

Karmarts Public Company Limited and its subsidiary
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Karmarts Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Karmarts Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Karmarts Public Company Limited for the same period.

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 subsidiary and of Karmarts Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The revenue from sales is the most significant amount in the statement of income and is also the key indicator of business performance on which the users of financial statements focus.

In addition, the Company has a large customer base. There is therefore a risk of the Company recognising revenue that has not actually occurred.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the sales, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Allowance for doubtful debts

Estimating the allowance for doubtful debts as disclosed in Note 7 to the financial statements, is an area of significant management judgment. In addition, due to the nature of the wholesale and retail businesses, the Company has a large number of trade receivables. There is thus a risk with respect to the amount of the allowance for doubtful debts.

I assessed and tested the internal controls of the Company relevant to the determination of allowance for doubtful debts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the allowance for doubtful debts and reviewing the consistency of the application of that basis, and the rationale for the recording of specific allowances.
- On a sampling basis, examining the accuracy of the calculation of debt aging.
- On a sampling basis, examining the accuracy of the calculation of the allowance for doubtful accounts for trade receivables.
- Applying a sampling method to review the data used to calculate the age of trade receivables.
- On a sampling basis, examining the supporting documents and other relevant documents for payment transactions occurring during the year and after the end of the accounting period.

Provision for diminution in the value of inventories

Estimating the net realisable value of inventories, as disclosed in Note 11 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete and damaged inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. In addition, the Company has a large quantity and number of categories of inventory. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by the management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements to inventory cost by product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during the year to the provision for diminution in value of inventories recorded as at the preceding year-end.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 27 February 2018

Karmarts Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Assets					
Current assets					
Cash and cash equivalents	6	10,716,594	10,098,677	5,945,898	9,333,647
Current investments	12	360,675	325,638	360,675	325,638
Trade and other receivables	7, 9	344,466,585	276,464,319	344,417,295	276,464,319
Current portion of finance lease receivables	8	363,104	33,842	363,104	33,842
Short-term loans to related party	9	55,874,898	54,374,898	55,874,898	54,374,898
Short-term loans to unrelated person and parties	10	17,999,730	31,047,872	17,999,730	31,047,872
Current portion of long-term loans to unrelated person and party	14	9,600,000	-	9,600,000	-
Inventories	11	304,939,950	315,201,069	303,898,252	315,524,540
Deposit for purchase of investments in a subsidiary	17	4,000,000	-	4,000,000	-
Deposit for purchase of land		12,000,000	-	12,000,000	-
Other current assets	13	35,660,635	28,026,438	35,660,635	27,926,186
Total current assets		795,982,171	715,572,753	790,120,487	715,030,942
Non-current assets					
Finance lease receivables - net of current portion	8	903,562	378,375	903,562	378,375
Long-term loans to unrelated person and party - net of current portion	14	28,674,822	25,000,000	28,674,822	25,000,000
Investments in joint venture	15	343,321	2,331,953	3,563,280	3,563,280
Investments in associate	16	63,042,154	70,014,067	71,029,990	71,029,990
Investments in subsidiary	17	-	-	4,000,000	2,500,000
Investment properties	18	118,000,000	119,000,000	118,000,000	119,000,000
Property, plant and equipment	19	293,001,604	254,803,555	292,572,513	254,743,509
Land awaiting future development	20	8,284,000	8,284,000	8,284,000	8,284,000
Intangible assets	21	10,090,337	9,985,336	10,090,337	9,985,336
Deferred tax assets	27	8,457,955	7,892,313	8,457,955	7,892,313
Other non-current assets	7	20,168,127	22,706,553	20,147,727	22,706,554
Total non-current assets		550,965,882	520,396,152	565,724,186	525,083,357
Total assets		1,346,948,053	1,235,968,905	1,355,844,673	1,240,114,299

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

Karmarts Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	22	175,276,353	260,676,471	175,276,353	260,676,471
Trade and other payables	9, 23	102,951,983	85,483,866	102,734,900	85,723,263
Current portion of liabilities under finance lease agreements	24	3,968,263	4,814,605	3,968,263	4,814,605
Current portion of long-term loans from financial institution	25	17,904,000	-	17,904,000	-
Income tax payable		37,953,090	17,182,408	37,527,377	17,182,408
Other current liabilities		13,291,426	9,951,030	13,236,874	9,894,919
Total current liabilities		351,345,115	378,108,380	350,647,767	378,291,666
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	24	6,905,412	4,252,761	6,905,412	4,252,761
Long-term loans from financial institution					
- net of current portion	25	62,096,000	-	62,096,000	-
Provision for long-term employee benefits	26	16,052,172	13,042,716	16,052,172	13,042,716
Deferred tax liabilities	27	41,116,437	43,074,509	41,116,437	43,074,509
Total non-current liabilities		126,170,021	60,369,986	126,170,021	60,369,986
Total liabilities		477,515,136	438,478,366	476,817,788	438,661,652

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

Karmarts Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Shareholders' equity					
Share capital					
Registered					
880,000,000 ordinary shares of Baht 0.60 each					
(31 December 2016: 660,000,000 ordinary shares of Baht 0.60 each)					
		528,000,000	396,000,000	528,000,000	396,000,000
Issued and fully paid up					
879,998,016 ordinary shares of Baht 0.60 each					
(31 December 2016: 659,568,809 ordinary shares of Baht 0.60 each)					
		527,998,810	395,741,285	527,998,810	395,741,285
Share premium		88,396,711	83,396,333	88,396,711	83,396,333
Capital reduction surplus		15,267,473	15,267,473	15,267,473	15,267,473
Retained earnings					
Appropriated - statutory reserve	34	52,799,881	39,574,129	52,799,881	39,574,129
Unappropriated		142,022,064	221,903,952	153,057,622	225,967,039
Other components of shareholders' equity		41,283,868	41,466,863	41,506,388	41,506,388
Equity attributable to owners of the Company		867,768,807	797,350,035	879,026,885	801,452,647
Non-controlling interests of the subsidiary		1,664,110	140,504	-	-
Total shareholders' equity		869,432,917	797,490,539	879,026,885	801,452,647
Total liabilities and shareholders' equity		1,346,948,053	1,235,968,905	1,355,844,673	1,240,114,299
		-	-	-	-

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

Directors

Karmarts Public Company Limited and its subsidiary

Income statement

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales	9	1,493,561,632	1,409,870,467	1,490,859,025	1,409,870,467
Income from bus service operator		-	941,500	-	-
Income from warehouse rental		20,756,580	19,526,043	20,756,580	19,526,043
Gain on fair value adjustment of investment properties	18	-	4,000,000	-	4,000,000
Gain on disposal of investment in subsidiary	2.2	-	610,590	-	428,226
Other income	9	37,310,952	18,056,263	39,370,902	20,192,592
Total revenues		1,551,629,164	1,453,004,863	1,550,986,507	1,454,017,328
Expenses					
Cost of sales	9	673,367,043	627,493,071	675,881,722	628,149,894
Cost of bus service operator		-	1,718,042	-	-
Cost of warehouse rental		420,388	529,636	420,388	529,636
Selling expenses		386,138,423	381,025,864	386,138,416	381,021,859
Administrative expenses	9	118,173,568	107,713,308	118,025,643	105,325,391
Loss on fair value adjustment of investment properties	18	1,000,000	-	1,000,000	-
Total expenses		1,179,099,422	1,118,479,921	1,181,466,169	1,115,026,780
Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses					
		372,529,742	334,524,942	369,520,338	338,990,548
Share of loss from investments in joint venture and associate					
	15, 16	(8,777,550)	(1,845,963)	-	-
Profit before finance cost and income tax expenses					
		363,752,192	332,678,979	369,520,338	338,990,548
Finance cost					
		(10,110,397)	(12,525,935)	(10,105,477)	(12,443,087)
Profit before income tax expenses					
		353,641,795	320,153,044	359,414,861	326,547,461
Income tax expenses					
	27	-71,237,542	-56,957,280	-70,811,743	-56,957,280
Profit for the year					
		282,404,253	263,195,764	288,603,118	269,590,181
Profit or loss attributable to:					
Equity holders of the Company					
		281,630,647	263,831,641	288,603,118	269,590,181
Non-controlling interests of the subsidiaries					
		773,606	(635,877)		
		282,404,253	263,195,764		
Basic earnings per share					
	29		(restated)		(restated)
Profit attributable to equity holders of the Company					
		0.320	0.300	0.328	0.307
Weighted average number of common stock (shares)					
		879,769,623	879,423,095	879,769,623	879,423,095

