

Annual Report **2009**



We Balance
We Balance for The Best
for The Best



KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

Contents

Page	
1	Financial Highlights
2	The Board of Directors' Report
4	Management Policy
5	Financial Status and Operation Results
12	Financial Statements
47	Management
62	Risk Factors
63	Internal Control
65	Connected Transactions
70	The Audit Committee's Report
72	Company's General Information

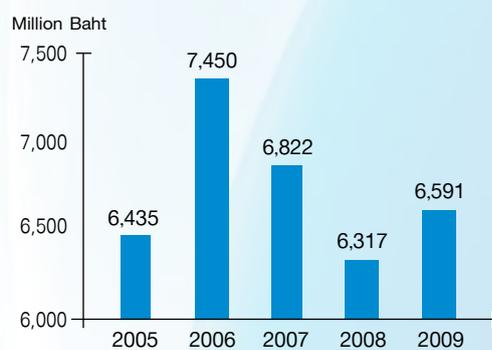
Financial Highlights

Highlights of the Consolidated Financial Statements (Million Baht)

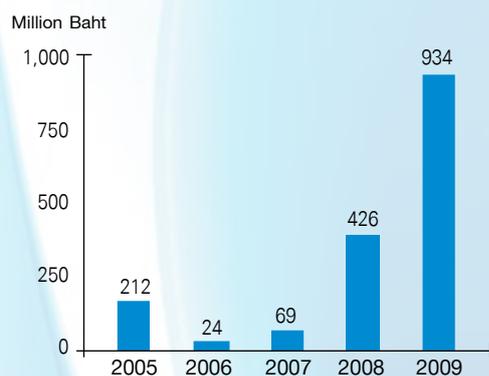
(as at March 31)

	2010	2009	2008
Total Sales	6,591	6,317	6,822
Total Revenues	7,214	6,789	7,190
Gross Profit	1,461	924	625
Cost of Sales	5,131	5,393	6,197
Selling and Administrative Expenses	932	932	909
Net Profit	934	426	69
Total Assets	4,733	3,673	3,410
Total Liabilities	1,464	1,131	1,256
Total Shareholder's Equity	3,269	2,542	2,154
Financial Ratio			
Net Profit Ratio (%)	12.95	6.28	0.96
Return on Equity (%)	32.16	18.16	3.25
Return on Assets (%)	22.23	12.04	2.04
Dividend pay out Ratio (%)	-	50.04	50.84
Liabilities per Equities Ratio	0.45	0.45	0.58
Earning per Share (Baht)	42.47	19.38	3.15
Dividend per Share (Baht)	-	9.70	1.60
Book value per Share (Baht)	148.59	115.52	97.92
Total Staff (persons)	1,103	1,109	1,054

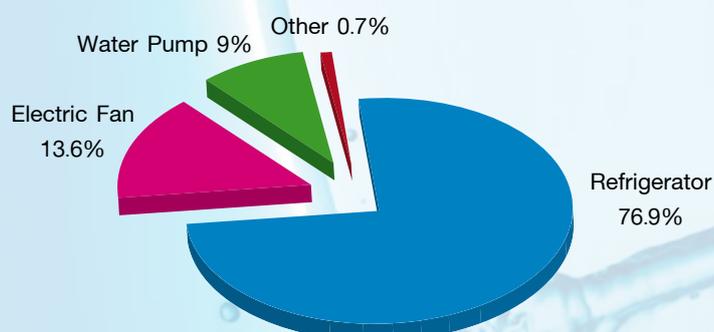
Total sales year 2005 - 2009



Net Profit year 2005 - 2009



Sales by product April 2009 - March 2010



The Board of Directors' Report



To the Shareholders of Kang Yong Electric Public Company Limited

In the past fiscal year 2009, The result of sales was over achieved as target, by accounted totally sales for 6,591 Million Baht with the increased net profit that was the high record of company.

Overall sales of products have been growth in 4.3% against the previous year, especially the sales of Electric Fan which both the quantities unit of production and sales were counted to over 1 million units. This was high record of company for company operating.

Domestic sales of Electric Fan were growth in 20%, and Ventilator sales for other oversea markets were growth in 50% against the previous year.

For Refrigerator sales, which is major sales proportion, were growth in 3% against the previous year. Majority of Refrigerator was from sales in domestic and Japan market that has a growth in sales of 6-7% in each area. As while sales for other overseas markets decreased following as slow moving of down economic.

For Water Pump sales could be remained sales level as last year, even through it was slow moving in real estate and construction business.

Regarding the previous year of company expenditures, executives and employees have attended to operate activities of work improvement and development by continuous, especially cost reduction activities. As the results of those activities, the proportion for cost of good sold has been reduced to be 78% against the value of sales. This was also an one of record in totally operating control in the target.

In summary, as on income and expenses mentioned above, the net profit after tax was growth in 119% against last year that was an one of the record also.

In fiscal year 2010, the trend of the world and Thai economic are recovering direction. However, the company has to face with the effect of important factors such as uncertain of Thai political situation, the fluctuation of the material and parts price, currency exchange rate of Baht and US dollars.

- The company intended to operate the business to fight against the varies of obstacle by operating management policies ;
 - To enhance the activities for creation in customer satisfaction by focus in high quality and lower cost for product developments,
 - To strenghten in management system,
 - To strenghten in substainable growth and stable business.

The Board of Director and member of managements hereby would gratefully thank all of Shareholders, Stakeholders, concerned persons for entrustment, participation, and constant supporting to the company.

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

Board of Directors



Mr. Staporn Kavitanon
Honorary Chairman



Mr. Praphad Phodhivorakhun
Chairman of the Board of Directors



Mr. Sadahiro Tomita
Vice Chairman



Mr. Supachai Setasathira
Director



Mr. Hiroshi Ito
Director



Mr. Komol Vongsthongsri
Director



Mr. Chackchai Panichapat
Director



Mr. Tadashi Matsumoto
Director



Mr. Shoichiro Hara
Director



Mr. Yoshifumi Beppu
Director



Mr. Akira Nakamichi
Director



Pol.Sub.Lt. Kriengsak Lohachala
Director



Mrs. Tipvimol Saengsuphan
Director



Mr. Arthakrit Visudtibhan
Director



Mr. Takatoshi Arikawa
Director

Management Policy

Kang Yong Electric Management Policy of 2010



1. Customer satisfaction

- Q : Let's manufacture high quality products
- D : Let's produce goods just to respond to WHEN, WHAT and HOW MANY as customer needs
- C : Let's provide goods with reasonable cost & price

New **3D** Hybrid Design

2. Making stronger structure

- Let's make better cooperation among marketing and production
- Let's develop more attractive goods to win against competitors
- Let's reduce cost drastically
- Let's motivate continual improvement company wide
- Let's diversify new business for sustainable growth



3. Making steady our climate

- Let's strengthen basic company management system
(Quality, Environment, Safety, Compliance, Ethics, CG, CSR and others)
- Let's encourage our employees competence
- Let's strengthen labor - relations management
- Let's strengthen good relation and harmony for all stakeholders
(Employees, Customer, Suppliers, Shareholders, Social and Government)



Financial Status and Operation Results

Financial Statement

a) The Summary of Audit's Report

The Balance Sheets of Kang Yong Electric Public Company Limited audited by KPMG Phoomchai Audit Ltd. since previous 3 year accounting. The KPMG Phoomchai Audit (Thailand) Ltd. 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, 2009 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

b) The Summary of Balance Sheets

For the years ended March 31, 2008, 2009 and 2010

Kang Yong Electric Public Company Limited						
Balance Sheets As at March 31, 2008, 2009 and 2010						
	March 31, 2008		March 31, 2009		March 31, 2010	
	Baht	%	Baht	%	Baht	%
Current Assets						
Current Assets						
Cash and cash equivalents	750,172,302	22	1,363,729,373	37	2,439,745,206	52
Trade receivables - net	895,761,900	26	769,851,773	21	826,549,215	17
Receivables and loans to related parties	182,017,299	5	190,253,087	5	85,280,358	2
Inventories - net	558,598,581	16	465,105,651	13	431,348,524	9
Other Current assets	52,262,787	2	40,578,737	1	36,182,710	1
Total Current Assets	2,438,812,869	72	2,829,518,621	77	3,819,106,013	81
Non - Current Assets						
Investment accounted for using the equity method	9,291,949	0	8,965,647	0	9,501,034	0
Long - term investments	163,178,920	5	160,351,258	4	166,920,888	4
Property, plant and equipment - net	763,625,975	22	647,938,359	18	717,688,624	15
Other non - current assets - net	34,869,925	1	26,111,519	1	19,500,209	0
Total non - Current Assets	970,966,769	28	843,366,783	23	913,610,755	19
Total Assets	3,409,779,638	100	3,672,885,404	100	4,732,716,768	100

Kang Yong Electric Public Company Limited
Balance Sheets As at March 31, 2008, 2009 and 2010

	March 31, 2008		March 31, 2009		March 31, 2010	
	Baht	%	Baht	%	Baht	%
Liabilities and Shareholders' Equity						
Current Liabilities						
Trade accounts payables	791,151,935	23	573,082,479	16	726,472,657	15
Payables to related parties	234,524,516	7	237,835,356	6	244,127,023	5
Other current liabilities						
Accrued expenses	49,058,856	1	38,103,705	1	67,787,300	1
Income tax payable	-	-	-	-	94,826,571	2
Others	5,701,793	0	8,369,941	0	10,375,458	0
Total Other Current Liabilities	54,760,649	2	46,473,646	1	172,989,329	4
Total current liabilities	1,080,437,100	32	857,391,481	23	1,143,589,009	24
Provisions	149,756,443	4	249,646,672	7	297,090,667	6
Provident and pension funds	25,392,348	1	24,346,754	1	23,021,948	0
Total Non - Current Liabilities	175,148,791	5	273,993,426	7	320,112,615	7
Total Liabilities	1,255,585,891	37	1,131,384,907	31	1,463,701,624	31
Shareholder's Equity						
Authorized share capital						
22,000,000 ordinary shares Issued and fully paid - up						
share capital Baht 10 par value	220,000,000	6	220,000,000	6	220,000,000	5
22,000,000 ordinary shares Baht 10 par value	220,000,000	6	220,000,000	6	220,000,000	5
Premium (discount) on share capital						
Premium on shares	726,100,000	21	726,100,000	20	726,100,000	15
Revaluation surplus on investments	1,655,180	0	(2,275,926)	0	4,293,704	0
Retained earnings						
Retained earnings						
Appropriated for Legal reserve	22,000,000	1	22,000,000	1	22,000,000	0
Others	420,000,000	12	420,000,000	11	420,000,000	9
Unappropriated	764,438,567	22	1,155,676,423	31	1,876,621,440	40
Total Shareholders' Equity	2,154,193,747	63	2,541,500,497	69	3,269,015,144	69
Total Liabilities and Shareholders' Equity	3,409,779,638	100	3,672,885,404	100	4,732,716,768	100

Kang Yong Electric Public Company Limited

Statements of Income

For the year ended March 31, 2008, 2009 and 2010

	April 1, 2007 - March 31, 2008		April 1, 2008 - March 31, 2009		April 1, 2008 - March 31, 2010	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenue from sale of goods and rendering of services	6,821,850,141	95	6,317,434,280	93	6,591,241,329	91
Gain on exchange	278,463,673	4	338,745,015	5	539,542,910	7
Dividend income			2,633,241	0		
Other income	89,153,354	1	130,442,898	2	83,528,204	1
Total revenues	7,189,467,168	100	6,789,255,434	100	7,214,312,443	100
Expenses						
Costs of sales and rendering of services	6,197,175,573	86	5,393,243,208	79	5,130,598,376	71
Selling expenses	908,727,956	13	556,664,150	8	495,048,723	7
Administrative expenses			374,888,913	6	436,870,033	6
Management benefit expenses			37,332,792	1	42,656,150	1
Net foreign exchange loss	13,921,412	0	-	-	2,237,552	0
Total Expenses	7,119,824,941	99	6,362,129,063	94	6,107,410,834	85
Share of loss from investment accounted for using the equity method	119,003		(326,302)		535,387	
Profit before interest expense and income tax	69,761,230	1	426,800,069	6	1,107,436,996	15
Finance Costs	(521,390)	0	(362,373)	0	(29)	0
Income tax expense	-	-	-	-	173,092,920	2
Profit from ordinary activities	69,239,840	1	426,437,696	6	934,344,047	13.0
Net Profit	69,239,840	1.0	426,437,696	6.3	934,344,047	13.0
Basic earnings per share	3.15		19.38		42.47	
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, 2008, 2009 and 2010

	April 1, 2007 - March 31, 2008		April 1, 2008 - March 31, 2009		April 1, 2008 - March 31, 2010	
	Baht	Baht	Baht	Baht	Baht	Baht
Unappropriated retained earnings						
Brought forward as previously reported	707,518,727		764,438,567		1,155,676,423	
<u>Less</u> Adjustment from charges in accounting policies	-		-		-	
Brought forward as restated	707,518,727		764,438,567		1,155,676,423	
<u>Less</u> Appropriation of prior year earnings						
Dividend Payment	(12,320,000)		(35,199,840)		(213,399,030)	
Net income for the year	69,239,840		426,437,696		934,344,047	
Total appropriated retained earnings	764,438,567		1,155,676,423		1,876,621,440	

Kang Yong Electric Public Company Limited
Statement of Retained Earnings

For the year ended March 31, 2008, 2009 and 2010

	April 1, 2007 - March 31, 2008	April 1, 2008 - March 31, 2009	April 1, 2008 - March 31, 2010
	Baht	Baht	Baht
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	1,206,438,567	1,597,676,423	2,318,621,440

Kang Yong Electric Public Company Limited
Statement of Cash Flows

For the year ended March 31, 2008, 2009 and 2010

	April 1, 2007 - March 31, 2008	April 1, 2008 - March 31, 2009	April 1, 2008 - March 31, 2010
	Baht	Baht	Baht
Cash flows from operating activities			
Net profit	69,239,840	426,437,696	934,344,047
Adjustments for			
Depreciation and amortization	253,503,271	201,103,019	174,021,596
Interest income	(16,083,845)	(34,232,961)	(23,704,745)
Dividened income	(278,463,673)	(338,745,015)	(539,542,910)
Finance Cost	521,390	362,373	29
Unrelised loss (gain) on exchange	4,938,397	(2,279,074)	709,519
Reversal of allowance for doubtful accounts	(35,000)	(120,000)	(1,244,101)
Reversal of allowance for obsolete inventories	4,596,221	(3,399,123)	(2,610,364)
Reversal of allowance for impairment loss of assets	21,493,045	(21,700,531)	-
Provision for warranties	55,643,000	99,890,229	47,443,995
Share of loss (profit) from investments accounted for using the equity method	(119,003)	326,302	(535,387)
Loss on disposal of equipment	6,704,946	10,451,101	991,889
Income tax expense	-	-	173,092,920
Profit from operations activities before changes in operating assets and liabilities	121,938,589	338,094,016	762,966,488

Kang Yong Electric Public Company Limited
Statement of Cash Flows
For the year ended March 31, 2008, 2009 and 2010

