

2012 ANNUAL REPORT



KANG YONG ELECTRIC PUBLIC COMPANY LIMITED for greener tomorrow



Contents

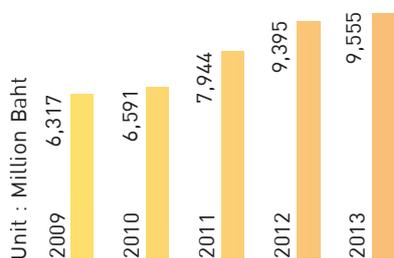
- 01. Financial highlights
- 02. The Board of Directors' Report
- 04. Management Policy
- 05. Financial Status and Operation Results
- 13. Report on the Board of Directors
Responsibilities for Financial Statement
- 14. The Audit Committee's Report
- 16. Audit Report of Certified Public Accountant
- 63. Management
- 82. The Risk Factor
- 84. Internal Control
- 86. Connected Transaction
- 94. Company's General Information



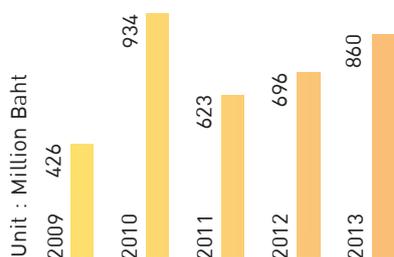
FINANCIAL HIGHLIGHTS

Highlights of the Consolidated Financial Statements (Million Baht)	[as at March 31]		
	2013	2012	2011
Total Sales	9,555	9,395	7,944
Total Revenues	10,183	9,809	8,258
Gross Profit	1,570	1,706	1,541
Cost of Sales	7,985	7,689	6,403
Selling and Administrative Expenses	1,225	1,222	1,078
Net Profit	860	696	623
Total Assets	6,222	5,807	5,098
Total Liabilities	2,003	2,101	1,759
Total Shareholder's Equity	4,219	3,706	3,339
Financial Ratio	2013	2012	2011
Net Profit Ratio (%)	8.44	7.09	7.55
Return on Equity (%)	21.70	17.56	18.86
Return on Assets (%)	14.30	11.57	12.68
Dividend pay out Ratio (%)	-	50.02	50.32
Liabilities per Equities Ratio	0.47	0.57	0.53
Earning per Share (Baht)	39.08	31.63	28.32
Dividend pay Share (Baht)	-	15.82	14.25
Book value Per Share (Baht)	191.76	168.48	151.75
Total Staff (persons)	1,191	1,162	1,163

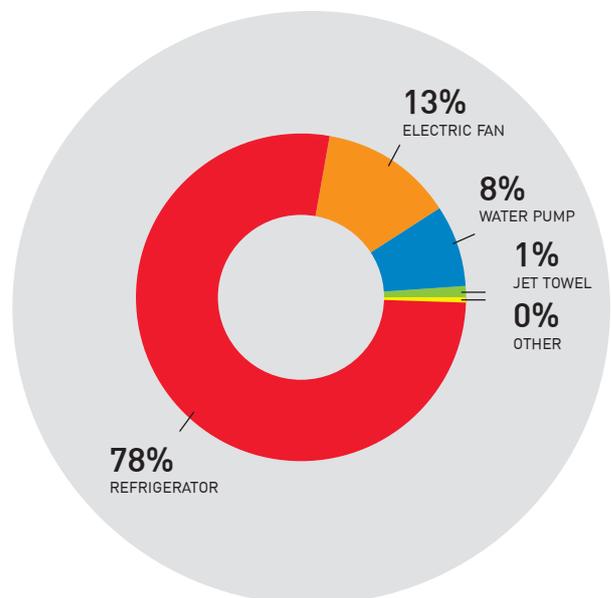
Total Sales year 2009-2013



Net Profit year 2009-2013



Sales by Production April 2012-March 2013



THE BOARD OF DIRECTORS'S REPORT



In 2012, Thai economy had good expansion by 6.4% growth rate and deflation rate of 3% even though the entire world economy was slowing down due to the prolonged of public debt crisis in Europe, economic downturn in U.S.A., Japan, and China, ,but the economy of Thailand had high expansion of investing sector and consuming sector as a supporter.

Therefore, the Company had growth rate of income from total sales of the Company at 1.7% with growth rate from domestic sales at 10% and export sales at 23% by developing new products to respond the market's need.

Regarding sales of electric homes appliances under "Mitsubishi Electric" trademark divided by markets, proportion of sales of Japan main market was 47% and other countries was 18%, and domestic market was 35%. Management team and employees had taken their effort and devoted themselves to continually make improvement and development especially cost reduction activity and expenditure control on entire management in order to be within the systematic control area.

The Company had net profit at THB 860 millions with growth rate increasing by 23.6% comparing with the previous year. The main problem of business operation in this year was higher raw materials cost and increasing minimum wage. However, good managing control of selling and administrative expense able to the good profit result .

For the year 2013, the world economy and Thai economy tended to have better situation. Partly, it was from governmental policy on correction and prevention from flooding problem and investment on infrastructure projects that should distribute more cash to the market. Investing sector tended to be better from expansion of investment in private sector and overseas. However, the Company still had to face with and prepare for effects from important factors such as political stability of the government, natural disaster in Thailand and foreign countries especially in countries where the Company's exported to, fluctuation of crude oil price, raw materials costs and parts, labor shortage in the market, and fluctuation of exchange rate of baht currency .

In the behalf of the Company's board of directors and employees, we would try our best to have cooperation for accomplishing the company's targets.

The Company's Board of Directors, management team, and employees appreciated the valued shareholders, supporters, and all related persons to trust and support us for the whole time until the Company could be successful on continuous business operation. Thank you very much .

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

Mr. Praphad Phodhivorakhun
Chairman of the Board of Directors

BOARD OF DIRECTORS

As at March 31, 2013



Mr. Praphad Phodhivorakhun
Chairman of Board of Directors



Mr. Sadahiro Tomita
Vice Chairman



Mr. Supachai Setasathira
Director



Mr. Takenori Adachi
Director



Mr. Komol Vongsthongsri
Independent Director



Mr. Chackchai Panichapat
Independent Director



Mr. Arthakrit Visudtibhan
Independent Director



Mr. Tadashi Kawagoishi
Director



Mr. Yoshifumi Beppu
Director



Mr. Hideaki Nagatomo
Director



Mr. Yoshikatsu Nankaku
Director



Mr. Manu Leopairote
Independent Director



Mr. Praphon Potivorakun
Director



Mr. Tanabodee Kusinkert
Director



Pol. Maj. Gen.
Sahaschai Indrasukhsri
Independent Director



KYE MANAGEMENT POLICY

1. Customer satisfaction

- Q : Quality** Let's manufacture high quality products
- D : Delivery** Let's produce goods just to respond to WHEN, WHAT and HOW MANY as customer needs
- C : Cost** 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 Report

The Audit Report of previous 3 fiscal years, audited by auditor of KPMG Phoomchai Audit Ltd. In the auditor opinion, the financial statements referred to above present fairly, in all material respects, statement of the financial positions of Kang Yong Electric Company Limited as at 31 March 2013, 2012, and 2011 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 Financial Statement

Financial Statement comparison for the year ended 31 March 2013, 2012 and 2011

Financial statements in which the equity method is applied
31 March

Statement of financial position	2013		2012		2011	
	Baht	%	Baht	%	Baht	%
Assets						
<i>Current Assets</i>						
Cash and cash equivalents						
Current investments	1,404,956,645	23	2,546,269,221	44	2,218,973,768	44
Trade accounts receivable	980,000,000	16	-	-	-	-
Others accounts receivable	1,058,335,371	17	1,143,357,278	20	1,007,884,021	20
Short- term loans to related party	341,936,374	5	61,135,219	1	37,581,373	1
Inventories	38,145,180	1	62,436,612	1	30,434,987	1
Others current assets	1,009,747,651	16	865,256,832	15	733,622,368	14
Total current assets	<u>4,931,720</u>	<u>0</u>	<u>4,843,815</u>	<u>0</u>	<u>3,573,590</u>	<u>0</u>
	4,838,052,941	78	4,683,298,977	81	4,032,070,107	79
<i>Non - current assets</i>						
Available-for-sale investments						
Investment in associate	16,842,350	0	16,500,002	0	30,862,727	1
Others long-term investments	17,330,937	0	14,800,366	0	13,446,984	0
Investment properties	157,361,700	3	157,361,700	3	157,361,700	3
Property, plant and equipment	10,359,962	0	11,497,734	0	14,305,380	0
Others non-current assets	1,161,334,194	19	905,011,852	16	832,670,590	16
Total non-current assets	<u>20,777,356</u>	<u>0</u>	<u>19,054,462</u>	<u>0</u>	<u>17,137,747</u>	<u>0</u>
	1,384,006,499	22	1,124,226,116	19	1,065,785,128	21
Total assets	<u><u>6,222,059,440</u></u>	<u><u>100</u></u>	<u><u>5,807,525,093</u></u>	<u><u>100</u></u>	<u><u>5,097,855,235</u></u>	<u><u>100</u></u>

Financial statements in which the equity method is applied
31 March

Statement of financial position	2013		2012		2011	
	Baht	%	Baht	%	Baht	%
Liabilities and equity						
<i>Current liabilities</i>						
Trade accounts payable	1,004,196,129	16	1,071,178,587	18	870,948,274	17
Other accounts payable	459,986,075	7	438,918,571	8	377,958,958	7
Income tax payable	8,102,397	0	61,712,467	1	24,392,492	0
Other current liabilities	18,871,597	0	7,022,923	0	13,792,616	0
Total current liabilities	1,491,156,198	24	1,578,832,548	27	1,287,092,340	25
<i>Non - current liabilities</i>						
Provision for warranties	366,538,165	6	384,714,016	7	340,593,071	7
Employee benefit obligations	126,128,840	2	117,084,857	2	110,271,804	2
Provident funds	19,583,846	0	20,397,958	0	21,321,449	0
Total non - current liabilities	512,250,851	8	522,196,831	9	472,186,324	9
Total liabilities	2,003,407,049	32	2,101,029,379	36	1,759,278,664	35
<i>Equity</i>						
Share capital						
Authorised share capital	220,000,000	4	220,000,000	4	220,000,000	4
Issued and paid- up share capital	220,000,000	4	220,000,000	4	220,000,000	4
Additional paid - in capital						
Premium on ordinary shares	726,100,000	12	726,100,000	13	726,100,000	14
Retained earnings						
Appropriated						
Legal reserve	22,000,000	0	22,000,000	0	22,000,000	0
Others	420,000,000	7	420,000,000	7	420,000,000	8
Unappropriated	2,818,975,525	45	2,307,161,196	40	1,924,879,328	38
Other component of equity	11,576,866	0	11,234,518	0	25,597,243	1
Total equity	4,218,652,391	68	3,706,495,714	64	3,338,576,571	65
Total liabilities and equity	6,222,059,440	100	5,807,525,093	100	5,097,855,235	100