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

Karmarts Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		282,404,253	263,195,764	288,603,118	269,590,181
Profit for the year					
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent period</i>					
Share of loss from exchange differences on translation					
of joint venture's financial statements in foreign currency		(182,995)	(39,525)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent period</i>					
Actuarial loss - net of income tax		-834,486	-	(834,486)	-
Other comprehensive income for the year		(1,017,481)	(39,525)	(834,486)	-
Total comprehensive income for the year		<u>281,386,772</u>	<u>263,156,239</u>	<u>287,768,632</u>	<u>269,590,181</u>
Total comprehensive income attributable to:					
Equity holders of the Company		280,613,166	263,792,116	<u>287,768,632</u>	<u>269,590,181</u>
Non-controlling interests of the subsidiary		773,606	(635,877)		
		<u>281,386,772</u>	<u>263,156,239</u>		

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

Karmarts Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Issued and paid-up share capital		Capital reduction surplus	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated -		Surplus on revaluation of assets	Exchange differences on translation of joint venture's financial statements in foreign currency	Total other components of shareholders' equity			
				statutory reserve	Unappropriated						
Balance as at 1 January 2016	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
Profit for the year	-	-	-	-	263,831,641	-	-	-	263,831,641	(635,877)	263,195,764
Other comprehensive income for the year	-	-	-	-	-	-	(39,525)	(39,525)	(39,525)	-	(39,525)
Total comprehensive income for the year	-	-	-	-	263,831,641	-	(39,525)	(39,525)	263,792,116	(635,877)	263,156,239
Dividend paid (Note 33)	-	-	-	-	(184,678,385)	-	-	-	(184,678,385)	-	(184,678,385)
Transfer to statutory reserve (Note 34)	-	-	-	5,985,819	(5,985,819)	-	-	-	-	-	-
Change in non-controlling interests of the subsidiary from disposal of investment in subsidiary	-	-	-	-	-	-	-	-	-	2,931,182	2,931,182
Balance as at 31 December 2016	<u>395,741,285</u>	<u>83,396,333</u>	<u>15,267,473</u>	<u>39,574,129</u>	<u>221,903,952</u>	<u>41,506,388</u>	<u>(39,525)</u>	<u>41,466,863</u>	<u>797,350,035</u>	<u>140,504</u>	<u>797,490,539</u>
Balance as at 1 January 2017	395,741,285	83,396,333	15,267,473	39,574,129	221,903,952	41,506,388	(39,525)	41,466,863	797,350,035	140,504	797,490,539
Profit for the year	-	-	-	-	281,630,647	-	-	-	281,630,647	773,606	282,404,253
Other comprehensive income for the year	-	-	-	-	(834,486)	-	(182,995)	(182,995)	(1,017,481)	-	(1,017,481)
Total comprehensive income for the year	-	-	-	-	280,796,161	-	(182,995)	(182,995)	280,613,166	773,606	281,386,772
Issuance of ordinary shares from the exercise of ESOP Scheme (Note 30 and 32)	344,952	5,000,378	-	-	-	-	-	-	5,345,330	-	5,345,330
Stock dividend paid (Note 30 and 33)	131,912,573	-	-	-	(131,912,573)	-	-	-	-	-	-
Dividend paid (Note 33)	-	-	-	-	(215,539,724)	-	-	-	(215,539,724)	-	(215,539,724)
Transfer to statutory reserve (Note 34)	-	-	-	13,225,752	(13,225,752)	-	-	-	-	-	-
Change in non-controlling interests of the subsidiary from its paid up share capital	-	-	-	-	-	-	-	-	-	750,000	750,000
Balance as at 31 December 2017	<u>527,998,810</u>	<u>88,396,711</u>	<u>15,267,473</u>	<u>52,799,881</u>	<u>142,022,064</u>	<u>41,506,388</u>	<u>(222,520)</u>	<u>41,283,868</u>	<u>867,768,807</u>	<u>1,664,110</u>	<u>869,432,917</u>

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

Karmarts Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					Other components of shareholders' equity		
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2016	395,741,285	83,396,333	15,267,473	33,588,310	147,041,062	41,506,388	41,506,388	716,540,851
Profit for the year	-	-	-	-	269,590,181	-	-	269,590,181
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	269,590,181	-	-	269,590,181
Dividend paid (Note 33)	-	-	-	-	(184,678,385)	-	-	(184,678,385)
Transfer to statutory reserve (Note 34)	-	-	-	5,985,819	(5,985,819)	-	-	-
Balance as at 31 December 2016	<u>395,741,285</u>	<u>83,396,333</u>	<u>15,267,473</u>	<u>39,574,129</u>	<u>225,967,039</u>	<u>41,506,388</u>	<u>41,506,388</u>	<u>801,452,647</u>
Balance as at 1 January 2017	395,741,285	83,396,333	15,267,473	39,574,129	225,967,039	41,506,388	41,506,388	801,452,647
Profit for the year	-	-	-	-	288,603,118	-	-	288,603,118
Other comprehensive income for the year	-	-	-	-	(834,486)	-	-	(834,486)
Total comprehensive income for the year	-	-	-	-	287,768,632	-	-	287,768,632
Issuance of ordinary shares from the exercise of								
ESOP Scheme (Note 30 and 32)	344,952	5,000,378	-	-	-	-	-	5,345,330
Stock dividend paid (Note 30 and 33)	131,912,573	-	-	-	(131,912,573)	-	-	-
Dividend paid (Note 33)	-	-	-	-	(215,539,724)	-	-	(215,539,724)
Transfer to statutory reserve (Note 34)	-	-	-	13,225,752	(13,225,752)	-	-	-
Balance as at 31 December 2017	<u>527,998,810</u>	<u>88,396,711</u>	<u>15,267,473</u>	<u>52,799,881</u>	<u>153,057,622</u>	<u>41,506,388</u>	<u>41,506,388</u>	<u>879,026,885</u>

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

Karmarts Public Company Limited and its subsidiary

Statement of cash flows

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	353,641,795	320,153,044	359,414,861	326,547,461
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	29,342,751	30,863,734	29,321,796	29,194,195
Loss (gain) from the fair value adjustment of investment properties	1,000,000	(4,000,000)	1,000,000	(4,000,000)
Reversal of allowance for doubtful accounts	(1,866,630)	(4,171,100)	(1,866,630)	(4,171,100)
Increase in allowance for reducing cost of inventories to net realisable value	3,769,204	3,416,245	3,769,204	3,416,245
Reversal of allowance for impairment of assets	(474,961)	(2,356,105)	(474,961)	(2,356,105)
Unrealised gain on exchange rate	(13,224,986)	(3,219,087)	(13,224,986)	(3,219,087)
Gain on disposal of current investments	(2,213,875)	(1,063,425)	(2,213,875)	(1,063,425)
Unrealised gain on change in the fair value of current investments	(35,037)	(1,218,960)	(35,037)	(1,218,960)
Fixed assets and intangible asset write-off	437,353	7,283,576	437,353	228,660
Loss (gain) on disposal of fixed assets and intangible assets	(1,126,589)	72,540	(1,126,589)	72,540
Gain on disposal of investment in subsidiary	-	(610,590)	-	(428,226)
Interest income	(11,522,262)	(7,705,858)	(11,522,262)	(8,044,011)
Dividend income	(36,766)	(733,643)	(36,766)	(733,643)
Provision for long-term employee benefits	2,251,348	1,991,566	2,251,348	1,991,566
Share based payment transactions	4,195,488	-	4,195,488	-
Interest expenses	6,502,246	6,669,090	6,502,246	6,669,090
Share of loss from investments in joint venture and associate	8,777,550	1,845,963	-	-
Profit from operating activities before changes in operating assets and liabilities:	379,416,629	347,216,990	376,391,190	342,885,200
Operating assets (increase) decrease				
Trade and other receivables	(60,825,598)	(49,733,393)	(60,776,308)	(49,746,594)
Finance lease receivables	(854,449)	941,178	(854,449)	941,178
Inventories	6,820,374	(119,757,055)	8,185,543	(119,717,853)
Other current assets	(7,654,237)	(3,726,045)	(7,754,488)	(3,800,980)
Other non-current assets	3,033,427	2,942,098	3,053,827	2,131,248
Operating liabilities increase (decrease)				
Trade and other payables	16,730,099	26,483,673	16,273,619	28,848,361
Other current liabilities	3,340,396	(565,365)	3,341,955	1,662,851
Cash from operating activities	340,006,641	203,802,081	337,860,889	203,203,411
Cash paid for income tax	(52,781,952)	(56,722,195)	(52,781,866)	(56,722,195)
Cash paid for long-term employee benefits	(285,000)	(81,000)	(285,000)	(81,000)
Net cash from operating activities	286,939,689	146,998,886	284,794,023	146,400,216