	April 1, 2007 - March 31, 2008	April 1, 2008 - March 31, 2009	April 1, 2008 - March 31, 2010
Changes in operating assets and liabilities			
Trade accounts receivable	(16,471,337)	126,519,007	(59,545,710)
Receivables from related companies	1,830,394	(10,559,732)	5,687,700
Inventories	256,998,697	97,062,224	36,367,491
Other current assets	40,210,676	11,675,228	5,557,353
Other non-current assets	35,471,902	8,691,876	5,775,855
Trade accounts payable	(22,259,907)	(218,693,655)	153,947,047
Payables to related companies	(58,085,236)	4,844,882	8,234,795
Other current liabilities	(3,445,664)	(8,232,583)	20,543,259
Provident fund paid	(1,905,320)	(1,045,594)	(1,324,806)
Income tax paid	-	(1,068,577)	(78,266,349)
Net cash provided by operating activities	354,282,794	347,287,092	859,943,123
Cash flows from investing activities			
Interest received	15,927,092	34,361,783	23,438,219
Dividends received	201,156,073	334,805,895	700,923,550
Purchase of other long-term investments	-	(1,103,444)	-
Short-term loans to related party	(293,687,977)	(303,250,292)	(456,639,261)
Repayment of short-term loans to related party	309,854,454	309,513,355	394,892,951
Sales of equipment	4,478,727	3,451,858	1,743,104
Purchase of equipment	(89,760,396)	(75,892,544)	(234,525,546)
Net cash provided by investing activities	147,967,973	301,886,611	429,833,017
Cash flows from financing activities			
Dividend paid	(12,320,000)	(35,199,840)	(213,399,030)
Finance cost paid	(1,220,764)	(416,792)	(361,277)
Net cash used in financing activities	(13,540,764)	(35,616,632)	(213,760,307)
Net increase (decrease) in cash and cash equivalents	488,710,003	613,557,071	1,076,015,833
Cash and cash equivalents at beginning of year	261,462,299	750,172,302	1,363,729,373
Cash and cash equivalents at beginning of year	750,172,302	1,363,729,373	2,439,745,206

Non-cash transactions

During the year ended 31 March 2010, the Company acquired property, plant and equipment at a total cost of Baht 245.7 million (2009: Baht 76.7 million) of which Baht 234.5 million (2009: Baht 75.9 million) was made by cash payment and baht 11.2 million (2009: Baht 0.8 million) was outstanding as liabilities at the end of the year.

c) Financial Ratio

	For the year ended March 31,2008, 2009 and 2010		
	March 31,2008	March 31,2009	March 31,2010
(LIQUIDITY RATIOS)			
Current Ratios	2.26 times	3.30 times	3.34 times
Quick Liquidity Ratios	1.69 times	2.71 times	2.93 times
Cash Flow Liquidity Ratios	0.32 times	0.36 times	0.86 times
Account Receivable Turnover	7.67 times	7.59 times	8.26 times
Collection period	47 days	47 days	44 days
Inventories Turnover	8.99 times	10.54 times	11.45 times
Average Sales Period	40 days	34 days	31 days
Accounts Payable Turnover	7.74 times	7.91 times	7.90 times
Payment Period	47 days	46 days	46 days
CASH CYCLE	40 days	36 days	29 days
(PROFITABILITY RATIOS)			
Gross Profit Margin	9.16 %	14.63 %	22.16 %
Net Profit Margin	0.96 %	6.28 %	12.95 %
Return on Equity	3.25 %	18.16 %	32.16 %
(EFFICIENCY RATIOS)			
Return on Total Assets	2.04 %	12.04 %	22.23 %
Return on Fixed Asset	37.43 %	88.75 %	162.20 %
Assets turnover	2.12 times	1.92 times	1.72 times
(FINANCIAL POLICY RATIOS)			
Debt to Equity	0.58 times	0.45 times	0.45 times
Fixed Charges Coverage Ratio	(11.55) times	1.73 times	1.30 times
Cash Fixed Charges Coverage Ratio	27.63 times	9.78 times	4.03 times
Payout Ratio	50.84 %	50.04 %	- %
Shares			
Equity per share	97.92 baht	115.52 baht	148.59 baht
Earnings per share	3.15 baht	19.38 baht	42.47 baht
Dividend per share	1.60 baht	9.70 baht	- baht
Growth			
Total Assets	0.78 %	7.72 %	28.86 %
Total Liabilities	(2.13) %	(9.89) %	29.37 %
Sales and Services	(8.43) %	(7.39) %	4.33 %
Management Expense	(0.31) %	6.62 %	0.59 %
Net Profit	184.66 %	515.88 %	119.10 %
EBITDA	323,264,501	627,903,088	1,281,458,592
EBITDA Margin	4.74%	9.94%	19.44%

Analysis of Financial Status and Operation Results

For the year 2009 (April 1, 2009 - March 31, 2010)

Operation results

Operation results for the 2009 fiscal year ended March 31, 2010 compared with the same period of 2008 ended March 31, 2009 had net profit after taxes increasing 119% operation results changed due to :-

- 1) Revenue from the sales were increased from 6,317 million baht in 2008 to 6,591 million baht in 2009 was 4.3% due to :
 - 1.1) Domestic sales was increased 6.5%
 - 1.2) Fluctuations in exchange rates resulted in sales increase abroad
- 2) Dividend income from investment in other company was increased 200.8 million baht
- 3) The cost sales portion are recorded 85.4% was 77.8% of total sales due to the cost reduction activities. Moreover, the production effectiveness is better. Therefore, the production cost is dramatically decreased Net profit after tax was increased from production cost better and increase dividends received.

Financial status

Total assets

As of March 31, 2010 total assets compared with March 31, 2009 increased from 3,673 million baht to 4,733 million baht because current assets increased from 77% to 81% of total assets because cash and cash equivalents increased 1,076 million baht due to inventory management decreased 34 million baht

Total liabilities

As of March 31, 2010 total assets compared with March 31, 2009 increased from 1,131 million baht to 1,464 million baht because trade accounts payable increased 153 million baht and income tax payable was increased 95 million baht

Shareholder's Equity

As of March 31, 2010 shareholder's equity compared with March 31, 2009 increased from 2,541 million baht to 3,269 million baht because the operation in this period had the profit 934 million baht and the dividend payment 213.4 million baht and different from investment 6.6 million baht

Financial analysis

- 1) Liquidity ratio was increased from 3.30% as in 2008 fiscal year to 3.34% as in fiscal year 2009 with the assets sufficient to pay the short-term debts due to cash and cash equivalents increased 1,076 million baht from administration inventories have long period, account payable and other current liability were increased. Therefore, current liabilities was increased 332.3 million baht but less than the assets increased.
- 2) Profitability was increased by the gross profit margin increased from 14.63 % in 2008 fiscal year to 22.16% in 2009 fiscal year because the cost reduction is high efficiency.
- 3) Return on fixed assets increased from 89 % in 2008 fiscal year to 162% in 2009 fiscal year due to assets investment increased 234 million baht. The assets which resulted in revenue and still so good.
- 4) Interest coverage ratio due to better financial liquidity and able to pay debt, interest expense and dividend. In 2009 the company decreased the short term loans.

Financial Statements

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 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of 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 audit 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 2010 and 2009 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



(Bongkot Amsageam)
Certified Public Accountant
Registration No. 3684

KPMG Phoomchai Audit Ltd.
Bangkok
12 May 2010

Balance sheets

Kang Yong Electric Public Company Limited

As at 31 March 2010 and 2009

(in Baht)

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2010	2009	2010	2009
Current assets					
Cash and cash equivalents	5	2,439,745,206	1,363,729,373	2,439,745,206	1,363,729,373
Trade accounts receivable	4, 6	826,549,215	769,851,773	826,549,215	769,851,773
Other receivables from related parties	4	13,246,575	179,965,614	13,246,575	179,965,614
Short-term loans to related parties	4	72,033,783	10,287,473	72,033,783	10,287,473
Inventories	7	431,348,524	465,105,651	431,348,524	465,105,651
Other current assets		36,182,710	40,578,737	36,182,710	40,578,737
Total current assets		3,819,106,013	2,829,518,621	3,819,106,013	2,829,518,621
Non-current assets					
Investment in associate	8.1	9,501,034	8,965,647	3,000,000	3,000,000
Other long-term investments	8.2	166,920,888	160,351,258	166,920,888	160,351,258
Property, plant and equipment	9	717,688,624	647,938,359	717,688,624	647,938,359
Other non-current assets	10	19,500,209	26,111,519	19,500,209	26,111,519
Total non-current assets		913,610,755	843,366,783	907,109,721	837,401,136
Total assets		4,732,716,768	3,672,885,404	4,726,215,734	3,666,919,757

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

Balance sheets

Kang Yong Electric Public Company Limited

As at 31 March 2010 and 2009

(in Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2010	2009	2010	2009
Liabilities and equity					
<i>Current liabilities</i>					
Trade accounts payables	4, 11	726,472,657	573,082,479	726,472,657	573,082,479
Other payables to related parties	4	244,127,023	237,835,356	244,127,023	237,835,356
Income tax payable		94,826,571	-	94,826,571	-
Other current liabilities		78,162,758	46,473,646	78,162,758	46,473,646
Total current liabilities		1,143,589,009	857,391,481	1,143,589,009	857,391,481
<i>Non-current liabilities</i>					
Provision for warranties		297,090,667	249,646,672	297,090,667	249,646,672
Provident funds	18	23,021,948	24,346,754	23,021,948	24,346,754
Total non-current liabilities		320,112,615	273,993,426	320,112,615	273,993,426
Total liabilities		1,463,701,624	1,131,384,907	1,463,701,624	1,131,384,907
<i>Equity</i>					
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
Additional paid-in capital	13				
Premium on ordinary shares		726,100,000	726,100,000	726,100,000	726,100,000
Unrealised surpluses (deficits)					
Fair value changes on investments	8.2	4,293,704	(2,275,926)	4,293,704	(2,275,926)
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		1,876,621,440	1,155,676,423	1,870,120,406	1,149,710,776
Total equity		3,269,015,144	2,541,500,497	3,262,514,110	2,535,534,850
Total liabilities and equity		4,732,716,768	3,672,885,404	4,726,215,734	3,666,919,757

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 2010 and 2009

(in Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2010	2009	2010	2009
Revenues	4				
Revenue from sale of goods and rendering of services	14	6,591,241,329	6,317,434,280	6,591,241,329	6,317,434,280
Dividend income		539,542,910	338,745,015	539,542,910	338,745,015
Net foreign exchange gain		-	2,633,241	-	2,633,241
Other income	15	83,528,204	130,442,898	83,528,204	130,442,898
Total revenues		7,214,312,443	6,789,255,434	7,214,312,443	6,789,255,434
Expenses	4				
Cost of sale of goods and rendering of services		5,130,598,376	5,393,243,208	5,130,598,376	5,393,243,208
Selling expenses	16	495,048,723	556,664,150	495,048,723	556,664,150
Administrative expenses	17	436,870,033	374,888,913	436,870,033	374,888,913
Management benefit expenses	18	42,656,150	37,332,792	42,656,150	37,332,792
Net foreign exchange loss		2,237,552	-	2,237,552	-
Total expenses		6,107,410,834	6,362,129,063	6,107,410,834	6,362,129,063
Share of profit (loss) of associate, net of income	8	535,387	(326,302)	-	-
Profit before financial costs and income tax expense		1,107,436,996	426,800,069	1,106,901,609	427,126,371
Finance costs		(29)	(362,373)	(29)	(362,373)
Profit before income tax expense		1,107,436,967	426,437,696	1,106,901,580	426,763,998
Income tax expense	19	(173,092,920)	-	(173,092,920)	-
Profit for the year		934,344,047	426,437,696	933,808,660	426,763,998
Basic earnings per share	21	42.47	19.38	42.45	19.40

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

Statements of changes in equity

Kang Yong Electric Public Company Limited

For the years ended 31 March 2010 and 2009

(in Baht)

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital		Additional paid-in capital		Unrealised surplus (deficits)		Retained earnings			Total equity
		paid-up share capital	Share premium	Share premium	Share premium	Fair value changes	Legal reserve	Others reserve	Unappropriated	Unappropriated	
Balance at 1 April 2008		220,000,000	726,100,000	726,100,000	1,655,180	22,000,000	420,000,000	764,438,567	2,154,193,747		
Unrealised gains											
Available for sale investments											
Net change in fair value recognised in equity		-	-	-	(3,931,106)	-	-	-	(3,931,106)		
Profit for the period		-	-	-	-	-	-	426,437,696	426,437,696		
Dividends	22	-	-	-	-	-	-	(35,199,840)	(35,199,840)		
Balance at 31 March 2009		220,000,000	726,100,000	726,100,000	(2,275,926)	22,000,000	420,000,000	1,155,676,423	2,541,500,497		
Unrealised gains											
Available for sale investments											
Net change in fair value recognised in equity		-	-	-	6,569,630	-	-	-	6,569,630		
Profit for the period		-	-	-	-	-	-	934,344,047	934,344,047		
Dividends	22	-	-	-	-	-	-	(213,399,030)	(213,399,030)		
Balance at 31 March 2010		220,000,000	726,100,000	726,100,000	4,293,704	22,000,000	420,000,000	1,876,621,440	3,269,015,144		

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

Statements of changes in equity

Kang Yong Electric Public Company Limited
For the years ended 31 March 2010 and 2009

(in Baht)

Separate financial statements

	Note	Issued and paid-up share capital		Additional paid-in capital		Unrealised surplus (deficit)	Retained earnings			Total equity
		paid-up share capital	Share premium	Share premium	Fair value changes		Legal reserve	Others reserve	Unappropriated	
Balance at 1 April 2008		220,000,000	726,100,000	1,655,180	22,000,000	420,000,000	758,146,618	2,147,901,798		
Unrealised gains										
Available for sale investments										
Net change in fair value recognised in equity		-	-	(3,931,106)	-	-	-	(3,931,106)		
Profit for the period		-	-	-	-	-	426,763,998	426,763,998		
Dividends	22	-	-	-	-	-	(35,199,840)	(35,199,840)		
Balance at 31 March 2009		220,000,000	726,100,000	(2,275,926)	22,000,000	420,000,000	1,149,710,776	2,535,534,850		
Unrealised gains										
Available for sale investments										
Net change in fair value recognised in equity		-	-	6,569,630	-	-	-	6,569,630		
Profit for the period		-	-	-	-	-	933,808,660	933,808,660		
Dividends	22	-	-	-	-	-	(213,399,030)	(213,399,030)		
Balance at 31 March 2010		220,000,000	726,100,000	4,293,704	22,000,000	420,000,000	1,870,120,406	3,262,514,110		