Statement of comprehensive income	Financial statements in which the equity method is applied 31 March					
	2013		2012		2011	
	Baht	%	Baht	%	Baht	%
Income						
Revenue from sale of goods and rendering of services	9,554,851,202	94	9,395,189,143	96	7,943,600,461	96
Investment income	535,152,897	5	357,551,526	4	269,636,504	3
Net foreign exchange gain	26,358,244		16,323,527			-
Other income	66,503,620	1	39,875,037	0	44,288,026	1
Total income	10,182,865,963	100	9,808,939,233	100	8,257,524,991	100
Expenses						
Cost of sale of goods and rendering of services	7,985,339,520	78	7,689,057,278	78	6,402,619,455	78
Selling expenses	541,011,990	5	578,176,710	6	508,985,340	6
Administrative expenses	685,881,655	7	643,803,630	7	564,378,133	7
Net foreign exchange loss	-	-	-	-	4,912,878	0
Finance costs	13,105	0	9,034	0	29	0
Total expenses	9,212,246,270	90	8,911,046,652	91	7,480,895,835	91
Share of profit of associate,	3,530,571	0	1,353,382	0	3,945,950	0
Profit before income tax expense	974,150,264	10	899,245,963	9	780,575,106	9
Income tax expense	114,297,516	1	203,465,520	2	157,509,218	2
Profit for the year	859,852,748	8	695,780,443	7	623,065,888	8
Other comprehensive income						
Net change in fair value of available- for-sale investments	342,348		(14,362,725)		21,303,539	
Other comprehensive income for the year	342,348	0	(14,362,725)	0	21,303,539	0
Total comprehensive income for the year	860,195,096	8	681,417,718	7	644,369,427	8
Basic earnings per share	39.08		31.63		28.32	
Common shares (shares)	22,000,000		22,000,000		22,000,000	

Financial statements in which the equity method
is applied For the year ended 31 March

Statement of Retained Earnings	2013	2012	2011
	Baht	Baht	Baht
Unappropriated retained earnings			
Brought forward as perviously reported	2,307,161,196	1,924,879,328	1,876,621,440
<u>Less</u> Adjustment from changes in accounting policies	-	-	(107,310,125)
Brought forward as restated	2,307,161,196	1,924,879,328	1,769,311,315
<u>Less</u> Appropriation of prior year earnings			
Dividends	(348,038,419)	(313,498,575)	(467,497,875)
Profit for the period	859,852,748	695,780,443	623,065,888
Unappropriated retained earnings	2,818,975,525	2,307,161,196	1,924,879,328
Appropriated retained earnings			
Legal reserve	22,000,000	22,000,000	22,000,000
Others	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	3,260,975,525	2,749,161,196	2,366,879,328

Financial statements in which the equity method
is applied For the year ended 31 March

Statement of cash flows	2013	2012	2011
	Baht	Baht	Baht
<i>Cash flows from operating activities</i>			
Profit for the year	859,852,748	695,780,443	623,065,888
<i>Adjustments for</i>			
Depreciation	208,081,306	201,311,500	209,589,333
Amortisation	1,643,490	1,339,426	1,152,370
Investment income	(535,152,897)	(357,551,526)	(269,636,504)
Employee benefit obligations	12,822,311	9,957,123	9,679,471
Finance costs	13,105	9,034	29
Unrealised loss(gain) on exchange	4,351,207	713,263	998,444
Reversal of allowance for doubtful accounts	-	-	(88,919)
Allowance for decline in value of inventories	6,733,953	10,644,154	2,441,782
Provision for warranties	164,463,362	233,401,666	201,899,888
Share of profit of associate	(3,530,571)	(1,353,382)	(3,945,950)
(Gain) loss on disposal of equipment	(1,260,785)	761,333	4,529,308
Income tax expense	114,297,516	203,465,520	157,509,218

Financial statements in which the equity method
is applied For the year ended 31 March

Statement of cash flows	2013	2012	2011
	Baht	Baht	Baht
Profit on operating activities before changes in operating assets and liabilities	832,314,745	998,478,554	937,194,358
<i>changes in operating assets and liabilities</i>			
Trade accounts receivable	79,934,686	(135,443,833)	(183,218,957)
Other accounts receivable	1,268,760	(21,774,234)	14,113,145
Inventories	(151,041,846)	(142,278,617)	(304,715,626)
Other current assets	(87,905)	(1,270,225)	(930,224)
Other non-current assets	(16,593)	(2,794,541)	1,210,092
Trade accounts payable	(66,561,169)	199,966,046	144,566,610
Other accounts payable	319,196	39,972,945	51,136,284
Other current liabilities	11,848,674	(6,769,693)	3,417,158
Warranties paid	(182,639,213)	(189,280,721)	(158,397,484)
Employee benefits paid	(3,778,328)	(3,144,070)	(6,717,792)
Provident fund paid	(814,112)	(923,491)	(1,700,499)
Cash generated from operating activities	520,746,895	734,738,120	495,957,065
Income tax paid	(167,907,586)	(166,145,545)	(227,943,297)
Net cash provided by operating activities	352,839,309	568,592,575	268,013,768
<i>Cash flows from investing activities</i>			
Interest received	62,634,745	76,123,881	36,846,393
Dividends received	176,954,305	265,160,081	213,487,151
Rental received	14,493,932	14,487,951	14,483,280
Short - term loans to related party	(371,961,066)	(537,726,861)	(472,873,665)
Repayment of short - term loans to related party	396,252,498	505,725,236	514,472,461
Purchase of equipment	(443,401,198)	(254,157,101)	(330,361,078)
Sale of equipment	2,276,214	3,058,900	2,658,156
Purchase of computer software	(3,349,791)	(461,600)	-
Increase in current investments	(980,000,000)	-	-
Net cash (use in) provided by investing activities	(1,146,100,361)	72,210,487	(21,287,302)
<i>Cash flows from financing activities</i>			
Finance costs paid	(13,105)	(9,034)	(29)
Dividend paid	(348,038,419)	(313,498,575)	(467,497,875)
Net cash use in financing activities	(348,051,524)	(313,507,609)	(467,497,904)
Net increase (decrease) in cash and cash equivalents	(1,141,312,576)	327,295,453	(220,771,438)
Cash and cash equivalents at 1 April	2,546,269,221	2,218,973,768	2,439,745,206
Cash and cash equivalents at 31 March	1,404,956,645	2,546,269,221	2,218,973,768

Non - cash transactions

During the year ended 31 March 2013, the Company acquired machinery and equipment at total cost of Baht 464.5 million (2012: Baht 274.7 million) of which Baht 443.4 million (2012: Baht 254.2 million) was made by cash payment and Baht 21.1 million was outstanding as liabilities at the end of the year (2012: Baht 20.5 million).

C) Financial Ratio

For the year ended March 31, 2013, 2012 and 2011

	March 31, 2013	March 31, 2012	March 31, 2011
<u>Liquidity Ratios</u>			
Current ratios	3.24 times	2.97 times	3.13 times
Quick ratios	2.54 times	2.38 times	2.54 times
Cash flow ratios	0.23 times	0.40 times	0.22 times
Account receivable Turnover	8.68 times	8.73 times	8.66 times
Collection period	42 days	42 days	42 days
Inventories Turnover	8.52 times	9.62 times	10.99 times
Average sales period	43 days	38 days	33 days
Account payable Turnover	7.70 times	7.92 times	8.02 times
Payment period	47 days	46 days	46 days
Cash cycle	37 days	34 days	30 days
<u>Profitability Ratios</u>			
Gross profit margin	16.43 %	18.16 %	19.40 %
Net profit margin	8.44 %	7.09 %	7.55 %
Return on equity	21.70 %	19.75 %	18.86 %
<u>Efficiency Ratios</u>			
Return on total assets	14.30 %	12.76 %	12.68 %
Return on fixed assets	103.36 %	103.25 %	108.61 %
Assets turnover	1.69 times	1.80 times	1.68 times
<u>Financial Policy Ratios</u>			
Debt to equity	0.47 times	0.57 times	0.53 times
Fixed charges coverage ratio	1.39 times	2.29 times	1.35 times
Fixed charges coverage ratio (Cash basis)	0.45 times	1.00 times	0.34 times
Payout Ratio	%	50.02 %	50.32 %
<u>Shares</u>			
Book value per share	191.76 baht	168.48 baht	151.75 baht
Earnings per share	39.08 baht	31.63 baht	28.32 baht
Dividend per share	baht	15.82 baht	14.25 baht

For the year ended March 31, 2013, 2012 and 2011

	March 31, 2013	March 31, 2012	March 31, 2011
Growth rate			
Total assets	7.14 %	13.92 %	7.72 %
Total liabilities	(4.65) %	19.43 %	20.19 %
Sale and services	1.70 %	18.27 %	20.52 %
Management expense	0.40 %	13.33 %	10.39 %
Net profit	23.58 %	11.67 %	(33.32) %
EBITDA	1,183,875,060	1,101,896,889	991,316,809
EBITDA Margin	12.37%	11.71%	12.46%

Analysis of Financial Status and Operation Results

For the year 2012 (April 1, 2012 - March 31, 2013)

Operation results

Operation results for the 2012 fiscal year ended March 31, 2013 compare with the same period of 2011 ended March 31, 2012 had net profit after taxes increasing 23.6% operation results changed due to:

- 1) The increase of sale amount from Baht 9,395 million of 2011 to Baht 9,555 million of 2012 or 1.7% result from the increase of sales exhaust fan and water pump
- 2) The dividend income from investment companies increased by Baht 190 million.
- 3) The ratio of cost of sales of goods was increased from 81.8% to 83.6% of revenue from sales the reason that impact from the increase of minimum wage and raw material cost, particularly on plastic resin and copper.
- 4) Administrative expenses were increased ,resulting from increasing of technical assistant fee and storage expense

In conclusion, the net profit after tax increased with the main factor of the increase of dividend income.