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

Karmarts Public Company Limited and its subsidiary

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Interest income received	6,326,613	6,863,640	6,326,613	7,201,794
Dividend income received	36,766	733,643	36,766	733,643
Increase in short-term loans to related party	(1,500,000)	(51,719,333)	(1,500,000)	(43,902,152)
Decrease (increase) in short-term loans to unrelated person and parties	12,933,753	(31,047,872)	12,933,753	(31,047,872)
Increase in long-term loans to unrelated person and party	(13,274,822)	(23,182,485)	(13,274,822)	(23,182,485)
Proceeds from disposal of equipment and intangible assets	1,505,837	649,243	1,505,837	649,243
Proceeds from disposal of investment in subsidiary	-	610,590	-	428,226
Proceeds from disposal of current investments	7,263,725	127,448,830	7,263,725	127,448,830
Acquisition of current investments	(5,049,850)	(48,992,083)	(5,049,850)	(48,992,083)
Purchase of land, equipment and intangible assets	(61,252,027)	(68,836,560)	(60,862,027)	(68,836,560)
Increase in investments in subsidiary	-	-	(1,500,000)	-
Increase in investments in joint venture	-	(3,563,280)	-	(3,563,280)
Increase in deposit for purchase of land	(12,000,000)	-	(12,000,000)	-
Increase in deposit for purchase of investments in a subsidiary	(4,000,000)	-	(4,000,000)	-
Change in non-controlling interests of the subsidiary from disposal of investment in subsidiary	-	2,931,182	-	-
Change in non-controlling interests of the subsidiary from its paid up share capital	750,000	-	-	-
Net cash used in investing activities	<u>(68,260,005)</u>	<u>(88,104,485)</u>	<u>(70,120,005)</u>	<u>(83,062,696)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from banks	(72,220,149)	129,744,412	(72,220,149)	129,744,412
Cash paid under finance lease	(5,337,461)	(3,272,010)	(5,337,461)	(3,272,010)
Increase in long-term loans from financial institution	80,000,000	-	80,000,000	-
Interest paid	(6,114,275)	(6,208,187)	(6,114,275)	(6,208,187)
Cash received from exercise of ESOP Scheme	1,149,842	-	1,149,842	-
Dividend paid	(215,539,724)	(184,678,385)	(215,539,724)	(184,678,385)
Net cash used in financing activities	<u>(218,061,767)</u>	<u>(64,414,170)</u>	<u>(218,061,767)</u>	<u>(64,414,170)</u>
Net increase (decrease) in cash and cash equivalents	617,917	(5,519,769)	(3,387,749)	(1,076,650)
Cash and cash equivalents at beginning of year	10,098,677	15,618,446	9,333,647	10,410,297
Cash and cash equivalents at end of year	<u>10,716,594</u>	<u>10,098,677</u>	<u>5,945,898</u>	<u>9,333,647</u>
	-	-	-	-

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

Karmarts Public Company Limited and its subsidiary

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Supplemental cash flows information: -				
Non-cash transactions: -				
Undue installment for acquisition of equipment and intangible assets	996,345	227,001	996,345	227,001
Purchases of vehicles under financial leases	6,769,490	3,461,490	6,769,490	3,461,490
Transfer of equipment to inventories	328,459	521,018	328,459	521,018
Transfer of equipment to intangible assets	1,555,000	717,439	1,555,000	717,439
Transfer of land to land awaiting future development	-	8,284,000	-	8,284,000
Actuarial loss	1,043,108	-	1,043,108	-
Stock dividend	131,912,573	-	131,912,573	-

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

Karmarts Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2017

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 products, and the provision of warehouse rental. 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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Percentage of shareholding in shareholders' register		Country of incorporation
		<u>2017</u> Percent	<u>2016</u> Percent	
J KOS Laboratories Co., Ltd.	Manufacture and distribution of consumer product	70.00	70.00	Thailand

During the second quarter of year 2016, the Company sold the investment in My Bus Company Limited (a subsidiary) to a third party of 8,564,511 shares, or 95.16% of shareholding in the subsidiary at a price of Baht 0.05 per share or amounting to Baht 0.43 million, resulting in gain on disposal of investment in subsidiary of Baht 0.61 million as presented in the consolidated profit or loss (separate profit or loss: gain of Baht 0.43 million). As a result of the transaction, My Bus Company Limited was no longer the subsidiary of the Company.

Details of the net assets value of My Bus Company Limited as at the disposal date are as follows:

	(Unit: Thousand Baht)
Total assets	8,017
Total liabilities	(70,891)
Net liabilities value	<u>(62,874)</u>
Less: Non-controlling interests of the subsidiary	<u>2,931</u>
Net liabilities value attributable to the Company's investment	(59,943)
Less: Allowance for doubtful accounts recognised in the prior periods	<u>59,760</u>
Net liabilities value attributable to the Company's investment after deducting allowance for doubtful accounts	(183)
Selling price	<u>428</u>
Gain on disposal of investment in subsidiary	<u><u>611</u></u>

- b) The Company is deemed to have control over an investee or subsidiary 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) Subsidiary is 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 subsidiary are prepared using the same accounting period and significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas joint venture company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary 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 joint venture, associate and subsidiary under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiary's 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 revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiary believe that the revised financial reporting standards 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 been 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 received in accordance with the agreements to share income made with its bus staff.

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 joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- c) Investments in joint venture, associate and subsidiaries are accounted for in the separate financial statements using the cost method.

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

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

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

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 on the straight-line basis over the following estimated useful lives:

	<u>The Company</u>	<u>Subsidiaries</u>
Buildings	20 years	-
Land improvements and building improvements	5 years	-
Machinery and equipment	5 years	5 years
Motor vehicles	3 and 5 years	-
Office furniture, fixtures and equipment	3 and 5 years	5 years

Depreciation is included in determining income.

No depreciation is provided for land, assets under installation and construction in progress.

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 Land awaiting future development

Land awaiting future development is valued at the lower of specific cost and net realisable value. Cost includes cost of land.

4.10 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and allowance for loss on impairment of assets (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 assets 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:

Computer software	3 years
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No amortisation is provided for computer software under installation.

4.11 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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.

4.12 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 assets.

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.

4.13 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiary 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 subsidiary 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.

4.15 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 has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats 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.

4.16 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions on the date share options are granted, based on the fair value of the options. They are recorded as expenses over the expected life of the options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating the fair value of share-based payment transactions requires the exercise of judgement in relation to the appropriateness of assumptions such as the expected life of the share options, share price volatility and dividend yield.

4.17 Provisions

Provisions are recognised when the Company and its subsidiary 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.

4.18 Income tax

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

Current tax

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

Deferred tax

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

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

4.19 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 subsidiary 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 subsidiary 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 recognised 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 subsidiary 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 judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows:

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.

Reduce cost to net realisable value of inventories

In determining a reduce cost to net realisable value of inventories, the management needs to make judgement in estimating the losses that will be incurred on the sale of the inventories, taking into account net realisable value, aging profile of outstanding inventories and the stock-keeping conditions, among other factors.

Investment properties

The Company presents investment properties at the fair value estimated by an independent appraiser, and recognised changes in the fair value in profit or loss. The independent appraiser valued the investment 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 18.

Land

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

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.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	207	184	202	184
Bank deposits	10,510	9,915	5,744	9,150
Total	10,717	10,099	5,946	9,334

As at 31 December 2017, bank deposits in savings accounts carried interest at a rate of 0.37% - 1.10% per annum (2016: 0.37% - 1.10% per annum).

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	2,613	2,728	2,563	2,728
Past due				
1 - 3 months	5,550	3,764	5,550	3,764
4 - 6 months	5,391	1,071	5,391	1,071
7 - 12 months	2,683	-	2,683	-
Over 12 months	-	-	-	-
Total	16,237	7,563	16,187	7,563
Less: Allowance for doubtful accounts	-	-	-	-
Net	16,237	7,563	16,187	7,563
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Post dated cheques	4,002	2,662	4,002	2,662
Not yet due	164,350	157,377	164,350	157,377
Past due				
1 - 3 months	144,645	100,160	144,645	100,160
4 - 6 months	4,080	2,798	4,080	2,798
7 - 12 months	1,075	3,054	1,075	3,054
Over 12 months	1,891	234	1,891	234
Returned cheques	1,037	1,282	1,037	1,282
Total	321,080	267,567	321,080	267,567
Less: Allowance for doubtful accounts	(3,244)	(1,483)	(3,244)	(1,483)
Net	317,836	266,084	317,836	266,084

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other receivables				
Advances to related persons and parties	457	454	457	454
Other receivables - related parties	8,272	838	8,272	838
Other receivables - unrelated parties	4,104	8,212	4,104	8,212
Total	12,833	9,504	12,833	9,504
Less: Allowance for doubtful accounts	(2,439)	(6,687)	(2,439)	(6,687)
Net	10,394	2,817	10,394	2,817
Total trade and other receivables - net	<u>344,467</u>	<u>276,464</u>	<u>344,417</u>	<u>276,464</u>

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 party 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 2017, the Company had such account receivable balance of Baht 19.4 million (31 December 2016: Baht 21.3 million), with the portion due in over 12 months amounting to Baht 16.7 million (31 December 2016: Baht 18.7 million) and classified as other non-current assets in the statements of financial position.