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 2010 and 2009

(in Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Profit for the year	934,344,047	426,437,696	933,808,660	426,763,998
<i>Adjustments for</i>				
Depreciation and amortisation	174,021,596	201,103,019	174,021,596	201,103,019
Interest income	(23,704,745)	(34,232,961)	(23,704,745)	(34,232,961)
Dividend income	(539,542,910)	(338,745,015)	(539,542,910)	(338,745,015)
Finance costs	29	362,373	29	362,373
Unrealised loss (gain) on exchange	709,519	(2,279,074)	709,519	(2,279,074)
Reversal of allowance for doubtful accounts	(1,244,101)	(120,000)	(1,244,101)	(120,000)
Reversal of allowance for obsolete inventories	(2,610,364)	(3,399,123)	(2,610,364)	(3,399,123)
Reversal of allowance for impairment loss of assets	-	(21,700,531)	-	(21,700,531)
Provision for warranties	47,443,995	99,890,229	47,443,995	99,890,229
Share of loss (profit) of associate	(535,387)	326,302	-	-
Loss on disposal of equipment	991,889	10,451,101	991,889	10,451,101
Income tax expense	173,092,920	-	173,092,920	-
	762,966,488	338,094,016	762,966,488	338,094,016
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(59,545,710)	126,519,007	(59,545,710)	126,519,007
Other receivables from related parties	5,687,700	(10,559,732)	5,687,700	(10,559,732)
Inventories	36,367,491	97,062,224	36,367,491	97,062,224
Other current assets	5,557,353	11,675,228	5,557,353	11,675,228
Other non-current assets	5,775,855	8,691,876	5,775,855	8,691,876
Trade accounts payable	153,947,047	(218,693,655)	153,947,047	(218,693,655)
Other payables to related parties	8,234,795	4,844,882	8,234,795	4,844,882
Other current liabilities	20,543,259	(8,232,583)	20,543,259	(8,232,583)
Provident fund paid	(1,324,806)	(1,045,594)	(1,324,806)	(1,045,594)
Income tax paid	(78,266,349)	(1,068,577)	(78,266,349)	(1,068,577)
Net cash provided by operating activities	859,943,123	347,287,092	859,943,123	347,287,092

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 2010 and 2009

(in Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2010	2009	2010	2009
<i>Cash flows from investing activities</i>				
Interest received	23,438,219	34,361,783	23,438,219	34,361,783
Dividends received	700,923,550	334,805,895	700,923,550	334,805,895
Purchase of other long-term investments	-	(1,103,444)	-	(1,103,444)
Short-term loans to related party	(456,639,261)	(303,250,292)	(456,639,261)	(303,250,292)
Repayment of short-term loans to related party	394,892,951	309,513,355	394,892,951	309,513,355
Sale of equipment	1,743,104	3,451,858	1,743,104	3,451,858
Purchases of equipment	(234,525,546)	(75,892,544)	(234,525,546)	(75,892,544)
Net cash provided by investing activities	429,833,017	301,886,611	429,833,017	301,886,611
<i>Cash flows from financing activities</i>				
Dividend paid	(213,399,030)	(35,199,840)	(213,399,030)	(35,199,840)
Finance costs paid	(361,277)	(416,792)	(361,277)	(416,792)
Net cash used in financing activities	(213,760,307)	(35,616,632)	(213,760,307)	(35,616,632)
Net increase in cash and cash equivalents	1,076,015,833	613,557,071	1,076,015,833	613,557,071
Cash and cash equivalents at beginning of year	1,363,729,373	750,172,302	1,363,729,373	750,172,302
Cash and cash equivalents at end of year	2,439,745,206	1,363,729,373	2,439,745,206	1,363,729,373

Non-cash transactions

During the year ended 31 March 2010, the Company acquired equipment at a total cost of Baht 245.7 million (2009: Baht 76.7 million) of which Baht 234.5 million (2009: Baht 75.9 million) was made by cash payment and Baht 11.2 million (2009: Baht 0.8 million) was outstanding as liabilities at the end of the year.

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 2010 and 2009

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related party transactions and balances
5	Cash and cash equivalents
6	Trade accounts receivable
7	Inventories
8	Investments
9	Property, plant and equipment
10	Other non-current assets
11	Trade accounts payable
12	Share capital
13	Additional paid-in capital and reserves
14	Segment information
15	Other income
16	Selling expenses
17	Administrative expenses
18	Employee benefit expenses
19	Income tax
20	Promotional privileges
21	Basic earnings per share
22	Dividends
23	Financial instruments
24	Commitments with non-related parties
25	Thai Accounting Standards (TAS) not yet adopted
26	Reclassification of accounts

Notes to the financial statements

Kang Yong Electric Public Company Limited

For the years ended 31 March 2010 and 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 12 May 2010.

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 in October 1993.

The parent company is Mitsubishi Electric Corporation, incorporated in Japan (40.81% shareholding).

The principal activities of the Company are manufacturing and distributing household electrical appliances under the “Mitsubishi” trademark. The Company obtained the production licence and technology from its parent company.

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”) and Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards (“IAS”) on which the TAS/TFRS are based.

The Company has adopted the following revised TAS/TFRS which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009.

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

The adoption of these revised TAS/TFRS does not have any material impact on the Company’s financial statements.

The FAP has issued during 2009 a number of new and revised TAS/TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These revised TAS/TFRS are disclosed in note 25.

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

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are revised and in any future periods affected.

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 reporting 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. Investment in associate in the financial statements in which the equity method is applied is accounted for using the equity method.

Other long-term investments

Other long-term investments in marketable equity securities classified as available-for-sale securities are stated at fair value with any resultant gain or loss being recognised directly to equity.

When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain of loss that was reported in equity is recognised in the statement of income.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(f) *Property, plant and equipment*

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis (except factory equipment - mould and jig using the double declining balance method) over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

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

No depreciation is provided on freehold land or assets under construction and installation.

(g) *Impairment*

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

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.

When a decline in fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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 in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 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 and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for warranties

A provision for goods warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(j) Revenue

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

Sale of goods and rendering of services

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.

Service income is recognised as services are provided.

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.

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

(k) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statement of income for the period in which they are incurred.

(l) Income tax

Income tax on the profit or loss for the year comprises current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

4. Related party transactions and balances

Related parties are those parties linked to the Company as shareholders or 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.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company were as follows:

Name of entities	Country of corporation	Nature of relationships
Parent		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
Associate		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding
Other related parties		
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 parent and common director
Mitsubishi Electric Consumer products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Life Network Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Home Appliance Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	A subsidiary of the Company's parent
Mitsubishi Electric Asia Pte. Ltd.	Singapore	A subsidiary of the Company's parent
Mitsubishi Electric Australia Pty. Ltd.	Australia	A subsidiary of the Company's parent
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	Hongkong	A subsidiary of the Company's parent
Melco Sales Malaysia Sdn. Bhd.	Malaysia	A subsidiary of the Company's parent
Setsuyo Athtech Co., Ltd.	Japan	An affiliate of the Company's parent
Ryoden International Co., Ltd.	Hongkong	A subsidiary of the Company's parent
Melco Thai Capital Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Information Network	Japan	A subsidiary of the Company's parent
Melco Travel Co.,Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric (H.K.) Ltd.	Hongkong	A subsidiary of the Company's parent
Mitsubishi Electric Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent

Name of entities	Country of corporation	Nature of relationships
K.G.M. Services Co., Ltd.	Thailand	A subsidiary of the Company's parent
Melco Logistics (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Trading Corp.	Japan	A subsidiary of the Company's parent

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 parties, 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 margin not less than 20% or not less than 10%, which will be unanimously approved by the product pricing committee.
 - Export sales price is dependent on market and competitive conditions of the particular country.
2. Royalty fee is payable annually at a proportion of sales.
3. Product development fee is payable based on actual amount.
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 fee is based on the market value.
6. The Company has inventory management service fee 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 funds or the funds used, at the interest rate of average deposit and loan interest rates offered by the bank.
8. Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
9. Product warranty expense is based on actual amount claims.

The significant transactions for the years ended 31 March 2010 and 2009 with related parties were as follows:

(in thousand Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	2010	2009	2010	2009
Parent				
Revenue from sale of goods	2,730,302	2,546,747	2,730,302	2,546,747
Other income	4,698	3,398	4,698	3,398
Royalty fee	152,225	145,766	152,225	145,766
Development fee	154,554	114,776	154,554	114,776
Product warranty expense	195,555	203,436	195,555	203,436
Technical assistance fee	10,224	3,811	10,224	3,811
Other selling and administrative expenses	4,635	1,141	4,635	1,141

(in thousand Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	2010	2009	2010	2009
Associate				
Revenue from sale of goods	66	99	66	99
Rental income	14,527	14,465	14,527	14,465
Other income	707	773	707	773
Rental expense	45,842	47,651	45,842	47,651
Other selling and administrative expenses	1,194	2,607	1,194	2,607
Other related parties				
Revenue from sale of goods	3,676,207	3,524,647	3,676,207	3,524,647
Dividend income	539,529	338,729	539,529	338,729
Other income	801	789	801	789
Product warranty expense	1,699	1,563	1,699	1,563
Other selling and administrative expenses	27,094	29,733	27,094	29,733
Director remuneration	5,322	5,658	5,322	5,658
Interest expense	-	361	-	361

Balances as at 31 March 2010 and 2009 with related parties were as follows:

Trade accounts receivable

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	2010	2009
Parent		
Mitsubishi Electric Corporation	246,004	190,335
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	379,843	393,229
Mitsubishi Electric Asia Pte. Ltd.	68,958	47,664
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	55,283	41,825
Mitsubishi Electric Australia Pty. Ltd.	8,508	24,554
Melco Sales Malaysia Sdn. Bhd.	20,707	13,787
Mitsubishi Electric Life Network Co., Ltd.	13,857	11,816
Others	1,546	1,024
Total	794,706	724,234
Bad and doubtful debts expenses for the year	-	-

Other receivables

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	2010	2009
<i>Accrued dividend income</i>		
Other related parties		
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	-	156,890
Siam Compressor Industry Co., Ltd.	6,736	11,227
	6,736	168,117
<i>Others</i>		
Parent		
Mitsubishi Electric Corporation	4,875	10,393
Associates		
Smile Super Express Co., Ltd.	1,286	1,456
Other related party		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	350	-
	6,511	11,849
Total	13,247	179,966

	Financial statements in which the equity method is applied and Separate financial statements			
	2010	2009	2010	2009
	<i>interest rate (% per annum)</i>		<i>(in thousand Baht)</i>	

Short-term loans

Other related party

Melco Thai Capital Co., Ltd.	0.71	2.29	72,034	10,287
------------------------------	------	------	---------------	---------------

Movements during the years ended 31 March 2010 and 2009 of loans to related parties were as follows:

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Short-term loans to		
Other related party		
At 1 April	10,287	16,551
Increase	456,640	303,250
Decrease	(394,893)	(309,514)
At 31 March	72,034	10,287

Trade accounts payable

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Parent		
Mitsubishi Electric Corporation	1,376	-
Other related parties		
Kulthorn Kirby Public Company Limited	33,235	33,145
Mitsubishi Electric Automation (Thailand) Co., Ltd	15,609	14,661
Setsuyo Athtech Co., Ltd.	6,865	9,111
Mitsubishi Electric Asia Pte. Ltd.	5,283	5,340
Thai Refrigeration Components Co., Ltd.	1,498	1,883
Mitsubishi Electric Trading Corp.	158	541
Others	58	813
Total	64,082	65,494

Other payables

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Parent		
Mitsubishi Electric Corporation	236,277	228,337
Associate		
Smile Super Express Co., Ltd.	4,344	3,956
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	2,324	3,143
Others	1,182	2,399
Total	244,127	237,835

Significant agreements with related parties

Technical assistance agreement

The Company entered into agreements with Mitsubishi Electric Corporation (MELCO) whereby such company agreed to provide the Company the technical information and know-how of production. In consideration thereof, the Company agreed to pay royalty fee, development fee and technical assistance fee computed based on agreed formula to MELCO. The term of the agreements were for a period of five years and are automatically extended for a successive period of five year each unless either party notifies in writing to the other party any intention of termination at least six months prior to expiration of the agreements.

Rental agreement

The Company entered into a building rental agreement for its warehouse for finished goods with Smile Super Express Co., Ltd. for a period of two years expired on 31 July 2001 with rental rate as specified in the agreement. This agreement is renewed by either party notification in writing to the other party at least sixty days before expiration of this agreement. In July 2009, the Company notified to renew such agreement for a period of two years expiring on 31 July 2011.

Thai Baht Pooling Service Agreement

In May 2002, the Company entered into the Thai Baht Pooling Service Agreement with Melco Thai Capital Company LTD. (MTC) whereby MTC agreed to provide management service relating to Thai Baht current account of the Company. In consideration thereof, the Company is committed to pay or earn the interest at the rate and method as specified in the agreement. There is no expiration of the agreement unless there are any cases complying with termination conditions as specified in the agreement.

5. Cash and cash equivalents

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	2010	2009
Cash on hand	150	150
Cash at banks - savings and current accounts	39,595	13,579
Short-term investments - bill of exchange	2,400,000	1,350,000
Total	2,439,745	1,363,729

Cash and cash equivalents of the Company as at 31 March 2010 and 2009 were denominated entirely in Thai Baht.

6. Trade accounts receivable

(in thousand Baht)

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2010	2009
Related parties	4	794,706	724,234
Other parties		31,843	45,618
Net		826,549	769,852
Bad and doubtful debts expenses for the year		-	-

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	2010	2009
Related parties		
Within credit terms	790,470	656,477
Overdue		
Less than 3 months	1,427	67,754
3 - 6 months	2,809	3
	794,706	724,234
Other parties		
Within credit terms	31,797	45,563
Overdue		
Less than 3 months	-	9
6 - 12 months	-	46
Over 12 months	46	-
	31,843	45,618
Total	826,549	769,852

The normal credit term granted by the Company ranges from 30 days to 120 days.

The currency denomination of trade accounts receivable as at 31 March were as follows:

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Thai Baht	625,183	583,257
United States Dollars (USD)	187,509	174,779
Japan Yen (JPY)	13,857	11,816
Total	826,549	769,852

7. Inventories

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Finished goods	140,603	151,130
Work in process	131,040	108,289
Raw materials and factory supplies	160,390	205,661
Goods in transit	4,766	8,087
	436,799	473,167
Less allowance for obsolete inventories	(5,450)	(8,061)
Net	431,349	465,106

8. Investments

8.1 Investment in associate

(in thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2010	2009	2010	2009
At 1 April	8,966	9,292	3,000	3,000
Share of profit (loss) of investment - equity method	535	(326)	-	-
At 31 March	9,501	8,966	3,000	3,000

As at 31 March 2010 and 2009, the financial statements in which the equity method is applied included the investments in shares of Smile Super Express Co., Ltd. accounted for using the equity method, which were computed based on the financial statements of such company for the years ended 31 March 2010 and 2009 which were audited by another auditor.

