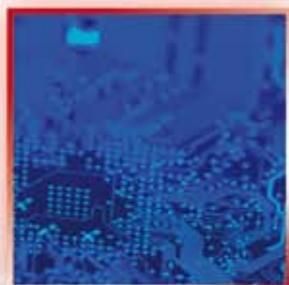


Annual Report 2007

รายงานประจำปี 2550



***Changes
for the Better***



**KANG YONG ELECTRIC
PUBLIC COMPANY LIMITED**

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Executive Summary

Financial Highlights

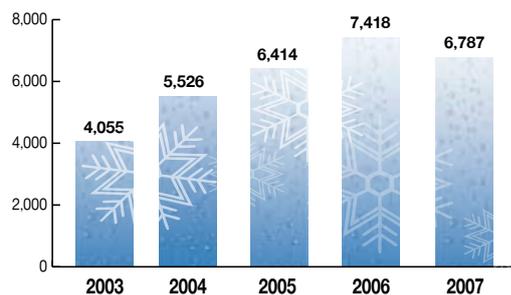
Highlights of the Consolidated Financial Statements (Million Baht)	2007	2006	2005
Total Sales	6,822	7,450	6,435
Total Revenues	7,190	7,696	6,744
Gross Profit	625	706	691
Cost of Sales	6,197	6,744	5,744
Selling and Administrative Expenses	923	925	776
Net Profit	69	24	212
Total Assets	3,518	3,512	3,693
Total Liabilities	1,364	1,411	1,496
Total Shareholder's Equity	2,154	2,101	2,197
Dividend Payment	12.32	105.82	99.00

Financial Ratio

	2007	2006	2005
Net Profit Ratio (%)	0.96	0.32	3.14
Return on Equity (%)	3.25	1.13	9.86
Return on Assets (%)	1.97	0.68	5.95
Dividend pay out Ratio (%)	-	50.65	50.02
Liabilities per Equities Ratio	0.63	0.67	0.68
Earning per Share (Baht)	3.15	1.11	9.62
Dividend per Share (Baht)	-	0.56	4.81
Book value per Share (Baht)	97.92	95.48	99.86
Total Staffs (persons)	1,054	999	991

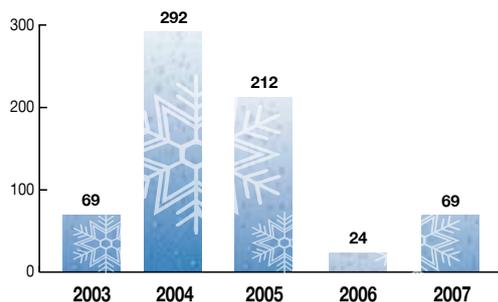
Total Sales year 2003 - 2007

(Million Baht)

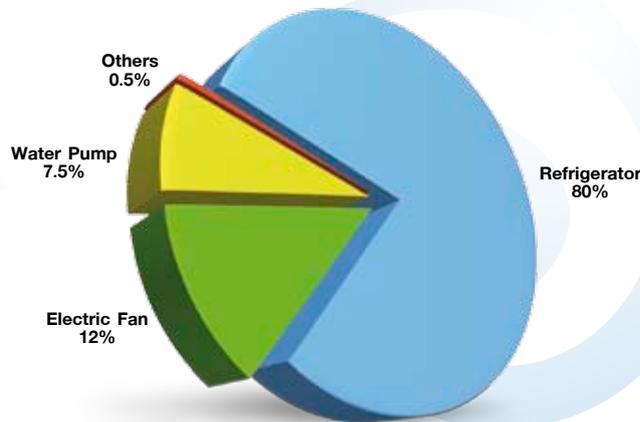


Net Profit year 2003 - 2007

(Million Baht)



Sales by product April 2007 - March 2008



The Board of Directors' Report



To the Shareholders of Kang Yong Electric Public Company Limited

In past fiscal year 2007, the company's operation results achieved the total income of 7,190 million baht and net profit was higher than those of the previous year.

The company's sales reduced by 8%, compared to the previous year, deriving from the export sales of the Japan markets, especially the refrigerators' export sales volume reduced by 21%, resulted from the higher price adjustment, while the high competition and overall demand for refrigerator was decreased. However, the domestic and other export sales volume have been responded positively, leading to the exceed target sales. Besides, the company earned additional revenues on investment from other companies as compared to the previous year.

Regarding to the company's expenses, the cost of goods sold has risen up to be 91% of total sales, since the cost of materials especially, the plastic, copper and aluminium have continuously increased during the previous year. Then, varying to the decreased sales volume, the sales and administrative cost such as the license cost of sales expense and exporting expense has consequently also reduced .

Conclusively, according to the incomes and expenses aforementioned, the company could earn a certain amount of the net profits during the last year.

In fiscal year 2008, the business trend has remained encountering the uncontrollable effects of negative factors such as global and local economic downturn, high fuel price, inflation rate, and increasing interest rate, the fluctuation of the currency exchange rate as compared to the US dollar currency, as well as the uncertainty of Thai politics and government's operation crisis, all these have affected both domestic and foreign export sales volume.

In such situation, the company has made every effort to operate the business on the continuous improvement and development for various activities such as reduction in overall cost, production improvement and development that correspond to the customer's demand, together with, the reduction of overall operational expenses, the management and marketing strategy modification that can effectively complete in the market and bring the sustainable and stable business.

Herewith, the Board of Directors and all executives gratefully thank all of shareholders, patronages, and every concerned persons for the constant entrustment, contribution and participation.

A handwritten signature in black ink, appearing to read 'P. Phodhivorakhun', written in a cursive style.

(Mr. Praphad Phodhivorakhun)
Chairman of the Board of Directors



The Board of Directors



Mr. Staporn Kavitanon
Honorary Chairman



Mr. Praphad Phodhivorakhun
Chairman of the Board of Directors



Mr. Kotaro Hiraishi
Vice Chairman



Mr. Supachai Setasathira
Director



Mr. Akira Kurishima
Director



Mr. Komol Vongsthongsi
Director



Mr. Chackchai Panichapat
Director



Mr. Takashi Fujii
Director



Mr. Hiroyuki Umemura
Director



Mr. Masato Tashiro
Director



Mr. Yasuhiro Yoshino
Director



Pol.Sub.Lt. Kriengsak Lohachala
Director



Mrs. Tipvimol Saengsuphan
Director



Mr. Arthakrit Visudtibhan
Director



Mr. Udom Satianrapapong
Director

Management Policy



New **3D** Hybrid Design



Management Policy

1. Aim to improve profitability of refrigerator business
2. To strengthen budget control system and implementation system every month.
3. Perform quality management under ISO-9001 standard.
4. To strengthen human resource training, organizational management and labor relationship.
5. To strengthen factory management element including safety, compliance with law and regulations.



Financial Status and Operation Results

Financial Statement

a) The Summary of Financial Audit's Report

The Financial Statements for previous 3 years accounting of Kang Yong Electric Public Company Limited audited by KPMG Phoomchai Audit Ltd. The certified public accountant's opinion stated that the financial statements referred to above present fairly, in all material respects, the financial position of Kang Yong Electric Public Company Limited as at 31 March 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As described in note 21 to the financial statements, the company now also presents separate financial statements using the cost method of accounting for investment in associate. The separate financial statements for the year ended 31 March 2007 were prepared by adjusting the company's financial statements for that year prepared using the equity method of accounting.

b) The Summary of Financial Statements

For the years ended March 31, 2006, 2007 and 2008

Assets	Kang Yong Electric Public Company Limited Balance Sheets As at March 31, 2006, 2007 and 2008					
	March 31, 2006		March 31, 2007		March 31, 2008	
	Baht	%	Baht	%	Baht	%
Current Assets						
Cash and cash equivalents	15,231,769	0	261,462,299	7	750,172,302	21
Trade accounts receivable - net	1,183,567,728	32	1,052,670,360	30	1,016,122,811	29
Receivables and loans to related parties	149,533,626	4	122,706,571	3	182,014,795	5
Inventories - net	800,544,552	22	820,193,499	23	558,598,580	16
Other Current assets						
Refundable value added tax	69,919,304	2	36,892,757	1	26,703,793	1
Advance payment - net	-	0	-	0	-	0
Others	27,423,062	1	15,847,739	0	13,826,643	0
Total Other Current Assets	97,342,366	3	52,740,496	2	40,530,436	1
Total Current Assets	2,246,220,041	61	2,309,773,225	66	2,547,438,924	72
Non - Current Assets						
Investment accounted for using the equity method	7,058,084	0	9,172,946	0	9,291,949	0
Long - term investments	216,864,146	6	166,534,252	5	163,178,920	5
Property, plant and equipment - net	1,145,630,832	31	954,499,307	27	763,625,975	22
Intangible assets - net	5,773,835	0	2,392,753	0	1,796,210	0
Other non - current assets - net	71,635,411	2	69,201,717	2	33,073,715	1
Total non - Current Assets	1,446,962,308	39	1,201,800,975	34	970,966,769	28
Total Assets	3,693,182,349	100	3,511,574,200	100	3,518,405,693	100

Kang Yong Electric Public Company Limited
Balance Sheets As at March 31, 2006, 2007 and 2008

Liabilities and Shareholders' Equity	March 31, 2006		March 31, 2007		March 31, 2008	
	Baht	%	Baht	%	Baht	%
Current Liabilities						
Trade accounts payables	1,086,238,082	29	939,012,278	27	899,777,990	26
Payables to related parties	257,656,561	7	291,616,082	8	234,524,516	7
Other current liabilities						
Accrued expenses	56,953,908	2	50,308,052	1	49,058,856	1
Others	6,920,294	0	8,597,438	0	5,701,793	0
Total Other Current Liabilities	<u>63,874,202</u>	<u>2</u>	<u>58,905,490</u>	<u>2</u>	<u>54,760,649</u>	<u>2</u>
Total current liabilities	1,407,768,845	38	1,289,533,850	37	1,189,063,155	34
Provisions	58,156,443	2	94,113,443	3	149,756,443	4
Provident and pension funds	30,249,843	1	27,297,668	1	25,392,348	1
Total Non - Current Liabilities	<u>88,406,286</u>	<u>2</u>	<u>121,411,111</u>	<u>3</u>	<u>175,148,791</u>	<u>5</u>
Total Liabilities	1,496,175,131	41	1,410,944,961	40	1,364,211,946	39
Shareholder's Equity						
Authorized share capital						
22,000,000 ordinary shares Issued and fully paid - up share capital Baht 10 par value	<u>220,000,000</u>	<u>6</u>	<u>220,000,000</u>	<u>6</u>	<u>220,000,000</u>	<u>6</u>
22,000,000 ordinary shares Baht 10 par value	220,000,000	6	220,000,000	6	220,000,000	6
Premium (discount) on share capital						
Premium on shares	726,100,000	20	726,100,000	21	726,100,000	21
Revaluation surplus on investments	19,892,006	1	5,010,512	0	1,655,180	0
Retained earnings						
Appropriated for						
Legal reserve	22,000,000	1	22,000,000	1	22,000,000	1
Others	420,000,000	11	420,000,000	12	420,000,000	12
Unappropriated	<u>789,015,212</u>	<u>21</u>	<u>707,518,727</u>	<u>20</u>	<u>764,438,567</u>	<u>22</u>
Total Shareholders' Equity	2,197,007,218	59	2,100,629,239	60	2,154,193,747	61
Total Liabilities and Shareholders' Equity	3,693,182,349	100	3,511,574,200	100	3,518,405,693	100

Kang Yong Electric Public Company Limited
Statements of Income

For the year ended March 31, 2006, 2007 and 2008

	April 1, 2005 - March 31, 2006		April 1, 2006 - March 31, 2007		April 1, 2007 - March 31, 2008	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenue from sale of goods and rendering of services	6,435,181,262	95	7,450,098,919	97	6,821,850,141	95
Gain on exchange	17,782,511	0	-	-	-	-
Other income	291,298,719	4	243,540,582	3	367,617,027	5
Share of profit from investment accounted for using the equity method	-	-	2,114,862	0	119,003	0
Total revenues	6,744,262,492	100	7,695,754,363	100	7,189,586,171	100
Expenses						
Costs of sales and rendering of services	5,744,040,570	85	6,743,974,170	88	6,197,175,573	86
Selling and administrative expenses	775,923,018	12	911,550,802	12	908,727,956	13
Loss on exchange rate	-	-	13,534,144	0	13,921,412	0
Share of loss from investment accounted for using the equity method	214,426	0	-	-	-	-
Total Expenses	6,520,178,014	97	7,669,059,116	100	7,119,824,941	99
Profit before interest expense and income tax	224,084,478	3	26,695,247	0	69,761,230	1
Interest expense	2,019,009	0	2,371,732	0	521,390	0
Income tax expense	10,490,473	0	-	-	-	-
Profit from ordinary activities	211,574,996	3	24,323,515	0	69,239,840	1
Net Profit	211,574,996	3.1	24,323,515	0.3	69,239,840	1.0
Profit from ordinary activities	9.62		1.11		3.15	
Basic earnings per share	9.62		1.11		3.15	
Number of weighted average common shares (shares)	22,000,000		22,000,000		22,000,000	

Kang Yong Electric Public Company Limited

Statement of Retained Earnings

For the year ended March 31, 2006, 2007 and 2008

	April 1, 2005 - March 31, 2006	April 1, 2006 - March 31, 2007	April 1, 2007 - March 31, 2008
	Baht	Baht	Baht
Unappropriated retained earnings			
Brought forward as previously reported	676,440,216	789,015,212	707,518,727
Less Adjustment from charges in accounting policies	-	-	-
Brought forward as restated	676,440,216	789,015,212	707,518,727
Less Appropriation of prior year earnings Dividend Payment	(99,000,000)	(105,820,000)	(12,320,000)
Net income for the year	211,574,996	24,323,515	69,239,840
Total appropriated retained earnings	789,015,212	707,518,727	764,438,567
Appropriated retained earnings			
Legal reserve	22,000,000	22,000,000	22,000,000
Other	420,000,000	420,000,000	420,000,000
Total appropriated retained earnings	442,000,000	442,000,000	442,000,000
Total Retained Earnings	1,231,015,212	1,149,518,727	1,206,438,567