8. Finance lease receivables

8.1 As at 31 December 2017 and 2016, the balances of finance lease receivables are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Current portion of finance lease receivables		Finance lease receivables - net of current portion		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finance lease receivables	399	36	1,004	403	1,403	439
Less: Unearned finance lease interest income	(36)	(2)	(100)	(25)	(136)	(27)
Total	363	34	904	378	1,267	412
Less: Allowance for doubtful accounts	-	-	-	-	-	-
Finance lease receivables - net	<u>363</u>	<u>34</u>	<u>904</u>	<u>378</u>	<u>1,267</u>	<u>412</u>

- 8.2 As at 31 December 2017 and 2016, the balances of finance lease receivables (net of unearned finance lease interest income) are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2017	2016
<u>Age of receivables</u>		
Not yet due	1,267	412
Total	1,267	412
Less: Allowance for doubtful accounts	-	-
Finance lease receivables - net	<u>1,267</u>	<u>412</u>

- 8.3 As at 31 December 2017 and 2016, the future minimum lease payments receivable under finance lease contracts together with the present value of minimum lease payments receivables are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	2017		2016	
	Minimum lease payments of finance lease contracts	Present value of minimum lease payments receivables	Minimum lease payments of finance lease contracts	Present value of minimum lease payments receivables
Within one year	399	363	36	34
After one year but not more than five years	1,004	904	403	378
Total	1,403	<u>1,267</u>	439	<u>412</u>
Less: Unearned finance lease interest income	(136)		(27)	
Net investment in finance lease contracts	<u>1,267</u>		<u>412</u>	

9. Related parties transactions

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

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

Name of related parties	Relationship with the Company
J KOS Laboratories Co., Ltd.	Subsidiary
The Iconic Property Co., Ltd.	Associate

Name of related parties	Relationship with the Company
The Iconic Property Charan Sanit Wong13 Co., Ltd.	Subsidiary of the associate
The Iconic Property Phetkasem Co., Ltd.	Subsidiary of the associate
Bangwaek Condominium Co., Ltd.	Subsidiary of the associate
Karmarts Vietnam Co., Ltd.	Joint venture
Karmarts Malaysia Sdn. Bhd.*	Related company
Ruenrom Food and Beverage Co., Ltd.**	Common shareholder / director with the Company
June Laboratories Co., Ltd.	Common shareholder / director with the subsidiary
Beautrium Co., Ltd.	Shareholder / director is related to the Company's shareholders and directors

* The Company has planned to invest in that company as discussed in Note 15

** The Company has planned to invest in that company as discussed in Note 17

Such significant transactions are summarised below.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the years ended		For the years ended		
	31 December		31 December		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	11	2	Cost plus margin
Service income	-	-	1	1	Contract price
Rental income	-	-	1	1	Contract price
<u>Transactions with joint venture and associate</u>					
Sales of goods	6	5	6	5	Cost plus margin
Interest income	6	1	6	1	1.50 percent per annum
<u>Transactions with related companies</u>					
Sales of goods	18	11	15	11	Cost plus margin
Income on finance lease agreements	1	-	1	-	Contract price
Purchases of goods	4	4	4	4	Cost plus margin
<u>Transactions with director</u>					
Purchase of fixed assets	-	2	-	2	Contract price

The outstanding balances of the related transactions as at 31 December 2017 and 2016 are shown in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related persons and parties (Note 7)</u>				
Joint venture	6,114	3,425	6,114	3,425
Associate	6,000	790	6,000	790
Related companies	12,852	4,640	12,802	4,640
Total	24,966	8,855	24,916	8,855
Less: Allowance for doubtful accounts	-	-	-	-
Net	24,966	8,855	24,916	8,855
<u>Finance lease receivable (Note 8)</u>				
Related company	1,234	-	1,234	-
<u>Short-term loans to related party</u>				
Associate	55,875	54,375	55,875	54,375
<u>Trade and other payables - related persons and parties (Note 23)</u>				
Joint venture	52	10	52	10
Associate	90	-	90	-
Subsidiary	-	-	1,005	1,579
Related company	871	446	870	397
Director	-	52	-	52
Accrued managements benefits	970	-	970	-
Total	1,983	508	2,987	2,038

During the current year, the balance of short-term loans to related party and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated / separate financial statements			
	1 January 2017	Increase	Decrease	31 December 2017
<u>Short-term loans to related party</u>				
Associate				
The Iconic Property Company Limited	54,375	1,500	-	55,875

As at 31 December 2017 and 2016, short-term loans to such associate matured at call and carried interest at a rate of 1.50 percent per annum.

Directors and management benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiary had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	29	19
Post-employment benefits	2	1
Total	<u>31</u>	<u>20</u>

ESOP scheme for directors and management

On 27 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution to approve the offering of ordinary shares not over 584,921 shares to directors, management and/or employees of the Company under the ESOP scheme ("Scheme") within 3 months at an exercise price of Baht 2 per share, as discussed in Note 32.

10. Short-term loans to unrelated person and parties

As at 31 December 2017, the Company had short-term loans to unrelated person and party amounting to net of Baht 19.1 million (2016: Baht 31.0 million) which carried interest at a rate of 15% per annum (2016: a rate of 15% per annum).

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	248,196	242,289	(19,193)	(17,359)	229,003	224,930
Raw materials and supplies	56,630	50,630	(3,123)	(1,188)	53,507	49,442
Work in process	6,035	13,813	-	-	6,035	13,813
Goods in transit	16,395	27,016	-	-	16,395	27,016
Total	<u>327,256</u>	<u>333,748</u>	<u>(22,316)</u>	<u>(18,547)</u>	<u>304,940</u>	<u>315,201</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	248,196	242,385	(19,193)	(17,359)	229,003	225,026
Raw materials and supplies	55,588	50,689	(3,123)	(1,188)	52,465	49,501
Work in process	6,035	13,982	-	-	6,035	13,982
Goods in transit	16,395	27,016	-	-	16,395	27,016
Total	<u>326,214</u>	<u>334,072</u>	<u>(22,316)</u>	<u>(18,547)</u>	<u>303,898</u>	<u>315,525</u>

During the current year, the Company reduced cost of inventories by Baht 3.8 million (2016: Baht 3.4 million), to reflect the net realisable value. This was included in cost of sales.

12. Current Investments

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	31 December 2017		31 December 2016	
	Cost	Fair value	Cost	Fair value
Trading securities - ordinary shares	353	<u>361</u>	353	<u>326</u>
Unrealised gain (loss) from change in fair value of investments	<u>8</u>		<u>(27)</u>	
Investments in trading securities - net	<u>361</u>		<u>326</u>	

During the year 2017, the Company sold trading securities with book value totaling Baht 5.0 million (2016: Baht 76 million) and recognised gain (after tax) on sale amounting to Baht 1.8 million (2016: recognised gain (after tax) by Baht 0.9 million) in profit or loss.

13. Other current assets

Allowance for impairment loss on other current assets amounted to Baht 0.21 million as of 31 December 2017 (2016: Baht 0.19 million).

14. Long-term loans to unrelated person and party

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	<u>2017</u>	<u>2016</u>
Long-term loans to unrelated person and party	38,275	25,000
Less: Current portion	(9,600)	-
Long-term loans to unrelated person and party - net of current portion	<u>28,675</u>	<u>25,000</u>

The Company had long-term loans to unrelated person and party which carried interest at a rate of 15% per annum (2016: 15% per annum). The long-term loans will be due within September 2020 (2016: within May 2019).

15. Investments in joint venture

15.1 Details of joint venture

Investments in joint venture represent investments in entity which is jointly controlled by the Company and other party. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			31	31	31	31	31	31	
			December 2017	December 2016	December 2017	December 2016	December 2017	December 2016	
			%	%					
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563	343	2,332	

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost			
			31	31	31	31		
			December 2017	December 2016	December 2017	December 2016		
			%	%				
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563		

15.2 Share of loss from investments in joint venture

During the years, the Company recognised its share of loss from investments in joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investments in joint venture during the year	
	<u>2017</u>	<u>2016</u>
Karmarts Vietnam Company Limited	1,806	1,192

15.3 Summary financial information about material joint venture

Financial information of the joint venture is summarised below.