Investment in associate as at 31 March 2010 and 2009 were as follows:

Investee	Type of business	Financial statements in which the equity method is applied						
		Ownership interest		Paid-up capital		Equity method		
		2010	2009	2010	2009	2010	2009	
Smile Super Express Co., Ltd.	Logistic	(%)	33.33	33.33	9,000	9,000	9,501	8,966
			33.33	33.33	9,000	9,000	9,501	8,966
				<i>(in thousand Baht)</i>				
				3,000	3,000	3,000	3,000	

Investee	Type of business	Separate financial statements						
		Ownership interest		Paid-up capital		Cost method		
		2010	2009	2010	2009	2010	2009	
Smile Super Express Co., Ltd.	Logistic	(%)	33.33	33.33	9,000	9,000	3,000	3,000
			33.33	33.33	9,000	9,000	3,000	3,000
				<i>(in thousand Baht)</i>				
				9,000	9,000	3,000	3,000	

8.2 Other long-term investments

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Equity securities available for sale	9,559	2,989
Other non-marketable equity securities	157,362	157,362
Total	166,921	160,351

Equity securities available for sale as at 31 March 2010 and 2009 were as follows:

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	2010		2009	
	Cost	Fair value	Cost	Fair value
<i>Marketable Securities -</i>				
<i>Available-for-Sale Securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	9,192	4,965	2,742
City Sports and Recreation Public Co., Ltd.	300	367	300	247
	5,265	9,559	5,265	2,989
<i>Add (less) Revaluation of investment</i>	4,294	-	(2,276)	-
Total	9,559	9,559	2,989	2,989

Other non-marketable equity securities as at 31 March 2010 and 2009 were as follows:

Financial statements in which the equity method is applied and Separate financial statements													
Investee	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At Cost - net		Dividend income	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		(%)											
Thai Refrigeration Components Co.Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	528	2,643
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	10.00	1,200,000	1,200,000	120,000	120,000	-	-	120,000	120,000	488,000	315,140
Siam Compressor Industry Co., Ltd.	Manufacturing of compressors for air conditioners	2.00	2.00	1,603,800	1,603,800	32,076	32,076	-	-	32,076	32,076	51,001	19,566
D.S. Development Co., Ltd.	Real estate	18.18	18.18	55,000	55,000	10,000	10,000	(10,000)	(10,000)	-	-	-	-
Total				167,362	167,362	167,362	167,362	(10,000)	(10,000)	157,362	157,362	539,529	337,349

9. Property, plant and equipment

(in thousand Baht)

Financial statements in which the equity methods is applied and Separate financial statements								
	Land and improvement	Building and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Cost								
At 1 April 2008	160,517	661,842	1,068,393	2,015,483	74,778	8,995	6,328	3,996,336
Additions	2,656	323	1,055	14,720	6,486	-	51,413	76,653
Transfers	-	9,056	4,184	30,377	230	-	(43,847)	-
Disposals	-	(133)	(4,152)	(92,726)	(2,022)	(4,994)	-	(104,027)
At 31 March 2009 and 1 April 2009	163,173	671,088	1,069,480	1,967,854	79,472	4,001	13,894	3,968,962
Additions	-	425	7,350	22,488	7,643	60	207,705	245,671
Transfers	12,098	10,142	22,232	130,305	2,713	-	(177,490)	-
Disposals	-	-	(6,612)	(64,073)	(9,217)	(1,527)	-	(81,429)
At 31 March 2010	175,271	681,655	1,092,450	2,056,574	80,611	2,534	44,109	4,133,204

(in thousand Baht)

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

	Land and improvement	Building and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Accumulated depreciation								
At 1 April 2008	19,716	525,508	883,647	1,715,221	58,791	8,126	-	3,211,009
Depreciation charge for the year	89	27,094	39,052	127,602	5,751	380	-	199,968
Disposals	-	(132)	(3,669)	(79,348)	(1,812)	(4,992)	-	(89,953)
At 31 March 2009 and 1 April 2009	19,805	552,470	919,030	1,763,475	62,730	3,514	-	3,321,024
Depreciation charge for the year	2,346	25,500	37,563	100,761	6,714	302	-	173,186
Disposals	-	-	(5,705)	(62,573)	(8,889)	(1,528)	-	(78,695)
At 31 March 2010	22,151	577,970	950,888	1,801,663	60,555	2,288	-	3,415,515
Allowance for impairment loss								
At 1 April 2008	-	-	-	21,701	-	-	-	21,701
Reversal of allowance for loss on impairment	-	-	-	(21,701)	-	-	-	(21,701)
At 31 March 2009 and 1 April 2009	-	-	-	-	-	-	-	-
Reversal of allowance for loss on impairment	-	-	-	-	-	-	-	-
At 31 March 2010	-	-	-	-	-	-	-	-
Net book value								
At 31 March 2009	143,368	118,618	150,450	204,379	16,742	487	13,894	647,938
At 31 March 2010	153,120	103,685	141,562	254,911	20,056	246	44,109	717,689

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2010 amounted to Baht 2,563.7 million (2009: Baht 2,396.4 million).

10. Other non-current assets

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Refundable import duty	6,219	6,075
Refundable prepaid corporate income tax	4,750	16,270
Loan to employees	3,758	1,288
Others	4,773	2,479
Total	19,500	26,112

11. Trade accounts payable

(in thousand Baht)

	Note	Financial statements in which the equity methods is applied and Separate financial statements	
		2010	2009
Related parties	4	64,082	65,494
Other parties		662,391	507,588
Total		726,473	573,082

The currency denomination of trade accounts payable as at 31 March was as follows:

(in thousand Baht)

	2010	2009
Thai Baht (THB)	705,666	547,549
United States Dollars (USD)	12,778	16,320
Japan Yen (JPY)	7,979	9,102
Others	50	111
Total	726,473	573,082

12. Share capital

	2010		2009		
	Par value per share <i>(in Baht)</i>	Number	Baht	Number	Baht
			<i>(in thousand shares/ in thousand Baht)</i>		
<i>Authorised</i>					
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
<i>Issued and fully paid-up</i>					
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. Additional paid-in capital and 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 recognised in 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

The Company operates in a single line of business, namely the manufacturing and selling of household electrical appliances, which is an integrated line of product. The Company's operations are carried on entirely in Thailand. Revenue and gross profit for the years ended 31 March were derived from the following markets:

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Segment revenue		
Domestic	2,719,994	2,551,839
Export	3,871,247	3,765,595
Total	6,591,241	6,317,434
Segment results (gross profit)		
Domestic	489,793	357,762
Export	970,850	566,429
Total	1,460,643	924,191

15. Other income

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Scrap sales	27,961	36,879
Building rental	14,527	14,465
Interest income	23,705	34,233
Reversal of allowance for impairment loss	-	21,701
Others	17,335	23,165
Total	83,528	130,443

16. Selling expenses

(in thousand Baht)

	note	Financial statements in which the equity methods is applied and Separate financial statements	
		2010	2009
Product warranty expense	4	246,635	305,165
Royalty fee	4	152,225	145,766
Transportation expenses		54,984	66,741
Advertising and sales promotion expenses		19,511	19,924
Employee benefit expenses		13,456	10,293
Others		8,238	8,775
Total		495,049	556,664

17. Administrative expenses

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements		
	note	2010	2009
Product development fee	4	154,664	114,776
Employee benefit expenses		88,867	77,769
Warehouse rental charge	4	47,306	49,536
Tax and duty		38,025	17,875
Allowance for obsolete inventory		18,614	10,408
Technical assistance fee	4	11,415	3,811
Others		77,979	100,714
Total		436,870	374,889

18. Employee benefit expenses

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Management	42,656	37,333
Salaries and others	42,656	37,333
Other employees		
Wages and salaries	320,816	220,068
Provident fund	11,398	10,743
Others	86,169	78,237
	418,383	309,048
Total	461,039	346,381

The provident fund presented under other non-current liabilities includes a provident fund which the Company had established prior to 2000. Contribution were made by employees' voluntarily at 3% of their monthly salaries and by the Company at rates ranging from 5% to 7% of salaries depending on length of service of employees.

Since 2001, the defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate of 3% of their basic salaries and by the Company at rates from 5% to 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

19. Income tax

(in thousand Baht)

	Financial statements in which the equity methods is applied and Separate financial statements	
	2010	2009
Current tax expense	173,093	-

The current tax expense in the statement of income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) The different treatment for accounting and taxation purposes of certain items of income and expense in particular, the dividend income and product warranty expense are recognised in the statement of income.
- (b) Income tax reduction
Royal Decree No. 475 B.E. 2551 dated 29 July 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 31 January 2008.
- (d) Unutilised tax losses brought forward from the previous year have been utilised during the year to set-off against the current year's tax charge.

20. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotional Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to exemption from payment of import duty on imported machinery and raw material.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

21. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

(in thousand Baht / thousand shares)

	Financial statements in which the equity method is applied		Separate financial statements	
	2010	2009	2010	2009
Profit attributable to equity holder of the Company (Basic)	934,344	426,438	933,809	426,764
No of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	42.47	19.38	42.45	19.40

22. Dividends

At the annual general meeting of the shareholders of the Company held on 23 July 2009, the shareholders approved the appropriation of dividends of Baht 9.7 per share, amounting to Baht 213.4 million. The dividend was paid to shareholders during 2009.

At the annual general meeting of the shareholders of the Company held on 23 July 2008, the shareholders approved the appropriation of dividends of Baht 1.6 per share, amounting to Baht 35.2 million. The dividend was paid to shareholders during 2008.

23. 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.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because interest rates are floating. However, the management believes that the Company has no material interest rate risk because the Company has insignificant borrowing and the maturity of deposits and other financial assets is short-term and interest is based on market rates.

The effective interest rates of deposits at financial institutions, current investments and short-term loans to as at 31 March and the periods in which the term of mature or re-price were as follows:

	Financial statements in which the equity method is applied and Separate financial statements	
	Effective interest rate	Within 1 year
	(% per annum)	(in thousand Baht)
2010		
Deposits at financial institutions - saving accounts	0.25	41,622
Short-term investments - bill of exchange	1.16	2,400,000
Short-term loans to related party	0.71	72,034
2009		
Deposits at financial institutions - saving accounts	0.25	14,557
Short-term investments - bill of exchange	1.27	1,350,000
Short-term loans to related party	2.29	10,287

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases of goods denominated in foreign currencies, for the subsequent period.

At 31 March, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	note	2010	2009
United States Dollars			
Trade accounts receivable	6	187,509	174,779
Trade accounts payable	11	12,778	16,320
Other payables to related parties		1,059	273
Japan Yen			
Trade accounts receivable	6	13,857	11,816
Trade accounts payable	11	7,979	9,102
Other payables to related parties		83,042	82,446
Others			
Trade accounts payable	11	50	111
Other payables to related parties		1,087	2,235
Gross balance sheet exposure		307,361	297,082
Currency forwards		-	(35,575)
Net exposure		307,361	261,507

At 31 March 2009, the Company had selling forward exchange contracts amounting to USD 1.0 million equivalent to Baht 35.6 million

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, management does not anticipate material losses from its debt collection.

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.

Determination of fair values

A number of Company's accounting policies and disclosures require the determination of fair value for both financial and non financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that assets or liability.

The fair value of cash and cash equivalents, trade accounts receivable, other receivables from related parties, loans to related parties, other long-term investments representing non-marketable equity securities, trade accounts payable and payables to related parties approximates their carrying value presented in the balance sheet.

The fair value of other long-term investments representing available-for-sale securities is market value.

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

24. Commitments with non-related parties and others

(in thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	2010	2009
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisition of fixed assets	24,611	-
<i>Operating lease commitments</i>		
Within one year	2,027	4,506
After one year but within five years	1,502	2,033
Total	3,529	6,539

The Company entered into several long-term lease agreements covering vehicles and having four year terms which will expire in various periods up to the year 2011. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

25. Thai Accounting Standards (TAS) not yet adopted

The Company has not adopted the following revised TAS that has been issued as of the reporting date but is not yet effective. This revised TAS is anticipated to become effective for annual financial periods beginning on or after 1 January 2011.

TAS 24 (revised 2009) Related Party Disclosures (formerly TAS 47)

Management is presently considering the potential impact of adopting and initial application of this revised TAS on the Company's financial statements

26. Reclassification of accounts

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows.

(in thousand Baht)

	2009		
	Financial statements in which the equity method is applied and Separate financial statements		
	Before reclassification	Reclassification	After reclassification
Balance sheets			
Other receivables from and short-term loans to related parties	190,253	(190,253)	-
Other receivables from related parties	-	179,966	179,966
Short-term loans to related party	-	10,287	10,287
Investments in related parties	157,362	(157,362)	-
Other long-term investments	2,989	157,362	160,351
		-	

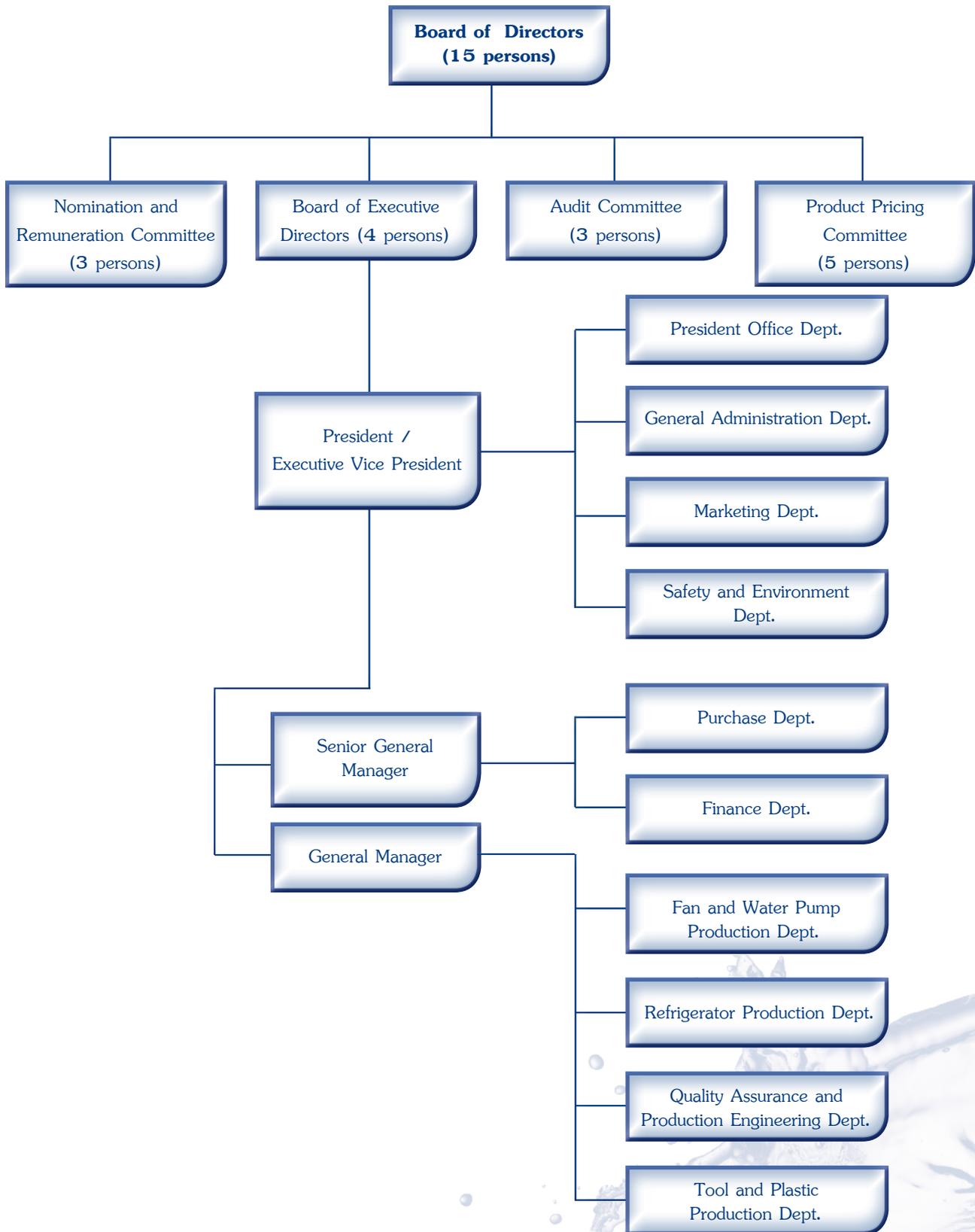
(in thousand Baht)

	2009		
	Financial statements in which the equity method is applied and Separate financial statements		
	Before reclassification	Reclassification	After reclassification
Statement of income			
Selling and administrative expenses	968,886	(968,886)	-
Selling expenses	-	556,664	556,664
Administrative expenses	-	374,889	374,889
Management benefit expenses	-	37,333	37,333
		-	

The reclassifications have been made in order to comply with the classification set out in the Pronouncement of the Department of Business Development Re: *Determination of items in the financial statements B.E. 2552* dated 30 January 2009 and in the opinion of management, the new classification is more appropriate to the Company's business.