Financial status

Total assets

As of March 31, 2013 total assets compared with March 31, 2012 increased from baht 5,808 million to baht 6,222 million resulting from current assets increased baht 155 million, majority was others accounts receivable increased by baht 280 million., inventories was increased baht 144 million, cash and cash equivalents and current investments was decreased by baht 1,141 million, resulting from deposited the cash as short-term deposits at financial institutions baht 980 million, trade accounts receivable was decreased by baht 85 million. Non-current assets balance increased baht 260 million from balance of the property plant and equipment increased baht 256 million, from purchasing of machinery and equipment increased.

Total Liabilities

As of March 31 ,2013 total liabilities compare with March 31, 2012 decreased from baht 2,101 million to baht 2,003 million because of trade account payable decreased baht 67 million and income tax payable decreased baht 54 million.

Equity

As of March 31 ,2013 total equity compared with March 31,2012 increased from baht 3,707 million to baht 4,219 million owing to profit for the year was baht 860 million,dividend paid baht 348 million and fair value changes in available for sale investment increased baht 0.3 million

Financial analysis

1.) Liquidity ratio decreased from 2.97 times in 2011 fiscal year to 3.24 times in fiscal year 2012 by a sufficiency of assets for pay off current liabilities from cash and cash equivalents amount baht 2,385 million. Moreover account receivable turnover and inventory turnover as well .

2.) Profitability was decreased by gross profit margin decreased 18.16% in 2011 fiscal year to 16.43% in 2012 fiscal year resulting from the increment on minimum wage and raw material.

3.) Return on total assets increased from 12.8% in 2011 fiscal year to 14.3% in 2012 fiscal year

REPORT ON THE BOARD OF DIRECTORS RESPONSIBILITIES FOR FINANCIAL STATEMENT

The Board of Directors is responsible for the financial statement of Kang Yong Electric Public Company Limited (“ the Company ”), which have been prepared in accordance with Financial Reporting Standards under the Accounting Act BE 2543 and the requirements of the Securities and Exchange Commission with the preparation and presentation of financial reports under the Securities Exchange Act of 2535, by consideration to use of the accounting policy appropriate and have been applied consistently. Including adequate disclosure in the notes to the financial statements, which the external auditor has reviewed and audited financial statements and expressed opinion in the auditor’s report.

In this regard, the Board of Directors has provided risk management system and internal control systems to ensure that the accounting records are accurate, complete, timely, and adequate to maintain assets. Including fraud preventing or abnormal operation significantly . The Company appointed the Audit Committee which consisting of independent directors to duty of oversight of financial reporting ,the internal control system assessment and internal audit were efficiently and effectiveness highest in every year. In which the audit committee’s opinion are appeared in the Audit Committee report that presented in the 2555 annual report by then.

The Board of Directors is confident that the internal control system and the internal audit of the Company, present the financial position, business operation results, and cash flows accurately in significant.



Mr. Praphad Phodhivorakhun
Chairman



Mr. Sadahiro Tomita
President

June 12, 2013

AUDIT COMMITTEE'S REPORT

Audit committee of Kang Yong Electric Public Company Limited appointed by the Company's Board of Directors consisting of 3 independent directors those were Mr. Komol Vongsthongsri, was Chairman of Audit Committee, Mr. Chackchai Panichapat, and Mr. Arthakrit Visudtibhan. The meeting of Board of Directors had resolution to appoint Mr. Komol Vongsthongsri as adequate knowledgeable and experienced, which able to review credibility of financial statement of the Company and together advisor of the audit committee for such review.

Audit Committee had the following duties independently in the extent of responsibility mentioned in the charter of audit committee in accordance with requirement of the Stock Exchange of Thailand and the Securities and Exchange Commission. Summarized as follows:

Financial Statement Review

Audit committee had reviewed important information of quarterly financial statement and annual financial report for the fiscal year 2012 by questioning and listening explanation including the question of the essence of the auditor and the Company's finance manager, which the opinion that such financial statements are accurate and complete disclosures are adequate. As reliable as the generally accepted accounting standards The auditors have reported to be independent in the performance of duty and the findings of the audit, the Audit Committee has considered every the issues.

In addition, the Audit Committee acknowledged the essence and implementation relating to changes in accounting standards.

Risk Management Review

Audit Committee had considered risk management policy, plan and approach to risk management. Moreover, the committee also reviews the risk management arising from internal and external environment of the operating results of audit report with quarterly managing risk and there are meetings with the management and internal auditor of the Company. Including the consideration and review of the effectiveness and appropriateness of the risk management's process regularly every half year from report of the results of the management's risk assessment and provide recommendations to improve even further.

Internal Control and Internal Audit Review

Audit Committee had considered and agreed with annual audit plan of internal audit section. Internal control system had been reviewed especially operating result for evaluating the adequacy and appropriateness by considering from internal audit reports every quarter. After consideration, it found that the Company's operation of internal control system had efficient and appropriate, that without any significant operating error or violation of laws, regulations of the Securities and Exchange, requirements of the Stock Exchange of Thailand and other laws relating to the Company's business or a significant risk that may damage the operation of its business but somehow, also to get a clue and complaints had been managed fairly. .

Consideration of Auditor and Remuneration of Auditor in 2013

Audit Committee considered to nominate for appointment an auditor from KPMG Phoomchai Audit Limited to be the Company's auditor for the year 2013 including consideration of suitable audit remuneration by qualification, scope of responsibility, audit job quality in previous year, and independency of audit, knowledge, technique, and leading experience of auditing job.

Therefore, there was a resolution to propose to the Board of Directors seeking approve in the meeting of shareholders.

Consideration of Connecting Issues or Interest Conflict Issues

Audit Committee considered to review and provide opinion on the connected transactions causing the conflict of interest with the Company and in 2012 the past year , there were consideration on connected transactions and disclosure such information of the Company that, the management entered into such the connected transactions accordance with regulation of the Stock Exchange of Thailand (SET.) or requirement of The office of the Securities and Exchange Commission (SEC.) , is reasonable and the Company gained highest benefit.

Meeting of Audit Committee

In previous fiscal year 2012, there were 4 meetings of the Audit Committee including co-meeting with the management and co-meeting with auditor without the management attending. All members of audit committee attended every meetings .

The Audit Committee provided performance self assessment as the whole team for the fiscal year 2012 by using criteria and best practice of the Stock Exchange of Thailand as a guideline to comply with good corporate governance. The result of assessment was complete and adequate practice criteria.

In conclusion, the overview ,the Audit Committee had performed their duties on the scope, tasks, and responsibilities as mentioned in the charter of the Audit Committee and as assigned from the Board of Directors in order to the Company could operated by good corporate governance system , effective management, sufficient and appropriate internal control for business operation , efficiency risk management, and reliability of accounting system and financial report, including compliance of laws, regulations, requirements relating to the Company's business operation.



Mr. Komol Vongsthongsri

Chairman of Audit Committee

12th June 2013

AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of Kang Yong Electric Public Company Limited

I have audited the accompanying financial statements in which the equity method is applied and separate financial statements of Kang Yong Electric Public Company Limited, which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 March 2013, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in which the equity method is applied and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements in which the equity method is applied and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements in which the equity method is applied and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 March 2013 and the financial performance and cash flows for the year then ended of Kang Yong Electric Public Company Limited in accordance with Thai Financial Reporting Standards.



(Bongkot Amsageam)

Certified Public Accountant

Registration No. 3684

KPMG Phoomchai Audit Ltd.

Bangkok

15 May 2013

STATEMENT OF FINANCIAL POSITION

Kang Yong Electric Public Company Limited

Assets	Note	Financial statements in which the equity method is applied 31 March		Separate financial statements 31 March	
		2013	2012	2013	2012
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalent	5	1,404,956,645	2,546,269,221	1,404,956,645	2,546,269,221
Current investments	10	980,000,000	-	980,000,000	-
Trade accounts receivable	4, 6	1,058,335,371	1,143,357,278	1,058,335,371	1,143,357,278
Other accounts receivable	4, 7	341,936,374	61,135,219	341,936,374	61,135,219
Short-term loans to related party	4	38,145,180	62,436,612	38,145,180	62,436,612
Inventories	8	1,009,747,651	865,256,832	1,009,747,651	865,256,832
Other current assets		4,931,720	4,843,815	4,931,720	4,843,815
Total current assets		4,838,052,941	4,683,298,977	4,838,052,941	4,683,298,977
Non-current assets					
Available-for-sale investments	10	16,842,350	16,500,002	16,842,350	16,500,002
Investment in associate	9	17,330,937	14,800,366	3,000,000	3,000,000
Other long-term investments	10	157,361,700	157,361,700	157,361,700	157,361,700
Investment properties	11	10,359,962	11,497,734	10,359,962	11,497,734
Property, plant and equipment	12	1,161,334,194	905,011,852	1,161,334,194	905,011,852
Other non-current assets	13	20,777,356	19,054,462	20,777,356	19,054,462
Total non-current assets		1,384,006,499	1,124,226,116	1,369,675,562	1,112,425,750
Total assets		6,222,059,440	5,807,525,093	6,207,728,503	5,795,724,727

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

STATEMENT OF FINANCIAL POSITION (Continued)

Kang Yong Electric Public Company Limited

Liabilities and equity	Note	Financial statements in which the equity method is applied 31 March		Separate financial statements 31 March	
		2013	2012	2013	2012
		<i>(in Baht)</i>			
Current liabilities					
Trade accounts payable	4, 14	1,004,196,129	1,071,178,587	1,004,196,129	1,071,178,587
Other accounts payable	4, 15	459,986,075	438,918,571	459,986,075	438,918,571
Income tax payable		8,102,397	61,712,467	8,102,397	61,712,467
Other current liabilities		18,871,597	7,022,923	18,871,597	7,022,923
Total current liabilities		1,491,156,198	1,578,832,548	1,491,156,198	1,578,832,548
Non-current liabilities					
Provision for warranties	17	366,538,165	384,714,016	366,538,165	384,714,016
Employee benefit obligations	16	126,128,840	117,084,857	126,128,840	117,084,857
Provident funds		19,583,846	20,397,958	19,583,846	20,397,958
Total non-current liabilities		512,250,851	522,196,831	512,250,851	522,196,831
Total liabilities		2,003,407,049	2,101,029,379	2,003,407,049	2,101,029,379
Equity					
Share capital	18				
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	18				
Premium on ordinary shares		726,100,000	726,100,000	726,100,000	726,100,000
Retained earnings					
Appropriated					
Legal reserve	19	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		2,818,975,525	2,307,161,196	2,804,644,588	2,295,360,830
Other component of equity	10	11,576,866	11,234,518	11,576,866	11,234,518
Total equity		4,218,652,391	3,706,495,714	4,204,321,454	3,694,695,348
Total liabilities and equity		6,222,059,440	5,807,525,093	6,207,728,503	5,795,724,727