Kang Yong Electric Public Company Limited

Statement of Cash Flows

For the year ended March 31, 2006, 2007 and 2008

	April 1, 2005 - March 31, 2006	April 1, 2006 - March 31, 2007	April 1, 2007 - March 31, 2008
	Baht	Baht	Baht
Cash flows from operating activities			
Net profit	211,574,996	24,323,515	69,239,840
Adjustments for			
Depreciation and amortization	308,244,845	318,137,789	253,503,271
Interest income	(6,280,127)	(10,839,253)	(16,083,845)
Interest expense	2,019,009	2,371,732	521,390
Income tax expense	10,490,473	-	-
Dividened income	(208,072,947)	(154,030,604)	(278,463,673)
Loss on impairment of fixed assets (reversal)	(7,889,224)	(1,334,162)	21,493,045
Allowance for doubtful accounts	483,919	1,004,101	(35,000)
Allowance for absolute stock (reversal)	(8,755,137)	1,975,557	4,596,221
Share of loss (Profits) from investments accounted for using the equity method	214,426	(2,114,862)	(119,003)
Allowance for other long-term investments	16,551,600	35,448,400	-
Increase in provision	26,501,000	35,957,000	55,643,000
Loss (gain) on foreign exchange translations	3,170,350	(1,169,060)	4,938,397
Gain on extraordinary items	-	-	-
Loss on sales of equipment	11,759,830	(1,727,110)	6,704,946
Profit from operations activities before changes in operating assets and liabilities	360,013,013	248,003,043	121,938,589

Kang Yong Electric Public Company Limited
Statement of Cash Flows

For the year ended March 31, 2006, 2007 and 2008

	April 1, 2005 - March 31, 2006	April 1, 2006 - March 31, 2007	April 1, 2007 - March 31, 2008
	Baht	Baht	Baht
Changes in operating assets and liabilities			
Trade accounts receivable	(245,066,690)	127,956,360	32,648,735
Receivables from related companies	101,314,033	30,930,211	1,832,898
Inventories	(115,806,636)	(21,518,927)	256,998,697
Other current assets	11,089,061	44,569,699	12,412,313
Other non-current assets	1,063,705	2,433,693	35,471,902
Trade accounts payable	157,980,886	(147,515,846)	(43,584,120)
Payables to related companies	(3,353,921)	36,859,195	(58,085,236)
Income tax paid	(16,448,920)	-	-
Accrued expenses and other current liabilities	(15,785,500)	(5,298,490)	(3,445,664)
Provident and pension funds	(1,636,255)	(2,952,175)	(1,905,320)
Net cash provided by operation activities	<u>233,362,776</u>	<u>313,466,763</u>	<u>354,282,794</u>
Cash flows from investing activities			
Interest received	6,280,127	10,871,424	15,927,092
Decrease (Increase) in loans to related companies	6,080,921	(14,742,917)	16,166,477
Proceeds from sales of equipment	1,428,338	4,756,708	4,478,727
Purchases of property, plant and equipment	(356,316,933)	(125,272,105)	(89,760,396)
Dividends received	109,763,307	164,670,365	201,156,073
Increase in intangible assets	(399,700)	340,571	-
Net cash provided by (used in) investing activities	<u>(233,163,940)</u>	<u>40,624,046</u>	<u>147,967,973</u>
Cash flows from financing activities			
Decrease in loans from related companies	-	-	-
Interest payment	(1,722,453)	(2,040,279)	(1,220,764)
Dividend payments	(99,000,000)	(105,820,000)	(12,320,000)
Net cash used in financing activities	<u>(100,722,453)</u>	<u>(107,860,279)</u>	<u>(13,540,764)</u>
Net increase (decrease) in cash and cash equivalents	(100,523,617)	246,230,530	488,710,003
Cash and cash equivalents at beginning of the year	<u>115,755,386</u>	<u>15,231,769</u>	<u>261,462,299</u>
Cash and cash equivalents at end of the year	<u>15,231,769</u>	<u>261,462,299</u>	<u>750,172,302</u>

Supplemental disclosures of cash flow information

Significant non-cash transaction

At 31 March 2008 and 2007, The company acquired fixed assets totalling Baht 94 million and 126 million, respectively, Cash payments of Baht 90 million and Baht 125 million, respectively, were made to purchase the fixed assets

c) Financial Ratio

	For the year ended March 31, 2006, 2007 and 2008		
	March 31, 2006	March 31, 2007	March 31, 2008
<u>LIQUIDITY RATIOS</u>			
Current Ratios	1.60 times	1.79 times	2.14 times
Quick Liquidity Ratios	0.96 times	1.11 times	1.64 times
Cash Flow Liquidity Ratios	0.17 times	0.23 times	0.29 times
Account Receivable Turnover	6.05 times	6.66 times	6.60 times
Collection period	60 days	55 days	55 days
Inventories Turnover	7.78 times	8.32 times	8.99 times
Average Sales Period	47 days	44 days	41 days
Accounts Payable Turnover	5.73 times	6.66 times	6.74 times
Payment Period	64 days	55 days	54 days
Cash Cycle	44 days	44 days	42 days
<u>PROFITABILITY RATIOS</u>			
Gross Profit Margin	10.74 %	9.48 %	9.16 %
Net Profit Margin	3.14 %	0.32 %	0.96 %
Return on Equity	9.86 %	1.13 %	3.25 %
<u>EFFICIENCY RATIOS</u>			
Return on Total Assets	5.95 %	0.68 %	1.97 %
Return on Fixed Asset	46.01 %	32.32 %	37.43 %
Assets turnover	1.90 times	2.14 times	2.05 times
<u>FINANCIAL POLICY RATIOS</u>			
Debt to Equity	0.68 times	0.67 times	0.63 times
Interest Coverage Ratio	110.99 times	11.26 times	133.80 times
Fixed Charges Coverage Ratio	1.58 times	0.17 times	3.82 times
Cash Fixed Charges Coverage Ratio	2.33 times	2.92 times	27.63 times
Payout Ratio	50.02 %	50.65 %	- %
<u>Shares</u>			
Equity per share	99.86 baht	95.48 baht	97.92 baht
Earnings per share	9.62 baht	1.11 baht	3.15 baht
Dividend per share	4.81 baht	0.56 baht	- baht
<u>Growth</u>			
Total Assets	8.12 %	(4.92) %	0.19 %
Total Liabilities	13.09 %	(5.70) %	(3.31) %
Sales and Services	15.85 %	15.77 %	(8.43) %
Management Expense	(8.36) %	19.19 %	(0.26) %
Net Profit	(27.65) %	(88.50) %	184.66 %

Analysis of Financial Status and Operation Results

For the year 2007 (April 1, 2007 - March 31, 2008)

Operation results

Operation results for the 2007 fiscal year ended March 31, 2008 compared with the same period of 2006 ended March 31, 2007 had net profit after taxes increasing from 24 million baht to 69 million baht or 185% the operation results changed due to :-

- 1) Revenues from the sales were decreased from 7,450 million baht to 6,822 million baht in 2007 was 8.4% because revenues from the exports refrigerators to Japan were decreased 21%, resulted from the higher prices adjustment.
- 2) Dividend income from investment in other company was increased 124.4 million baht.
- 3) The cost of sales portion are recorded 91% of total sales makes fiscal year ended 2006 due to the continuous materials and parts cost increase especially plastics and copper has adjust price increase 21% and 70% respectively.
- 4) Sales and administration expenses was decreased since the license cost of sales and export expenses was decreased and varied on decreased total sales.

Net profit after taxes was increased because of increased dividend income.

Financial status

Total assets

As of March 31, 2008 total assets compared with March 31, 2007 was increased from 3,512 million baht to 3,518 million, since the currents assets was increased from 66% to 72% of total assets. Mainly increased assets from cash and cash equivalents increased 489 million baht, and due to administration inventories decreased 262 million baht. List of property, plant and equipment net was decreased 191 million baht from write off and allowance for fix assets was 159 million baht.

Total liabilities

As of March 31, 2008 total liabilities compared with March 31, 2007 decreased from 1,411 million baht to 1,364 million baht because trade accounts payable decreased 39 million baht.

Shareholder's Equity

As of March 31, 2008 shareholder's equity compared with March 31, 2007 increased from 2,101 million baht to 2,154 million baht due to the operations in this period had the profit 69 million baht and the dividend payment 12 million baht and difference from investment 3.4 million baht.

Financial analysis

- 1) Liquidity ratio was increased from 1.79% in 2006 fiscal year to 2.14% in fiscal year 2007 with the assets sufficient to pay the short-term debts due to cash and cash equivalents increased that was the company had a good liquidity.
- 2) Profitability was reduced by the gross profit margin down from 9.48% in 2006 fiscal year to 9.16% in 2007 fiscal year because cost of material and parts increased continuously and effected from the baht higher valuation. This resulted in reduce income of export.
- 3) Return on fixed assets increased from 32% in 2006 fiscal year to 37% in 2007 fiscal year due to write off fix assets devalue but they are still so good.
- 4) Interest coverage ratio due to better financial liquidity. In 2007 the company decreased the short term loans.

Audit Report of Certified Public Accountant

To the Shareholders of Kang Yong Electric Public Company Limited

I have audited the accompanying balance sheets in which the equity method is applied and separate balance sheets of Kang Yong Electric Public Company Limited as at 31 March 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Kang Yong Electric Public Company Limited as at 31 March 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The Company's financial statements for the year ended 31 March 2007 were prepared using the equity method of accounting for investment in associate. As described in note 21 to the financial statements, the Company now also presents separate financial statements using the cost method of accounting for investment in associate. The separate financial statements for the year ended 31 March 2007 were prepared by adjusting the Company's financial statements for that year prepared using the equity method of accounting.



(Nirand Lilamethwat)
Certified Public Accountant
Registration No. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
15 May 2008



Balance sheets

Kang Yong Electric Public Company Limited

As at 31 March 2008 and 2007

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2008	2007	2008	2007 (Restated)
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	750,172,302	261,462,299	750,172,302	261,462,299
Trade accounts receivable					
Related parties	4	836,379,227	854,729,987	836,379,227	854,729,987
Other companies	6	179,743,584	197,940,373	179,743,584	197,940,373
Receivables from and short-term loans to related parties	4	182,014,795	122,706,571	182,014,795	122,706,571
Inventories	7	558,598,580	820,193,499	558,598,580	820,193,499
Other current assets					
Refundable value added tax		26,703,793	36,892,757	26,703,793	36,892,757
Others		13,826,643	15,847,739	13,826,643	15,847,739
Total other current assets		40,530,436	52,740,496	40,530,436	52,740,496
Total current assets		2,547,438,924	2,309,773,225	2,547,438,924	2,309,773,225
Non-current assets					
Investment in associate	8.1	9,291,949	9,172,946	3,000,000	3,000,000
Investments in related parties	8.2	157,361,700	157,361,700	157,361,700	157,361,700
Other long-term investments	8.3	5,817,220	9,172,552	5,817,220	9,172,552
Property, plant and equipment	9	763,625,975	954,499,307	763,625,975	954,499,307
Other non-current assets	10	34,869,925	71,594,470	34,869,925	71,594,470
Total non-current assets		970,966,769	1,201,800,975	964,674,820	1,195,628,029
Total assets		3,518,405,693	3,511,574,200	3,512,113,744	3,505,401,254

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



Balance sheets

Kang Yong Electric Public Company Limited

As at 31 March 2008 and 2007

Liabilities and shareholders' equity	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2008	2007	2008	2007 (Restated)
<i>(in Baht)</i>					
Current liabilities					
Trade accounts payables					
Related parties	4	70,601,882	98,541,577	70,601,882	98,541,577
Other companies		829,176,108	840,470,701	829,176,108	840,470,701
Payables to related parties	4	234,524,516	291,616,082	234,524,516	291,616,082
Accrued expenses		49,058,856	50,308,052	49,058,856	50,308,052
Other current liabilities		5,701,793	8,597,438	5,701,793	8,597,438
Total current liabilities		1,189,063,155	1,289,533,850	1,189,063,155	1,289,533,850
Non-current liabilities					
Provisions	3	149,756,443	94,113,443	149,756,443	94,113,443
Provident funds	11	25,392,348	27,297,668	25,392,348	27,297,668
Total non-current liabilities		175,148,791	121,411,111	175,148,791	121,411,111
Total liabilities		1,364,211,946	1,410,944,961	1,364,211,946	1,410,944,961
Shareholders' equity					
Share capital	12				
Authorised share capital		220,000,000	220,000,000	220,000,000	220,000,000
Issued and paid-up share capital		220,000,000	220,000,000	220,000,000	220,000,000
Reserves	13				
Premium on shares		726,100,000	726,100,000	726,100,000	726,100,000
Fair value changes	8.3	1,655,180	5,010,512	1,655,180	5,010,512
Retained earnings					
Appropriated					
Legal reserve	13	22,000,000	22,000,000	22,000,000	22,000,000
Others		420,000,000	420,000,000	420,000,000	420,000,000
Unappropriated		764,438,567	707,518,727	758,146,618	701,345,781
Total shareholders' equity		2,154,193,747	2,100,629,239	2,147,901,798	2,094,456,293
Total liabilities and shareholders' equity		3,518,405,693	3,511,574,200	3,512,113,744	3,505,401,254

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

Statements of income

Kang Yong Electric Public Company Limited

For the years ended 31 March 2008 and 2007

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2008	2007	2008	2007 (Restated)
<i>(in Baht)</i>					
Revenues	4				
Revenue from sale of goods and rendering of services	14	6,821,850,141	7,450,098,919	6,821,850,141	7,450,098,919
Dividend income	8.3	278,463,673	154,030,604	278,463,673	154,030,604
Other income	15	89,153,354	89,509,978	89,153,354	89,509,978
Share of profit from investment accounted for using the equity method		119,003	2,114,862	-	-
Total revenues		7,189,586,171	7,695,754,363	7,189,467,168	7,693,639,501
Expenses	4				
Cost of sales and rendering of services		6,197,175,573	6,743,974,170	6,197,175,573	6,743,974,170
Selling and administrative expenses	16	908,727,956	911,550,802	908,727,956	911,550,802
Net foreign exchange loss		13,921,412	13,534,144	13,921,412	13,534,144
Total expenses		7,119,824,941	7,669,059,116	7,119,824,941	7,669,059,116
Profit before interest expenses		69,761,230	26,695,247	69,642,227	24,580,385
Interest expense		521,390	2,371,732	521,390	2,371,732
Net profit		69,239,840	24,323,515	69,120,837	22,208,653
Basic earnings per share	18	3.15	1.11	3.14	1.01

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

Statements of changes in shareholders' equity

Kang Yong Electric Public Company Limited
For the years ended 31 March 2008 and 2007

	Financial statements in which the equity method is applied							Total shareholders' equity
	Issued and paid-up share capital	Premium on shares	Reserves	Retained Earnings			Unappropriated equity	
				Fair value changes	Appropriated to	Others		
Note	Legal reserve	Others	Legal reserve	Others	Unappropriated equity	(in Baht)		
Balance at 1 April 2006	220,000,000	726,100,000	19,892,006	22,000,000	420,000,000	789,015,212	2,197,007,218	
Revaluation of investments	-	-	(14,881,494)	-	-	-	(14,881,494)	
Net profit	-	-	-	-	-	24,323,515	24,323,515	
Dividend paid	-	-	-	-	-	(105,820,000)	(105,820,000)	
Balance at 31 March 2007	220,000,000	726,100,000	5,010,512	22,000,000	420,000,000	707,518,727	2,100,629,239	
Balance at 1 April 2007	220,000,000	726,100,000	5,010,512	22,000,000	420,000,000	707,518,727	2,100,629,239	
Revaluation of investments	-	-	(3,355,332)	-	-	-	(3,355,332)	
Net profit	-	-	-	-	-	69,239,840	69,239,840	
Dividend paid	-	-	-	-	-	(12,320,000)	(12,320,000)	
Balance at 31 March 2008	220,000,000		1,655,180	22,000,000	420,000,000	764,438,567	2,154,193,747	

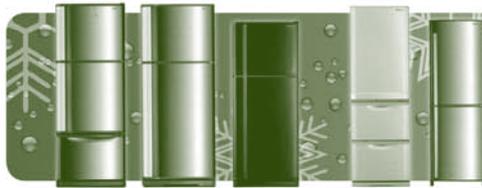
The accompanying notes are an integral part of these financial statements.