Management

Management Structure (end of March 31, 2010)



The Company has 1 group of director committee and 4 subcommittees detailed as follows:

Board of Directors	Board of Executive Directors	Audit Committee	Nomination and Remuneration Committee	Product Pricing Committee
1. Mr. Staporn Kavitanon Honorary Chairman	1. Mr. Praphad Phodhivorakhun Chairman of Executive Directors	1. Mr. Komol Vongsthongsri Chairman of Audit Committee	1. Mr. Chackchai Panichapat Chairman of Nomination and Remuneration Committee	1. Mr. Arthakrit Visudtibhan Chairman of Product Pricing Committee
2. Mr. Praphad Phodhivorakhun Chairman of Board of Directors	2. Mr. Sadahiro Tomita Vice Chairman of Executive Directors	2. Mr. Chackchai Panichapat Audit Committee	2. Mr. Praphad Phodhivorakhun Nomination and Remuneration Committee	2. Mr. Sadahiro Tomita Product Pricing Committee
3. Mr. Sadahiro Tomita Vice Chairman	3. Mr. Supachai Setasathira Executive Director	3. Mr. Arthakrit Visudtibhan Audit Committee	3. Mr. Komol Vongsthongsri Nomination and Remuneration Committee	3. Mr. Hitoshi Ito Product Pricing Committee
4. Mr. Komol Vongsthongsri Independent Director	4. Mr. Hiroshi Ito Executive Director			4. Pol.Sub.Lt. Kriengsak Lohachala Product Pricing Committee
5. Mr. Tadashi Matsumoto Director				5. Mr. Komol Vongsthongsri Product Pricing Committee
6. Mr. Supachai Setasathira Director				
7. Mr. Hiroshi Ito® Director				
8. Mr. Akira Nakamichi Director				
9. Mr. Yoshifumi Bebbu Director				
10. Mr. Syoichiro Hara Director				
11. Pol.Sub.Lt. Kriengsak Lohachala Independent Director				
12. Mrs. Tipvimol Saengsuphan Director				
13. Mr. Chackchai Panichapat Independent Director				
14. Mr. Arthakrit Visudtibhan Independent Director				
15. Mr. Taketoshi Arikawa Independent Director				

Remark : ® means Mr. Hiroshi Ito, the director was appointed as the director since February 16, 2010 by the resolution of the Board of Directors replacing Mr. Akira Kurishima

The Board of Directors have 15 persons.

- 1. Mr. Staporn Kavitanon**
Honorary Chairman
Certification
 - M.A (Econ) Vanderbilt University, U.S.AExperience
 - Secretary General, Office of the Board of Investment (BOI)
 - Honorary Chairman / Independent Director Kang Yong Electric Public Company Limited
- 2. Mr. Praphad Phodhivorakhun**
Chairman of the Board of Directors / Chairman of the Board of Executive Directors / Member and Remuneration Committee
Certification
 - Business Management Sheffield College of Technology, England
 - Master Degree in Public Administration (MPA) and Master Degree in Business Administration (MBA) Ramkhamhang UniversityExperience
 - Honorary Doctorate Degree in Business Administration Rajabhat University of Lampang
 - Director, Kulthorn Kirby Public Company Limited
 - 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
 - Independent Director, Polyplex Public Company Limited
 - Chairman of the Board of Directors, Siam City Leasing and Factoring Public Company Limited
 - Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited
- 3. Mr. Sadahiro Tomita**
Vice Chairman of the Board of Directors / Vice Chairman of the Board of Executive Directors / President / Member of Product Pricing Committee
Certification
 - M.B.A. in Engineering, Tohoku University, JapanExperience
 - Deputy Department Manager, Engineering Department, Living Digital Media Administration Division Mitsubishi Electric Corporation
 - Department Manager, Manufacturing Department, Ryoden Asahi Technology Technica Co., Ltd.
 - Manager, Works Manager Room, Mitsubishi Electric Corporation
 - Vice Chairman of the Board of Directors / President / Vice Chairman of the Board of Executive Directors, Kang Yong Electric Public Company Limited
 - Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
- 4. Mr. Komol Vongsthongsri**
Independent Director / Chairman of Audit Committee / Member of Product Pricing Committee / Member of Nomination and Remuneration Committee
Certification
 - Mechanical Engineering (Dipl. - Ing.) GermanyExperience
 - Independent Director, Kang Yong Electric Public Company Limited
 - Chairman of Audit Committee Kang Yong Electric Public Company Limited
 - Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
 - Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited
- 5. Mr. Tadashi Matsumoto**
Director
Certification
 - B.A. in Laws, Hitotsubashi University, JapanExperience
 - General Manager, Planning & Administration Dept. Living Environment & Digital Media Equipment Group, Mitsubishi Electric Corporation
 - Director, Kang Yong Electric Public Company Limited

- 6. Mr. Supachai Setasathira**
 Certification
 Executive Director / Executive Vice President
 ■ 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. Hiroshi Ito**
 Certification
 Executive Director / Senior General Manager / Member of Product Pricing Committee
 ■ B.A. in Economics, Takasaki City University, Japan
 Experience
 ■ Planning & Control Section Manager, Accounting Dept., Mitsubishi Electric Corporation
 ■ Director and Finance Department Manager, Siam Compressor Co., Ltd.
 ■ Executive Director & Senior General Manager, Kang Yong Electric Public Company Limited
 ■ Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
- Mr. Akira Kurishima**
 Certification
 Executive Director / Executive Vice President / Member of Product Pricing Committee (resigned since February 16, 2010)
 Experience
 ■ Keio University, Japan
 ■ 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
 ■ Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
- 8. Mr. Akira Nakamichi**
 Certification
 Director / General Manager
 Experience
 ■ B.A. in Engineering, Tokyo Metropolitan University, Japan
 ■ Section Manager, Quality Control Section Refrigerator Manufacturing Dept., Mitsubishi Electric Corporation
 ■ Section Manager, Manufacturing Control, Mitsubishi Electric Corporation
 ■ Deputy Manager, Refrigerator Dept., Mitsubishi Electric Corporation
 ■ Director / General Manager, Kang Yong Electric Public Company Limited
- 9. Mr. Shoichiro Hara**
 Certification
 Director
 Experience
 ■ B.A. in Engineering, Tokyo University, Japan
 ■ Senior Manager, Mitsubishi Electric Corporation Manufacturing Engineering Center
 ■ General Manager, Mitsubishi Electric Corporation Shizuoka works
 ■ Director, Kang Yong Electric Public Company Limited
- 10. Mr. Yoshifumi Beppu**
 Certification
 Director
 Experience
 ■ B.A. in Economics, Keio University, Japan
 ■ Deputy General Manager Global Strategic Marketing & Operation Division, Mitsubishi Electric Corporation
 ■ Managing Director, Mitsubishi Electric Asia Pte. Ltd.
 ■ Director, Kang Yong Electric Public Company Limited

- 11. Pol.Sub.Lt Kriengsak Lohachala** Independent Director / Member of Product Pricing Committee
- Certification ■ Master of Public Administration, Kent State University, U.S.A.
- Experience ■ Consultant Bureau of the crown Property
 ■ Director, Kang Yong Electric Public Company Limited
 ■ Chairman of Rajamangala University of Technology Tawan-ok
 ■ Chairman of Masterad Public Company Limited
 ■ Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
- 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** Independent Director / Audit Committee / Chairman of Nomination and Remuneration Committee
- Certification ■ Master Degree in Electrical Engineering, University of Texas Austin, Texas, USA.
- Experience ■ Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee City Sports and Recreation Public Company Limited
 ■ Independent Director, City Sports and Recreation Public Company Limited
 ■ Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee Central Pattana Public Company Limited
 ■ Director / Executive Director, Amata Corporation Public Company Limited
 ■ Independent Director / Advisory Board Member, Saha Union Public Company Limited
 ■ Chairman of the Board of Directors, Magnecomp Precision Technology Public Company Limited
 ■ Audit Committee / Independent Director, Kang Yong Electric Public Company Limited
 ■ Chairman of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited
- 14. Mr. Arthakrit Visudtibhan** Independent Director / Audit Committee / Chairman of Product Pricing Committee
- Certification ■ Master of Public Administration, University of Southern California, U.S.A
- Experience ■ Human Resources Director, Serm suk Public Company Limited
 ■ Director of Audit Committee, Kang Yong Electric Public Company Limited
 ■ Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited
- 15. Mr. Taketoshi Arikawa** Independent Director
- Certification ■ Faculty of Commerce, Waseda University, Japan
- Experience ■ Managing Director, Dai - Nippon Meiji Sugar Co., Ltd.
 ■ Executive Council, Dai - Nippon Meiji Sugar Co., Ltd.
 ■ Advisor, Department of Industrial Promotion
 ■ Director, Kang Yong Electric Public Company Limited

The Company has one group of the director committee and 4 subcommittees detailed as follows:

1. The Board of Directors There are 15 directors, were appointed by the resolution of the Shareholders's Meeting. The 5 directors were independent directors.

The duties and responsibility of the Board of Directors

The Board of Directors had the power and obligation to manage the Company in accordance with objectives, article of association, resolution of the shareholders' meeting, and appoint the subcommittees.

2. The Board of Executive Directors There are 4 directors, were appointed by the Board of 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. Sadahiro Tomita or Mr. Hiroshi Ito also seal the Company stamp.

The duties and responsibility of the Board of Executive Directors has the power and obligation to manage the company, supervise the management's actions to be in line with company policy and report to the Board of Directors.

3. Audit Committee There are 3 independent directors, were appointed by the Board of Directors

The resolution of the Special Board of Directors 3/2008 on March 30, 2009, appointed Mr.Komol Vongsthongsri, the Chairman of Audit committee, who has adequate expertise and experience to review creditability of the financial reports.

The duties and responsibility of Audit Committee 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 Corporate Governance and appropriate management for achievement the best efficiency and effectiveness, as defined in the Audit Committee's Charter. The Audit Committee shall report to the Board of Directors

4. Nomination and Remuneration Committee There are 3 directors, were appointed by the Board of Directors.

The duties and responsibility of Nomination and Remuneration Committee

1. Shall determine the policy, criteria, and mean relevant to the nomination, remuneration, and other benefits for the board, executive directors, and subcommittees. The criteria shall be clear and transparent that be proposed to the board for approval.

2. Shall nominate the qualified candidate to sit on any positions such as the board of director, executive director, and subcommittees and propose to the board of director for approval.

3. Shall consider an appropriate composition of the board, executive director, and subcommittees in accordance with the regulation of SET and SEC and the business circumstance for determination of the proper remuneration to duties and responsibilities that will be proposed to the Board for approval.

4. Shall report the performance of the Nomination and Remuneration subcommittee and review its charter in accordance with the regulation of SET and SEC.

5. Shall perform any other assignments of the Board involving the nomination and remuneration of director.

5. Product Pricing Committee There are 5 persons, were appointed by the Board of Directors, the detail of restructuring is as following :-

Group 1 Representative of interest parties from KYE and Mitsubishi Electric Kang Yong Watana Co.,Ltd. (MKY) 2 persons.

Group 2 Independent Director 3 persons.

The duties and responsibility of Product Pricing Committee

1. To supervise the management, pricing the product sold to MKY being line with company's product pricing policy and the SET's and SEC's request, which result in average mark up rate on cost of NOT LESS THAN 20% mean that:

2. For the selling price changes, which results in an average mark up on cost

Below the agreed mark rates on cost of 20% but NOT LESS THAN 10% the Product Pricing Committee is responsible for approving the selling price change request submitted by the company, The decision must be unanimous.

3. The aforesaid, the Product Pricing Committee is responsible for operating of product pricing policy by the Company's management in good faith and assert carefully of company.

The Top Management* Officers compose of 21 persons (as of 31 Mar, 2010) as follow:

1.	Mr. Praphad	Phodhivorakhun	Chairman
2.	Mr. Sadahiro	Tomita	Vice Chairman and President
3.	Mr. Supachai	Setasathira	Executive Director and Executive Vice President
4.	Mr. Hiroshi	Ito	Executive Director and Senior General Manager
5.	Mr. Akira	Nakamichi	General Manager
6.	Mr. Anucha	Pralongkij	General Administration Department Manager
7.	Mr. Somboon	Choonhavan	Deputy General Administration Department Manager
8.	Mr. Hitoshi	Otake	Purchase Department Manager
9.	Mr. Kritsana	Chatchaivorawong	President Office Department Manager
10.	Mr. Toshiyuki	Iizuka	Marketing Department Manager
11.	Ms. Pojana	Tinnaworn	Finance Department Manager
12.	Mr. Aniwat	Saelim	Finance, Deputy 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	Fan and Water Pump Production, Deputy Department Manager
16.	Mr. Artit	Manubrud	Fan and Water Pump Production, Deputy Department Manager
17.	Mr. Sinchai	Kowitwatanapaisal	Refrigerator Production Department Manager
18.	Mr. Nirundorn	Pangma	Refrigerator Production, Deputy Department Manager
19.	Mr. Mongkol	Kuratana	Quality Assurance and Production Engineering Department Manager and Acting Tool and Plastic Production Department Manager
20.	Mr. Mongkol	Thadtayatikom	Quality Assurance and Production Engineering Deputy Department Manager
21.	Mr. Vinij	Phomma	Tool and Plastic Production, Deputy Department Manager

(*Executive means the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.)

- **The Company Secretary** The Board of Directors appointed Mr. Kritsana Chatchaivorawong as a Company Secretary since August 8, 2008

The duties and responsibility of the Company Secretary

1. Preparing and keeping the following documents:
 - 1.1 A register of directors;
 - 1.2 A notice calling director meeting, a minute of meeting of the board of directors and an annual report of the company
 - 1.3 A notice calling shareholder meeting and a minute of shareholders' meeting;
2. Keeping a report on interest filed by a director or an executive
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board
4. Conducted in various mission as assigned by the Board of Directors

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 company's directors shall be approved by the nomination and remuneration committee 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 1 Chairman, 1Vice Chairman, and 2 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 1 Chairman, who has adequate expertise and experience to review creditability of the financial reports and 2 members. The President Office Department Manager responsible for the internal audit is a secretary of the committee.

The Selection of Nomination and Remuneration Committee

- 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 Committee. The Committee will be positioned for the 3 year period. The secretary of the Committee is the Finance Department Manager.

- The Nomination and Remuneration Committee comprises 1 Chairman, and 2 members.

The Selection of Product Pricing Committee

- The Board of Directors appoints 5 directors as members of Product Pricing Committee. This Committee 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 2 shareholder groups as follows :

- 2 directors representing the interested parties in Kang Yong Electric PCL., and Mitsubishi Electric Kang Yong Watana Co., Ltd.
- 3 independent directors

The Product Pricing Committee comprises 1 Chairman, and 4 members.

The Selection of Independent Director

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

1. Holding shares not more than 1% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.

2. Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company independent director.

3. Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as children spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.

4. Having no current or previous business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons which may interfere his/her independent discretion, and not being or having previously been a major shareholder or controlling person of the company which has a business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the company independent director.

5. Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the company independent director.

6. Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the company independent director.

7. Not being a director appointed as a representative of the Company directors, major shareholder or a shareholder who is related to the Company major shareholder.

8. Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.

9. Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

Remuneration for Management

The Company has 15 directors and 21 management persons. 4 of management persons are appointed the Company's Executive Directors. The Company pay the remunerations as follows :

Directors' remunerations

During April 2009 - March 2010, details of the Directors' remunerations are as follow :

Directors	Position	Committee					Remuneration 2009 (Baht)
		BOD	EDC	A/C	P/P	N/R	
1. Mr. Staporn Kavitanon	Honorary Chairman	✓					180,000
2. Mr. Praphad Phodhivorakhun	Chairman of the Board of Directors	✓	✓			✓	504,000
3. Mr. Sadahiro Tomita	Vice Chairman	✓	✓		✓		380,000
4. Mr. Komol Vongsthongsri	Independent Director	✓		✓	✓	✓	806,000
5. Mr. Tadashi Matsumoto	Director	✓					152,000
6. Mr. Supachai Setasathira	Director	✓	✓				264,000
7. Mr. Hiroshi Ito	Director	✓	✓		✓		32,000
8. Mr. Akira Nakamichi	Director	✓					264,000
9. Mr. Shoichiro Hara	Director	✓					144,000
10. Mr. Yoshifumi Beppu	Director	✓					216,000
11. Pol. Sub.Lt. Kriengsak Lohachala	Independent Director	✓			✓		308,000
12. Mrs. Tipvimol Saengsuphan	Director	✓					264,000
13. Mr. Chackchai Panichapat	Independent Director	✓		✓		✓	686,000
14. Mr. Arthakrit Visudtibhan	Independent Director	✓		✓	✓		590,000
15. Mr. Taketoshi Arikawa	Independent Director	✓					162,000
@ ¹ Mr. Akira Kurishima		✓	✓		✓		276,000
@ ² Mr. Udom Satianrapapong		✓					54,000
@ ³ Mr. Masato Tashiro		✓					40,000
Total							5,322,000

Remark : 1. @¹ means Mr. Akira Kurishima who has resigned from the Board of Directors since February 16, 2010 by the resolution of the Board of Directors appointed Mr. Hiroshi Ito as the director had effective February 16, 2010
 @² means Mr. Udom Satianrapapong who was resigned from the Board of Directors since June 17, 2009
 @³ means Mr. Masato Tashiro who has resigned from the Board of Directors since August 7, 2009

2. The meaning of meeting of each committee

BOD	=	The Board of Directors
EDC	=	The Board of Executive Directors
A / C	=	Audit Committee
N / R	=	Nomination and Remuneration Committee
P / P	=	Product Pricing Committee

Management's Remuneration

During April 2009 - March 2010, the remunerations for 21 managements are as follow :

Remuneration for the Management

<u>Item</u>	<u>No.</u>	<u>Baht</u>
- Remunerations i.e. salary, bonus and Provident funds	4	14,524,667

Remuneration for the Board of Directors

<u>Item</u>	<u>No.</u>	<u>Baht</u>
- Remunerations i.e. salary and bonus	21	27,695,362

Report on Good Corporate Governance

The Company has truly committed to operate the business on fair, transparent, and verifiable basis under the surveillance of the Board of Directors. The Company has policy and direction in performance that has focused on the control and internal audit, regulated the administrative party to undertake the activities to achieve the Company's objectives and goals effectively under the provision of law and the Code of Conduct. In 2010, the Company has proceeded on regulating as follows :

1. Right 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 shareholder is unable to attend the meeting by himself, he can assign other or independent committee as his proxy to attend the meeting and passing the resolution in his place. In addition, the Company's information has been publicized through a channel of SCP Client of the Stock Exchange of Thailand (SET).

The meeting notice and an adequate amount of information enclosed have been mailed by the Company 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 consent. In 2009, the Company conducted a shareholder's meeting on Thursday 23th July, 2009 to let the shareholder consider, express and vote in the meeting properly. In the meeting, there were the audit committees, subcommittee, certified auditors, and company's executive joining the meeting to respond the questions and enquires raised by shareholders equitably.

2. Equitable treatment of Shareholders

The Company fully complied with the best practices in regard to shareholder's rights especially when it allowed minor shareholders to propose the agendas and director candidate of the AGM 2009 and the AGM 2010 in advance, a practice considered an equal treatment to all shareholders. For the AGM 2009, the Company allowed minor shareholders to propose agendas / director candidate in advance between 7 - 27 April 2009 and notified shareholders through the Stock Exchange of Thailand (SET) before posting it on its website at www.mitsubishi-kye.com in which clear and transparent procedures were indicated. At the AGM 2009, no shareholder proposed any agenda/director candidate.

For the 2010 meeting, the Company already arranged for shareholders to propose the meeting's agendas / director candidate in advance during March 15 - April 5, 2010. It also notified shareholders through the SET and its website at www.mitsubishi-kye.com or facsimile or registered mail to the company.

3. Stakeholder's role and responsibility

The Company is aware of the significance of all the shareholders and stakeholders' right internally and externally, ranging from clients, shareholder, employee, and social and public environment under the Good Corporate 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 shareholder meeting, client meeting, vendor meeting. This is to build the good relationship in fair negotiation. Also, the Company jointed the meeting with Corporate Labor Union so that the stakeholders and other concerned people shall be treated fairly as well building goodwill relation and benefit with all interest groups.

Shareholders

The Company is aware of the significant of all the shareholders in Good Corporate Governance as refer in the section rights of Shareholder and Equitable treatment of Shareholders.

Employees

1. The Company provides appropriate welfare and fairly remuneration for employees as follow:
 - Transportation arrangement covering employees residences
 - On-site canteen offering clean food at reasonable price
 - Scholarship at various levels for public institutions
 - Several welfare as wedding allowance, maternity benefits, financial aid in the event of death or welfare in the event of death of family member, provident fund which provide saving for employees, annual health check up and co-operatives
2. Ensure and maintain working environment for life and asset safety of the employees.
3. Appoint, transfer, reward or punish any employee by based on the appropriateness, knowledge and capability of such employee.
4. Consistently focus on staff development for knowledge, capability and skill and provide extensively opportunity for all staff
5. Perform strictly according to the laws and regulations related to employee Customers

Customers

1. Deliver quality products per customer request or higher than customer expectation under the fair conditions.
2. Provide correct, sufficient and updated information related to the product and service to the customers so that they have sufficient information for decision making without misrepresentation on quality, quantity or any conditions of products and services.
3. Keep for all customers' confidential information and shall not illegally utilize such information for the interests of the Company or related parties.
4. Respond to customer demand promptly and provide efficient system and channel for customer to complain about the quality of product and service

Trading Partner

1. Perform under the rules of fair competition.
2. Not unethically or inappropriately seek its partners confidential information such as bribing the directors and staff of its competitors, etc.
3. Not destroy partners reputation by negative accusing

Creditor

1. Perform equitably and fairly to creditors and be based on fair benefit for both parties.
2. Perform according to the agreement or other conditions as agreed. If the Company could not meet any condition, the Company has to inform partner and / or creditor in advance in order to find the solution together.
3. Under business negotiation, the Company shall avoid requesting, receiving or hiring for any dishonest benefits.
4. If there is any requesting, receiving or hiring for any dishonest benefits, the Company shall disclose to creditors and find out fair and rapid solution together.
5. Regularly report correct, complete and on-time financial statements to the creditors.

The Society and Community Responsibility

1. Encourage the Company's staff to have consciousness and responsibility for its society and environment under environment management (ISO 14001).
2. Be responsible for an assure that the environment and local tradition where the organization located shall be maintained.
3. Consistently arrange or participate in society, community and environment activities in order to improve the community and the quality of life by the Company's itself as well as cooperation with government and community.
4. Prevent accident and control waste at the lower level than the accepted standard.
5. Promptly and efficiently respond to the incident that affects the environment and community caused from the Company's operation providing full cooperation with government staff and related parties.

4. Disclosure and Transparency

The Company's disclosure policy has been carried out in accordance with the Stock Exchange of Thailand Requirement, for examples, financial reporting, change in the committees, inter-transaction approval, etc. through the SCP Client of the Stock Exchange of Thailand after completion of any meeting of the Board of Director or any meeting of shareholders, and has been already publicized in the Annual Report (TYPE 56-2) and Annual Transaction Manifestation 2007 (TYPE 56-1). Further information can be obtained by contacting the Company's investor relation at 02-337-2900 ext.510 or E-mail : information@kyc.meap.com

In 2009, the Company attend the "Opportunity Day" with SET. on November 25, 2009, provide information to investor by individual meeting on January and February 2010 and company visit on March 25, 2010.

5. Board of Directors' Responsibility

The Company's Code of Conduct has abided the philosophy on business operation criteria where the corporate social responsibility has been emphasized crucially by encouraging the members of the Board, executive and all employees perform their function and duty under eight sections of the Code of Conduct, for examples; compliance with law, respect for human right, social benefit creation, community unity building, participation in environment problem-solving, and conscious awareness of the operator's responsibility, promote the liaison among the stakeholders, conflict of interest management, provide the strict control and proceed on operating transparently and fairly.

Of fifteen members of the Board, the Company currently has five independent directors in accordance with the Good Corporate Governance. At least one third of the Board of Directors are the independent directors, it can ensure that the right and benefits shall be overseen thoroughly to protect the Company's interest fully. In addition, internal tradeoff in the Board structure, namely, 10 non-executive committees is designated greater than 5 executive committees in order that the non-executive committees can express their opinion independently and contemplate other matters in the meeting of the Board of Director fully.

The Company has separately divided power and duty and authority of the individuals between chairman and managing director to allow the tradeoff each other. The Company has also set up the Executive Committees to consider the important matters thoughtfully to maximize the company's benefits.

In 2009, the Company conducted 6 meeting of the Board of Directors, and other sub-meetings, for examples, 5 meeting of the audit committees, 3 meeting of the nomination and remuneration committee and 2 meeting of the Product Pricing Committee. The members of the Board have convened 2 meeting monthly to ensure the Company's effective performance. Majority of the committees have joined the meeting regularly. Below is detail on individual committee's attendance.

Director			Number of attendance / Total number of Meeting					
			BOD	SPC.BOD	A/C	P/P	N/ R	Total
1.	Mr. Staporn	Kavitanon	0/4	0/2				0/6
2.	Mr. Praphad	Phodhivorakhun	4/4	2/2			3/3	9/9
3.	Mr. Sadahiro	Tomita	4/4	2/2		2/2		8/8
4.	Mr. Komol	Vongsthongsri	4/4	2/2	5/5	2/2	3/3	16/16
5.	Mr. Tadashi	Matsumoto*	3/3	0/2				3/5
6.	Mr. Supachai	Setasathira	4/4	2/2				6/6
7.	Mr. Hiroshi	Ito	-	-	-	1/1	-	1/1
8.	Mr. Akira	Nakamichi	4/4	2/2				6/6
9.	Mr. Shoichiro	Hara*	1/4	0/2				1/6
10.	Mr. Yoshifumi	Beppu*	2/4	2/2				4/6
11.	Pol. Sub.Lt. Kriengsak	Lohachala	4/4	2/2		2/2		8/8
12.	Mrs.Tipvimol	Saengsuphan	4/4	2/2				6/6
13.	Mr. Chackchai	Panichapat	4/4	2/2	5/5		3/3	14/14
14.	Mr. Arthakrit	Visudtibhan	4/4	2/2	5/5	2/2		13/13
15.	Mr. Taketoshi	Arikawa	1/3	2/2				3/5
@ ¹	Mr. Udom	Satianrapapong	1/1	-				1/1
@ ²	Mr. Masato	Tashiro	0/1	-				0/1
@ ³	Mr. Akira	Kurishima	4/4	2/2		1/1		7/7

- Remark**
- @¹ means Mr. Udom Satianrapapong who has resigned from the Board of Directors since June 17, 2009
 @² means Mr.Masato Tashiro who has resigned from the Board of Directors since August 7, 2009
 @³ means Mr.Akira Kurishima who has resigned from the Board of Directors since February 16, 2010
 - *means the director who resides in foreign countries.
 - 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 Committee
 - P / P = Product Pricing Committee

Internal Data Usage

The Company has set up security measures to protect internal secured information related to the Company's business, 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 relative's benefits from internal data usage.

Manpower

As of 31 March 2010, the company has 1,103 permanent employees detailed as follows:

Permanent manpower at production	970 persons
Permanent manpower at administration and supports production	133 persons

Remuneration for Employee

In the fiscal year 2009, the total remuneration was 418.4 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

The Company Policy to emphasize employee development by set up training to all employees both of internal and external. The Processing of Training level would be more and continues. Starting from survey to all Departments and management for which items they need and then separated for company total views. After that, explained to each priority group of current and future job administration. We have checked from last year training record for most prefer because of we need to develop internal training plan and set up trainer who will suitable to join the training.

The External training course, Company will assign to be suitable person under the condition of budget in each department. All of these we need to improve total views to be stable training system. Many projects we need to start for get the target efficiency of organization.

Risk Factors

1. Marketing and Competition Situation Risks

- 1.1 In previous year, there were as economic crisis, overall global economic conditions, most of the regression and growth in a downward trend. Since the first quarter of 2010, many countries seem to be return to recovery, although some countries have still declined status. But the signal of recovery was improved. These aforementioned conditions were affecting modification of consumer behavior. Demand of consumer products was slowing trend, and growth in decreased rate. Although some governments in many countries have the measures to stimulate economic conditions, but the slowdown in consumption is still ongoing. The risk of exporting the goods is continued.
- 1.2 The previous time of domestic political and economic have been emerging, adversely resulting in fluctuations in the business, delivery of raw materials and components, including production processes, delivery process and the slowdown in consumer spending which affect the risk of selling in domestic market.
- 1.3 Because of the risk on price fluctuation in raw materials, the trend of Plastic and Copper price has been increased during year 2009, and fuel price has negatively affected the increased production cost, resulting in the price competition into the market.

2. Financial Risks

2.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because interest rates are floating. However, the management believes that the Company has no significant risk for interest rate because the Company has in significant borrowing and the maturity of deposits and other financial assets is short-term and interest is based on market rates

2.2 Foreign currency risk

The Company is exposed to foreign currency risk relating to sales and purchasing of goods, raw materials, machines and equipments which are denominated in foreign currencies. The Company utilizes for forward exchange contracts which have maturities of less than one year, in order to hedge such financial liabilities denominated in foreign currencies.

2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. However, management does not anticipate material losses from its debt collection.

2.4 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.

3. Legal risks

During the previous year, there was a number of newly established that has been enacted, for example, Related Environment Law, Product Standard Requirement, Saving Energy, other regulations from Stock Exchange Act and Stock Exchange of Thailand and so on. The Company provides the responsible work units to monitor and follow up the compliance, including that reporting has been forwarded to the executives, as well as an action in accordance with laws and regulations have been responded.

Internal Control

The Company realizes the roles and duties of management, the supervision of internal control system, and risk management at the same time so the Company's operations or performance will be efficient and effective according to the Company's policy, regulations, and resolution of the Board of directors or shareholders. In addition, the company also strictly complies with related laws, notifications, and rules.

Regarding the Company's internal control, the Executive Board and the management in every level will identify the Company's annual policy, objective, and target for department level. Such aforementioned will be explained to be employee so they can apply and help the Company's achieve its goals. The Company also has the monitoring system under the format of various levels of meetings ranging from weekly, monthly, quarterly, and semiannually meeting. Such meeting is operational report and explanation, or order from executives in order for the Company's operations to achieve its goals and objectives.