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

STATEMENT OF COMPREHENSIVE INCOME

Kang Yong Electric Public Company Limited

	Note	Financial statements in which the equity method is applied For the year ended 31 March		Separate financial statements For the year ended 31 March	
		2013	2012	2013	2012
		<i>(in Baht)</i>			
Income	4				
Revenue from sale of goods and rendering of services	20	9,554,851,202	9,395,189,143	9,554,851,202	9,395,189,143
Investment income	21	535,152,897	357,551,526	536,152,897	357,551,526
Net foreign exchange gain		26,358,244	16,323,527	26,358,244	16,323,527
Other income	22	66,503,620	39,875,037	66,503,620	39,875,037
Total income		10,182,865,963	9,808,939,233	10,183,865,963	9,808,939,233
Expenses	4, 20				
Cost of sale of goods and rendering of services		7,985,339,520	7,689,057,278	7,985,339,520	7,689,057,278
Selling expenses	23	541,011,990	578,176,710	541,011,990	578,176,710
Administrative expenses	24	685,881,655	643,803,630	685,881,655	643,803,630
Finance costs		13,105	9,034	13,105	9,034
Total expenses		9,212,246,270	8,911,046,652	9,212,246,270	8,911,046,652
Share of profit of associate	9	3,530,571	1,353,382	-	-
Profit before income tax expense		974,150,264	899,245,963	971,619,693	897,892,581
Income tax expense	27	(114,297,516)	(203,465,520)	(114,297,516)	(203,465,520)
Profit for the year		859,852,748	695,780,443	857,322,177	694,427,061
Other comprehensive income					
Net change in fair value of available-for-sale investments		342,348	(14,362,725)	342,348	(14,362,725)
Other comprehensive income for the year		342,348	(14,362,725)	342,348	(14,362,725)
Total comprehensive income for the year		860,195,096	681,417,718	857,664,525	680,064,336
Basic earnings per share	29	39.08	31.63	38.97	31.56

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

STATEMENT OF CHANGES IN EQUITY

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	Total equity
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in Baht)</i>								
Year ended 31 March 2012								
Balance at 1 April 2011		220,000,000	726,100,000	22,000,000	420,000,000	1,924,879,328	25,597,243	3,338,576,571
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	30	-	-	-	-	(313,498,575)	-	(313,498,575)
Total distributions to owners of the Company		-	-	-	-	(313,498,575)	-	(313,498,575)
Comprehensive income for the year								
Profit		-	-	-	-	695,780,443	-	695,780,443
Other comprehensive income		-	-	-	-	-	(14,362,725)	(14,362,725)
Total Comprehensive income for the year		-	-	-	-	695,780,443	(14,362,725)	681,417,718
Balance at 31 March 2012		220,000,000	726,100,000	22,000,000	420,000,000	2,307,161,196	11,234,518	3,706,495,714

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

STATEMENT OF CHANGES IN EQUITY (Continued)

	Separate Financial Statements							Total equity
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in Baht)</i>								
Year ended 31 March 2012								
Balance at 1 April 2011		220,000,000	726,100,000	22,000,000	420,000,000	1,914,432,344	25,597,243	3,328,129,587
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	30	-	-	-	-	(313,498,575)	-	(313,498,575)
Total distributions to owners of the Company		-	-	-	-	(313,498,575)	-	(313,498,575)
Comprehensive income for the year								
Profit		-	-	-	-	694,427,061	-	694,427,061
Other comprehensive income		-	-	-	-	-	(14,362,725)	(14,362,725)
Total Comprehensive income for the year		-	-	-	-	694,427,061	(14,362,725)	680,064,336
Balance at 31 March 2012		220,000,000	726,100,000	22,000,000	420,000,000	2,295,360,830	11,234,518	3,694,695,348

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

STATEMENT OF CHANGES IN EQUITY (Continued)

	Separate Financial Statements							Total equity	
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity		
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments		
<i>(in Baht)</i>									
Year ended 31 March 2013									
Balance at 1 April 2012		220,000,000	726,100,000	22,000,000	420,000,000	2,295,360,830	11,234,518	3,694,695,348	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	30	-	-	-	-	(348,038,419)	-	(348,038,419)	
Total distributions to owners of the Company		-	-	-	-	(348,038,419)	-	(348,038,419)	
Comprehensive income for the year									
Profit		-	-	-	-	857,322,177	-	857,322,177	
Other comprehensive income		-	-	-	-	-	342,348	342,348	
Total Comprehensive income for the year		-	-	-	-	857,322,177	342,348	857,664,525	
Balance at 31 March 2013		220,000,000	726,100,000	22,000,000	420,000,000	2,804,644,588	11,576,866	4,204,321,454	

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

STATEMENT OF CASH FLOWS

Kang Yong Electric Public Company Limited

	Financial statements in which the equity method is applied For the year ended 31 March		Separate financial statements For the year ended 31 March	
	2013	2012	2013	2012
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	859,852,748	695,780,443	857,322,177	694,427,061
<i>Adjustments for</i>				
Depreciation	208,081,306	201,311,500	208,081,306	201,311,500
Amortisation	1,643,490	1,339,426	1,643,490	1,339,426
Investment income	(535,152,897)	(357,551,526)	(536,152,897)	(357,551,526)
Employee benefit obligations	12,822,311	9,957,123	12,822,311	9,957,123
Finance costs	13,105	9,034	13,105	9,034
Unrealised loss on exchange	4,351,207	713,263	4,351,207	713,263
Allowance for decline in value of inventories	6,733,953	10,644,154	6,733,953	10,644,154
Provision for warranties	164,463,362	233,401,666	164,463,362	233,401,666
Share of profit of associate	(3,530,571)	(1,353,382)	-	-
(Gain) loss on disposal of equipment	(1,260,785)	761,333	(1,260,785)	761,333
Income tax expense	114,297,516	203,465,520	114,297,516	203,465,520
	832,314,745	998,478,554	832,314,745	998,478,554
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	79,934,686	(135,443,833)	79,934,686	(135,443,833)
Other accounts receivable	1,268,760	(21,774,234)	1,268,760	(21,774,234)
Inventories	(151,041,846)	(142,278,617)	(151,041,846)	(142,278,617)
Other current assets	(87,905)	(1,270,225)	(87,905)	(1,270,225)
Other non-current assets	(16,593)	(2,794,541)	(16,593)	(2,794,541)
Trade accounts payable	(66,561,169)	199,966,046	(66,561,169)	199,966,046
Other accounts payable	319,196	39,972,945	319,196	39,972,945
Other current liabilities	11,848,674	(6,769,693)	11,848,674	(6,769,693)
Warranties paid	(182,639,213)	(189,280,721)	(182,639,213)	(189,280,721)
Employee benefits paid	(3,778,328)	(3,144,070)	(3,778,328)	(3,144,070)
Provident fund paid	(814,112)	(923,491)	(814,112)	(923,491)
Cash generated from operating activities	520,746,895	734,738,120	520,746,895	734,738,120
Income tax paid	(167,907,586)	(166,145,545)	(167,907,586)	(166,145,545)
Net cash provided by operating activities	352,839,309	568,592,575	352,839,309	568,592,575

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

STATEMENT OF CASH FLOWS (Continued)

Kang Yong Electric Public Company Limited

	Financial statements in which the equity method is applied For the year ended 31 March		Separate financial statements For the year ended 31 March	
	2013	2012	2013	2012
	<i>(in Baht)</i>			
Cash flows from investing activities				
Interest received	62,634,745	76,123,881	62,634,745	76,123,881
Dividends received	176,954,305	265,160,081	176,954,305	265,160,081
Rental received	14,493,932	14,487,951	14,493,932	14,487,951
Short-term loans to related party	(371,961,066)	(537,726,861)	(371,961,066)	(537,726,861)
Repayment of short-term loans to related party	396,252,498	505,725,236	396,252,498	505,725,236
Purchases of equipment	(443,401,198)	(254,157,101)	(443,401,198)	(254,157,101)
Sale of equipment	2,276,214	3,058,900	2,276,214	3,058,900
Purchase of computer software	(3,349,791)	(461,600)	(3,349,791)	(461,600)
Increase in current investments	(980,000,000)	-	(980,000,000)	-
Net cash (used in) provided by investing activities	(1,146,100,361)	72,210,487	(1,146,100,361)	72,210,487
Cash flows from financing activities				
Finance costs paid	(13,105)	(9,034)	(13,105)	(9,034)
Dividend paid	(348,038,419)	(313,498,575)	(348,038,419)	(313,498,575)
Net cash used in financing activities	(348,051,524)	(313,507,609)	(348,051,524)	(313,507,609)
Net increase (decrease) in cash and cash equivalents	(1,141,312,576)	327,295,453	(1,141,312,576)	327,295,453
Cash and cash equivalents at 1 April	2,546,269,221	2,218,973,768	2,546,269,221	2,218,973,768
Cash and cash equivalents at 31 March	1,404,956,645	2,546,269,221	1,404,956,645	2,546,269,221

Non-cash transactions

During the year ended 31 March 2013, the Company acquired machinery and equipment at total cost of Baht 464.5 million (2012: Baht 274.7 million) of which Baht 443.4 million (2012: Baht 254.2 million) was made by cash payment and Baht 21.1 million was outstanding as liabilities at the end of the year (2012: Baht 20.5 million).

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

NOTES TO THE FINANCIAL STATEMENTS

Kang Yong Electric Public Company Limited

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Other accounts receivable
8	Inventories
9	Investment in associate
10	Other investments
11	Investment properties
12	Property, plant and equipment
13	Other non-current assets
14	Trade accounts payable
15	Other accounts payable
16	Employee benefit obligations
17	Provision for warranties
18	Share capital
19	Reserves
20	Segment information
21	Investment income
22	Other income
23	Selling expenses
24	Administrative expenses
25	Employee benefit expenses
26	Expenses by nature
27	Income tax
28	Promotional privileges
29	Basic earnings per share
30	Dividends
31	Financial instruments
32	Commitments with non-related parties
33	Thai Financial Reporting Standards (TFRS) not yet adopted

NOTES TO THE FINANCIAL STATEMENTS

Kang Yong Electric Public Company Limited

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the directors on 15 May 2013.

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 during the financial year was 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 obtains the production licence and technology from its parent company.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 March 2013, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 33.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- available-for-sale financial assets are measured at fair value.