Statements of changes in shareholders' equity

Kang Yong Electric Public Company Limited
For the years ended 31 March 2008 and 2007

	Note	Separate Financial Statement							Total shareholders' equity
		Issued and paid-up share capital	Reserves		Retained Earnings			Unappropriated	
			Premium on shares	Fair value changes	Legal reserve	Appropriated to	Others		
<i>(in Baht)</i>									
Balance at 1 April 2006		220,000,000	726,100,000	19,892,006	22,000,000	420,000,000	789,015,212	2,197,007,218	
Change in accounting policy	21	-	-	-	-	-	(4,058,084)	(4,058,084)	
Restated balance		220,000,000	726,100,000	19,892,006	22,000,000	420,000,000	784,957,128	2,192,949,134	
Revaluation of investments		-	-	(14,881,494)	-	-	-	(14,881,494)	
Net profit		-	-	-	-	-	22,208,653	22,208,653	
Dividend paid	19	-	-	-	-	-	(105,820,000)	(105,820,000)	
Balance at 31 March 2007		220,000,000	726,100,000	5,010,512	22,000,000	420,000,000	701,345,781	2,094,456,293	
Balance at 1 April 2007		220,000,000	726,100,000	5,010,512	22,000,000	420,000,000	707,518,727	2,100,629,239	
Change in accounting policy	21	-	-	-	-	-	(6,172,946)	(6,172,946)	
Restated balance		220,000,000	726,100,000	5,010,512	22,000,000	420,000,000	701,345,781	2,094,456,293	
Revaluation of investments		-	-	(3,355,332)	-	-	-	(3,355,332)	
Net profit		-	-	-	-	-	69,120,837	69,120,837	
Dividend paid	19	-	-	-	-	-	(12,320,000)	(12,320,000)	
Balance at 31 March 2008		220,000,000	726,100,000	1,655,180	22,000,000	420,000,000	758,146,618	2,147,901,798	

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



Statements of cash flows

Kang Yong Electric Public Company Limited
For the years ended 31 March 2008 and 2007

	Financial statements in which the equity method is applied		Separate financial statements	
	2008	2007	2008	2007 (Restated)
	<i>(in Baht)</i>			
Cash flows from operating activities				
Net profit	69,239,840	24,323,515	69,120,837	22,208,653
<i>Adjustments for</i>				
Depreciation and amortisation	253,503,271	318,137,789	253,503,271	318,137,789
Interest income	(16,083,845)	(10,839,253)	(16,083,845)	(10,839,253)
Dividend income	(278,463,673)	(154,030,604)	(278,463,673)	(154,030,604)
Interest expense	521,390	2,371,732	521,390	2,371,732
Loss on impairment of fixed assets (reversal)	21,493,045	(1,334,162)	21,493,045	(1,334,162)
Allowance for doubtful accounts (reversal)	(35,000)	1,004,101	(35,000)	1,004,101
Allowance for obsolete stock	4,596,221	1,975,557	4,596,221	1,975,557
Share of profit from investments accounted for using the equity method	(119,003)	(2,114,862)	-	-
Allowance for investments in related companies	-	35,448,400	-	35,448,400
Increase in provisions	55,643,000	35,957,000	55,643,000	35,957,000
Unrealised loss (gain) on exchange	4,938,397	(1,169,060)	4,938,397	(1,169,060)
Loss (gain) on sales of equipment	6,704,946	(1,727,110)	6,704,946	(1,727,110)
	<u>121,938,589</u>	<u>248,003,043</u>	<u>121,938,589</u>	<u>248,003,043</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	32,648,735	127,956,360	32,648,735	127,956,360
Receivables from related parties	1,832,898	30,930,211	1,832,898	30,930,211
Inventories	256,998,697	(21,518,927)	256,998,697	(21,518,927)
Other current assets	12,412,313	44,569,699	12,412,313	44,569,699
Other non-current assets	35,471,902	2,433,693	35,471,902	2,433,693
Trade accounts payable	(43,584,120)	(147,515,846)	(43,584,120)	(147,515,846)
Payables to related parties	(58,085,236)	36,859,195	(58,085,236)	36,859,195
Accrued expenses	(1,249,393)	(6,644,181)	(1,249,393)	(6,644,181)
Other current liabilities	(2,196,271)	1,345,691	(2,196,271)	1,345,691
Provident funds	(1,905,320)	(2,952,175)	(1,905,320)	(2,952,175)
Net cash provided by operating activities	<u>354,282,794</u>	<u>313,466,763</u>	<u>354,282,794</u>	<u>313,466,763</u>

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

Statements of Cash Flows

Kang Yong Electric Public Company Limited

For the years ended 31 March 2008 and 2007

	Financial statements in which the equity method is applied		Separate financial statements	
	2008	2007	2008	2007 (Restated)
	<i>(in Baht)</i>			
Cash flows from investing activities				
Interest received	15,927,092	10,871,424	15,927,092	10,871,424
Dividends received	201,156,073	164,670,365	201,156,073	164,670,365
Decrease (increase) in short-term loans to related companies	16,166,477	(14,742,917)	16,166,477	(14,742,917)
Proceeds from sales of equipment	4,478,727	4,756,708	4,478,727	4,756,708
Purchases of equipment	(89,760,396)	(125,272,105)	(89,760,396)	(125,272,105)
Decrease in intangible assets	-	340,571	-	340,571
Net cash provided by investing activities	147,967,973	40,624,046	147,967,973	40,624,046
Cash flows from financing activities				
Dividend paid	(12,320,000)	(105,820,000)	(12,320,000)	(105,820,000)
Interest paid	(1,220,764)	(2,040,279)	(1,220,764)	(2,040,279)
Net cash used in financing activities	(13,540,764)	(107,860,279)	(13,540,764)	(107,860,279)
Net increase in cash and cash equivalents	488,710,003	246,230,530	488,710,003	246,230,530
Cash and cash equivalents at beginning of year	261,462,299	15,231,769	261,462,299	15,231,769
Cash and cash equivalents at end of year	750,172,302	261,462,299	750,172,302	261,462,299

Non-cash transaction

During the year ended 31 March 2008, the Company acquired property, plant and equipment totalling Baht 94 million (2007: Baht 126 million). Cash payments of Baht 90 million (2007: Baht 125 million) were made to purchase the property, plant and equipment.

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



Notes to the Financial Statements

Kang Yong Electric Public Company Limited
For the years ended 31 March 2008 and 2007

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Notes to the Financial Statements

Kang Yong Electric Public Company Limited

For the years ended 31 March 2008 and 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Executive Board of Directors and Audit Committee on 15 May 2008.

1. General information

Kang Yong Electric Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 67 Moo 11 Bangna-Trad Road, Km 20 Bangchalong, Bangplee, Samutprakarn Province.

The Company was listed on the Stock Exchange of Thailand on 21 October 1993.

The major shareholder is Mitsubishi Electric Corporation, registered in Japan, which holds 40.81% of the Company’s shares.

The principal activities of the Company are the producer and seller of household electrical appliances under the “Mitsubishi” trademark. The Company has the licence and technology from its joint venture partner, Mitsubishi Electric Corporation which is registered in Japan.

2. Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

During 2007, the FAP issued TAS 45 (revised 2007) “Investments in Associates” which is effective for accounting periods beginning on or after 1 January 2007. The adoption of this revised TAS has resulted in a change in the Company’s accounting policy for interests in associate in the separate financial statements of the Company. The effects of this change are disclosed in note 21.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 24.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which from the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3. Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

(e) Investments

Investment in associate

Investment in associate in the separate financial statements of the Company is accounted for using the cost method. This is a change of accounting policy, the effects of which are disclosed in note 21. Investment in associate in the financial statements in which the equity method is applied is accounted for using the equity method based on the associate's financial information which was audited by another auditor.

Investments in related companies

Investments in related companies classified as general investments are stated at cost net of impairment of investments.

Other long-term investments

Other long-term investments in marketable equity securities classified as available-for-sale securities are stated at fair value. Surplus (deficit) arising on revaluation of available-for-sale securities is presented in shareholders' equity.

(f) Property, plant and equipment

Owned assets

Property is stated at cost. Plant and equipment are stated at cost net of accumulated depreciation and allowance for impairment.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Building and improvements	20 and 5 years
Machinery and equipment	10 years
Factory equipment	5 years
Office equipment	5 years
Vehicles	5 years

Depreciation of factory equipment (mould and jig), acquired since 1 April 2003, is calculated using the double declining balance method over the estimated useful lives of assets of 5 years.

No depreciation is provided on freehold land or construction in progress.

(g) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(i) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions comprised provisions recognised for goods warranties.

The Company recognises a provision for goods warranties when the goods are sold. The provision is based on a percentage of net sales derived from historical warranty data.

(j) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Company's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

Other income is recognised in the statement of income as it accrues.

(k) Expense

Interest expense and other expenses are charged to the statement of income in the period in which they are incurred.

(l) Income tax

Income tax for each year is the expected tax payable on the taxable income for the year, using the tax rate enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

No income tax for the years ended 31 March 2008 and 2007 because of profit from dividend income which was income tax exemption.

4. Related party transactions and balances

Related parties are those parties linked to the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

As at 31 March 2008 and 2007 the associate and related companies consisted of:

Company's Name	Established in	Relationship
Associated Company		
Smile Super Express Co., Ltd.	Thailand	The Company holds 33.33% of the shares
Related Companies		
Mitsubishi Electric Corporation	Japan	The major shareholder
Thai Refrigeration Components Co., Ltd.	Thailand	Common director
D.S. Development Co., Ltd.	Thailand	Common director
Kulthorn Kirby Public Company Limited	Thailand	Common director
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	A subsidiary of the Company's major shareholder and common director
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's major shareholder and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's major shareholder
Thai CRT Co., Ltd.	Thailand	Common director
Mitsubishi Electric Life Network Co., Ltd.	Japan	A subsidiary of the Company's major shareholder
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's major shareholder
Mitsubishi Electric Home Appliance Co., Ltd.	Japan	A subsidiary of the Company's major shareholder
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	A subsidiary of the Company's major shareholder
Mitsubishi Electric Asia Pte. Ltd.	Singapore	A subsidiary of the Company's major shareholder
Mitsubishi Electric Australia Pty. Ltd.	Australia	A subsidiary of the Company's major shareholder

Company's Name	Established in	Relationship
Related Companies		
Mitsubishi Electric Europe B.V.	Netherlands	A subsidiary of the Company's major shareholder
Mitsubishi Electric Ryoden Air-Conditioning & Visual Information Systems (Hong Kong) Ltd.	Hongkong	A subsidiary of the Company's major shareholder
Mitsubishi Electric Sales Canada Inc.	Canada	A subsidiary of the Company's major shareholder
Antah Melco Sales & Services Sdn, Bhd.	Malaysia	An affiliate of the Company's major shareholder
Setsuyo Astech Co., Ltd.	Japan	An affiliate of the Company's major shareholder
Ryoden International Co., Ltd.	Hongkong	A subsidiary of the Company's major shareholder
Melco Thai Capital Co., Ltd.	Thailand	A subsidiary of the Company's major shareholder
Mitsubishi Electric Information Network	Japan	A subsidiary of the Company's major shareholder
Melco Travel Co.,Ltd	Japan	A subsidiary of the Company's major shareholder
Mitsubishi Electric (H.K) Ltd.	Hongkong	A subsidiary of the Company's major shareholder
Mitsubishi Electric Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's major shareholder
K.G.M. Services Co., Ltd.	Thailand	An affiliate of the Company's major shareholder
Melco Logistics (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's major shareholder
Mitsubishi Electric Trading Corp.	Japan	A subsidiary of the Company's major shareholder

The Company has a policy on pricing based on "normal business practice or market price under normal trade conditions" for business transactions with its related companies, including purchases and sales of goods and services, as specified as follows:

1. Sales prices policy
 - Domestic sales prices are determined at weighted average of standard cost for all products plus a margin which is not less than 20%. For selling price changes which result in an averaged mark up rate on cost below the agreed mark up rate on cost of 20% but not less than 10%, the product pricing sub-committee is responsible for approving the selling price change request submitted by the Company. The decision must be unanimous.
 - Export sales price is dependent on economic and competitive conditions of the particular market.
2. Royalty fee is payable annually at a proportion of sales.
3. Development fee is payable when the invoices are received.
4. Technical service fee chargeable under technical service agreement with 5 years term and automatic rollover period of 5 years.
5. The Company entered into a rental agreement with an associate. The rental is based on the market value.
6. The Company entered into a management of inventories agreement with an associate. The service fee is based on the area used.
7. The Company entered into an agreement with various companies in the Mitsubishi Group, to manage total funding of the Group by the use of pooling accounts. The Company may earn or pay interest, which is based on the surplus fund or the fund used, at the interest rate of average deposit and loans interest rate which are offered by the bank.
8. Interest rates on short-term loans from or to related parties are determined based on the interest rate of the bank.

