35,881</b>
Other income							1,627
Share of loss from investments in associate							(69)
Finance expenses							(2,758)
<b>Profit before income tax expenses</b>							<b>34,681</b>
Income tax expenses							(8,525)
<b>Net profit for the period</b>							<b>26,156</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Distribution of consumer products	Distribution of NGV car and gas tank business	Bus service operator	Warehouse rental and warehouse service	Total segments	Elimination of inter-segment revenues	Consolidated financial statements
<b>For the nine-month ended 30 September 2014</b>							
<b>Sales and service income</b>							
Revenue from external customers	685,743	731	1,163	19,825	707,462	-	707,462
Inter-segment revenue	-	40	-	-	40	(40)	-
<b>Total revenue</b>	<b>685,743</b>	<b>771</b>	<b>1,163</b>	<b>19,825</b>	<b>707,502</b>	<b>(40)</b>	<b>707,462</b>
<b>Operating results</b>							
<b>Segment profit</b>	141,765	(11,816)	(8,147)	16,359	138,161	-	138,161
Other income							13,488
Profit from sale of equipment							43
Share of loss from investments in associate							(114)
Finance expenses							(8,032)
<b>Profit before income tax expenses</b>							<b>143,546</b>
Income tax expenses							(30,992)
<b>Net profit for the period</b>							<b>112,554</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Distribution of consumer products	Distribution of NGV car and gas tank business	Bus service operator	Warehouse rental and warehouse service	Total segments	Elimination of inter-segment revenues	Consolidated financial statements
<b>For the three-month ended 30 September 2013</b>							
<b>Sales and service income</b>							
Revenue from external customers	217,509	153	2,278	6,612	226,552	-	226,552
Inter-segment revenue	61	47	-	-	108	(108)	-
<b>Total revenue</b>	<b>217,570</b>	<b>200</b>	<b>2,278</b>	<b>6,612</b>	<b>226,660</b>	<b>(108)</b>	<b>226,552</b>
<b>Operating results</b>							
<b>Segment profit</b>	<b>62,224</b>	<b>202</b>	<b>(1,497)</b>	<b>5,621</b>	<b>66,550</b>	<b>-</b>	<b>66,550</b>
Other income							1,416
Loss from sale of equipment							(39)
Finance expenses							(2,996)
<b>Profit before income tax expenses</b>							<b>64,931</b>
Income tax expenses							(14,817)
<b>Net profit for the period</b>							<b>50,114</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Distribution of consumer products	Distribution of NGV car and gas tank business	Bus service operator	Warehouse rental and warehouse service	Total segments	Elimination of inter-segment revenues	Consolidated financial statements
<b>For the nine-month ended 30 September 2013</b>							
<b>Sales and service income</b>							
Revenue from external customers	615,233	4,386	7,658	19,812	647,089	-	647,089
Inter-segment revenue	61	244	-	-	305	(305)	-
<b>Total revenue</b>	<b>615,294</b>	<b>4,630</b>	<b>7,658</b>	<b>19,812</b>	<b>647,394</b>	<b>(305)</b>	<b>647,089</b>
<b>Operating results</b>							
<b>Segment profit</b>	166,294	(12,732)	(3,783)	16,925	166,704	-	166,704
Other income							4,483
Profit from sale of equipment							17
Finance expenses							(9,555)
<b>Profit before income tax expenses</b>							161,649
Income tax expenses							(34,258)
<b>Net profit for the period</b>							<b>127,391</b>

(Unaudited but reviewed)

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 30 September 2014 and 31 December 2013:

(Unit: Thousand Baht)

Segment assets	Distribution of					Total segments	Consolidated financial statements
	Distribution of consumer products	NGV car and gas tank business	Bus service operator	Warehouse rental and warehouse service	Others		
As at 30 September 2014	613,966	136,154	38,273	164,000	5,052	957,445	957,445
As at 31 December 2013	522,206	167,086	44,648	164,000	17,489	915,429	915,429

**29. Event after the reporting period**

On 12 November 2014, the Company's Board of Directors meeting passed a resolution to approve the payment of an interim dividend of Baht 0.06 per share, from the operating results of the third quarter of 2014 and its retained earnings, or a total of Baht 39.6 million. The dividend payment will be made on 11 December 2014.

**30. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2014.