(c) *Presentation currency*

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with 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 estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 11	Fair value of investment properties
Note 16	Measurement of defined benefit obligations
Note 31	Valuation of financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all period presented in these financial statements.

(a) *Foreign currencies*

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 profit or loss.

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) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Attributable transaction costs of derivatives are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(c) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows 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.

(d) *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.

(e) 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 and is calculated using standard cost adjusted to approximate average cost.

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.

(f) 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.

Investments in other equity securities

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

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 or loss that was reported in equity is recognised in profit or loss.

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.

(g) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Building 20 years

No depreciation is provided on freehold land.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Land improvements	5 years
Building and improvements	5 - 20 years
Machinery and equipment	5 - 25 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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	5 years
-------------------	---------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) 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 if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the 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 that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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 in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date Government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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.

(n) 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 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.

Investments

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in the statement of income on the date the Company's right to receive payments is established.

Interest income

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

Other income

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

(o) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in profit or loss.

(p) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(q) Income tax

Income tax on the profit or loss for the year comprises current tax. 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.

In determining the amount of current tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(r) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation nationality/	Nature of relationships
Parent		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
Associate		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding
Key Management personnel		
Key Management personnel	Japan, Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Other related parties		
Thai Refrigeration Components 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 Astec Corporation	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
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
Melco Trading (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	China	A subsidiary of the Company's parent
Mitsubishi Electric Vietnam Co., Ltd.	Vietnam	A subsidiary of the Company's parent
International Elevator&Equipment Inc.	Philippines	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 plus margin for all products.
 - 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.
- 10 Key management personnel compensation is defined by the Nomination and Remuneration Committee and the Company's policy.

Significant transactions for the years ended 31 March 2013 and 2012 with related parties were as follows:

Year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	4,231,080	4,590,969	4,231,080	4,590,969
Other income	284	871	284	871
Royalty fee	218,592	217,647	218,592	217,647
Product development fee	250,497	275,248	250,497	275,248
Product warranties paid	172,255	183,845	172,255	183,845
Technical assistance fee	32,281	15,846	32,281	15,846
Other selling and administrative expenses	2,208	3,085	2,208	3,085
Associate				
Revenue from sale of goods	488	185	488	185
Rental income	14,465	14,465	14,465	14,465
Dividend income	-	-	1,000	-
Other income	747	802	747	802
Rental expense	79,594	69,312	79,594	69,312
Other selling and administrative expenses	7,130	4,680	7,130	4,680

<i>Year ended 31 March</i>	Financial statements in which the equity method is applied Separate financial statements			
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	74,678	63,051	74,678	63,051
Post-employment benefits	1,104	810	1,104	810
Other long-term benefits	11	11	11	11
Total key management personnel compensation	75,793	63,872	75,793	63,872

Other related parties

Revenue from sale of goods	5,028,045	4,548,380	5,028,045	4,548,380
Dividend income	455,774	265,467	455,774	265,467
Other income	1,379	1,848	1,379	1,848
Product warranties paid	4,157	3,164	4,157	3,164
Other selling and administrative expenses	44,567	40,628	44,567	40,628

Balances as at 31 March 2013 and 2012 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	399,434	394,440
Associates		
Smile Super Express Co., Ltd.	-	35
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	333,545	418,382
Mitsubishi Electric Vietnam Co.,Ltd.	81,631	56,590
Mitsubishi Electric Australia Pty. Ltd.	49,182	51,554
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	48,104	55,816
Melco Sales Malaysia Sdn. Bhd.	43,236	42,530
Mitsubishi Electric Asia Pte. Ltd.	34,127	45,440
Mitsubishi Electric Life Network Co., Ltd.	10,447	19,373
Others	1,390	194
Total	1,001,096	1,084,354
Bad and doubtful debts expenses for the year	-	-

<i>Other accounts receivables from related parties</i>	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
<i>Accrued dividend income</i>		
Other related parties		
Mitsubishi Electric Consumer products (Thailand) Co., Ltd.	250,000	-
Siam Compressor Industry Co., Ltd.	41,699	11,868
	291,699	11,868
<i>Other</i>		
Parent		
Mitsubishi Electric Corporation	86	16
Associates		
Smile Super Express Co., Ltd.	1,274	1,285
Other related parties		
Melco Trading (Thailand) Co., Ltd.	1,813	1,585
Mitsubishi Electric Life Network Co., Ltd.	-	3,537
Others	62	51
	3,235	6,474
Total	294,934	18,342

<i>Short-term loans to related parties</i>	Financial statements in which the equity method is applied and Separate financial statements			
	2013	2012	2013	2012
	<i>interest rate (% per annum)</i>		<i>(in thousand Baht)</i>	
Other related party				
Melco Thai Capital Co., Ltd.	2.00	2.00	38,145	62,437

Movements during the years ended 31 March 2013 and 2012 of short-term loans to related party were as follows:

<i>Short-term loans to related parties</i>	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Other related party		
At 1 April	62,437	30,435
Increase	371,961	537,727
Decrease	(396,253)	(505,725)
At 31 March	38,145	62,437

<i>Trade accounts payable to related parties</i>	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Other related parties		
Kulthorn Kirby Public Company Limited	39,526	47,410
Mitsubishi Electric Asia Pte. Ltd.	27,702	20,659
Mitsubishi Electric Automation (Thailand) Co., Ltd	19,630	15,457
Melco Trading (Thailand) Co., Ltd.	18,135	16,780
Setsuyo Astec Corporation	5,858	10,815
Mitsubishi Electric Trading Corp.	2,927	3,458
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	2,799	5,798
Thai Refrigeration Components Co., Ltd.	1,600	2,097
Others	69	46
Total	118,246	122,520

<i>Other accounts payables to related parties</i>	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	318,566	313,544
Associate		
Smile Super Express Co., Ltd.	8,220	8,061
Other related parties		
Mitsubishi Electric Trading Corp.	9,870	7,386
Mitsubishi Electric Kang Yong Watana Co., Ltd.	7,434	5,683
Melco Sales Malaysia Sdn. Bhd.	5,453	-
Others	1,968	1,392
Total	351,511	336,066

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 years 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.

Building 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 May 2011, the Company notified to renew such agreement for a period of two years expiring on 31 July 2013.

Thai Baht Pooling Service Agreement

In May 2002, the Company entered into the Thai Baht Pooling Service Agreement with Melco Thai Capital Co., 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

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - savings and current accounts	974,807	46,119
Short-term investments - bill of exchange	430,000	2,500,000
Total	1,404,957	2,546,269

Cash and cash equivalents of the Company as at 31 March 2013 and 2012 were denominated entirely in Thai Baht.

6 Trade accounts receivable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Related parties	4	1,001,096	1,084,354
Other parties		57,239	59,003
Total		1,058,335	1,143,357
Bad and doubtful debts expenses for the year		-	-

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,001,072	1,077,087
Overdue		
Less than 3 months	24	7,267
	1,001,096	1,084,354

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Other parties		
Within credit terms	57,239	59,003
	57,239	59,003
Total	1,058,335	1,143,357

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:

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht		
United States Dollars (USD)	728,939	807,420
Japanese Yen (JPY)	318,950	316,564
Total	10,446	19,373
	1,058,335	1,143,357

7 Other accounts receivable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Accrued dividend income		291,699	11,868
Value added tax receivable	4	29,142	33,382
Other receivables		6,429	8,881
Prepaid expenses		4,295	4,177
Accrued interest income		4,185	1,929
Others		6,186	898
Total		341,936	61,135

Other accounts receivable of the Company as at 31 March 2013 and 2012 were denominated entirely in Thai Baht.

8 Inventories

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Finished goods	469,166	415,994
Work in process	234,108	216,982
Raw materials and factory supplies	323,139	242,547
Goods in transit	8,605	8,270
	1,035,018	883,793
<i>Less allowance for decline in value of inventories</i>	<i>(25,270)</i>	<i>(18,536)</i>
Net	1,009,748	865,257

9 Investments in associate

	Financial statements in which the equity method is applied		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
At 1 April	14,800	13,447	3,000	3,000
Share of profit of investment - equity method	3,531	1,353	-	-
Dividend income	(1,000)	-	-	-
At 31 March	17,331	14,800	3,000	3,000

Investment in associate as at 31 March 2013 and 2012 and dividend income from the investment for the years then ended were as follows:

Investee	Type of business	Financial statements in which the equity method is applied									
		Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)				<i>(in thousand Baht)</i>					
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	17,331	14,800	1,000	-

Investee	Type of business	Separate financial statements							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2013	2012	2013	2012	2013	2012	2013	2012
		(%)				<i>(in thousand Baht)</i>			
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	1,000	-

None of the Company's equity-accounted investees are publicly listed and consequently do not have published price quotations.

The following summarised financial information on associated company which has been accounted for using the equity method is not adjusted for the percentage of ownership held by the Company:

	Reporting date	Ownership interest	Total assets	Total liabilities	Total revenues	Net profit
		(%)	<i>(in million Baht)</i>			
2013						
Smile Super Express Co., Ltd.	31 March	33.33	68,910	16,917	132,128	10,592
Total			68,910	16,917	132,128	10,592
2012						
Smile Super Express Co., Ltd.	31 March	33.33	59,432	15,031	114,665	8,591
Total			59,432	15,031	114,665	8,591

10 Other investments

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Current investments		
Other short-term deposits at financial institutions	980,000	-
	980,000	-
Other long-term investments		
Equity securities available for sale	16,842	16,500
Other non-marketable equity securities	157,362	157,362
	174,204	173,862
Total	1,154,204	173,862

As at 31 March 2013 short-term deposits at financial institutions amounted to Baht 980 million, interest rates ranging from 3.05% to 3.10% and maturity within 4 to 5 months.

Current investments and other long-term investments of the Company as at 31 March 2013 and 2012 were denominated entirely in Thai Baht.