The Company has the Internal Audit section responsible for internal audit. Such section is independent and responsible for auditing and monitoring the performance of other sections regarding the internal control system, the compliance with related laws and regulations. The section will follow the annual Audit plan, the corrective action plan after auditing, and the special audit plan approved by the Audit Committee. The audit report will be proposed to the Executive Board and, directly, to the Audit Committee for information and consideration. In addition, the unit also acts as the secretarial section of the Audit Committee by reporting the urgent cases to the Audit Committee and the Committee will give some opinions and recommendation for the improvement to the Company or management further. Moreover, the section will also proposes the Company's performance report and the audit report in significant issues such as financial statement and connected transactions occurred during that period to the board of directors' meeting quarterly for information and consideration. Therefore, it is confident that the company possesses sufficient internal control system according to the Good Corporate Governance policy.

The Audit Committee will do review quarterly and monthly financial statement and connected transactions that the already been proposed to the Company's management after audited by the auditor. In addition, the report from the Audit Committee will be reported in the Board of Directors' meeting quarterly for information and consideration.

In previous year, the Company has established Risks Management Committee which has the President to be leader of committee and composed of members from managers of all departments coverage in all of company.

Risk Management Committee has settled the policy and Risks Management System for indicating risks and risks level, evaluating risks, measures in risks managements including monitoring system in all risks that may be effected to the company. The objective of committee is engaged to manage all company risks in the same systematic managing in avoid, reduction, transfer, or accept the risks by efficiency and appropriately.

In addition, the Company identifies the methods to open the opportunity for the Company's stakeholders to inform the hint or clue witnessed from the incident or behaviors that may result in the violation of laws, regulations, rules and / or conflict with the moral principles and ethics, and such aforementioned will lead to the overall company's damage. The company identifies and publicly informs the guidelines as follows :

The witness of the aforementioned incident of behaviors should collect the information, hint, clue, and evidence to confirm the fact as much as possible, and inform the Company directly by sending the documents to the following address.

To **The Chairman of the Board of Directors or The President**
Kang Yong Electric Public Company Limited
P.O. Box 49, Bangna Tower 10541

The Chairman of the Board of Directors or President will receive such information directly and will regard it as the strictly confidential information in order to protect the impact on the witness, and will fairly perform by referring to the information received and the proof for further decision and proper management.

In order to demonstrate the sincerity of the witness and to verify that such information is true, the witness should mention his or her name, surname, and address so the company may request for some additional information (if necessary).

The Company is confident that from various measures above mentioned, the Company should possess good and efficient internal control system according to the good corporate governance policy.

Connected Transactions

Relationships with related parties of 2008 and 2009 fiscal year were as follows:

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				March 31, 2010	March 31, 2009	
1.	1.1) Mitsubishi Electric Corporation (MELCO)	Parent, 40.81% shareholding Country of corporation: Japan	Sale of Product and Spare part KYE sell electric home appliance	2,730.00	2,547.00	As a producer of the "Mitsubishi Electric" electrical products with MELCO as a major shareholder, KYE is obliged to follow the market segmentation and distribution policies definitely set out by MELCO. KYE has adopted such distribution policy has relatively experienced successive sales growth. Though made to its connected parties, is considered a reasonable transaction.
	1.2) Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	A subsidiary of the Company's parent and common director was Mr. Praphad Phodhivorakhun (MELCO was MKY 48.5% shareholding)	products such as electric fans, exhaust fans, refrigerators, water pump and spare part to related parties company	2,709.39	2,541.79	
	1.3) Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company's parent Country of corporation: Japan		162.34	158.83	
	1.4) Mitsubishi Electric Taiwan Co., Ltd. (MSB.Taiwan)	A subsidiary of the Company's parent Country of corporation: Taiwan		8.58	-	
	1.5) Mitsubishi Electric Asia Pte. Ltd (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore		346.00	353.62	
	1.6) Mitsubishi Electric Australia Pty.Ltd. (MSB. Australia)	A subsidiary of the Company's parent Country of corporation: Australia		71.75	139.32	
	1.7) Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd. (MLH)	A subsidiary of the Company's parent Country of corporation: Hong Kong		252.67	200.03	
	1.8) Melco Sales Malaysia Sdn.Bhd. (Formerly Antah Melco Sales & Services Sdn Bhd)	A subsidiary of the Company's parent Country of corporation: Malaysia		108.76	103.10	
	1.9) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan		11.87	7.19	
	1.10) Melco Trading (Thailand) Co., Ltd.	A subsidiary of the Company's parent		4.85	4.90	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				March 31, 2010	March 31, 2009	
2.	2.1) Mitsubishi Electric Corporation (MELCO)	Parent, 40.81% shareholding Country of corporation: Japan	<u>Procurement parts and raw materials</u> KYE itself procures electronic parts used for the production of its product such as electric fans and refrigerators.	12.21	8.40	The Company has to buy parts and raw materials from MELCO's subsidiaries in massive quantity which helps to bring its production cost down and enable KYE to achieve good quality control.
	2.2) Mitsubishi Electric Asia Pte. Ltd (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore		35.91	30.76	
	2.3) Setsuyo Astec Corporation	A subsidiary of the Company's parent		155.50	151.47	
	2.4) Thai Refrigeration Components Co., Ltd. (TRC)	Common director was Mr. Praphad Phodhivorakhun	KYE itself procures roll-bond Evaporators used for assembly refrigerator	31.02	32.34	
	2.5) Mitsubishi Electric Automation (Thailand) Co., Ltd.	A subsidiary of the Company's parent	KYE itself procures electronic parts used for assembly water pump	117.57	125.78	
	2.6) Kulthorn Kirby Public Company Limited (KKC)	Common director was Mr. Praphad Phodhivorakhun	KYE itself procures compressor used for assembly refrigerator	182.34	180.15	
3.	3.1) Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	A subsidiary of the Company's parent, 48.50% shareholding and common director	<u>Complementing Fee</u> Advertising support	6.62	7.60	The financial support for sales promotion is one of the strategies to run a business the use of just a sum of money in change for sales boost is reasonable and necessary but under a clear - cut scope and criteria
	3.2) Mitsubishi Electric Asia Pte. Ltd (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore		2.96		
	3.3) Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd. (MLH)	A subsidiary of the Company's parent Country of corporation: Hong Kong		1.14		
	3.4) Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company's parent Country of corporation: Japan		1.66	1.95	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				March 31, 2010	March 31, 2009	
3.5)	Meico Logistic (Thailand) Co., Ltd. (MELT)	A subsidiary of the Company's parent	Logistic Fee	16.03	16.70	KYE has been dealing with this company in order to smoothen the operation progress of export shipment. Besides, KYE has also had contracts with other companies, who are not related to MELCO as well, upon to destination of each market.
3.6)	Mitsubishi Electric Corporation (MELCO)	Parent, 40.81% shareholding	Royalty sale, After Service and Technician fee	410.1	354.16	KYE entered into Technical Assistant Agreement with MELCO under this agreement, KYE has obtained technical Know - how and marketing assistance from MELCO including product technology and equipment useful training, it is a reasonable transaction for the Company to pay the expense to MELCO in return.
3.7)	Smile Super Express Co.,Ltd. (SSE)	Associate, 33.33% shareholding.	Development fee (in accordance with Technical Assistance Agreement)	154.55	114.78	Research & Development is important parts of KYE's continuity KYE need to have the supporting in research & development of KYE products and manufacturing products in "Mitsubishi Electric" for improving competitiveness, quality, creating product value and products comply with market required condition.
			Storage, Handling & Transportation Charge.	47.04	50.12	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				March 31, 2010	March 31, 2009	
4.	4.1) Melco Thai Capital Co., Ltd. (MTC)	A subsidiary of the Company's parent Parent, 99.99 % shareholding	<u>Giving or receiving of financial assistance</u> - Loan Receivable to MTC by interest rate of deposit 0.40% ~ 0.90%/Year - Loan Receivable - Interest Received	72.03 0.23	10.29 0.63	Audit Committee Opinion: In sympathy with the company accesses connected transaction with MTC operates loan service business and cash management system assistance. This assessment affects company's cash flow being better and lower financial cost. Furthermore interest rate is also reasonable and able to anticipate the lower interest rate than bank interest and higher interest than it would be from bank deposit which manage cash flow effectively.
5.	5.1) Smile Super Express Co., Ltd. (SSE)	Associate, 33.33% shareholding.	<u>Lease or lease out of real estate for not over 3 years</u> SSE has rented land and 2 buildings from KYE	15.23	15.24	KYE let SSE rent buildings to be asset for performing business, it is reasonable transaction. Finally, KYE outsources SSE to manage and store products by use of the land and buildings as finished goods warehouse. Outsourcing to SSE result in reduction of administration cost in warehouse less than other companies.
6.	6.1) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan	<u>The purchase of asset</u> KYE purchase mold for refrigerator model MR-CU3337R	1.06		Audit Committee Opinion: Purchasing of mold from MELCO through MT has clear calculation method. Mold purchase are unique. KYE cannot seek for machine appraiser. Therefore, the company import mold from Japan.

Balance as at 31 March 2010 and 31 March 2009 with related parties were as follows:

Amount : Million Baht

Name of entities	Trade Accounts Receivable		Other Receivables		Trade Accounts Payables		Other Payables	
	31 March '10	31 March '09	31 March '10	31 March '09	31 March '10	31 March '09	31 March '10	31 March '09
- Melco Thai Capital Co., Ltd.			72.03	10.29				
- Smile Super Express Co., Ltd.	0.02		1.27	1.45			4.34	3.96
- Mitsubishi Electric Corporation	246.00	190.34			1.38	0.38	236.24	228.32
- Thai Refrigeration Components Co., Ltd.					1.50	2.05		
- Mitsubishi Electric Kang Yong Watana Co., Ltd.	379.84	393.23					2.33	2.78
- Mitsubishi Electric Life Network Co., Ltd.	13.87	11.82					0.08	0.11
- Mitsubishi Electric Asia Pte. Ltd	68.96	47.66			5.28	5.34	0.45	
- Mitsubishi Electric Australia Pty. Ltd.	8.51	24.55						
- Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd.	55.28	41.83			0.06		0.64	-
- Melco Sales Malaysia Sdn.Bhd.	20.71	13.79						
- Setsuyo Astec Corporation					6.86	9.11		
- Mitsubishi Electric Automation (Thailand) Co., Ltd.					15.61	14.68		
- Kulthorn Kirby Public Company Limited					33.24	33.15		
- Mitsubishi Electric Trading Corporation	0.71	0.80					0.16	-
- Melco Trading (Thailand) Co., Ltd.	0.82	0.21			0.16			
Total	794.72	724.23	73.30	11.74	64.09	64.71	244.24	235.17

The Audit Committee's Report

The Audit Committee appointed by the Board of Directors, is comprised of three independent directors as Mr. Komol Vongsthongsri, Audit Committee Chairman, Mr. Chackchai Panichapat and Mr. Arthakrit Visudtibhan, member of Audit Committee. In addition, Mr. Komol Vongsthongsri was appointed on March 30, 2009 by the Board of Directors meeting resolution as his proper competency and adequate experience are considered to perform duty in auditing the creditability of the company's financial statement. Along with the Company's Audit Committee and financial consultant on reviewing.

Audit Committee has engaged in executing and reviewing the activities under role and responsibility for year 2009 as follows :

1. Review financial statement

■ The quarterly and annual financial statement was reviewed. Enquiry and acknowledgement of the financial statement was executed with auditor to consider if such financial statement was correct and accurate creditably in accordance with the general accounting standard.

2. Review internal control

■ Performance and internal control review was conducted to evaluate its propriety and adequacy. Internal control review was conducted on quarterly basis under the fiscal year 2009 audit plan and approved by auditing committee. As considered whereof it indicated that the Company provided the effective internal control properly. In addition neither improper business operation nor disobedience nor breach of the regulations and rules stipulated by the Stock Exchange of Thailand (SET) Act and Requirement nor other business-related laws nor business risk causing loss to Company's business operation issue were found. Nonetheless it is suggested and commented that the Company should improve the internal control performance to become more effectively and productively.

3. Auditor Nomination

■ Selection and advise the appointment of auditor was carried out depending on auditor's qualification including audit fee for fiscal year 2009 based on reasonable consideration. Including held the meeting with auditors (no member of managements) an once time per year.

4. Consideration of related transaction and conflict of interest

■ Review and comment was made in respect to the related transaction that might cause the conflict against the company's interest. In previous year, the following issues were taken into consideration; normal business transaction, supporting normal business transaction, assets and service transactions which have been regarded as normal business transaction under trade condition and criterion agreed as normal and considered as accurate operation in approval under the SET or SEC requirement.

5. Audit Committee's Meeting

■ In 2009, the five Audit Committee's Meetings were held 5 times. Of them, one was convened with management, another without the management was convened with the company's auditor, However, all Audit Committee member attended every meeting.

■ Overall, the Audit Committee performed a function covering the scope, duty and responsibility as specified in the Audit Committee Charter, and has been assigned by the Board of Directors. The Audit Committee attended the meeting with top executives, Internal Audit Manager, and certified auditor under related agenda to review the financial statement appropriately in accordance the general accounting standard. In addition, the Audit Committee reviewed the company's internal control whether it was effective or not. Significant mistake was not found. Risk management was carried out in accordance with the company's policy . The Committee also reviewed the related transaction that might cause the conflict of commercial interest, that is considered as normal business, the Company has conducted reasonably and beneficial to the maximum benefit to the Company. Substantial unusual transaction was not found. There was a presence of compliance with law and related regulations. Moreover, self- assessment on Audit Committee was made annually in year 2009 under the Requirement and Good Corporate Governance provided by SET so that all would be directed in accordance with the Good Corporate Governance. And the assessment result was complete and satisfactory.



(Mr. Komol Vongsthongsri)
Chairman of Audit Committee

Company's General Information

Business & Operation

Kang Yong Electric Public Company Limited was established in 1964 previous namely “Kang Yong Electric Manufacturing Co.,Ltd.” under a jointed venture between Phodhivorakhun family group and Mitsubishi Electric Corporation, Japan in order to manufacture and distribute “Mitsubishi Electric” brand of home electrical appliances.

Presently, our office and factory are located in an area of more 72 Rai on Bangna-trad Road Km.20 in Samutprakarn Province. The Company is manufacturer and seller in “Mitsubishi Electric” brand of home electrical appliances of Refrigerators, Electric Fan, Ventilating Fan and Water Pump. The Company products have the license and production technology from our joint-ventured Mitsubishi Electric Corporation, Japan.

The Company had registered as listed company in The Stock Exchange of Thailand (SET) in 1994 by registered and paid up capital 220 million baht. The Par value is at 10 baht with totally 22 million shares of common stock.

Shareholder Structure consists of 1) Mitsubishi Electric Corporation group 41.15% 2) Phodhivorakhun family group 24.87% and 3) Other shareholders 33.98%. Mitsubishi Electric Corporation is the major shareholder.

Our aim is to improve our organization by employing 3 main operational policies in order to meet all consumer needs and to satisfy other requirements that include modern Technology, Quality control and Safety and Environmental friendly. Under our business concept is “We Balance for The Best”

The Company has certified in the Quality system as ISO 9001 standard for Electric Fan, Ventilating Fan, Water Pump and Refrigerator, and certified in Environment management as ISO14000 standard. These are ensure that every units have complied in quality standard and environment care.