The significant transactions for the years ended 31 March with the associate and related parties are summarised as follows:

	Financial statements in which the equity methods is applied		Separate financial statements	
	2008	2007	2008	2007

(in thousand Baht)

Associate

Revenue from sale of goods	224	31	224	31
Other income	15,652	16,151	15,652	16,151
Share of profit from investment accounted for using the equity method	119	2,115	-	-
Selling and administrative expenses	60,649	65,393	60,649	65,393

Related parties

Revenue from sale of goods	6,554,574	7,208,946	6,554,574	7,208,946
Dividend income	278,447	154,014	278,447	154,014
Other income	3,910	4,712	3,910	4,712
Royalty fee	163,231	178,369	163,231	178,369
Development fee	87,311	100,315	87,311	100,315
Selling and administrative expenses	169,693	161,121	169,693	161,121
Interest expense	416	1,115	416	1,115

As at 31 March, balances with related parties are summarised as follows:

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007

(in thousand Baht)

Trade accounts receivable

Mitsubishi Electric Corporation	336,916	382,382
Mitsubishi Electric Kang Yong Watana Co., Ltd.	352,533	345,393
Mitsubishi Australia Pty. Ltd.	19,287	13,427
Mitsubishi Electric Asia Pte. Ltd.	70,325	57,406
Melco Sales Malaysia Sdn. Bhd.	20,105	7,900
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	21,473	27,304
Mitsubishi Electric Taiwan Co., Ltd.	925	10,180
Mitsubishi Electric Life Network Co., Ltd.	14,544	9,991
Other	271	747
Total	836,379	854,730

Trade accounts receivable as at 31 March from related parties are aged from due date as follows:

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007

(in thousand Baht)

Within credit terms	805,773	846,269
Overdue		
Less than 3 months	30,606	8,454
3 - 6 months	-	-
6 - 12 months	-	-
Over 12 months	-	7
Total	836,379	854,730

The normal credit term granted by the Company is ranging from 30 days to 90 days

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	(in thousand Baht)	
Receivables from and short-term loans to related parties		
Receivables		
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	156,800	82,700
Siam Compressor Industry Co., Ltd.	7,377	4,170
Mitsubishi Electric Corporation	-	1,509
Others	1,287	1,611
	165,464	89,990
Short-term loans		
Melco Thai Capital Co., Ltd.	16,551	32,717
Total	182,015	122,707

Short-term loans to related parties

	Interest rate		Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007	2008	2007
	(% per annum)		(in thousand Baht)	
Short-term loans				
Melco Thai Capital Co., Ltd.	2.80	4.52	16,551	32,717

Movements during the years ended 31 March 2008 and 2007 of loans to related parties were as follows:

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	(in thousand Baht)	
Short-term loans		
At 1 April	32,717	17,974
Increase	293,688	669,895
Decrease	(309,854)	(655,152)
At 31 March	16,551	32,717

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	(in thousand Baht)	
Trade accounts payable		
Kulthorn Kirby Public Company Limited	35,920	29,647
Setsuyo Athtech Co., Ltd.	12,608	31,133
Mitsubishi Electric Automation (Thailand) Co., Ltd.	14,309	15,422
Mitsubishi Electric Trading Corp.	463	13,969
Mitsubishi Electric Asia Pte. Ltd.	4,062	5,894
Thai Refrigeration Components Co., Ltd.	2,043	2,094
Others	1,197	383
Total	70,602	98,542

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Payables to related parties		
Mitsubishi Electric Corporation	228,314	279,212
Smile Super Express Co., Ltd.	5,401	6,727
Mitsubishi Electric Kang Yong Watana Co., Ltd.	416	4,770
Mitsubishi Electric Asia Pte. Ltd.	86	375
Others	308	532
Total	234,525	291,616

5. Cash and cash equivalents

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - current accounts	(1,304)	(3,674)
Cash at banks - savings accounts	21,326	44,986
Bill of exchange - bank	730,000	220,000
Total	750,172	261,462

6. Trade accounts receivable

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Other parties	181,197	199,428
Less allowance for doubtful accounts	(1,453)	(1,488)
Net	179,744	197,940
Bad and doubtful debts expenses for the year	-	1,004

Trade accounts receivable as at 31 March from others, aged from due date, are as follows:

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Within credit terms	180,419	172,081
Overdue		
Less than 3 months	-	25,396
3 - 6 months	-	90
6 - 12 months	-	1,487
Over 12 months	778	374
Total	181,197	199,428
Less allowance for doubtful accounts	(1,453)	(1,488)
Net	179,744	197,940

The normal credit term granted by the Company is ranging from 60 days to 120 days.

7. Inventories

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Finished goods	201,648	332,420
Work in process	129,748	159,254
Raw materials and factory supplies	229,664	306,810
Goods in transit	8,999	28,573
Total	570,059	827,057
Less allowance for obsolete inventories	(11,460)	(6,864)
Net	558,599	820,193

8. Investments

As at 31 March 2008 and 2007, investments are as follows:

8.1 Investment in associate

	Type of business	Financial statements in which the equity method is applied					
		Ownership Interest		Paid-up capital		Equity method	
		2008	2007	2008	2007	2008	2007
		<i>(%)</i>		<i>(in thousand Baht)</i>			
Associate							
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	9,292	9,173
Total						9,292	9,173

	Type of business	Separate financial statements					
		Ownership Interest		Paid-up capital		Cost method	
		2008	2007	2008	2007	2008	2007
		<i>(%)</i>		<i>(in thousand Baht)</i>			
Associate							
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000
Total						3,000	3,000

No dividend was made by the above associate for the years ended 31 March 2008 and 2007.

8.2 Investments in related parties

Type of business	Financial statements in which the equity method is applied and Separate financial statements					
	Ownership interest	Paid-up capital	Cost method	Impairment	Net	
	2008 and 2007 (%)	2008 and 2007	2008 and 2007	2008 and 2007	2008 and 2007	
Related parties						
Thai Refrigeration Components Co., Ltd.	Manufacturing of roll-bond evaporators	10.57	50,000	5,286	-	5,286
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	1,200,000	120,000	-	120,000
Siam Compressor Industry Co., Ltd.	Manufacturing of compressors for air conditioners	2.00	1,603,800	32,076	-	32,076
D.S. Development Co., Ltd.	Real estate	18.18	55,000	10,000	(10,000)	-
Thai CRT Co., Ltd.	Production and distribution of cathode-ray tubes	0.91	5,700,000	52,000	(52,000)	-
Total				219,362	(62,000)	157,362

Thai CRT Co., Ltd. ceased its operation on 29 June 2007 and registered for liquidation on 27 December 2007. The Company has, accordingly, written off its investment in this company.

8.3 Other long-term investments

Type of business	Financial statements in which the equity method is applied and Separate financial statements				
	Percentage of holding	Paid-up capital			
	2008 and 2007 (%)	2008 and 2007	2008	2007	
Marketable Securities-Available-for-Sale Securities At fair value					
Kulthorn Kirby Public Co., Ltd.	Manufacturing and distribution of reciprocation compressors	0.92	420,000	3,862	3,862
City Sports and Recreation Public Co., Ltd.	Golf course services	0.04	820,000	300	300
				4,162	4,162
Revaluation of investment				1,655	5,011
Total				5,817	9,173

Dividend income for the years ended 31 March consisted of:

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Mitsubishi Electric Consumer products (Thailand) Co., Ltd.	266,650	145,960
Siam Compressor Industry Co., Ltd.	10,264	4,170
Thai Refrigeration Components Co., Ltd.	1,533	2,643
City Sports and Recreation Public Co., Ltd.	17	17
Kulthorn Kirby Public Co., Ltd.	-	1,241
Net	278,464	154,031

9. Property, plant and equipment

	Financial statements in which the equity methods is applied and Separate financial statements							
	Land and improvement	Building and improvement	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Construction in progress	Total
	<i>(in thousand Baht)</i>							
Cost								
At 1 April 2006	160,517	653,773	1,042,887	2,022,943	88,436	22,787	15,192	4,006,535
Additions	-	541	9,072	27,663	5,578	640	82,273	125,767
Transfers	-	3,419	13,599	66,979	655	-	(84,652)	-
Disposals	-	(565)	(8,434)	(69,296)	(703)	(14,427)	-	(93,425)
At 31 March 2007 and 1 April 2007	160,517	657,168	1,057,124	2,048,289	93,966	9,000	12,813	4,038,877
Additions	-	195	6,293	23,491	4,027	-	60,094	94,100
Transfers	-	4,589	9,801	50,977	1,212	-	(66,579)	-
Disposals	-	(110)	(4,825)	(107,274)	(24,427)	(5)	-	(136,641)
At 31 March 2008	160,517	661,842	1,068,393	2,015,483	74,778	8,995	6,328	3,996,336
Accumulated depreciation								
At 1 April 2006	19,552	452,367	770,783	1,522,003	74,168	20,489	-	2,859,362
Depreciation charge for the year	164	40,448	63,904	205,339	4,356	887	-	315,098
Disposals	-	(377)	(7,768)	(67,547)	(571)	(14,027)	-	(90,290)
At 31 March 2007 and 1 April 2007	19,716	492,438	826,919	1,659,795	77,953	7,349	-	3,084,170
Depreciation charge for the year	-	33,180	57,416	155,828	5,091	782	-	252,297
Disposals	-	(110)	(688)	(100,402)	(24,253)	(5)	-	(125,458)
At 31 March 2008	19,716	525,508	883,647	1,715,221	58,791	8,126	-	3,211,009
Allowance for impairment loss								
At 1 April 2006	-	-	-	1,542	-	-	-	1,542
Reversal of allowance for impairment loss, net	-	-	-	(1,334)	-	-	-	(1,334)
At 31 March 2007 and 1 April 2007	-	-	-	208	-	-	-	208
Allowance for impairment loss, net	-	-	-	21,493	-	-	-	21,493
At 31 March 2008	-	-	-	21,701	-	-	-	21,701
Net book value								
At 31 March 2007	140,801	164,730	230,205	388,286	16,013	1,651	12,813	954,499
At 31 March 2008	140,801	136,334	184,746	278,561	15,987	869	6,328	763,626

The gross carrying amount of fully depreciated property, plant and equipment of the Company that was still in use as at 31 March 2008 amounted to Baht 2,096 million (2007: Baht 1,703 million).

10. Other non-current assets

	Financial statements in which the equity methods is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Refundable import duty	15,098	39,119
Refundable prepaid corporate income tax	16,177	28,594
Loan to employees	1,686	1,386
Others	1,909	2,495
Total	34,870	71,594

11. Provident funds

The provident funds consisted of employees' voluntary contributions at 3% of their monthly earnings, and the Company's contributions of 5% - 7% of such earnings depending on length of service of employee.

In addition, the Company and its permanent employees jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. Such fund is contributed monthly by the employees and the Company. The fund is managed by TISCO Asset Management Company Limited and will pay to the employees in case of the termination in accordance with the Company's fund regulations. Therefore, these transactions are not presented in the balance sheet.

12. Share capital

	Par Value <i>(in Baht)</i>	2008		2007	
		Number	Baht	Number	Baht
		<i>(in thousand shares / in thousand Baht)</i>			
Authorised					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	22,000	220,000	22,000	220,000
Issued and fully paid					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	22,000	220,000	22,000	220,000

13. Reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Fair value changes

Fair value changes and revaluation surpluses recognised in shareholders' equity relate to cumulative net changes in the fair value of available-for-sale investments.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

14. Segment information

Segment information is presented in respect of the Company’s geographic segments, based on the Company’s management and internal reporting structure.

Revenue and results, based on geographical segments for the years ended 31 March were as follows:

	Financial statements in which the equity method is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Segment revenue		
Thailand	2,404,519	2,308,941
Japan	3,311,364	4,186,936
Others	1,105,967	954,222
Total	6,821,850	7,450,099
Segment results		
Thailand	294,828	209,894
Japan	280,638	437,372
Others	49,209	58,859
Total	624,675	706,125

Business segment

Management considers that the Company operates in a single line of business, namely the producer and seller of household electrical appliances.

15. Other income

	Financial statements in which the equity method is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Scrap sales	40,245	42,412
Building rent	14,465	14,476
Interest income	16,084	10,839
Others	18,359	21,783
Total	89,153	89,510

16. Selling and administrative expenses

	Financial statements in which the equity method is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Administrative expenses	357,830	367,231
Royalty expenses and development fee	250,542	278,684
Personnel expenses	138,087	135,031
After service sale expenses	149,759	118,616
Depreciation expenses	12,510	11,989
Total	908,728	911,551

17. Personnel expense

	Financial statements in which the equity method is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Salary	272,717	266,505
Welfare	57,355	60,589
Provident fund	10,196	9,793
Others	33,072	32,266
Total	373,340	369,153
	<i>(number of employees)</i>	
Number of employees as at 31 March	1,054	999

18. Basic earnings per share

The calculation of basic earnings per share in the financial statements in which the equity method is applied and separate financial statements for the years ended 31 March 2008 was based on the net profit attributable to ordinary shareholders for the said period of Baht 69.2 million and 69.1 million, respectively (2007: Baht 24.3 million and 22.2 million, respectively) and the weighted average number of shares outstanding during the year ended 31 March 2008 of 22 million shares (2007: 22 million shares).

19. Dividends

At the annual general meeting of the shareholders of the Company held on 27 July 2007, the shareholders approved the appropriation of dividends of Baht 0.56 per share, amounting to Baht 12 million. The dividend was paid to shareholders during 2007.

At the annual general meeting of the shareholders of the Company held on 28 July 2006, the shareholders approved the appropriation of dividends of Baht 4.81 per share, amounting to Baht 106 million. The dividend was paid to shareholders during 2006.