Equity securities available for sale as at 31 March 2013 and 2012 were as follows:

	Financial statements in which the equity method is applied and Separate financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
Marketable Securities -				
Available-for-Sale Securities				
Kulthorn Kirby Public Co., Ltd.	4,965	16,452	4,965	16,221
City Sports and Recreation Public Co., Ltd.	300	390	300	279
	5,265	16,842	5,265	16,500
Add Revaluation	11,577	-	11,235	-
Total	16,842	16,842	16,500	16,500

Other non-marketable equity securities as at 31 March 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

Investee	Type of business	Financial statements in which the equity method is applied and Separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At Cost - net		Dividend income	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)				(in thousand Baht)							
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	264	528
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	409,000	244,600
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	46,510	19,566
Total						157,362	157,362	-	-	157,362	157,362	455,774	264,694

11 Investment properties

	Financial statements in which the equity method is applied and Separate financial statements <i>(in thousand Baht)</i>
<i>Cost</i>	
At 1 April 2011	101,796
At 31 March 2012 and 1 April 2012	101,796
At 31 March 2013	101,796
<i>Accumulated depreciation</i>	
At 1 April 2011	87,491
Depreciation charge for the year	2,807
At 31 March 2012 and 1 April 2012	90,298
Depreciation charge for the year	1,138
At 31 March 2013	91,436
<i>Net book value</i>	
At 1 April 2011	14,305
At 31 March 2012 and 1 April 2012	11,498
At 31 March 2013	10,360

Investment properties comprise land and building that are leased to third party and plots of land that are not used in operation. Fair value of land and building that are leased to third party was computed by the Company's management under the Discounted Cash Flow Analysis method by using key assumptions of discount rates and EBITDA margins including the review of the estimated useful lives of buildings that are leased to third party. Fair value of land not used in operation was considered by appraisal value of Treasury Department. As at 31 March 2013, fair value of land and building that are leased to third party and land not used in operation totaled approximately Baht 237.0 million (2012 : Baht 239.5 million).

12 Property, plant and equipment

Financial statements in which the equity method 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
<i>(in thousand Baht)</i>								
Cost								
At 1 April 2011	164,911	591,476	1,251,764	2,208,640	78,565	1,589	25,540	4,322,485
Additions	-	813	19,760	32,862	4,722	114	216,394	274,665
Transfers	-	18,782	84,839	61,678	1,830	-	(167,129)	-
Disposals	-	(1,751)	(63,464)	(103,355)	(4,496)	-	-	(173,066)
At 31 March 2012 and 1 April 2012	164,911	609,320	1,292,899	2,199,825	80,621	1,703	74,805	4,424,084
Additions	-	1,268	12,483	76,086	8,820	24	365,677	464,358
Transfers	-	18,957	126,045	229,044	329	-	(374,375)	-
Disposals	-	(504)	(31,882)	(70,438)	(2,627)	(619)	-	(106,070)
At 31 March 2013	164,911	629,041	1,399,545	2,434,517	87,143	1,108	66,107	4,782,372
Accumulated depreciation								
At 1 April 2011	25,103	515,295	971,801	1,914,157	61,947	1,511	-	3,489,814
Depreciation charge for the year	2,952	19,721	49,144	120,414	6,219	54	-	198,504
Disposals	-	(1,751)	(63,401)	(99,973)	(4,121)	-	-	(169,246)
At 31 March 2012 and 1 April 2012	28,055	533,265	957,544	1,934,598	64,045	1,565	-	3,519,072
Depreciation charge for the year	2,952	19,854	53,103	124,514	6,379	36	-	206,838
Disposals	-	(490)	(31,730)	(69,678)	(2,355)	(619)	-	(104,872)
At 31 March 2013	31,007	552,629	978,917	1,989,434	68,069	982	-	3,621,038
Net book value								
At 1 April 2011	139,808	76,181	279,963	294,483	16,618	78	25,540	832,671
At 31 March 2012 and 1 April 2012	136,856	76,055	335,355	265,227	16,576	138	74,805	905,012
At 31 March 2013	133,904	76,412	420,628	445,083	19,074	126	66,107	1,161,334

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2012 amounted to Baht 3,010.0 million (2012: Baht 2,815.2 million).

13 Other non-current assets

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Refundable import duty	10,365	8,383
Loan to employees	4,300	6,426
Others	6,112	4,245
Total	20,777	19,054

14 Trade accounts payable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Related parties	4	118,246	122,520
Other parties		885,950	948,659
Total		1,004,196	1,071,179

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

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	936,099	1,025,958
Japanese Yen (JPY)	7,262	10,565
United States Dollars (USD)	60,835	34,531
Others	-	125
Total	1,004,196	1,071,179

15 Other accounts payable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Related parties	4	351,511	336,066
Other parties		108,475	102,853
Total		459,986	438,919

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

	2013	2012
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	341,322	326,781
Japanese Yen (JPY)	105,001	103,433
United States Dollars (USD)	12,115	8,084
Others	1,548	621
Total	459,986	438,919

16 Employee benefit obligations

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	113,617	104,738
Other long-term employee benefits	12,512	12,347
Total	126,129	117,085
<i>For the year ended 31 March</i>		
Statement of comprehensive income Recognised in profit or loss:		
Post-employment benefits	11,332	8,992
Other long-term employee benefits	1,490	965
Total	12,822	9,957

The Company adopted TAS 19 - Employee Benefits with effect from 1 April 2011. The Company opted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

The Company operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) and the Company's policy to provide retirement benefits to employees based on pensionable remuneration and length of service and long-service award based on the Company's policy.

Movement in the present value of the defined benefit obligations:

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 April	117,085	110,272
Benefits paid by the plan	(3,778)	(3,144)
Current service costs and interest	12,822	9,957
Defined benefit obligations at 31 March	126,129	117,085

Expense recognised in profit or loss

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Current service costs	8,270	6,081
Interest on obligation	4,552	3,876
Total	12,822	9,957

The expense is recognised in the following line items in the statement of comprehensive income :

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Cost of sales	10,046	7,739
Selling expenses	426	393
Administrative expenses	2,350	1,825
Total	12,822	9,957

Principal actuarial assumptions at the reporting date (expressed as weighted averages) :

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	%	
Discount rate	3.5	3.5
Future salary increases	5.0	5.0

Assumptions regarding future mortality are based on published statistics and Thai Mortality tables 2008 (TMO2008).

17 Provision for warranties

	Financial statement in which the equity method is applied and Separate financial statements	
	Warranties	
	<i>(in thousand Baht)</i>	
At 1 April 2011	340,593	
Provisions made	233,402	
Provisions used	(189,281)	
At 31 March 2012 and 1 April 2012	384,714	
Provisions made	164,463	
Provisions used	(182,639)	
At 31 March 2013	366,538	

18 Share capital

	Par value per share (in Baht)	2013		2012	
		Number (in thousand shares)	Amount (in thousand Baht)	Number (in thousand shares)	Amount (in thousand Baht)
<i>Authorised</i>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
<i>At 31 March</i>					
- 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
<i>At 31 March</i>					
- ordinary shares	10	22,000	220,000	22,000	220,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

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.

19 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

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.

Other components of equity

Fair value changes

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

20 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:

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	(in thousand Baht)	
Segment revenue		
Domestic	3,369,039	3,061,723
Export	6,185,812	6,333,466
Total	9,554,851	9,395,189
Segment results (gross profit)		
Domestic	354,557	362,020
Export	1,214,955	1,344,112
Total	1,569,512	1,706,132

21 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2013	2012	2013	2012
		(in thousand Baht)			
Rental income					
Operating lease rental income					
Investment properties		14,483	14,483	14,483	14,483
		14,483	14,483	14,483	14,483
Dividend income					
Associated company	4, 9	-	-	1,000	-
Other related parties	4, 10	455,774	265,467	455,774	265,467
Other parties		11	14	11	14
		455,785	265,481	456,785	265,481
Interest income					
Other related parties		899	812	899	812
Other parties		63,986	76,776	63,986	76,776
Total		64,885	77,588	64,885	77,588
		535,153	357,552	536,153	357,552

22 Other income

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Revenue from scrap sales	34,445	32,092
Compensation from insurance of fire	25,881	-
Others	6,178	7,783
Total	66,504	39,875

23 Selling expenses

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Royalty fee	4	218,592	217,647
Product warranty expense	4	164,463	233,402
Transportation expenses		83,884	80,477
Advertising and sales promotion expenses		27,115	16,212
Employee benefit expenses	25	16,528	15,687
Others		30,430	14,752
Total		541,012	578,177

24 Administrative expenses

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Product development fee	4	250,497	276,176
Employee benefit expenses	25	166,217	148,699
Warehouse rental charge	4	81,557	71,263
Tax and duty		28,484	21,450
Technical assistance fee	4	33,210	16,792
Allowance for decline in value of inventories		14,126	13,710
Others		111,791	95,714
Total		685,882	643,804

25 Employee benefit expenses

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
<i>Management</i>	<i>(in thousand Baht)</i>	
Salaries and others	74,678	63,051
Others	1,115	821
	75,793	63,872
<i>Other employees</i>		
Wages and salaries	520,403	392,850
Provident fund	15,760	12,945
Others	145,586	123,005
	681,749	528,800
Total	757,542	592,672

Defined benefit plans

Details of the defined benefit plans are given in the note 16.

Defined contribution plans

The provident fund presented under other non-current liabilities includes a provident fund which the Company had established prior to 2000. Contributions 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 the 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.

26 Expenses by nature

	Financial statements in which the equity method is applied and Separate financial statements		
	Note	2013	2012
		<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>			
Changes in inventories of finished goods and work in process		(70,297)	(103,270)
Raw materials and consumables used		6,773,556	6,748,606
Employee benefit expenses		574,797	428,286
Depreciation of plant and equipment		200,154	191,240
<i>Included in selling expenses:</i>			
Product warranty expense	23	164,463	233,402
Royalty fee	23	218,592	217,647
Depreciation of plant and equipment		184	193
<i>Included in administrative expenses:</i>			
Product development fee	24	250,497	276,176
Employee benefit expenses	24	166,217	148,699
Depreciation of plant and equipment		7,743	9,879

27 Income tax

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Current tax expense	114,298	203,466

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

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

28 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.

29 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2013 and 2012 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company (Basic)	859,853	695,780	857,322	694,427
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	39.08	31.63	38.97	31.56

30 Dividends

At the annual general meeting of the shareholders of the Company held on 25 July 2012, the shareholders approved the appropriation of dividends of Baht 15.82 per share, amounting to Baht 348.0 million. The dividend was paid to shareholders during 2012.

At the annual general meeting of the shareholders of the Company held on 27 July 2011, the shareholders approved the appropriation of dividends of Baht 14.25 per share, amounting to Baht 313.5 million. The dividend was paid to shareholders during 2011.

31 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.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total equity and also monitors the level of dividends to ordinary shareholders.

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. 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. Hence, the Company has no hedging agreements to protect against such risk.