Summary financial position

(Unit: Million Baht)

	Karmarts Vietnam Company Limited	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalent	3	2
Other current assets	5	5
Non-current assets	1	2
Current liabilities	(6)	(4)
Net assets	3	5
Shareholding percentage	49	49
Share of net assets	1	2
Elimination entries	(1)	-
Carrying amounts of joint venture based on equity method	-	2

Comprehensive income summary for the year ended 31 December 2017 and 2016 is summarised below.

	(Unit: Million Baht)	
	Karmarts Vietnam Company Limited	
	<u>2017</u>	<u>2016</u>
Revenue	11	6
Loss	(2)	(2)
Other comprehensive income	-	-
Total comprehensive income	(2)	(2)

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 approximately Baht 3.56 million. As a result, the Company holds 49% of the issued and paid-up shares of USD 200,000 in this company. The Company recorded the investments in this company as investments in joint venture since the investment date. This company's operation period is 50 years, starting from the date of incorporation, 9 October 2015.

On 23 February 2015, the Company entered into the Memorandum of Understanding to establish Karmarts Malaysia Sdn. Bhd., the new joint venture in Malaysia in 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 joint venture has been in the process of registration. And the Company has not yet paid any investments in that company up to the present.

As at 31 December 2017, the Company had commitments amounting to USD 98,000 in respect of the unpaid shares in Karmarts Vietnam Company Limited (2016: USD 98,000).

16.3 Summary financial information about material associates

Summary financial information of the associated company is presented below.

(Unit: Million Baht)

The Iconic Property
Company Limited and its
subsidiaries

	<u>2017</u>	<u>2016</u>
Current assets	90	-
Non-current assets	294	375
Current liabilities	(195)	(165)
Net assets	189	210
Shareholding percentage	33.33	33.33
Share of net assets	63	70
Elimination entries	-	-
Carrying amounts of associate based on equity method	<u>63</u>	<u>70</u>

Comprehensive income summary for the year ended 31 December 2017 and 2016 is summarized below.

(Unit: Million Baht)

The Iconic Property
Company Limited and its
subsidiaries

	<u>2017</u>	<u>2016</u>
Revenue	-	-
Loss	(21)	(2)
Other comprehensive income	-	-
Total comprehensive income	(21)	(2)

17. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Separate financial statements Cost Method	
	31 December 2017 (Million Baht)	31 December 2016 (Million Baht)	31 December 2017 (%)	31 December 2016 (%)	31 December 2017	31 December 2016
J KOS Laboratories Company Limited	5.50	3.25	70.00	70.00	<u>4,000</u>	<u>2,500</u>

During the second quarter of 2016, the Company sold its investment in My Bus Company Limited (a subsidiary) to a third party of 8,564,511 shares, or 95.16% of share holding in the subsidiary at a price of Baht 0.05 per share or amounting to Baht 0.43 million, resulting in gain incurred from sale of investment in subsidiary of Baht 0.61 million as presented in the consolidated profit or loss (separate profit or loss: gain of Baht 0.43 million). As a result of the transaction, My Bus Company Limited was no longer the subsidiary of the Company.

As at 31 December 2017, the Company had commitments amounting to approximately Baht 3.0 million in respect of the unpaid shares in J KOS Laboratories Company Limited (2016: Baht 4.5 million).

On 22 November 2017, the Company entered into the Memorandum of Agreement to buy and sell 800,000 common shares of Ruenrom Food and Beverage Co., Ltd., (or 80% of the total 1,000,000 issued and paid-up shares), and agreed to place the deposit of Baht 4 million with the seller. Up to the present, the Share Purchase Agreement and transfer of shares have not been arranged.

18. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
	<u>Properties used for warehouse service</u>
Net book value at beginning of 2016	115,000
Net gain from a fair value adjustment	4,000
Net book value at end of 2016	119,000
Net loss from a fair value adjustment	(1,000)
Net book value at end of 2017	<u>118,000</u>

The investment properties of the Company represent land and building used for providing warehouse service. Their 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 rental rate.

Key assumptions used in the valuation are summarised below:

	Consolidated / Separate financial statements		Result to fair value where
	31 December	31 December	as an increase in
	2017	2016	assumption value
Discount rate (%)	15	15	Decrease in fair value
Yield rate (%)	12	12	Decrease in fair value
Rental rate per square meter per month (Baht)	115.5	115.5	Increase in fair value

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

The majority of investment properties of the Company were placed as collateral for short-term and long-term credit facilities granted by commercial banks.

19. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

	Revaluation	Cost basis						Total
	basis	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	
<u>Cost/Revalued amount</u>								
1 January 2016	122,412	256	75,455	44,531	98,508	33,433	3,161	377,756
Acquisitions	12,084	-	2,277	2,141	10,763	3,963	36,396	67,624
Transfer to inventories	-	-	-	-	-	(1,275)	-	(1,275)
Transfer to intangible assets	-	-	-	-	-	-	(2,183)	(2,183)
Transfer to land awaiting future development	(8,284)	-	-	-	-	-	-	(8,284)
Disposal / write-off	-	-	-	(29)	(3,735)	(1,751)	(76)	(5,591)
Decrease from disposal of investment in subsidiary	-	-	-	(149)	(67,770)	(41)	-	(67,960)
Transfer in / transfer out	-	-	1,765	1,690	-	597	(4,052)	-
31 December 2016	126,212	256	79,497	48,184	37,766	34,926	33,246	360,087
Acquisitions	5,160	-	674	5,073	8,341	4,605	41,289	65,142
Transfer to inventories	-	-	-	-	-	(635)	(5)	(640)
Transfer to intangible assets	-	-	-	-	-	-	(1,555)	(1,555)
Disposal / write-off	-	-	-	(32)	(4,132)	(1,235)	(128)	(5,527)
Transfer in / transfer out	-	-	56,378	2,912	-	4,286	(63,576)	-
31 December 2017	131,372	256	136,549	56,137	41,975	41,947	9,271	417,507

Consolidated financial statements (continued)

(Unit: Thousand Baht)

	Revaluation	Cost basis						Assets under installation and construction in progress	Total
	basis	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment		
<u>Accumulated depreciation</u>									
1 January 2016	-	212	31,473	17,512	62,712	20,130	-	132,039	
Depreciation for the year	-	10	4,582	8,463	7,151	4,891	-	25,097	
Depreciation for disposals / write-off / transfer-out	-	-	-	(30)	(3,444)	(3,400)	-	(6,874)	
Decrease from disposal of investment in subsidiary	-	-	-	(146)	(44,803)	(30)	-	(44,979)	
31 December 2016	-	222	36,055	25,799	21,616	21,591	-	105,283	
Depreciation for the year	-	10	4,821	8,828	5,279	5,343	-	24,281	
Depreciation for disposals / write-off / transfer-out	-	-	-	(32)	(3,785)	(1,242)	-	(5,059)	
31 December 2017	-	232	40,876	34,595	23,110	25,692	-	124,505	
<u>Allowance for impairment loss</u>									
1 January 2016	-	-	-	-	16,627	-	-	16,627	
Decrease from disposal of investment in subsidiary	-	-	-	-	(16,627)	-	-	(16,627)	
31 December 2016	-	-	-	-	-	-	-	-	
Impairment for the year	-	-	-	-	-	-	-	-	
31 December 2017	-	-	-	-	-	-	-	-	
<u>Net book value</u>									
31 December 2016	126,212	34	43,442	22,385	16,150	13,335	33,246	254,804	
31 December 2017	131,372	24	95,673	21,542	18,865	16,255	9,271	293,002	
<u>Depreciation for the year</u>									
2016 (Baht 10.0 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								25,097	
2017 (Baht 8.5 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								24,281	

Separate financial statements

(Unit: Thousand Baht)