20. Assets and liabilities in foreign currencies

Assets in foreign currencies at 31 March 2008, consisted of:

	Currency	Amounts: thousand	Exchange rate	(in thousand Baht)
Due within one year				
- with no hedging	US\$	636	31.3929	19,966
	YEN	46,452	0.313087	14,544
Total				34,510

Assets in foreign currencies at 31 March 2007, consisted of:

	Currency	Amounts: thousand	Exchange rate	(in thousand Baht)
Due within one year				
- with no hedging	US\$	3,888	34.88319	135,620
	YEN	33,858	0.29507	9,991
Total				145,611

Liabilities in foreign currencies at 31 March 2008, consisted of:

	Currency	Amounts: thousand	Exchange rate	(in thousand Baht)
Due within one year				
- with no hedging	YEN	246,032	0.31832	78,318
	US\$	504	31.6229	15,931
	S\$	4	23.0172	86
	HKD	76	4.07520	308
	TWD	60	1.0407	63
Total				94,706

Liabilities in foreign currencies at 31 March 2007, consisted of:

	Currency	Amounts: thousand	Exchange rate	(in thousand Baht)
Due within one year				
- with no hedging	YEN	458,903	0.29944	137,413
	US\$	929	35.13539	32,631
	S\$	16	23.26688	375
	TWD	115	1.0629	122
Total				170,541

21. Change in accounting policy

The following change of accounting policy by the Company has no effect on the financial statements in which the equity method is applied.

Until 31 March 2007, the Company accounted for its investment in associate using the equity method and did not prepare separate financial statements in which such investment was accounted for using either the cost method or with the recognition and measurement basis for financial instruments.

During 2007, the FAP issued the revised TAS 45 "Investment in Associates" which is effective for accounting periods beginning on or after 1 January 2007. TAS 45 (revised 2007) requires a company which has an investment in an associate, which is not classified as a "held for sale" investment, to present separate financial

statements in which such investment is recorded in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when a TAS on financial instruments is issued and becomes effective), instead of the equity method currently used. These separate financial statements are to be presented in addition to the financial statements in which the investment in the associate is accounted for using the equity method.

Starting from 1 April 2007, the Company has, accordingly, changed its accounting policy to present separate financial statements in which its investment in associate is accounted for using the cost method. The Company continues to present financial statements in which its investment in associate is accounted for using the equity method; these financial statements are not affected by the change in accounting policy. The change in accounting policy has been applied retrospectively and the Company's separate financial statements for the year ended 31 March 2007, which are included in the Company's 2008 financial statements for comparative purposes, have been prepared accordingly. The effects of the change in accounting policy are as follows:

	Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Investment in associate		
Balance at 1 April before change in accounting policy	9,173	7,058
Decrease in retained earnings	(6,173)	(4,058)
Balance at 1 April after change in accounting policy	3,000	3,000
Retained earnings		
Balance at 1 April before change in accounting policy	707,518	789,015
Decrease in share of profits from investments accounted for using the equity method, net	(6,173)	(4,058)
Balance at 1 April after change in accounting policy	701,345	784,957
Net profit		
Net profit before change in accounting policy	69,240	24,324
Decrease in share of profit from investment accounted for using the equity method, net	(119)	(2,115)
Net profit after change in accounting policy	69,121	22,209
Decrease in earnings per share (Baht)	0.01	0.10

22. Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Credit Risk

Credit risk is the risk arising from failure of customers or counterparties to meet their contractual obligations. The credit risk occurs when the party fails to fulfil the contractual agreement, which may eventually cause financial losses. The Company has determined a risk management policy through analysis of the customer's and counterparty's financial status, and through definition of the rules for credit approval and debt collection period.

Credit exposure of the Company is the credit for trade provided to customers in accordance with customary trading practice, and loans to employees.

Foreign Currency Risk

Currency risk occurs when the Company makes export sales or payments for purchases of raw materials, machineries and equipment denominated in currencies other than the Thai Baht. The exchange rate exposure is managed by buying and selling forward exchange contracts.

Interest Rate Risk

Interest rate risk occurs when the value of financial instruments changes in accordance with fluctuations of market interest rates, which may affect interest income and interest expense of the present and future years.

As at 31 March 2008 and 2007, significant financial assets exposed to value and cash flows risk arising from changes in interest rates are as follows:

2008	Financial statements in which the equity method is applied and Separate financial statements				
	Principal			Average Interest Rate (%)	
	Floating Interest Rate	Fixed Interest Rate	Total	Floating	Fixed
	<i>(in thousand Baht)</i>				

Financial assets

Cash at banks					
- saving deposits	21,326	-	21,326	0.50	-
- bill of exchange	730,000	-	730,000	2.88	-
Short-term loans to related parties	16,551	-	16,551	2.80	-

2007	Financial statements in which the equity method is applied and Separate financial statements				
	Principal			Average Interest Rate (%)	
	Floating Interest Rate	Fixed Interest Rate	Total	Floating	Fixed
	<i>(in thousand Baht)</i>				

Financial assets

Cash at banks					
- saving deposits	44,986	-	44,986	0.50	-
- bill of exchange	220,000	-	220,000	4.92	-
Short-term loans to related parties	32,717	-	32,717	4.52	-

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The Company used the following methods and assumptions in estimating the fair values of financial instruments as follows:

The fair value of cash and cash equivalents, trade accounts receivable, receivables from and loans to related parties, investments in related parties, loans to employees, trade accounts payable and payables to related parties approximates their carrying value presented in the balance sheet.

The fair value of investments in available-for-sale securities is market value.

The fair value of investments accounted for using the equity method is the net book value of the underlying net assets.

At 31 March 2008 and 2007 the carrying values of the Company's financial instruments are not significantly different from their fair value.

23. Commitments

(a) At 31 March the Company was committed for payments of rental under lease agreements as follows:

	Financial statements in which the equity method is applied and Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Within one year	3,925	3,925
After one year but within four years	4,718	8,643
Total	8,643	12,568

Lease agreements are for vehicles and have four year terms which expiring in various periods up to year 2011.

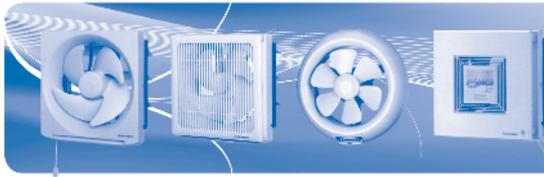
(b) The Company was committed to sell forward exchange contracts for the year ended 31 March 2008 amounting to USD 5.5 million (2007 : USD 0.5 million) equivalent to Baht 177.2 million (2007 : Baht 17.5 million).

24. Thai Accounting Standards (TAS) not yet adopted

The Company has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 33 (revised 2007)	<i>Borrowing Costs</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 43 (revised 2007)	<i>Business Combinations</i>
TAS 49 (revised 2007)	<i>Construction Contracts</i>
TAS 51	<i>Intangible Assets</i>

The adoption and initial application of these TAS is not expected to have any material impact on the Company's financial statements.



Management

The company has one group of the director committee and four subcommittees detailed as follows :

1. **The Board of Directors** appointed by the resolution of the shareholders' meeting has the power and obligation to manage the company in accordance with objectives, article of association and resolution of the shareholders' meeting. There are 15 directors.

2. **The Board of Executive Directors** appointed by the Board of Directors has the power and obligation to manage the company, supervise the management's actions to be in line with specified policy and report to the Board of Directors. There are 4 directors.

The executive committee that has the authority to sign the name for the company is Mr. Praphad Phodhivorakhun or Mr. Supachai Setasathira accompanying with Mr. Kotaro Hiraishi or Mr. Akira Kurishima and also seal the company stamp.

3. **Audit Committee** comprises 3 independent directors appointed by the Board of Directors, has the power of reviewing the sufficiency of the internal control system and the risk management system specified by the management, reviewing financial data, reviewing the compliance with laws, rules and regulations relevant to the company to ensure the good management systems and the loss protection. The audit committee shall report to the Board of Directors prior to reporting to the shareholders' meeting.

Remark : For the preceding fiscal year 3 members of Audit Committee will be valid through December 15, 2007. The Board of Directors has resolution to appoint those 3 members as a member of Audit Committee again. This solution was effective since December 16, 2007, and approved period of post for Audit Committee from 2 years to be 3 years.

4. **Nomination and Remuneration Subcommittee** appointed by the Board of Directors, has roles and responsibilities to select the Board of Directors, the Board of Executive Directors and subcommittees' members, including setting the remuneration policy to the Board of Directors, the Board of Executive Directors and subcommittees' members to ensure the appropriated remuneration as of their duties and accountability.

5. **Product Pricing Subcommittee** appointed by the Board of Directors, has the duty to ensure that the management operates the businesses carefully and honesty in line with the price policy and protects the company's profit. If there are any actions or exemptions causing the company's losses, the pricing subcommittee will operate the company compensation. The subcommittee comprises 2 independent directors and 1 director representing the interested parties in Kang Yong Electric PCL., and Mitsubishi Electric Kang Yong Watana Co., Ltd. executive director, and 1 director representing is not related to Mitsubishi Electric Kang Yong Watana Co., Ltd.

The company has one group of director committee and four subcommittees detailed as follows:

Board of Directors	Board of Executive Directors	Audit Committee	Nomination and Remuneration Subcommittee	Product Pricing Subcommittee
1. Mr. Stapom Kavitanon Honorary Chairman	1. Mr. Praphad Phodhivorakhun Chairman of Executive Directors	1. Mr. Komol Vongsthong Sri Chairman of Audit Committee	1. Mr. Chackchai Panichapat Chairman of Nomination and Remuneration Subcommittee	1. Mr. Komol Vongsthong Sri Chairman of Product Pricing Subcommittee
2. Mr. Praphad Phodhivorakhun Chairman of Board of Directors	2. Mr. Kotaro Hiraishi Vice Chairman of Executive Directors	2. Mr. Chackchai Panichapat Audit Committee	2. Mr. Praphad Phodhivorakhun Nomination and Remuneration Subcommittee	2. Mr. Akira Kurishima Product Pricing Subcommittee
3. Mr. Kotaro Hiraishi Vice Chairman	3. Mr. Supachai Setasathira Executive Director	3. Mr. Arthakrit Visudtibhan Audit Committee	3. Mr. Komol Vongsthong Sri Nomination and Remuneration Subcommittee	3. Mr. Arthakrit Visudtibhan Product Pricing Subcommittee
4. Mr. Supachai Setasathira Director	4. Mr. Akira Kurishima Executive Director			4. Pol.Sub.Lt. Kriengsak Lohachala Product Pricing Subcommittee
5. Mr. Akira Kurishima Director				
6. Mr. Komol Vongsthong Sri Director				
7. Mr. Chackchai Panichapat Director				
8. Mr. Takashi Fujii Director				
9. Mr. Hiroyuki Umamura Director				
10. Mr. Masato Tashiro Director				
11. Mr. Yasuhiro Yoshino Director				
12. Pol.Sub.Lt. Kriengsak Lohachala Director				
13. Mrs. Tipvimol Saengsuphan Director				
14. Mr. Arthakrit Visudtibhan Director				
15. Mr. Udom Satianrapapong Director				

Remark : Mr. Kritisana Chatchaivorawong, Manager of president office department, as a secretary of the Board of Directors

The Board of Directors have 15 persons.

1. **Mr. Staporn Kavitanon** *Honorary Chairman*

Certification

- M.A (Econ) Vanderbilt University, U.S.A

Experience

- Secretary General, Office of the Board of Investment (BOI).
- Honorary Chairman Kang Yong Electric Public Company Limited

2. **Mr. Praphad Phodhivorakhun** *Chairman of the Board of Directors / Chairman of the Board of Executive Directors*

Certification

- Business Management Sheffield college of Technology, England
- Master degree in Public Administration (MPA) and Master degree in Business Administration (MBA), Ramkhamhang University
- Honorary Doctorate Degree in Business Administration Rajabhat University of Lampang

Experience

- Chairman of the Board of Directors, Mitsubishi Electric Kang Yong Watana Company Limited
- Chairman of the Board of Directors, Yokohama Rubbers (Thailand) Company Limited
- Chairman & Chairman of Executive Directors, Kang Yong Electric Public Company Limited
- Chairman of the Board of Directors, Siam City Leasing and Factoring Public Company Limited

3. **Mr. Kotaro Hiraishi** *Vice Chairman of the Board of directors / Vice Chairman of the Board of Executive Directors / President*

Certification

- Mechanical Engineering Saga University, Japan

Experience

- Executive Vice President, Mitsubishi Electric Consumer Products (Thailand) Co.,Ltd
- Executive Vice President, Mitsubishi Electric Air Conditioning Systems Europe Ltd.
- President, Mitsubishi Electric Air Conditioning Systems Europe Ltd.
- Vice Chairman of the Board of Directors / President / Vice Chairman of the Board of Executive Directors Kang Yong Electric Public Company Limited

4. **Mr. Komol Vongsthongsri** *Chairman of Audit Committee / Chairman of Product Pricing Subcommittee*

Certification

- Bachelor of Engineering (Mechanical), Germany

Experience

- Director, Kang Yong Electric Public Company Limited
- Chairman of Audit Committee / Chairman of Product Pricing Subcommittee Kang Yong Electric Public Company Limited

5. **Mr. Masato Tashiro** *Director*

Certification

- Economics Tohoku University, Japan

Experience

- General Manager, Home Appliance Division Living Environment & Digital Media Equipment Group
- Director, Kang Yong Electric Public Company Limited

6. **Mr. Supachai Setasathira** *Executive Director / Executive Vice President*

Certification

- Bachelor of Engineering Kasetsart University
- Master of Business Administration National Institute of Development Administration (NIDA)

Experience

- Production Division General Manager, Kang Yong Electric Public Company Limited
- Executive Director / Executive Vice President Kang Yong Electric Public Company Limited