The Company has been constantly attentive in safety for users on applying the products. All products have been developed products under the Premium Safety standard of Mitsubishi Electric Quality (MEQ). It increases prevention from flammability of the product which the Company contributes the use of inflammable materials and safety equipments. In addition, production system and products have been implied continuous on Environment Management policy such as reducing of usage in Hazardous Substances which may have impacted to human or environment. Including reducing usage in 6 hazardous substances (Lead, Mercury, Cadmium, Chromium, Hexa-valence, Polybrominated Biphenyl (PBB), and Polybrominated diphenyl ethers (PBDE)) in Electrical and Electronic equipment as standard of RoHS (Restriction of the use of certain hazardous substances in electrical & electronic equipment)

The Company distributes home electrical appliances under “Mitsubishi Electric” brand such as Refrigerator, Electric Fan, Ventilating Fan and Water Pump both domestic and oversea markets.

For the domestic market, all products have been distributed through our one domestic representative namely Mitsubishi Electric Kang Yong Watana Co., Ltd. which distribute to all domestic dealers.

For oversea markets, the company distributes products through Mitsubishi Electric representative in almost 20 countries by distribution products to the markets through distributors & dealers in each markets such as Japan, Hong Kong, Taiwan, Oceania (Australia & New Zealand), South East Asia, Central Asia and Middle East countries.

Income structure of company of the fiscal year ended March 31, 2008, 2009 and 2010 are as follows;

Unit : Million Baht

Products	Mar. 31, 2008		Mar. 31, 2009		Mar. 31, 2010	
	Million Baht	% per Total sales	Million Baht	% per Total sales	Million Baht	% per Total sales
Domestic and Export Sales						
Electric Fan & Ventilating	796.42	11.67	860.66	13.62	970.24	14.72
Refrigerator	5,473.10	80.23	4,856.78	76.88	5,012.82	76.05
Water Pump	517.74	7.59	565.83	8.96	564.99	8.57
Others	34.60	0.51	34.16	0.54	43.20	0.66
Grand Total	6,821.86	100.00	6,317.43	100.00	6,591.25	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, 2010 717.69 million baht, the detail assets are Land 153.12 million baht, Factory 141.56 million bath, Machines and equipments 141.56 million baht, Factory appliances 254.91 million baht, Office equipment and vehicles 20.30 million baht and Assets under construction and installation 44.11 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 are Kang Yong Electric Public Company Limited, Mitsubishi Electric Kang Yong Watana Co., Ltd. and Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. by Smile Super Express Co., Ltd. for the logistics operation to domestic market to be efficient and economic the Company does not emphasize on profits because the Company doesn't deliver products to general companies operation to be efficient and economic

Products Line Operation

Character of Products or Service

With cooperation and advice in relation to production and design development technology from Mitsubishi Electric Corporation, Japan, the Company has emphasized on quality, safety and advanced technology, in order to manufacture products to meet the consumers' need and competitive market potential.

Refrigerator

Refrigerator is one of major products in production and sales. Our developing concept for response to all lifestyles as following

- 1. Unique Design** New outlook design is outstanding, apparent, differentiated looking, beauty color, looking like furnitures which decorated inside living house.
- 2. Easy to Use** Convenience to use. Perfect interior design for easy usage even varies size of refrigerators such as 1 door, 2 doors or 3 doors or new model of Smart Freezer (Bottom freezer type)
- 3. Healthy Technology** Having good technology for food preserving and clean space for storage such as
 - Nano Titanium filter with V-LED for reduction odour in 12 times,
 - Anti-Bacteria Inner compartments composed with anti-bacteria in order to restrain growth of inside Bacteria.
 - Keeping longer life of green vegetable by technology from orange light (LED) in vegetable compartment.
 - Cooling distributing system (Multi airflow) with minus-ion – to keep fresh foods and moisture inner compartments.
- 4. High quality** Making confidence in high quality standard.



All products have been developed products under the Premium Safety standard of Mitsubishi Electric Quality (MEQ). It increases prevention from flammability of the product which the Company contributes the use of inflammable materials and safety equipments.

In addition, production system and products have been implied continuous on Environment Management policy such as reducing of usage in Hazardous Substances which may have impacted to human or environment. Including reducing usage in 6 hazardous substances (Lead, Mercury, Cadmium, Chromium, Hexa-valence, Polybrominated Biphenyl (PBB), and Polybrominated diphenyl ethers (PBDE)) in Electrical and Electronic equipment as standard of RoHS (Restriction of the use of certain hazardous substances in electrical & electronic equipment)

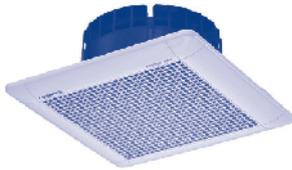
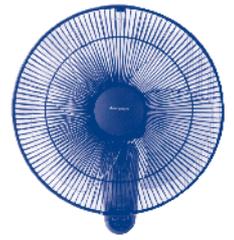
At present, the Company produces various types of refrigerators such as 1-door, 2-doors, 3-doors and freezer. Individual production line is corresponded to the market need both domestic and oversea market. In addition, new development of 2 & 3 doors of bottom freezer of Smart Freezer which make differentiated product launched into the markets.



Electric Fan and Ventilating Fan

Fan is the first product which started manufacture since 1964, then, in Ventilating Fan has manufactured and launched in 1966. The design and development in products will be meet facilitate value of ventilating and utilization. The motor of fan is durable and safety. The design is good sharp and colorful, and product development comply with safety standard and energy saving including using materials as comply with RoHS regulation.

The Company has carried out design and development for various kinds of electric fan in order to meet many usages such as Desk fan, Floor stand fan, Tatami fan, Wall fan, Cycle fan and Ceiling fan. Each types of Fan is assembled properly in propeller size. In addition, there is an development in closing type of motor which has high efficiently and protecting any strange things through inside.



The Company has produced the Ventilating Fan in various aspects that meet the utilization and installation for facility, building, houses and rooms. They include wall-installed ventilator, glass-installed ventilator, and build-in ventilator with/without ventilating pipe for energy-saving purpose. Development will be focused on high pressure in ventilation and facility in using. Extra propeller in concept of Aerodynamics which control variance ventilation and less annoy sound.

In addition, development of all ventilating product comply with safety standard and energy saving including using materials as comply with RoHS regulation.

Water Pump

The Company has produced Water Pump in pressure type of sucking and high level dispatching, which design and development technology from Japan. Water Pump product comply with safety standard including using materials as comply with RoHS regulation.



The Company has produced various types fixed to satisfy the multi-users' need such as sucking type from well or water tank, type of automatic pump as on water tap (on-off), Constant pressure pump, and latest type of Inverter control – saving energy (energy using related with water using). There are various types fixed to size or motor power depend on usage.

Market and Competition

In 2009, total view of export for electrical & electronic industry has decreased 12% due to the effect from world economic crisis which demand was decreased especially Asian market (16.45% of export portion). For domestic market, trading of electrical & electronic industry was move slowly, decreased 3% against last year. Due to economic situation, the consumers have careful to expense. Moreover, cheaper price goods may be more competition in market. Some consumers may change their purchasing behavior.

As first quarter of 2010, total view of world economic or many countries have been better recovering situation, some countries still are recession economic. However, there is good signal of better expansion in export and consumption. For Thai market, economic indicators have been better signal, but previous political situation would be impacted to business.

Our business has operated in 3 major markets : Domestic, Japan, and Others export markets, which sales ratio in fiscal year 2009 was 41 : 44 : 15 respectively. For the domestic market, all products have been distributed through our one domestic representative namely Mitsubishi Electric Kang Yong Watana Co., Ltd. which distribute to all region in Thailand.

For oversea markets, the company distributes products through Mitsubishi Electric representative around the world such as Asia markets, Oceania and Middle East countries.

For domestic market, the result of sales for fiscal year 2009 was over achieved than target and had growth against last year. All products were a good sales performance, especially Refrigerators and Electric fan products which are still leader position both middle and high-end level in market. For Refrigerators – good response from market because of good design in beauty outlook, modern style and facility to easy use. Other competitors have adjusted design for competition in market, and some competitors return back to flight 1-door type again. For real estate and construction business would rather move slowly, our sales both Ventilators and Water Pump were same direction as those business. However, the result of sales were keep achievement as plan as from some kind activities of sales promotion and some effect of government's measure in economic stimulation.

For Japan market, the competition in electric appliances remains severe competition. The consumers have been careful expensed or slow purchasing. In 2009, government has a project “Eco-Point System” for stimulation in economic by promotion in purchasing green products from consumers. This will be affected in positive for Air conditioner or Refrigerators. For our 2009 sales results in this market was over achieved as target because of success in launched new model, marketing activities both strategies and sales promotions, and including consistency of planning, production, delivery and sales.

For Other export markets, there was severe competition both pricing and development including other regulations such as standard, energy saving. As economic was recession, the Company has adopted marketing strategy in each markets by focus on strengthen cost and competition including development in new models of products. The sales result of other export markets in 2009 was achieved nearly target.

In previous year, hot climate was higher and longer period against last year, trading of cooling appliance was good sales. Both production and sales quantities of Electric Fan and Ventilating fan were reach over 1 million sets. This is a one record of company in previous time.

Production Process and Service

The Company’s factory is located at 67 Moo 11, Bangna-Trad Km.20, Bang-chalong, Bangplee, Samutprakarn 10540 being employed production site for such products as Refrigerator, Electric Fan, Ventilating Fan and Water Pump.

A) Production Process

The Company’s factory production process started from production development process which has been given cooperation and liaison from the Mitsubishi Electric Corporation, Japan in area of new products development and design and manufacturing technology. Examination and market survey was conducted so that it’s individualized to customer’s need. The Just-in-Time (JIT) production approach has been implemented to improve the production performance and to accommodate the expansion.

The character of production process was mass production process. The process starts from receiving the customer’s order, then the production planning and procurement process; purchasing the raw materials, components and part, necessary production plan of each individual production line. Also the other important sub-process includes the components production, manufacturing equipment preparation, assembly, and packaging, etc.

In production process, the Company is always conscious of the best quality of the product by providing the product quality inspection at each production process. This is to ensure of the best quality of the product prior to delivery to customer’s hand.



B) 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 sales service equipment, timely cooperative working with the distributors in quality problem resolution, as well.

Environmental Effect

The Company has realized to environmental effects from production process or service. Therefore, the Company has formulated the environmental policy since Mar. 2001. With an awareness of the locally and globally balanced environment creation, the company has implemented and applied the Environmental Management System in accordance with the ISO14001. Last year there were many activities as follows;

- Activities for production by reducing or restrict using hazardous materials, and produce products comply with RoHS regulation.
- Reduction in the use of refrigerant substance which affected to atmosphere and replacing by CFC free substance. In order as protect or reduce decreasing the temperature of the world.
- New product development that meet the energy saving requirement in both domestic and oversea markets.
- Activities for conservative in energy using such as decreasing on usage of Air Compressor, reducing Watt power for fluorescent, and reducing electric power on machines.
- Disposing and controlling the industrial wastes that cause the pollution environmentally and local socially, and following the environmental law and related regulations.

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 Environment Management System and carry out the operations according to the policy and continuous improvement.

Outstanding Work

- None -

Legal Disputation

In the past years, the Company has filed with the court. In a civil suit between the Company and Sorn-Charoenchoke Plastic Partnership accompany persons (total 3 persons), was on trading, guarantees, and state on debt payments to the Company the amount 1,236,920.38 baht with interest, cost with execution and attorney's fees instead of the accuser. The court had the final judgment that the defendant has to continue making payments to the company. The Company was continued the process execution to the defendant, and settle to bad debt account in the fiscal year ended March 31, 2010.

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 exporter of household electrical appliances under "Mitsubishi Electric" 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 has head office at 67 Moo 11 Bangna-Trad Rd. Km.20 Bangchalong Bangplee Samutprakarn 10540

Shareholders Structure

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 March 16, 2010 as follows :

	Total	Total shares	%
1. Mitsubishi Electric Group * ¹	3	9,053,020	41.15
2. Phodhivorakhun Group * ²	8	5,471,706	24.87
3. Other shareholders	2,411	7,475,274	33.98
Grand Total	2,422	22,000,000	100.00

Group of 10 Major Shareholders as of March 16, 2010 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	1,773,024	8.06
4. Kang Yong Company Limited	697,324	3.17
5. Mrs. Kamolwan Phodhivorakhun	683,879	3.11
6. Mr. Somjin Leelakate	616,463	2.80
7. Mrs. Penchantra Visudtibhan	479,089	2.18
8. Mr. Chayanind Phodhivorakhun	315,783	1.43
9. Mr. Suthipong Weswarut	279,800	1.27
10. Mr. Staporn Phothong	278,400	1.26

Remark : - The company has Thai Shareholders 2,400 names or 57.13% of total shares and Foreign Shareholders 22 names or 42.87% of total shares.

*1.	Mitsubishi Electric Group consist of :		
	■ Mitsubishi Electric Corporation	8,978,020	40.81
	■ Mitsubishi Electric Asia Pte. Ltd.	70,000	0.31
	■ Setsuyo Astec Corporation Co., Ltd.	5,000	0.02
*2.	Phodhivorakhun group consist of :		
	■ Kang Yong Co., Ltd.	697,324	3.17
	■ K.Y. Intertrade Co., Ltd.	1,773,024	8.06
	■ Phodhivorakhun Co., Ltd.	1,960,024	8.91
	■ Mrs. Kamolwan Phodhivorakhun	683,879	3.11
	■ Mr. Chayanind Phodhivorakhun	315,783	1.43
	■ Mr. Chayanind Phodhivorakhun	30,672	0.14
	■ Mr. Worapas Phodhivorakhun	9,000	0.04
	■ Ms. Saowapak Phodhivorakhun	2,000	0.01

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.

The Equity and Securities' Company

Name in English : KANG YONG ELECTRIC PUBLIC COMPANY LIMITED
Registered No. : 0107536001257
Main Business : Manufacturer and exporter of Electric Home Appliance such as refrigerator ,
Electric Fan, Ventilating Fan, and Water Pump under “Mitsubishi Electric” trademark
Office and Factory : 67 M.11 Bangna-Trad Rd, Km. 20, T.Bangchalong, A. Bangplee,
Samutprakarn 10540 Tel. : 0-2337-2900 (auto) Fax : 0-2337-2349-40
Registered Capital : As at March 31, 2010 : 220 million baht
Home Page : [www. mitsubishi-kye.com](http://www.mitsubishi-kye.com)
Company's Co-ordinator : President Office Department
Tel. : 0-2337-2900 (auto)
Fax : 0-2337-2439-40
E-mail address : information@kye.meap.com

Reference

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

Certified Public Accountant : Ms. Bongkot Amsageam Registration No. 3684 and / or
Ms. Orawan Sirirattanawong Registration No. 3757 and / or
Ms. Nittaya Chetchotiros Registration No. 4439
KPMG Phoomchai Audit Ltd.
22nd 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

Company's Secretary : Mr. Kritsana Chatchaivorawong
Kang Yong Electric Public Company Limited
67 M.11 Bangna-Trad Rd., Km.20, Bangchalong, Bangplee,
Samutprakarn 10540
Tel : 0-2337-2900 ext. 510
Fax : 0-2337-2439-40



We Balance
We Balance for The Best
for The Best



บริษัท กันยงอิเล็กทริก จำกัด (มหาชน)
KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

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

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

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

E-mail : information@kye.meap.com