	Revaluation	Cost basis						Total
	basis	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	
Cost/Revalued amount								
1 January 2016	122,412	256	75,455	44,467	30,738	33,229	3,161	309,718
Acquisitions	12,084	-	2,277	2,141	10,763	3,963	36,396	67,624
Transfer to inventories	-	-	-	-	-	(1,275)	-	(1,275)
Transfer to intangible assets	-	-	-	-	-	-	(2,183)	(2,183)
Transfer to land awaiting future development	(8,284)	-	-	-	-	-	-	(8,284)
Disposal / write-off	-	-	-	(29)	(3,735)	(1,751)	(76)	(5,591)
Transfer in / transfer out	-	-	1,765	1,690	-	597	(4,052)	-
31 December 2016	126,212	256	79,497	48,269	37,766	34,763	33,246	360,009
Acquisitions	5,160	-	674	4,683	8,341	4,605	41,289	64,752
Transfer to inventories	-	-	-	-	-	(635)	(5)	(640)
Transfer to intangible assets	-	-	-	-	-	-	(1,555)	(1,555)
Disposal / write-off	-	-	-	(32)	(4,132)	(1,235)	(128)	(5,527)
Transfer in / transfer out	-	-	56,378	2,912	-	4,286	(63,576)	-
31 December 2017	131,372	256	136,549	55,832	41,975	41,784	9,271	417,039

Separate financial statements (continued)

(Unit: Thousand Baht)

	Revaluation basis		Cost basis					Assets under installation and construction in progress	Total
	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment			
Accumulated depreciation									
1 January 2016	-	212	31,473	17,494	18,850	19,976	-	88,005	
Depreciation for the year	-	10	4,582	8,447	6,210	4,885	-	24,134	
Depreciation for disposals / write-off / transfer-out	-	-	-	(30)	(3,444)	(3,400)	-	(6,874)	
31 December 2016	-	222	36,055	25,911	21,616	21,461	-	105,265	
Depreciation for the year	-	10	4,821	8,810	5,279	5,340	-	24,260	
Depreciation for disposals / write-off / transfer-out	-	-	-	(32)	(3,785)	(1,242)	-	(5,059)	
31 December 2017	-	232	40,876	34,689	23,110	25,559	-	124,466	
Net book value									
31 December 2016	126,212	34	43,442	22,358	16,150	13,302	33,246	254,744	
31 December 2017	131,372	24	95,673	21,143	18,865	16,225	9,271	292,573	
Depreciation for the year									
2016 (Baht 10.0 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								24,134	
2017 (Baht 8.5 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								24,260	

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

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 December 2017 would have been Baht 62.3 million (2016: Baht 57.1 million).

As at 31 December 2017, the Company had equipment and vehicles under finance lease agreements with net book value amounting to Baht 14.5 million (2016: Baht 9.8 million).

As at 31 December 2017, certain items of buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment of those assets amounted to approximately Baht 66.2 million (The Company only: Baht 66.2 million) (2016: Baht 50.6 million, the Company only: Baht 50.6 million).

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

20. Land awaiting future development

As at 31 December 2017 and 2016, the Company had land awaiting future development amounting to Baht 8.3 million. The Company placed land with net book value by Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.

21. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Right to operate bus service	Computer software	Computer software under installation	Total
<u>Cost</u>				
1 January 2016	14,885	3,394	7,429	25,708
Acquisitions	-	6,284	-	6,284
Transfer from equipment	-	1,880	303	2,183
Write-off	-	(60)	-	(60)
Transfer-in/transfer-out	-	7,429	(7,429)	-
Decrease from disposal of investment in subsidiary	(14,885)	-	-	(14,885)
31 December 2016	-	18,927	303	19,230
Acquisitions	-	3,649	-	3,649
Transfer from equipment	-	1,555	-	1,555
Write-off	-	(119)	-	(119)
Transfer-in/transfer-out	-	83	(83)	-
31 December 2017	-	24,095	220	24,315
<u>Accumulated amortisation</u>				
1 January 2016	10,791	2,764	-	13,555
Amortisation during the year	707	5,060	-	5,767
Transfer from equipment	-	1,465	-	1,465
Amortisation of write-off	-	(44)	-	(44)
Decrease from disposal of investment in subsidiary	(11,498)	-	-	(11,498)
31 December 2016	-	9,245	-	9,245
Amortisation during the year	-	5,062	-	5,062
Amortisation of write-off	-	(82)	-	(82)
31 December 2017	-	14,225	-	14,225
<u>Allowance for impairment loss</u>				
1 January 2016	2,687	-	-	2,687
Decrease from disposal of investment in subsidiary	(2,687)	-	-	(2,687)
31 December 2016	-	-	-	-
Impairment during the year	-	-	-	-
31 December 2017	-	-	-	-

(Unit: Thousand Baht)

Consolidated financial statements

	Right to operate bus service	Computer software	Computer software under installation	Total
<u>Net book value</u>				
31 December 2016	-	9,682	303	9,985
31 December 2017	-	9,870	220	10,090

(Unit: Thousand Baht)

Separate financial statements

	Computer software	Computer software under installation	Total
<u>Cost</u>			
1 January 2016	3,394	7,429	10,823
Acquisitions	6,284	-	6,284
Transfer from equipment	1,880	303	2,183
Write-off	(60)	-	(60)
Transfer-in/transfer-out	7,429	(7,429)	-
31 December 2016	18,927	303	19,230
Acquisitions	3,649	-	3,649
Transfer from equipment	1,555	-	1,555
Write-off	(119)	-	(119)
Transfer-in/transfer-out	83	(83)	-
31 December 2017	24,095	220	24,315
<u>Accumulated amortisation</u>			
1 January 2016	2,764	-	2,764
Amortisation during the year	5,060	-	5,060
Transfer from equipment	1,465	-	1,465
Amortisation of write-off	(44)	-	(44)
31 December 2016	9,245	-	9,245
Amortisation during the year	5,062	-	5,062
Amortisation of write-off	(82)	-	(82)
31 December 2017	14,225	-	14,225
<u>Net book value</u>			
31 December 2016	9,682	303	9,985
31 December 2017	9,870	220	10,090

22. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated / Separate financial statements	
	2017	2016	2017	2016
	Trust receipts	2.80% - 6.25%	3.44% - 4.56%	175,276
Short-term loans from banks	-	4.25%	-	30,000
			<u>175,276</u>	<u>260,676</u>

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

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Trade payables - related parties	469	446	1,473
Trade payables - unrelated parties	6,415	6,791	5,276	5,580
Other payables - related person and party	1,514	62	1,514	62
Other payables - unrelated parties	30,704	21,448	30,704	21,448
Accrued expenses - unrelated parties	63,850	56,737	63,768	56,657
Total trade and other payables	<u>102,952</u>	<u>85,484</u>	<u>102,735</u>	<u>85,723</u>

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2017	2016
Liabilities under finance lease agreements	11,951	9,860
Less: Deferred interest expenses	(1,078)	(793)
Total	<u>10,873</u>	<u>9,067</u>
Less: Portion due within one year	(3,968)	(4,814)
Liabilities under finance lease agreements - net of current portion	<u>6,905</u>	<u>4,253</u>

The Company has 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 are as follows:

(Unit: Million Baht)

	As at 31 December 2017		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	4	8	12
Deferred interest expenses	-	(1)	(1)
Present value of future minimum lease payments	4	7	11

(Unit: Million Baht)

	As at 31 December 2016		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	5	5	10
Deferred interest expenses	-	(1)	(1)
Present value of future minimum lease payments	5	4	9

25. Long-term loans from financial institution

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated / Separate financial statements	
			2017	2016
1	4.5%	Monthly principal and interest installment by Baht 1.49 million	80,000	-
Total			80,000	-
Less: Current portion			(17,904)	-
Long-term loans from financial institutions - net of current portion			62,096	-

A long-term loan of the Company under credit facilities of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of 4.5% per annum. The loan is secured by the mortgage of the majority of the Company's land and construction thereon.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

26. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, is as follows:

	(Unit: Thousand Baht)	
	Consolidated /	
	Separate financial statements	
	2017	2016
Provision for long-term employee benefits at beginning of year	13,043	11,132
Included in profit or loss:		
Current service cost	1,653	1,689
Interest cost	313	303
Benefits paid during the year	-	(81)
Actuarial (gain) loss arising from		
Demographic assumptions changes	282	-
Financial assumptions changes	409	-
Experience adjustments	352	-
Provision for long-term employee benefits at end of year	<u>16,052</u>	<u>13,043</u>

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

	(Unit: Thousand Baht)	
	Consolidated /	
	Separate financial statements	
	2017	2016
Current service cost	1,653	1,689
Interest cost	313	303
Total expenses recognised in profit or loss	<u>1,966</u>	<u>1,992</u>
Line items in profit and loss under which such expenses are included:		
Cost of sales	425	845
Selling and administrative expenses	1,541	1,147

The Company expects to pay long-term employee benefits within the next one year amounting to Baht 3.9 million (2016: Baht 2.9 million).