- 7. Mr. Akira Kurishima** *Executive Director / Executive Vice President*
- Certification**
- Keio University, Japan
- Experience**
- Manager, Home Appliance Division Living Environment & Digital Media Equipment Group Mitsubishi Electric Corporation, Japan
 - Executive Vice President, Kang Yong Electric Public Company Limited
 - Executive Director, Kang Yong Electric Public Company Limited
- 8. Mr. Yasuhiro Yoshino** *Director / Deputy General Manager*
- Certification**
- Hokkaido University, Japan
- Experience**
- Manager, Manufacturing Control Section Refrigerator Department, Mitsubishi Electric Corporation Shizuoka Works Japan
 - Director / Refrigerator Production Department Manager / Deputy General Manager Kang Yong Electric Public Company Limited
 - Director / Deputy General Manager Kang Yong Electric Public Company Limited
- 9. Mr. Takashi Fujii** *Director*
- Certification**
- Tokyo University, Japan
- Experience**
- General Manager of Planning & Administration Department, Living Environment & Digital Media Equipment Group Mitsubishi Electric Corporation, Japan
 - Director Kang Yong Electric Public Company Limited
 - Chief Representative in Asia
 - Managing Director Mitsubishi Electric Asia Pte.Ltd.
 - Resident Director Mitsubishi Electric Corporation, Japan
- 10. Mr. Hiroyuki Umemura** *Director*
- Certification**
- Osaka University of Mechanical Engineering, Japan
- Experience**
- General Manager, Mitsubishi Electric Corporation Shizuoka Works Japan
 - Director, Kang Yong Electric Public Company Limited
- 11. Pol.Sub.Lt Kriengsak Lohachala** *Director*
- Certification**
- Master of Public Administration, Kent State University, U.S.A.
- Experience**
- Managing Board Member of the National Olympic Committee of Thailand
 - Director, Kang Yong Electric Public Company Limited
 - Chairman of the Board of Director, Mass Rapid Transit Authority of Thailand (MRTA)
- 12. Mrs. Tipvimol Saengsuphan** *Director*
- Certification**
- Bachelor of Accounting, Thammasat University
- Experience**
- Administration Department Manager, Kang Yong Co., Ltd.
 - Director, Nitto Seiko Co.,Ltd
 - Director, Kang Yong Electric Public Company Limited
- 13. Mr. Chackchai Panichapat** *Audit Committee / Chairman of Nomination and Remuneration Subcommittee*
- Certification**
- Master Degree in Electrical Engineering University of Texas Austin, Texas, USA.
- Experience**
- Audit Committee / Chairman of the Nomination and Remuneration Committee, Central Pattana Public Company Limited
 - Chairman and Chairman of Nomination Committee and Audit Committee, Magnecomp Precision Technology Public Company Limited
 - Director / Executive Director, Amata Corporation Public Company Limited
 - Audit Committee, Kang Yong Electric Public Company Limited
 - Chairman of Nomination and Remuneration Subcommittee, Kang Yong Electric Public Company Limited

14. Mr. Arthakrit Visudtibhan *Audit Committee*

- Certification** ● Master of Public Administration University of Southern California, U.S.A
- Experience** ● Human Resources Director, Sermasuk Public Company Limited.
● Director of Audit Committee, Kang Yong Electric Public Company Limited

15. Mr. Udom Satianrapong *Director*

- Certification** ● Master of Business Administration, Thammasat University
- Experience** ● Director, Kang Yong Electric Public Company Limited
● General Manager, Kang Yong Electric Public Company Limited
● President, Kang Yong Gasse Technology Company Limited

The management officers compose of 23 persons as follows:

- | | | | |
|-----|---------------|-------------------|---|
| 1. | Mr. Praphad | Phodhivorakhun | Chairman |
| 2. | Mr. Kotaro | Hiraishi | Vice Chairman and President |
| 3. | Mr. Supachai | Setasathira | Executive Director and Executive Vice President |
| 4. | Mr. Akira | Kurishima | Executive Vice President and Marketing Department Manger |
| 5. | Mr. Yasuhiro | Yoshino | Deputy General Manager |
| 6. | Mr. Anucha | Pralongkij | General Administration Department Manager |
| 7. | Mr. Somboon | Choonhavan | Deputy General Administration Department Manager |
| 8. | Mr. Takahiro | Kuwata | Purchase Department Manager |
| 9. | Mr. Kritsana | Chatchaivorawong | President Office Department Manager |
| 10. | Mr. Takashi | Sato | Deputy Marketing Department Manager |
| 11. | Ms. Pojana | Tinnaworn | Finance Department Manager |
| 12. | Mr. Aniwat | Saelim | Deputy Finance Department Manager |
| 13. | Mr. Suppasak | Hirunpornpithak | Safety and Environmental Department Manager |
| 14. | Mr. Atakrit | Siwasarit | Fan and Water Pump Production Department Manager |
| 15. | Mr. Pensak | Plavuthithothai | Deputy Fan and Water Pump Production Department Manager |
| 16. | Mr. Artit | Manubrud | Deputy Fan and Water Pump Production Department Manager |
| 17. | Mr. Sinchai | Kowitwatanapaisal | Refrigerator Production Department Manager |
| 18. | Mr. Nirundorn | Pangma | Deputy Refrigerator Production Department Manager |
| 19. | Mr. Takashi | Michihashi | Deputy Refrigerator Production Department Manager |
| 20. | Mr. Mongkol | Kuratana | Quality Assurance and Production Engineering Department Manager and Acting Tool and Plastic Production Department Manager |
| 21. | Mr. Mongkol | Thadtayatikom | Deputy Quality Assurance and Production Engineering Department Manager |
| 22. | Mr. Vinij | Phromma | Deputy Tool and Plastic Production Department Manager |
| 23. | Mr. Hideaki | Miyakawa | Cost Reduction Project Manager |

The Selection of the Board of Directors and Management

Selection of the Board of Directors

1. The director shall be elected by the resolution of the shareholders meeting according to criteria and procedures as follows :

(1) One shareholder has one vote per share hold by him.

(2) The voting in the election of directors may be done on the basis of either one person after another or several persons altogether to the total number of directors to be elected on that occasion according the meeting resolution. In voting, whether the election is one for one person after another or several persons altogether, each person voted for by a shareholder will receive the votes from the shareholder according to the total number of votes of the shareholder according (1). The said shareholder is not permitted to divide however many or few of his/ her votes for any person.

(3) The persons receiving the highest number of votes in a descending order are elected directors in the same number as that of directors that should be available or elected on that occasion. In the case that persons elected in the descending order have equal votes, exceeding the number of directors that should be available or elected on that occasion, the Chairman shall use the casting vote.

2. In case any vacancy occurs for any reasons further than by the retirement of the Directors by notation, the Board of Directors shall elect a person who possesses qualification and is not disqualified under Section 68 of the Public Company Limited act of 1992 as amended in 2001 to fill in such vacancy and be the director in the next meeting of the board of directors.

A resolution of the Board of Directors shall be supported by not less than three-fourths of remaining directors votes. Accordingly, the selection of the persons qualifying to be the companys directors shall be approved by the nomination and remuneration subcommittee prior to proposing to the meeting.

The Selection of Board of Executive Directors

- The Board of Directors shall have the power to appoint 4 directors as members of the Board of Executive Directors who has the power and obligation to manage the company on behalf of the Board of Directors.

- The Board of Executive Directors consists of one Chairman, one Vice Chairman, and two members.

The Selection of Audit Committee

- The Board of Directors shall have the power to appoint 3 independent directors as members of the audit committee. This committee has a duty, specified in the charter of the audit committee, to ensure the good corporate governance. The committee will be positioned for the 3-year period.

- The audit committee comprises one Chairman and two members. The department manager responsible for the internal audit is a secretary of the committee.

The Selection of Nomination and Remuneration Subcommittee

- The Board of Directors appoints 3 directors, who have knowledge, experience and understanding regarding the payroll and remuneration systems, as members of the Nomination and Remuneration Subcommittee. The subcommittee will be positioned for the 3-year period. The secretary of the Committee is the finance department manager. Its responsibilities are as follow :

1) Determining the selection criteria and processes as well as remunerations and other benefits for the Board of Directors, the Board of Executive Directors and all subcommittees by using transparent standards and proposing to the Board of Directors for approval.

2) Selecting and proposing names of individuals who qualify for positions such as the Board of Directors and all subcommittees and proposing to the Board of Directors for approval.

3) Publishing the selection and remuneration policies and details in the annual report.

4) Reviewing the size of the Board of Directors, the Board of Executive Directors and all subcommittees in order to fit with the organization and business environment regularly and ensuring that such committees members receive proper remunerations for their roles and responsibilities.

The Nomination and Remuneration Committee Comprises one Chairman, and 2 members.

The Selection of Product Pricing Subcommittee

The Board of Directors appoints 4 directors as members of Product Pricing Subcommittee. This subcommittee has a duty to approve the price setting between the company and Mitsubishi Electric Kang Yong Watana Co., Ltd, the major domestic distributor. The members are the representatives of three shareholder groups as follows :

- One director representing the interested parties in Kang Yong Electric PCL., and Mitsubishi Electric Kang Yong Watana Co., Ltd.
 - One director representing the non-interested parties in Mitsubishi Electric Kang Yong Watana Co., Ltd.
 - Two independent directors
- The pricing subcommittee consists of one Chairman, and 3 members.

Remark : The company considers the qualification of independent directors by taking account of Stock Exchange of Thailand's regulation involving independent director qualification.

Remuneration for Management

The Company has 15 directors and 23 management persons. 5 of management persons are appointed the company's executive directors. The company pay the remunerations as follows :

Directors remunerations

During April 2007 -March 2008, details of the directors remunerations are as follow :

Directors	Position	Committee					Remuneration 2007 (Baht)
		BOD	EDC	A/C	N/R	P/P	
1. Mr. Staporn Kavitanon	Honorary Chairman, Independent Director*	✓					304,000
2. Mr. Praphad Phodhivorakhun	Chairman of the Board of Directors	✓	✓		✓		200,000
3. Mr. Kotaro Hiraishi	Vice Chairman	✓	✓				105,000
4. Mr. Komol Vongsthongsri	Independent Director*	✓		✓	✓	✓	840,000
5. Mr. Masato Tashiro	Director	✓					148,000
6. Mr. Supachai Setasathira	Director	✓	✓				135,000
7. Mr. Akira Kurishima	Director	✓	✓			✓	210,000
8. Mr. Yasuhiro Yoshino	Director	✓					80,000
9. Mr. Takashi Fujii	Director	✓					140,000
10. Mr. Hiroyuki Umemura	Director	✓					148,000
11. Pol.Sub.Lt. Kriengsak Lohachala	Independent Director*	✓				✓	275,000
12. Mrs. Tipvimol Saengsuphan	Director	✓					156,000
13. Mr. Chackchai Panichapat	Independent Director*	✓		✓	✓		491,000
14. Mr. Arthakrit Visudtibhan	Independent Director*	✓		✓		✓	517,000
15. Mr. Udom Satianrapapong	Director	✓					80,000
@ Mr. Satoshi Matsuda	Vice Chairman	✓	✓				40,000
Total							3,869,000

Remark : 1. @ means Mr. Satoshi Matsuda who has resigned from the board of directors since June 15, 2007. by the resolution of the Board of Directors appointed Mr. Kotaro Hiraishi as the Vice Chairman had effectuated June 16, 2007

2. * means the committees who are independent directors.

BOD = The Board of Directors

EDC = The Board of Executive Directors

A / C = Audit Committee

N / R = Nomination and Remuneration Subcommittee

P / P = Product Pricing Subcommittee

Managements Remuneration

During April 2007 - March 2008, the remunerations for 23 managements are as follow :

Remuneration for the Management

Item	No.	Baht
- Remunerations i.e. salary, bonus and Provident funds	4	14,963,194

Remuneration for the Board of Directors

Item	No.	Baht
- Remunerations i.e. salary and bonus	19	24,971,339.41

Report on Good Corporate Governance

The company has truly committed to operate the business on fair, transparent, and able to be audited under the supervision of the Board of Directors. The company has policy and operating direction that has focused on the control and internal audit, regulated the company's executives to undertake the activities to achieve the company's objectives and goals effectively under the provision of law and the Code of Conduct. In fiscal year 2007, the company has proceeded on regulating the company as follows:

1. Rights of Shareholders

The company is aware of the right of the shareholders in access to the company's information adequately, timely and equitably. To achieve this, the company has provided the meeting so that all shareholders can participate in the meeting and exercise their right equitably. In case that any shareholders are unable to attend the meeting, can assign other persons or independent audit directors to attend the meeting and passing the resolution as his proxy. In addition, the company's information has been publicized via SCP Client system of the Stock Exchange of Thailand (SET).

The meeting invitation together with an adequate enclosed information have been mailed to the shareholders in advance as required by law. It also contains the important information on topic presented, reasons and necessity, and the Board's opinion. In 2007, the company conducted a shareholders meeting on Friday 27th July, 2007 to consider, express and vote for the meeting agenda properly. The company's attendants consist of the Board of Directors, audit committee, subcommittee, certified auditors, and executive to respond the questions or any enquires raised by shareholders equitably.

2. Equitable treatment of Shareholders

To ensure of the non-discrimination of all shareholders during the shareholder meeting, the company has assigned three independent directors to act as shareholders' proxy, through the use of the Power of Attorney Form A (assigning other to act on your behalf) and Power of Attorney Form B (voting for each agenda is allowed).

In last year, the company carried out the activities that shareholders had an equal opportunity to visit the company's plant on March 8, 2008.

3. Role of Stakeholders

The company is aware of the significance of all stakeholders' right internally and externally, including clients, shareholders, employee, and social and public environment under the Corporate Good Governance which has been applied as guideline by the company to perform the operation and regarded as the most crucial concern for all. The meetings held by the company included shareholders meeting, client meeting, vendor meeting to build the good relationship in fair negotiation. Also, the company joined the meeting with Corporate Labor Union so that all stakeholders and other concerned people will be treated fairly and building goodwill relation and benefit among all groups, as well.

4. Disclosure and Transparency

The company's information disclosure policy has been carried out in accordance with the Stock Exchange of Thailand's requirement, for examples, financial reporting, change of the Board of Director members, inter-transaction approval, etc. via the SCP Client system of the Stock Exchange of Thailand after the completion of any meetings of the Board of Directors or any meetings of shareholders, together with the reveal in the Annual Report (Form 56-2) and (Form 56-1).

5. Responsibilities of the Board

The company had established the company's business ethics by using the management philosophy as the rules for conducting the businesses. The company has acknowledged the social responsibility by encourage the directors, the management and all staffs to perform their duties according to 8 business ethics such as abiding by laws, respecting the human rights, benefiting society, enhancing the collaboration among local communities, participating in resolving, promoting collaboration among stakeholders and managing conflict of interest to put in place the solid management control to ensure transparent and fair business conduct.

Presently, the company has 5 Independent directors of all 15 directors in line with the good corporate governance practices. Having independent directors at least one-third of the total directors can build shareholders' confidence to ensure that their rights and benefits would be taken care of thoroughly and the company's interests were fully protected. In addition, the balance of power of the board of directors has been put in place. There are 10 directors not involving in management more than 5 executive director directors involving in management so that the directors not involving in management can present their opinions independently on any matters in the board's meetings.