As at 31 December 2017, the weighted average duration of the liabilities for the long-term employee benefit obligation of the Company is 6.89 years (2016: 6.07 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated / Separate financial statements	
	2017	2016
Discount rate	1.96%	2.63%
Salary increase rate	6.00%	5.75%
Staff turnover rate	15% - 51%	5% - 30%

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated / Separate financial statements			
	Increase		Decrease	
	2017	2016	2017	2016
	1.00%	0.50%	1.00%	0.50%
Discount rate	(782)	(175)	879	411
Salary increase rate	1,049	424	(951)	(191)
Staff turnover rate	(844)	-	207	-

27. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	73,553	51,129	73,127	51,129
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,315)	5,828	(2,315)	5,828
Income tax expenses reported in the income statement	71,238	56,957	70,812	56,957

The Company had the amounts of income tax relating to deferred tax on actuarial loss which were recorded in other comprehensive income for the year ended 31 December 2017 of Baht 0.2 million (2016: Nil)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	353,642	320,153	359,415	326,547
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	70,728	64,031	71,883	65,309
Effects of:				
Non-deductible expenses	20	19,536	20	19,536
Tax exemption income	(2)	-	(2)	-
Additional deductible expenses allowed	(1,089)	(27,888)	(1,089)	(27,888)
Utilised tax loss during the year	(319)	-	-	-
Share of loss from investments in joint venture and associate	1,756	369	-	-
Tax effect of intercompany transactions	144	909	-	-
Total	510	(7,074)	(1,071)	(8,352)
Income tax expenses reported in the income statement	<u>71,238</u>	<u>56,957</u>	<u>70,812</u>	<u>56,957</u>

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

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	31 December 2017	31 December 2016
Deferred tax assets		
Allowance for doubtful accounts	784	1,475
Allowance for diminution in value of inventories	4,463	3,709
Allowance for asset impairment	-	99
Provision for long-term employee benefits	3,211	2,609
Total	<u>8,458</u>	<u>7,892</u>

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	31 December 2017	31 December 2016
Deferred tax liabilities		
Surplus of fair value from book value of investment properties	20,936	22,792
Surplus on revaluation of land	10,376	10,376
Surplus of fair value from book value of land and building transferred from investment properties	9,804	9,907
Total	41,116	43,075

As at 31 December 2016, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 1.6 million (2017: Nil). No deferred tax assets had been recognised on these amounts as the subsidiary believed future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2016, the unused tax losses of subsidiary amounting to Baht 1.6 million (2017: Nil) will expire in 2021.

28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	163,251	149,517	162,113	149,517
Depreciation	24,281	25,097	24,260	24,134
Amortisation	5,062	5,767	5,062	5,060
Reversal of allowance for doubtful accounts	(1,867)	(4,171)	(1,867)	(4,171)
Advertising and sales promotion expenses	264,394	267,141	264,394	267,141
Loss on cost reduction of inventories to net realisable value	3,769	3,416	3,769	3,416

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Reversal of allowance for impairment of other assets	(475)	(2,356)	(475)	(2,356)
Rental expenses from operating lease agreements	8,776	8,845	8,776	8,845
Raw materials and consumables used	620,597	646,093	611,545	644,651
Purchase of goods	623,876	685,519	626,176	685,989
Changes in inventories of finished goods and work in process	(1,871)	85,830	(2,136)	85,776

29. Earnings per share

Basic earnings per share is calculated by dividing profit or loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend as discussed in Note 30 and Note 33. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of those stock dividends, as if the shares for such stock dividends had been issued at the beginning of the earliest period reported.

There is no disclosure of diluted earnings per share because during the current year, the exercises of rights offering under ESOP scheme were complete, as discussed in Note 32.

30. Share capital

On 27 April 2017, the Annual General Meeting of the shareholders passed the resolutions to approve the following matters:

1. To decrease the registered capital of the Company by cancelling the registered ordinary shares remained from the exercise of the issued warrants (KAMART-W) to subscribe the Company's ordinary shares of 431,191 ordinary shares with a par value of Baht 0.6 each, issued on 8 May 2013. The Company registered the capital reduction with the Ministry of Commerce on 4 May 2017.

2. To increase the registered capital from the previously registered capital of Baht 395.74 million to the newly registered capital of Baht 528 million by issuing an additional 220.43 million ordinary shares at a par value of Baht 0.60 each to support the stock dividends and offering of shares to director, management and/or employees of the Company. The Company registered the capital increase with the Ministry of Commerce on 5 May 2017.

On 26 May 2017, the Company paid stock dividend through issuance of 219.86 million ordinary shares at a par value of Baht 0.60 each or totaling Baht 131.91 million. The Company registered the increase in its paid up share capital from such stock dividend with the Ministry of Commerce on 6 June 2017.

During the second quarter of this year, the Company registered the increase in its paid up share capital from the exercise of ESOP scheme, as discussed in Note 32, totaling Baht 5.35 million with the Ministry of Commerce on 6 June 2017 (574,921 ordinary shares of Baht 0.60 each).

31. Revaluation surplus of assets

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

32. Share-based payment transactions

On 27 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution to approve the offering of ordinary shares not over 584,921 shares to directors, management and/or employees of the Company under the ESOP scheme ("Scheme") within 3 months at an exercise price of Baht 2 per share.

The estimated fair value of each share option granted is Baht 7.3. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at the price determination date of Baht 9.3 per share, exercise price of Baht 2 per share, expected volatility of 47.31% per annum, expected dividend yield of 2.26% per annum, contractual life of 6 months, and a risk-free interest rate of 1.40% per annum.

During the current period, directors, management and/or employees of the Company fully exercised their rights.

33. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 26 April 2016	46,169	0.07
Interim dividends for 2016	Board of Directors' meeting on 13 May 2016	46,170	0.07
	Board of Directors' meeting on 11 August 2016	46,169	0.07
	Board of Directors' meeting on 11 November 2016	46,170	0.07
Total dividends for 2016		<u>184,678</u>	<u>0.28</u>
Final stock dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	131,913	0.20
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	46,170	0.07
Interim dividends for 2017	Board of Directors' meeting on 12 May 2017	46,170	0.07
	Board of Directors' meeting on 11 August 2017	61,600	0.07
	Board of Directors' meeting on 13 November 2017	61,600	0.07
Total dividends for 2017		<u>347,453</u>	<u>0.48</u>

34. 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. At present, the statutory reserve has fully been set aside.

35. 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 subsidiary are organised into business units based on its products and services and have two reportable segments as follows:

- Manufacture and distribution of consumer products segment
- Warehouse rental and warehouse service segment

During 2016, the Company and its subsidiary have changed the organisation of their reportable segments by cancelling of manufacture and distribution of NGV cars and gas tank business segment and bus service operator segment.

The Company's associate operates property development business.

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 subsidiary's operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Thousand Baht)

Year ended 31 December 2017	Manufacture and distribution of consumer products segment	Warehouse rental and warehouse service segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	1,472,805	20,757	1,493,562	-	1,493,562
Interest revenue	11,522	-	11,522	-	11,522
Interest expenses	(6,502)	-	(6,502)	-	(6,502)
Depreciation and amortisation	(29,343)	-	(29,343)	-	(29,343)
Reversal of allowance for doubtful accounts	1,867	-	1,867	-	1,867
Increase in allowance for reducing cost of inventories to net realisable value	(3,769)	-	(3,769)	-	(3,769)
Reversal of allowance for impairment loss of assets	475	-	475	-	475
Loss on revaluation of investment properties to fair value	-	(1,000)	(1,000)	-	(1,000)
Share of loss from investments in joint venture and associate	-	-	-	-	(8,778)
Income tax expenses	(67,171)	(4,067)	(71,238)	-	(71,238)
Segment profit	267,135	15,269	282,404	-	282,404
Segment total assets	1,228,948	118,000	1,346,948	-	1,346,948
Investments in joint venture and associate accounted for by the equity method	-	-	-	-	63,385
Additions to non-current assets other than financial instruments and deferred tax assets	35,765	(1,000)	34,765	-	34,765
Segment total liabilities	477,515	-	477,515	-	477,515

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Bus service operator segment	Warehouse rental and warehouse service segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Year ended 31 December 2016						
Revenue from external customers	1,409,870	942	19,526	1,430,338	-	1,430,338
Interest revenue	7,706	-	-	7,706	-	7,706
Interest expenses	(6,669)	-	-	(6,669)	-	(6,669)
Depreciation and amortisation	(30,864)	-	-	(30,864)	-	(30,864)
Reversal of allowance for doubtful accounts	4,171	-	-	4,171	-	4,171
Increase in allowance for reducing cost of inventories to net realisable value	(3,416)	-	-	(3,416)	-	(3,416)
Reversal of allowance for impairment loss of assets	2,356	-	-	2,356	-	2,356
Gain on revaluation of investment properties to fair value	-	-	4,000	4,000	-	4,000
Gain on disposal of investment in subsidiary	-	611	-	611	-	611
Share of loss from investments in joint venture and associate	-	-	-	-	-	(1,846)
Income tax expenses	(53,158)	-	(3,799)	(56,957)	-	(56,957)
Segment profit	243,999	-	19,197	263,196	-	263,196
Segment total assets	1,108,685	-	119,000	1,227,685	-	1,235,969
Investments in joint venture and associate accounted for by the equity method	-	-	-	-	-	72,346
Additions to non-current assets other than financial instruments and deferred tax assets	31,574	-	4,000	35,574	-	35,574
Segment total liabilities	438,478	-	-	438,478	-	438,478

Geographic information

The Company and its subsidiary 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 2017, the Company and its subsidiary have revenue from a group of major customers in the amount of Baht 347 million, arising from sales by the manufacture and distribution of consumer products segment (2016: Baht 406 million derived from a group of major customers, arising from sales by the manufacture and distribution of consumer products segment).

36. Commitment and contingent liabilities

36.1 Operating lease and service agreements commitments

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

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

(Unit: Million Baht)

	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable within:		
1 year	5.8	4.5
2 to 3 years	2.1	2.1

As at 31 December 2017 and 31 December 2016, future minimum lease receives of the Company expected under non-cancellable operating lease was as follows:

(Unit: Million Baht)

	As at 31 December	
	<u>2017</u>	<u>2016</u>
Receivable within:		
1 year	20.7	20.7
2 to 3 years	5.2	25.8

36.2 Commitments in respect of purchases of finished goods and capital expenditure

As at 31 December 2017, the Company had commitment in respect of purchases of finished goods of approximately Baht 0.3 million, USD 0.2 million and Yuan 1.3 million, respectively (2016: commitment in respect of purchases of finished goods of approximately Baht 0.4 million).

36.3 Guarantees

As at 31 December 2017 and 2016, there were outstanding bank guarantees of Baht 0.5 million issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of their business.

As at 31 December 2017 and 2016, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

37. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiary had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2017			
	Consolidated / Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities	361	-	-	361
Investment properties	-	-	118,000	118,000
Land	-	131,372	-	131,372
Assets for which fair value are disclosed				
Short-term loans to related party	-	47,707	-	47,707

(Unit: Thousand Baht)

	31 December 2016			
	Consolidated / Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities	326	-	-	326
Investment properties	-	-	119,000	119,000
Land	-	126,212	-	126,212
Assets for which fair value are disclosed				
Short-term loans to related party	-	46,229	-	46,229

38. Financial instruments

38.1 Financial risk management

The Company and its subsidiary's 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, current investments, short-term loans and long-term loan from. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, finance lease receivables, loans to and other receivables. The Company and its subsidiary 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 statements of financial position.

Foreign currency risk

The Company's exposure to foreign currencies risk arises mainly from trading transactions of finished goods and equipment that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The significant balance of financial assets and liabilities denominated in foreign currencies is summarised below.

Currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
USD	-	0.10	5.20	6.51	32.6809	35.8307
Yen	0.06	0.06	-	-	0.2898	0.3046
Yuan	-	0.17	0.10	-	5.0145	5.0831
EURO	-	-	0.01	-	39.0273	37.7558

As at 31 December 2017 and 2016, the Company and its subsidiary had no foreign exchange forward contracts outstanding.

Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to their cash at banks, loans to, bank overdrafts, short-term and long-term borrowings with interest bearing. However, since most of the Company and its subsidiary's 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 2017

	Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets						
Cash and cash equivalents	0.37% - 1.10%	-	-	8	3	11
Trade and other receivables	-	-	-	-	344	344
Short-term loans to related party	1.50%	56	-	-	-	56
Short-term loans to unrelated person and parties	15.00%	18	-	-	-	18
Long-term loans to unrelated person and party	15.00%	10	28	-	-	38
		<u>84</u>	<u>28</u>	<u>8</u>	<u>347</u>	<u>467</u>
Financial liabilities						
Bank overdrafts and short-term loans from banks	2.80% - 6.25%	175	-	-	-	175
Trade and other payables	-	-	-	-	103	103
Liabilities under finance lease agreements	2.29% - 8.49%	4	7	-	-	11
Long-term loan from bank	4.5%	18	62	-	-	80
		<u>197</u>	<u>69</u>	<u>-</u>	<u>103</u>	<u>369</u>

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2016

	Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets						
Cash and cash equivalents	0.37% - 1.10%	-	-	3	7	10
Trade and other receivables	-	-	-	-	276	276
Short-term loans to related party	1.50%	54	-	-	-	54
Short-term loans to unrelated person and parties	15.00%	31	-	-	-	31
Long-term loans to unrelated person and party	15.00%	-	25	-	-	25
		<u>85</u>	<u>25</u>	<u>3</u>	<u>283</u>	<u>396</u>
Financial liabilities						
Bank overdrafts and short-term loans from banks	3.44% - 4.56%	261	-	-	-	261
Trade and other payables	-	-	-	-	85	85
Liabilities under finance lease agreements	2.60% - 8.49%	5	4	-	-	9
		<u>266</u>	<u>4</u>	<u>-</u>	<u>85</u>	<u>355</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2017

	Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets						
Cash and cash equivalents	0.37% - 1.10%	-	-	3	3	6
Trade and other receivables	-	-	-	-	344	344
Short-term loans to related party	1.50%	56	-	-	-	56
Short-term loans to unrelated person and parties	15.00%	18	-	-	-	18
Long-term loans to unrelated person and party	15.00%	10	28	-	-	38
		<u>84</u>	<u>28</u>	<u>3</u>	<u>347</u>	<u>462</u>
Financial liabilities						
Bank overdrafts and short-term loans from banks	2.80% - 6.25%	175	-	-	-	175
Trade and other payables	-	-	-	-	103	103
Liabilities under finance lease agreements	2.29% - 8.49%	4	7	-	-	11
Long-term loan from bank	4.5%	18	62	-	-	80
		<u>197</u>	<u>69</u>	<u>-</u>	<u>103</u>	<u>369</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2016

	Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets						
Cash and cash equivalents	0.37% - 1.10%	-	-	2	7	9
Trade and other receivables	-	-	-	-	276	276
Short-term loans to related party	1.50%	54	-	-	-	54
Short-term loans to unrelated person and parties	15.00%	31	-	-	-	31
Long-term loans to unrelated person and party	15.00%	-	25	-	-	25
		<u>85</u>	<u>25</u>	<u>2</u>	<u>283</u>	<u>395</u>
Financial liabilities						
Bank overdrafts and short-term loans from banks	3.44% - 4.56%	261	-	-	-	261
Trade and other payables	-	-	-	-	86	86
Liabilities under finance lease agreements	2.60% - 8.49%	5	4	-	-	9
		<u>266</u>	<u>4</u>	<u>-</u>	<u>86</u>	<u>356</u>

38.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value are not expected to be materially different from the amounts presented in the statements of financial position, except short-term loans to related parties.

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

(Unit: Million Baht)

	Consolidated / separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Short-term loans to related party	56	48	54	46

The methods and assumptions used by the Company and its subsidiary 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, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statements of financial position approximate their fair value.
- b) For equity securities, their fair value is generally derived from quoted market prices.
- 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.
- d) For fixed rate long-term loans of which the interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

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

39. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statements of financial position as at 31 December 2017, the Group's debt-to-equity ratio was 0.5:1 (2016: 0.5:1) and the Company's debt-to-equity ratio was 0.5:1 (2016: 0.5:1).

40. Events after the reporting period

On 27 February 2018, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders to be held on 27 April 2018 adopt the resolution to pay a total dividend payment by Baht 0.28 per share in respect of the operating result of 2017. The dividend payment is scheduled for 25 May 2018 and represents a year-end dividend of Baht 0.07 per share, inclusive of the interim dividend of Baht 0.21 per share, or a total of Baht 61.6 million. Such dividend will be paid and recorded after the payment is approved by the Annual General Meeting of the Company's shareholders.

On 4 January 2018, The Iconic Property Company Limited, an associate, entered into a Memorandum of Understanding with a listed unrelated company to sell its land with the total area of 2,121 square wah at a price of Baht 773 million. A deposit of Baht 20 million was made on 4 January 2018 to secure that the seller is to enter into the agreement to sell and to purchase land. Both parties are to enter into sale and purchase agreement whereby the Buyer is required to pay 25% of the total price within 27 March 2018. Transfer date of the land was scheduled and the remaining payment for land is to be settled within 27 November 2018. In the case the Buyer wishes to complete the transfer earlier than the scheduled date, the Seller agrees to do so.

41. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 27 February 2018.