The company has separated the duties and the persons between Chairman of the Board of Director and the President for the check and balance purpose. The company, also, set up the Board of Executive Directors to consider important businesses prudentially and maximize benefits to the company.

In 2007, the company conducted five meeting of the Board of Directors, and other sub-meetings, for examples, five meetings of the audit committees, five meetings of the nomination and remuneration committee and one meeting of the pricing committee. Two meetings will be monthly conducted for the Executive Board, to assure the company's effective performance. Most of the company's directors attend the meeting regularly. The participations of the directors are detailed as follows :

	Director	Number of attendance / Total number of Meeting					Total
		BOD	SPL. BOD	A/C	N/R	P/P	
1.	Mr. Staporn Kavitanon	3/4	1/1				4/5
2.	Mr. Praphad Phodhivorakhun	4/4	1/1		5/5		10/10
3.	Mr. Kotaro Hiraishi	2/2	1/1				3/3
4.	Mr. Komol Vongsthongsri	4/4	1/1	5/5	5/5	1/1	16/16
5.	Mr. Masato Tashiro *	2/4	0/1				2/5
6.	Mr. Supachai Setasathira	2/4	1/1				3/5
7.	Mr. Akira Kurishima	4/4	1/1			1/1	6/6
8.	Mr. Yasuhiro Yoshino	4/4	1/1				5/5
9.	Mr. Takashi Fujii *	0/4	0/1				0/5
10.	Mr. Hiroyuki Umemura *	2/4	0/1				2/5
11.	Pol.Sub.Lt. Kriengsak Lohachala	4/4	1/1			1/1	6/6
12.	Mrs. Tipvimol Saengsuphan	3/4	1/1				4/5
13.	Mr. Chackchai Panichapat	4/4	1/1	5/5	5/5		15/15
14.	Mr. Arthakrit Visudtibhan	3/4	1/1	5/5		1/1	10/11
15.	Mr. Udom Satianrapapong	4/4	1/1				5/5
@	Mr. Satoshi Matsuda	2/2	1/1				3/3

Remark : 1. @ means Mr. Satoshi Matsuda who has resigned from the board of directors since June 15, 2007. by the resolution of the Board of Directors appointed Mr. Kotaro Hiraishi as the Vice Chairman had effectived June 16, 2007

2. * means the director who resides in foreign countries.

3. The meaning of meeting of each committee

BOD = The Board of Directors

SPC.BOD = Special meeting of the Board of Directors

A / C = Audit Committee

N / R = Nomination and Remuneration Subcommittee

P / P = Product Pricing Subcommittee

Internal Data Usage

The company puts in place safety measures to protect important data related to the company businesses, not only confidential data but also other important data relevant, and prevent the management or any section obtaining internal data not to disclose such data to external parties or persons not involving with the company's business, except the authorized top management. Such measures can protect a person who seeks for his / her own benefits or relatives benefits from internal data usage.

Manpower

As of 31 March 2008, the company has 1,054 permanent employees detailed as follows :

Permanent manpower at production	924 persons
Permanent manpower at administration and supports production	130 persons

Remuneration for Employee

In the fiscal year 2007, the total remuneration was 373.34 million baht that included salary, wages, overtime and bonus. In addition, the Company has provided welfare for employees such as provident funds, medical expenses, traveling expenses and lunch expenses, etc.

Employee Development Policy

Our main policy for human development has composed the training course to meet the needs of each departments. By the survey and setting an annual training plan to ensure the proper training plan according to all employees' duties. The company has arranged the "Family Training" for managements in order to develop inspiration in working and adopting "Leader" in concept for management. This lead to make strengthen in policy, action plan, target, strategy including budgeting by yearly, and communicate to all employees for practices in working. For employee training in each level, there are both internal and external training courses which focus on strengthen in each employees' competency so as to respond efficiency in working improvement.

Research and Development

In the year 2007, the company has developed our products as the follows;

Desk fan, 16 inched propeller model was developed the base of fan by focusing on the strength for using, and designed the two tone color for modern style. Moreover, the company expand production line of Ventilation fan in Duct fan, new types of VD-18 and VD-20 for enhancing sale channels and alternative to customers.

Refrigerators was developed with the new concept "3D Hybrid Design" which created differentiated look from the others by designed new outstanding and new two tone color look both one door and two doors type.

New Inverter type of Water Pumps which was developed in new line up and created high potential on energy saving technology, constant pressure, silent, compact size and suitable space for installment both internal or external housing.

Future Plan

The company attempts to achieve our business target by reinforcing competitive ability. The company intends to improvement in many activities such as reduction for total costs of production, improving process of purchasing, reduction costs of logistics management, for retaining high quality in competitive costing for our products.

Regarding product development, this is main activities that is continued to retain potential in market and expansion in more sale channels. For Refrigerators development, the company focus to create design, modern technology and increasing in energy saving. As for Fan and Ventilation Fan will focus on expansion of line up, modern color design and stonger air volume. These are our aim to develop our potency and strengthen for competition in market.



Risk Factors

1. Market risks

1.1 The expense and cost of each products have highly risen including raw material cost, especially, price of plastic and copper that has increased by 21% and 70% respectively. The company has to raise sale price effecting to the decrease of profitability and competitiveness.

1.2 The high competition for refrigerator business in Japan market might affect our business, thus, the company strengthens research and development competence by focusing on cost reduction and delivers the product on time the customer needed that is the importance factor for Japan market. Moreover, the company has improved sale strategy to be more competitiveness and negotiable ability.

1.3 Domestic political situation is still instability including inflation resulting to the slowdown in consumption and the decrease of domestic sale.

2. Financial Risks

2.1 The exchange risks relate with sale, payment for raw material, machine, and other equipments. The export has been affected by the Baht strengthen that the sale volume might drop. To prevent this, the company purchases foreign forward.

2.2 Credit risks refer to the risk the customer fails to make a payment according to their contractual obligations and that the party fails to follow the contractual agreement and loans that may eventually cause financial losses. Accordingly, the company has established a risk management policy to protect such risks through analyzing the customer and counter party's financial status by setting rules for the credit approval and the debt collection period.

The company's loans mean the credits granted to customers who purchase the products according to the ordinary course of businesses.

3. Legal risks

In the early of year 2008, the Kingdom of Thailand has announced the various revision and new laws. Those involving with the company are such as Governing Securities and Exchange Act, Labour Protection Law, and Product Liability Law. There is a section who incharge of legal matters, and monitor the effectiveness of the law and report to the top management. The top management will command the practice to complying with the involving laws.



Internal Control

The company realizes its role and duty involving management, good corporate governance, internal control system, and risk management, to ensure that our performance will be performed efficiently and effectively according to policy, principle and the resolution of Board of Directors and Shareholders. In addition, the company also strictly complies with related laws, notifications and rules.

Regarding the company's internal control, the executive committee has supervised operations of all departments for achievement in the company's objectives and target. Each managers perform the activities follow as policy and action plan, and report the outcome in weekly, monthly, and every 6 months to top management. Such reports are operational report and review the action plan as top management's comments.

Furthermore, the company has internal audit section who incharges of audit operations in operation systems as annual audit plan and special audit as assigned from top management or audit committee. The audit report will be reported to the executive committee and directly to audit committee for acknowledge and recommendation to be suggestion for improvement in further.

The audit committee reviews the quarterly company's financial statement and connected transactions proposed by managements after audited by auditors as quarterly and yearly. In addition, the audit committee will report those review audit operations to the Board of Directors for acknowledge and considering for every quarter.

Connected Transactions

New 3D Hybrid Design

Year 2007 and 2006 The company had Connected Transaction with Related Persons as follows :

Connected Persons	Relationship	Categories	Value of Transaction (Million Baht)		Audit Committee's Comments
			March 31, 2008	March 31, 2007	
1. Melco Thai Capital Co., Ltd. (MTC)	A subsidiary of the major shareholder : Mitsubishi Electric Corporation holding 192,994 shares or 99.99%	1. Deposit at interest rate 2.55-3.55% / year - Deposit - Interest	16.55 1.86	32.72 2.80	This item is about the Notification of the Stock Exchange of Thailand regarding disclosure of information and other Acts of listed companies. Concerning the connected transactions 2003 and revised 2004, type of connected transactions relating to financial assistance transactions. So, the company seeks for approval from the Board of Directors and discloses a resolutions with information to SET and the directors who are involved personally are not present in the meeting and bears no right to vote in the meeting. The Audit Committee approved the related transactions relating to the short-term loan and loan receivables from related companies for cash flow liquidity and cost down in financial purposes. The lower bank interest rate benefits the company.
2. Smile Super Express Co., Ltd. (SSE) : Logistics services for finished goods	Associated company which the company holds 33.33% of shares	1. Building rental for SSE including electric charge and water charge 2. The company pays storage, handling & transportation charge for SSE	15.31 (Trade accounts receivable of building rental totally 1.29 MB) 60.65 (Trade accounts payable of storage, handling & transportation charge totally 5.40 MB)	15.40 (Trade accounts receivable of building rental totally 1.61 MB) 65.39 (Trade accounts payable of storage, handling & transportation charge totally 6.73 MB)	The company leases SSE land and buildings premises as the purpose of assets management. Eventually, KYE outsource SSE to manage and store products by utilizing land and buildings as finished goods warehouse. Out sourcing to SSE results in reducing warehouses administration cost less than other companies.

Connected Persons	Relationship	Categories	Value of Transaction (Million Baht)		Audit Committee's Comments
			March 31, 2008	March 31, 2007	
3. Mitsubishi Electric Corporation (MELCO)	The Major shareholder holds 8,978,020 shares or 40.81%	1. The Company sells the products and parts to MELCO 2. The company buys electronic parts of electric fans and refrigerators from MELCO 3. The company pays for technical Services free, Marketing Advisory Charge and after Sale Services (as a Technical Services & After-Sales Services Agreement) 4. The company pays for Product Development Fees (as a Technical Service & After-Sale Services Agreement)	3,172 (Trade accounts receivable of products totally 336.92 M.B) 6.85 (Trade account payable of product totally 0.86 MB) 317.50 (Accrued expenses totally 187.94 MB) 87.31 (Accrued expenses totally 40.37 MB)	4,187 (Trade accounts receivable of products totally 382.38 MB) 4.58 - 326.43 (Accrued expenses totally 255.12 MB) 100.31 (Accrued expenses totally 24.09 MB)	
4. Thai Refrigeration Components Co., Ltd. (TRC)	Common director is Mr.Praphad Phochivorakhun	1. The company buys evaporators as components part for refrigerators	34.41 (Accounts payables balance totally 2.04 MB)	34.23 (Accounts payables balance totally 2.09 MB)	

Connected Persons	Relationship	Categories	Value of Transaction (Million Baht)		Audit Committee's Comments
			March 31, 2008	March 31, 2007	
5. Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	An associated company of the company's major shareholder and common director is Mr.Praphad Phodhivorakhun and MELCO holds 48.5% of MKY shares	The company sells the products such as electric fans, exhaust fans, refrigerators, water pumps and parts to MKY	2,392.13 (Accounts receivable balance totally 352.53 MB)	2,296.99 (Accounts receivable balance totally 345.39 MB)	
6. Mitsubishi Electric Life Network Corporation Ltd. (MSBLN)	A subsidiary of the company's major shareholder residing in Japan	1. The company sells the electric fans and exhaust fans to MSBLN 2. The company pays for After-Sale Services and Sales Support	135.62 (Accounts receivable balance totally 14.54 MB) 1.47	174.05 (Accounts receivable balance totally 9.99 MB) 1.68	
7. Mitsubishi Electric Taiwan Co., Ltd. (MSB Taiwan)	A subsidiary of the company's major shareholder. The head office is in Taiwan	The company sells the products such as electric fans, exhaust fans, refrigerators, and parts to MSB Taiwan	43.82 (Accounts receivable totally 0.92 MB)	49.38 (Accounts receivable totally 10.18 MB)	
8. Mitsubishi Electric Asia Pte.Ltd. (MEAP)	A subsidiary of the company's major shareholder. The head office is in Singapore	1. The company sells the products such as electric fans, exhaust fans, refrigerators, and parts to MEAP. 2. The company buys the electric parts of electric fans and refrigerators	357.43 (Accounts receivable totally 70.32 MB) 30.60 (Accounts payables totally 4.06 MB)	350.43 (Accounts receivable totally 57.41 MB) 50.03 (Accounts payables totally 5.89 MB)	

Connected Persons	Relationship	Categories	Value of Transaction (Million Baht)		Audit Committee's Comments
			March 31, 2008	March 31, 2007	
9. Mitsubishi Electric Australia Pty.Ltd. (MSB Australia)	A subsidiary of the company's major shareholder. The head office is in Australia	The company sells the products such as refrigerator and Parts to MSB, Australia.	187.58 (Accounts receivable totally 19.29 MB)	130.30 (Accounts receivable totally 13.43 M.B)	
10. Mitsubishi Electric Ryoden Air-Conditioning & Visual Information systems (Hong Kong) Ltd. (MLH)	A subsidiary of the company's major shareholder. The head office is in Hong Kong	The company sell the products such as electric fans, exhaust fans, refrigerators and parts to MLH	162.92 (Accounts receivable totally 21.47 MB)	140.05 (Accounts receivable totally 27.30 MB)	
11. Melco Sales Malaysia Sdn.Bhd. (Previous name Antah Melco Sales & Services Sdn Bhd.)	A subsidiary of the company's major shareholder. The head office is in Malaysia	The company sell the products such as electric fans, exhaust fans, refrigerators and parts to Melco Sales Malaysia Sdn Bhd.	91.80 (Accounts receivable totally 20.11 MB)	49.27 (Accounts receivable totally 7.90 MB)	
12. K.G.M Services Co., Ltd (KGM)	A subsidiary of the company's major shareholder	The company pays the logistics expense to KGM	0.84 (Accounts payables totally 0.23 MB)	0.58 (Accounts payables totally 0.47 MB)	
13. Setsuyo Astec Corporation	A subsidiary of the company's major shareholder	The company buys electric parts for assembling refrigerators and fans	190.29 (Accounts payables totally 12.61 MB)	270 (Accounts payables totally 31.13 MB)	
14. Mitsubishi Electric Automation (Thailand) Co., Ltd	A subsidiary of the company's major shareholder	The company buys electric parts for assembling water pumps	100.21 (Accounts payables totally 14.31 MB)	121.62 (Accounts payables totally 15.42 MB)	
15. Kulthorn Kirby Public Company Limited	Common Director	The company buys compressors for assembling refrigerators	165.69 (Accounts payables totally 35.92 MB)	153.89 (Accounts payables totally 29.65 MB)	



The Audit Committee's Report

The Audit Committee consists of three independent directors namely Mr.Komol Vongsthongsri, Chairman of the Audit Committee, Mr.Chackchai Panichapat and Mr.Arthakrit Visudtibhan, members of the Audit Committee who were appointed by the Board of Directors. The Audit Committee independently performed its duty base on its responsibility both conduction and idea expression. The results of the Audit Committee's performance can be summarized as the follows.

In fiscal year 2007, the Audit Committee Meetings were held four times and conducted its performance by taking into account role and responsibilities as the follows.

Financial Statement – The Audit Committee reviewed a quarterly and yearly financial statement for year 2007 to ensure that financial statements were in accordance with generally accepted accounting principles and that information adequately and completely was disclosed in a reliable manner. In addition, the committee also considered the financial risk issue relevant to the financial statement preparation, accounting principles or any change in accounting principle including the internal control of the financial statement preparation. The Audit Committee regularly discussed with the auditor and management to ensure the accuracy, transparency, and reliability of it.

Internal Control and Internal Audit – The Audit Committee considered audit plan to ensure that it covers the risk issues and recommended the internal audit department in order to enhance efficiency and effectiveness of the audit performance, a good internal control system and to act in line with Securities and Exchange Laws and other laws relevant to the company's business.

Furthermore, the Audit Committee reviewed the 2008 internal and risk-orientation audit plan to cover all implicit issues, implement risk prevention and good internal control system. It is to manage organizational risk and maximize the benefits of the company and shareholders. The Audit Committee recommended to the management and followed the resolution including acknowledge the quarterly risk evaluation results reports prepared by the company.

Appointment of auditor and remuneration – Proposed the appointment of the auditor and the remuneration to the Board of Directors for approved by the Annual General Meeting of year 2007.

The Audit Committee recommended that the company's performance of year 2007 was conducted under the good management, effective internal control according to the good corporate governance by the Board of Directors and Executives.

(Mr. Komol Vongsthongsri)
Chairman of Audit Committee



Company's General Informations

Shareholders Structure and Business Operation

Kang Yong Electric Public Company Limited had changed the company's registered status to a public company on October 21, 1994. The company is the manufacturer and seller of household electrical appliances under "Mitsubishi" trademark such as refrigerator, electrical fan, ventilating fan and water pump. The company has the license and technology from its joint venture, Mitsubishi Electric Corporation, Japan.

The company's head office located at 67 Moo 11 Bangna-Trad Rd. Km.20 Bangchalong Bangplee Samutprakarn 10540

Shareholders Structure

As of March 31, 2008 the company has a registered and paid up capital 220 million baht, number of ordinary shares 22 million shares from a par value of 10 baht per share. Mitsubishi Electric Corporation is the main shareholder. The shareholder group as of August 10, 2007 as follows :

	Total	Total shares	%
1. Mitsubishi Electric Group	3	9,053,020	41.15
2. Phodhivorakhun Group	8	5,939,969	27.01
3. Other shareholders	1,311	7,007,011	31.84
Grand Total	1,322	22,000,000	100.00

Group of 10 Major Shareholders as of August 10, 2007 consists of:

Name	Shares	% of Total Shares
1. Mitsubishi Electric Corporation	8,978,020	40.81
2. Phodhivorakhun Company Limited	1,960,024	8.91
3. K.Y. Intertrade Company Limited	1,772,324	8.06
4. Mr. Somjin Leelakate	742,463	3.38
5. Kang Yong Company Limited	697,324	3.17
6. Mrs. Kamolwan Phodhivorakhun	683,879	3.11
7. Mrs. Penchantra Visudtibhan	479,089	2.18
8. CITIGROUP GLOBAL MARKETS INC.-1 CLIENT SEGREGATED ACCOUNT	363,700	1.65
9. Thai Mex Finance Public Company Limited	363,100	1.65
10. Mrs. Poranee Leeweeraphan	335,900	1.53

Remark : The company has Thai Shareholders 1,302 names or 55.54% of total shares and Foreign Shareholders 20 names or 44.46% of total shares.

The company has a payment policy to pay dividend 50% after net profit after tax which upon the company's operating results and economics situation.

Business and Operation

The company distributes electrical appliances under “Mitsubishi” trademark such as refrigerator, electric fan, ventilating fan and water pump.

In operation the company has the license and technology from its joint venture, Mitsubishi Electric Corporation. They has collaborated to support specialist and assisted Thai management and engineer for product development such as technology, feature, color and quality to responding the customers needs.

For the domestic market, the company distributes all products through only Mitsubishi Electric Kang Yong Wattana Co., Ltd. And then, they will distribute to dealers countrywide.

For the overseas markets, the company distributes products through dealers in almost 10 countries such as Japan, Hong Kong, Taiwan, Oceania markets (Australia & New Zealand), South East Asia markets that are Singapore and Malaysia, neighbor countries, Central Asia and Middle East countries.

The main income structure of company are distributes products such as refrigerator, electric fan, ventilating fan and water pump which has income structure for the fiscal year ended March 31,2006, 2007 and 2008

Product	Million Baht					
	March 31, 2006		March 31, 2007		March 31, 2008	
	Million Baht	% per Total Sales	Million Baht	% per Total Sales	Million Baht	% per Total Sales
Domestic and Export Sales						
Electric fan and Ventilator fan	832.65	12.94	876.08	11.76	796.42	11.67
Refrigerator	5,088.42	79.07	6,076.77	81.56	5,473.10	80.23
Water pump	492.68	7.66	464.78	6.24	517.74	7.59
Others	21.43	0.33	32.47	0.44	34.60	0.51
Grand Total	6,435.18	100.00	7,450.10	100.00	6,821.86	100.00

Business Assets

The company has assets : Land, Buildings, Machines and equipments, factory appliances, office supplies, vehicles, and work in process jobs, book valued as of March 31, 2008 763.63 million baht, the detail assets are Land 140.80 million Baht, Factory 136.33 million baht, Machines and equipments 184.74 million baht, Factory appliances 278.56 million baht

The company had an investment in Smile Super Express Co., Ltd. total 3,000,000 Baht or one third of all capital. The investment has been divided equally for those 3 concerned companies ; Kang Yong Electric Public Company Limited, Mitsubishi Electric Kang Yong Watana Co., Ltd. and Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Smile Super Express Co., Ltd. operates for the logistics operation to domestic market to be efficient and economic the company’s expenses, does not emphasize on profits and doesn’t operate to general companies.

Business Operation for Each Product Line

Products and Services

Refrigerator

Refrigerator is a major product in the company’s manufacture and distribution. It has been designed in attractive and modern style, furnished with the operational functions that is attentive of cooling, worthy, and utilization in food preservation as follows;

- Surround Cooling Air System and Minus Ion to increase the freshness inside the refrigerator,

- Vitamin C Plus, advanced food preservation technology; source of orange lighting to preserve the food nutrients,
- V-Led equipment installation to deodorize the odor and bacteria in the refrigerator compartment while nutrients remain preserved.

The types of the refrigerator has been produced various types in one-door, two-doors, three-doors refrigerator, and freezer. The production line for each types of refrigerator will correspond to the domestic and oversea demand. According to the design and production process, the company pays very careful attention to the safety standard, energy saving requirements and utilization of environmental friendly materials.

Electric Fan

Our electric fan has been developed to design in various applicable types such as desk fan, living fan, Tatami fan, wall fan, cycle fan, and ceiling fan. Each types of electric fan consists of appropriate fan blade size, distinctively design, colorful, and durable. Additionally, the product development in quality, the safety standard, energy saving requirements and utilization of environmental friendly materials.

Ventilation Fan

The company has produced the different ventilation fan types for various application and installation e.g. wall-mounted fan, glass-mounted fan, non-air vent pipe ceiling fan, and air vent pipe ceiling fan which are suitable for the different places, buildings, residents, and rooms. The company makes every effort to develop the ventilation fan by applying the effective technology to generate a variety of ventilation fan models, designs, durability and user friendly together with all aspects of maximum safety performance in accordance with the safety standard, energy saving requirement and utilization of environmental friendly materials.

Water Pump

The company has manufactured the high pressure water pump in pumping and conveying for household purpose. The design and development process for water pump has adopted from those of Japan technology. A variety of water pump types are introduced to variety user's applications, for examples, ordinary pump, automatic pump, and constant pressure pump. In addition, the company has developed the inverter water pump technology, a new model, to increase the conveying power with a special design electronic controller that works silently and durably. The components and raw materials used are also environmental friendly in accordance with the standard requirements.

Marketing and Competition Situation

In 2007, the high competition in the electric appliances markets has still continued. The manufactures have encountered the difficult situation because of the high expenses and cost, especially in the raw material price such as copper, aluminum and plastic. In addition, the fluctuation of Baht currency that has become appreciate to a certain level, together with the high competition in oversea markets, have also affected the export sales volume which is lower than the target.

Our sales was from the three major markets ; domestic, Japan and overseas markets. In 2007, sales portion are recorded at 25%, 49%, and 16% respectively.

Domestic Market

As the high competition in the domestic market and the consumers expenditure only for the necessary living goods. The overall products demand has tended to decline. However, one-door and two-door refrigerator, with modern design, have been accepted considerably among the customers, resulting to achieve the sale targets. The electric and ventilation fan sales could also maintain the leadership among the Japanese brand, however, the sales volume of the water pump have declined due to the real estate and construction business disruption as resulted from various factors.

Japan Market

The Japan market's overall demand has decreased, while the high competition remains exist, especially in the refrigerator product's price. The sales volume has consequently dropped. Therefore, the company has conducted the production plan and trade negotiation that corresponds to the market demand in order to maintain the market sale's portion.

The sales of electric fans have dropped in the severe competitive markets as the lower price products have been imported from China. Some Japan manufactures have changed their marketing strategies by turning to produce other products instead.

Other Export Market

The overall demand of the other overseas markets, Asian countries remains increased. The sales volume of the electric fan and refrigerator have exceeded the estimated target. On the other hand, the sales volume of the ventilation fan have declined because of the high competitive markets.

In past 2007, the company has adapted their selling and price strategies for both domestic and overseas markets by focusing on the cost-efficient products and competitive advantages in price, together with the improvement of the marketing business extension plan on the high sales and profitable products to maintain the target sales.

Production and Services Process

(a) Production Process

The production process begins with the development of new product model, in cooperating with the Mitsubishi Electric Corporation of Japan, for design and production technology. The market demand has been surveyed, leading to the defined specification required with customers, and new product model has been developed consequently, and then followed by the made-to-order production process.

The mass production process has been applied by the company. The process starts from receiving the customer's order, then the production planning and procurement process; purchasing the raw materials, components and part, necessary equipment used, together with the production process in order to pre-determined all of the processes in accordance with production plan of each individual production line. Also the other important sub-process includes the components production, manufacturing equipment preparation, assembly, and packaging, etc.

To assure the high quality products, the company provides the quality control for each production process before delivering to the customer in both domestic and overseas market.

(b) Materials

The important materials, used in the production process include;

1. Plastic parts and pellets – e.g. pump base and cover, plastic sheets used for forming the inner refrigerator cabinet, fan blade and fan base, etc.
2. Metal parts – e.g. metal sheet for producing the refrigerator cabinet and pressure tank for producing the water pump, metal wire for producing the fan guard, copper components include chemical-coated copper wire for producing copper coil for fan motor, copper pipe used in the cooling system of the refrigerator, etc.
3. Electronic parts – e.g. electronic parts and capacitor, which are important parts used in the refrigerator production
4. Compressor – a major component in the refrigerator production

The company has ordered raw materials and parts from both domestic and imported from overseas directly or indirectly from various distribution agencies.

(c) Product's Service of the Company

The company has set up a specific business unit that takes accountability on product/service assurance and work in cooperating with both company's domestic and foreign distributors to provide the technical information

on products, and training for new products, analysis and problem solving, consultation and installation advice and product applications, procurement for parts and components and after-sale service equipment, timely cooperative working with the distributors in quality problem resolution, as well.

(e) Environmental Effect

The company has provided the environmental policy which its objective and goal are intended that all employees will perform their duty in accordance with the environmental law and regulation, and the environmental management in accordance with the ISO 14001 : 2004

In past 2007, the company has carried out the activities as follows;

Reduction in the use of CFC coolant and replacing the R-134a with R600a instead. This is to reduce a destruction of the earth's atmosphere and protect the earth from the higher global warming problem.

New product development that meets the energy saving requirement in both domestic and oversea markets,

Disposing and controlling the industrial wastes that cause the pollution environmentally and local socially, and following the environmental law and related regulations,

Reduction in the use of six hazardous substances, including Lead, Mercury, Cadmium, Chromium Hexavalent, Polybrominated Biphenyl (PBB), and Polybrominated Diphenyl Ether (PBDE) under the ROHS regulations.

Additionally, the company has published the environmental policy to all employees, subsidiaries, and concerned organizations through the training and public relation activities. The company also has established the environmental working team to monitor and develop the Environmental Management System and carry out the operations according to the policy and improvement.

Outstanding Work

-None-

Related Data

Registrar

: **Thailand Securities Depository Co., Ltd.**
62 The Stock Exchange of Thailand Building
Ratchadapisek Rd., Klongtoey, Bangkok 10110
Tel : 0-2229-2800
Fax : 0-2654-5599

Certified Public Accountants

: Mr. Nirand Lilamethwat Registration No. 2316
Mr. Pisit Chiwaruangroch Registration No. 2803
Mr. Vichien Thamtrakul Registration No. 3183
Mr. Veerachai Ratanajaratkul Registration No. 4323
Mr. Santi Ponjareanpit Registration No. 4623

KPMG Phoomchai Audit Ltd.

22th Floor, Ampire Tower, 195 South Sathorn Rd., Bangkok 10120
Tel : 0-2677-2000
Fax : 0-2677-2222
www.kpmg.com

Legal Consultant

: **Mr.Nakorn Kusolsri**
Narongrit Lawyer Office
678/3 Rama V Rd., Bangkok 10300
Tel : 0-2668-6876



KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

67 Moo 11, Bangna-Trad K.M.20, Bangplee, Samutprakarn 10540 Thailand

Tel : (662) 337-2900 Fax : (662) 337-2439-40

<http://www.mitsubishi-kye.com>

E-mail : information@kye.meap.com