The effective interest rates of deposits at financial institutions, short-term 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:

	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and Separate financial statements Within 1 year (in thousand Baht)
2013		
Deposits at financial institutions	0.50 - 2.80	974,807
Short-term investments - bill of exchange	2.20	430,000
Short-term investments - fixed deposit	3.05 - 3.10	980,000
Short-term loans to related party	2.00	38,145
2012		
Deposits at financial institutions -saving accounts	0.50	46,119
Short-term investments - bill of exchange	2.64	2,500,000
Short-term loans to related party	2.00	62,437

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 or sales, denominated in foreign currencies, for the current and 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:

	Financial statements in which the equity method is applied and Separate financial statements		
	Note	2013	2012
		<i>(in thousand Baht)</i>	
United States Dollars			
Trade accounts receivable	6	318,950	316,564
Trade accounts payable	14	60,835	34,351
Other accounts payable	15	12,115	8,084
Japanese Yen			
Trade accounts receivable	6	10,446	19,373
Trade accounts payable	14	7,262	10,565
Other accounts payable	15	105,001	103,433
Others			
Trade accounts payable	14	-	125
Other accounts payable	15	1,548	621
Gross statements of financial position exposure		516,157	493,116
Currency forwards		(285,123)	(67,196)
Net exposure		231,034	425,920

At 31 March 2013, the Company had selling forward exchange contracts amounting to USD 9.5 million equivalent to Baht 285.1 million. (2012: USD 2.2 million equivalent to Baht 67.2 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 statements of financial position. 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.

Trade and other accounts receivable, short-term loans to related party, trade and other accounts payable the carrying amounts of these financial assets and liabilities approximate to the fair values due to the relative short-term maturity of these financial instruments.

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.

32 Commitments with non-related parties

	Financial statements in which the equity method is applied and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Capital commitments		
Contracted but not provided for		
Acquisition of property, plant and equipment	47,002	16,145
Operating lease commitments		
Within one year	6,254	5,298
After one year but within five years	3,670	6,733
Total	9,924	12,031

- (a) The Company entered into several long-term lease agreements covering vehicles and has four year terms which will expire in various periods up to the year 2016. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.
- (b) At 31 March 2013, the Company had sales forward exchange contracts amounting to USD 9.5 million equivalent to Baht 285.1 million. (2012: USD 2.2 million equivalent to Baht 67.2 million.)

33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS and interpretations that have been issued as of the reporting date but are not yet effective. The new and revised TFRS and interpretations that are applicable to the Company, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Company will adopt TAS 12 with effect from 1 April 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 March 2013 and 2012 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 March 2013 and 2012 will be as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Statement of financial position				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase in deferred tax assets	107,504	121,120	107,504	121,120
Increase in deferred tax liabilities	(4,969)	(3,694)	(4,969)	(3,694)
Decrease in fair value changes in available - for - sale investments	2,315	2,247	2,315	2,247
Increase in retained earnings	(104,850)	(119,673)	(104,850)	(119,673)
Increase in total equity	(102,535)	(117,426)	(102,535)	(117,426)

The impact on the statements of comprehensive income for 2014 and subsequent periods is not presently determinable.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 April 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

TFRS 8 - Operating segments

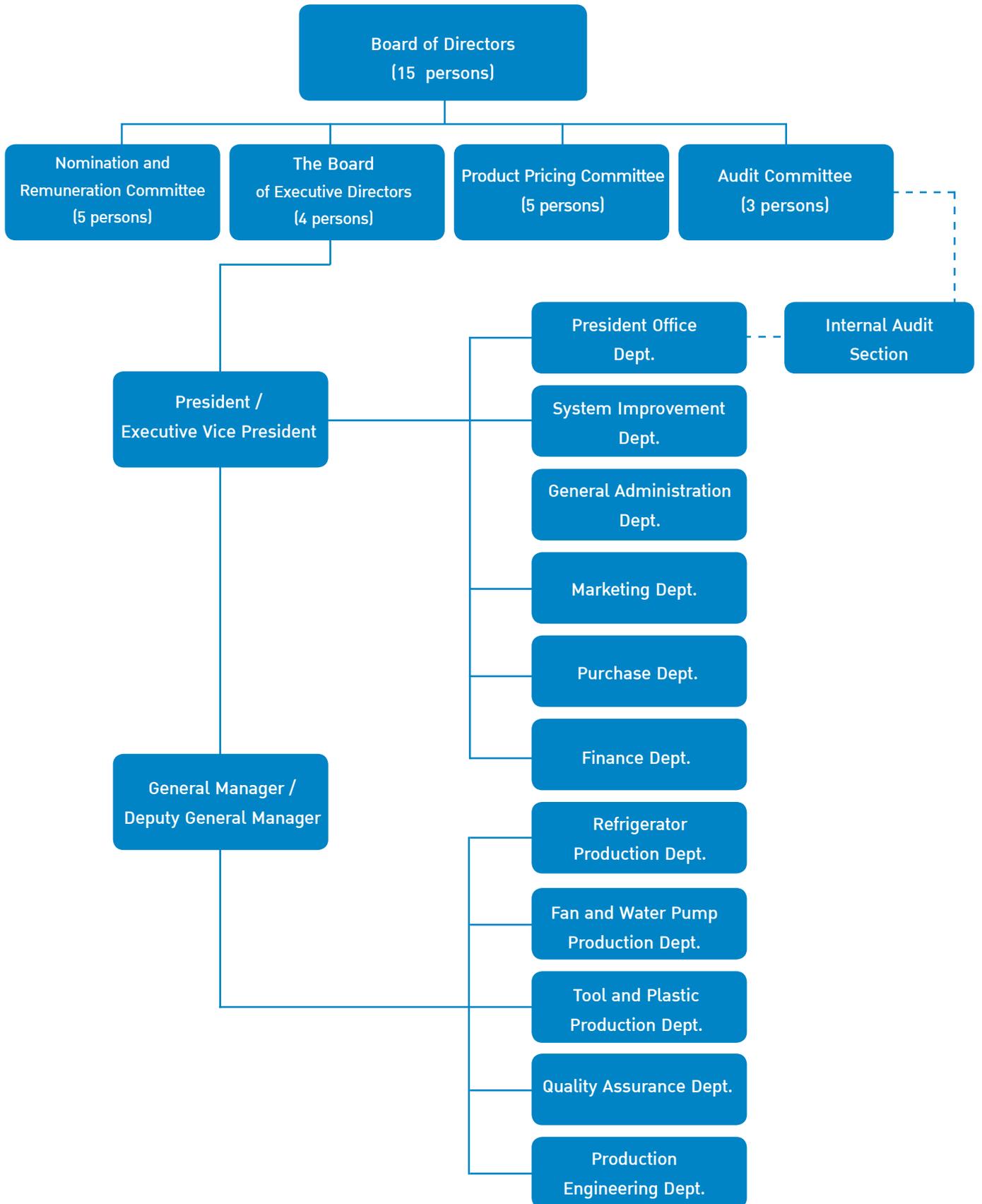
The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Company's financial statements.

IFRIC 4 - Determining whether an Arrangement contains a Lease

IFRIC 10 - Interim Financial Reporting and Impairment

Management expects to adopt and apply these new interpretations in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new interpretations assessed to have the greatest potential impact on the financial statements in the period of initial application.

MANAGEMENT



Remark : Dept = Department

The company has 1 group of director committee and 4 committees detailed as follows:

Board of Directors	The Board of Executive Directors	Audit Committee	Nomination and Remuneration Committee	Product Pricing Committee
1. Mr. Praphad Phodhivorakhun Chairman of Board of Directors	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. Sadahiro Tomita Vice Chairman	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. Komol Vongsthongsri Independent Director	3. Mr. Supachai Setasathira Executive Director	3. Mr. Arthakrit Visudtibhan Audit Committee	3. Mr. Sadahiro Tomita Nomination and Remuneration Committee	4. Mr. Akira Nakamichi Product Pricing Committee
4. Mr. Tadashi Kawagoishi Director	4. Mr. Takenori Adachi Executive Director		4. Mr. Komol Vongsthongsri Nomination and Remuneration Committee	3. Mr. Manu Leopairote Product Pricing Committee
5. Mr. Supachai Setasathira Director			5. Mr. Manu Leopairote Nomination and Remuneration Committee	4. Pol.Maj.Gen. Sahaschai Indrasukhsri Product Pricing Committee
6. Mr. Akira Nakamichi Director				
7. Mr. Yoshifumi Beppu Director				
8. Mr. Hideaki Nagatomo Director				
9. Mr. Praphon Potivorakun Director				
10. Mr. Chackchai Panichapat Independent Director				
11. Mr. Arthakrit Visudtibhan Independent Director				
12. Mr. Manu Leopairote Independent Director				
13. Mr. Yoshikatsu Nankaku Director				
14. Mr. Tanabodee Kusinkert Director				
15. Pol.Maj.Gen. Sahaschai Indrasukhsri Independent Director				

The Board of Directors have 15 persons.

1 Mr. Praphad Phodhivorakhun

Position	Chairman of the Board of Directors/Chairman of the Board of Executive Directors/Member of Nomination and Remuneration Committee
Education	<ul style="list-style-type: none"> - Business Management Sheffield College of Technology, England - Master Degree in Public Administration (MPA) and Master degree in Business Administration (MBA) Ramkhamhaeng University - Honorary Doctorate Degree in Business Administration, Rajabhat University of Lampang
Seminar	RCP/2004, DCP/2005, RCC/2007
Experience	
Jun.1994-Present	- Director, Kulthorn Kirby Public Company Limited
Nov.1995-Present	- Chairman of the Board of Directors, Mitsubishi Electric Kang Yong Watana Company Limited
Jul.1996-Present	- Chairman of the Board of Directors, Yokohama Rubbers (Thailand) Company Limited
Oct.1999-Present	- Chairman of the Board of Directors & Chairman of Executive Directors, Kang Yong Electric Public Company Limited
2004-Present	- Independent Director, Polyplex (Thailand) Public Company Limited
May 2005-Present	- Chairman of the Board of Directors, Siam City Leasing and Factoring Public Company Limited
Aug.2008-Present	- Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited

2 Mr. Sadahiro Tomita

Position	Vice Chairman of the Board of Directors/Vice Chairman of Executive Directors Committee/President/Member of Product Pricing Committee/Member of Nomination and Remuneration Committee
Education	- M.B.A. in Engineering, Tohoku University, Japan
Seminar	-
Experience	
Dec.2006-Jan.2009	- Department Manager, Manufacturing Department, Ryoden Asahi Technica Co.,Ltd.
Feb.2009-Mar.2009	- Manager . Works Manager Room, Mitsubishi Electric Corporation, Shizuoka Works
Mar.2009-Present	- Vice Chairman of the Board of Directors/President/Vice Chairman of Executive Directors Committee, Kang Yong Electric Public Company Limited
Mar.2009-Present	- Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
Nov.2010-Present	- Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited

3 Mr. Komol Vongsthongsri

Position	Independent Director/Chairman of Audit Committee/ Member of Nomination and Remuneration Committee
Education	- Mechanical Engineering (Dipl.- Ing.) Germany
Seminar	DCP/2005, ACP/2009
Experience	
1995-2005	- Director, Kang Yong Electric Public Company Limited
1999-2003	- Executive Director/Executive Vice President, Kang Yong Electric Public Company Limited
Feb.2005-Present	- Independent Director, Kang Yong Electric Public Company Limited
Feb.2005-Present	- Chairman of Audit Committee, Kang Yong Electric Public Company Limited
Feb.2005-Feb.2009	- Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited
Feb.2007-Present	- Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited
Feb.2009-Jul.2010	- Member of Product Pricing Committee, Kang Yong Electric Public Company Limited

4 Mr. Tadashi Kawagoishi

Position	Director
Education	- B.A.in Commerce, Hitotsubashi University, Japan
Seminar	-
Experience	
2008-2009	- Deputy General Manager, Corporate Accounting Division, Mitsubishi Electric Coporation
2009-Mar.2013	- General Manager, Planning & Administration Dept., Living Environment & Digital Media Equipment Group, Mitsubishi Electric Coporation
2010-Present	- Director, Kang Yong Electric Public Company Limited

5 Mr. Supachai Setasathira

Position	Executive Director/Executive Vice President
Education	- Bachelor of Engineering, Kasetsart University - Master of Business Administration, National Institute of Development Administration (NIDA)
Seminar	DCP/2003
Experience	
Jan. 2001-Dec.2002.	- General Manager/Refrigerator Production Department (Production Division), Kang Yong Electric Public Company Limited
Jan. 2003-Mar.2003	- General Manager, Production Division, Kang Yong Electric Public Company
Apr.2003-Present	- Executive Vice President/Executive Director, Kang Yong Electric Public Company Limited

6 Mr. Takenori Adachi

Position Executive Director/General Manager/Member of Product Pricing Committee

Education - B.A. in Mechanical Engineering Tokyo University, Japan

Seminar -

Experience

Oct.2005 - Feb.2012 - Overseas Engineering Sec.Refrigerator Dept., Mitsubishi Electric Corporation, Shizuoka Works

Feb.2012 - Mar.2012 - Refrigerator Department Manager, Mitsubishi Electric Corporation, Shizuoka Works

Apr.2012 - Present - General Manager, Kang Yong Electric Public Company Limited

May 2012-Present - Director/Executive Director/Member of Product Pricing Committee, Kang Yong Electric Public Company Limited

7 Mr. Hideaki Nagatomo

Position Director

Education - B.A. in Engineering, Kyushu University, Japan

Seminar -

Experience

2005-2010 - Managing Director, Shangling Air-Conditioner and Electric Appliance Co., Ltd.

2010-Present - General Manager, Mitsubishi Electric Corporation Shizuoka works

Mar. 2010-Present - Director, Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.

May. 2010-Present - Director, Kang Yong Electric Public Company Limited

8 Mr. Yoshifumi Beppu

Position Director

Education - B.A. in Economics Keio University, Japan

Seminar -

Experience

Jun. 2003 - Mar. 2008 - Deputy General Manager, Global Strategic Marketing & Operation Division, Mitsubishi Electric Corporation

Apr. 2008 - Mar. 2013 - Managing Director, Mitsubishi Electric Asia Pte. Ltd.

May. 2008 - Present - Director, Kang Yong Electric Public Company Limited

9 Mr. Praphon Potivorakun

Position	Director
Education	- Bachelor of Electrical Engineering, Meisei University, Japan
Seminar	-
Experience	
1982-1987	- Director/Sales Department Manager, Kang Yong Watana Co., Ltd.
1987-2004	- Deputy Managing Director, Kang Yong Watana Co., Ltd.
2004-Present	- Deputy Managing Director, Mitsubishi Electric Kang Yong Watana Co., Ltd.
May 2011-Present	- Director, Kang Yong Electric Public Company Limited

10 Mr.Chackchai Panichapat

Position	Independent Director/member of Audit Committee/ Chairman of Nomination and Remuneration Committee
Education	- Master Degree in Electrical Engineering University of Texas Austin, Texas, USA.
Seminar	DAP/2003, FND/2005, DCP/2006, RCC/2007, ACP/2009
Experience	
	Listed companies
Dec.1999-Present	- Chairman of the Audit Committee/Independent Director/Member of the Nomination and Remuneration Committee, City Sports and Recreation Public Company Limited
2001-Present	- Audit Committee/Independent Director, Kang Yong Electric Public Company Limited
Jul.2002-Present	- Independent Director/Audit Committee/Chairman of the Nomination and Remuneration Committee, Central Pattana Public Company Limited
Jul.2003-Present	- Director/Executive Director, Amata Corporation Public Company Limited
Feb. 2007-Present	- Chairman of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited
	Non-listed companies
	- Chairman of the Board of Directors, Precipart Company Limited
	- Chairman of the Board of Directors, Magnecomp Precision Technology Company Limited
	- Chairman of the Board of Directors, Amata Water Company Limited
	- Chairman, D-Jig Co., Ltd.
	- Directors, Amata City Company Limited
	- Director, San Miguel Beer (Thailand) Comoany Limited
	- Director, Thai San Miguel Liquor Company Limited

11 Mr. Arthakrit Visudtibhan

Position	Independent Director/member of Audit Committee/Chairman of Product Pricing Committee
Education	- Master of Public Administration University of Southern California, U.S.A
Seminar	DAP/2006, ACP/2009
Experience	
Apr.1998-Oct.2003	- Human Resources Director, Standard Charter Bank, Standard Charter Nakorn-thon Bank
Dec.1999-Present	- Member of Audit Committee, Kang Yong Electric Public Company Limited
Nov.2003-Present	- Member Resources Director, Serm suk Public Company Limited
Feb.2009-Present	- Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited

12 Mr. Manu Leopairote

Position	Independent Director/member of Nomination and Remuneration/member of Product Pricing Committee
Education	- Faculty of Economics (Honors), Thammasat University - M.Sc.(Econ.), University of Kentucky, USA. - Ph.D Business Administration (Honorary), Thammasat University - The National Defense College of Thailand Class 34
Seminar	DCP 30/2003, RCP 3/2001
Experience	
2004-Present	- Independent Director/member of Audit Committee, Thai Beverage Public Company Limited (Registered in the stock of Singapore)
2004-Present	- Chairman, Bangkok Union Insurance Public Company Limited
2004-Present	- Chairman, Polyplex (Thailand) Public Company Limited
2004-Present	- Chairman, Khon Kaen Sugar Industry Public Company Limited
2006-Present	- Chairman of Audit Committee, Siam Steel International Public Company Limited
May. 2010-Present	- Independent Director/member of Product Pricing Committee/Member of Nomination and Remuneration Committee Kang Yong Electric Public Company Limited
2010-Present	- Chairman, ARIP Public Company Limited
2010-Present	- Chairman, Jubilee Enterprise Public Company Limited
2011-Present	- Chairman, T.M.C.Industrial Public Company Limited

13 Mr. Yoshikatsu Nankaku

Position	Director/Deputy General Manager
Education	- Master of Mechanical Engineering Department Doshisha University, Japan
Seminar	-
Experience	
Oct. 2005-Apr. 2009	- Section Manager, Residential Ventilation Engineering Sec. Residential Ventilation Manufacturing Dept., Mitsubishi Electric Corporation, Nakatsugawa Work
Apr. 2009-Nov. 2010.	- Section Manager, Quality Control Sect., Residential Ventilation Manufacturing Dept. Mitsubishi Electric Corporation, Nakatsugawa Work
Nov. 2010-Jul. 2011	- Manager, Photovoltaic Power Dept.B Mitsubishi Electric Corporation, Nakatsugawa Work
Jul. 2011-Oct. 2011	- Manager, Residential Ventilation Manufacturing Department Mitsubishi Electric Corporation, Nakatsugawa Work
Oct. 2011-Mar. 2013	- Deputy General Manager, Kang Yong Electric Public Company Limited
Nov. 2011-Present	- Director, Kang Yong Electric Public Company Limited

14 Mr. Tanabodee Kusinkert

Position	Director
Education	- Master of Business Administration, Texas A&I University Kingsville, Texas, U.S.A
Seminar	DGP 24/2002
Experience	
1990-President	- President & Executive Director, Siam City Leasing and Factoring Public Company Limited
Feb. 2005-Present	- Vice President, Thailand Leasing Association
Feb. 2012-Present	- Director, Kang Yong Electric Public Company Limited

15 Police Major General Sahaschai Indrasukhsri

Position	Director/Member of Product Pricing Committee
Education	- Bachelor of Law, Major in Law, Sripatum University - Bachelor of Business Administration, Major in Economics, Franklin Pierce College, USA
Seminar	DAP 24/2004
Experience	
2005-Present	- Audit Committee & Independent Director, Permsin Steelwork Public Company Limited
Jul 2012-Present	- Independent Director, Kang Yong Electric Public Company Limited
Jul 2012-Present	- Member of Product Pricing Committee, Kang Yong Electric Public Company Limited

The Company has one group of the director committee and 4 committees 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.

Remarks: The Board of Director appointed 5 independent directors on July 25, 2012

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 of the Company and resolution of the shareholders' meeting, including appointed the committees.

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 on behalf of the name for the Company is Mr. Praphad Phodhivorakhun or Mr. Supachai Setasathira accompanying with Mr. Sadahiro Tomita or Mr. Takenori Adachi also seal of the Company.

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

3. **Audit Committee** There are 3 independent directors, were appointed by the Board of Directors
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 then the Audit Committee shall report to the Board of Directors

4. **Nomination and Remuneration Committee** There are 5 directors, were appointed by the Board of Directors.
The resolution of the Board of Directors 4/2010 on February 11, 2011, reviewed the charter

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 in accordance with the regulation of SEC and SET to sit on any positions such as the Board of Director, Executive Director, and Committees and propose to the Board of Directors for approval.
3. Shall review an appropriate composition of the Board, Executive Director, and Committees 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 review the Nomination and Remuneration Committee's 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, the detail 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 the Product Pricing Committee

1. To supervise the management, pricing the product sold to MKY being in line with company's product pricing policy, namely the result of mark up on cost rate by the weighted average of standard of cost of goods sold of all products, not less than 20%
2. To approve, when an agreement on the sale price between KYE on MKY every time and in the event of a change in sales price. As a result the Company can not implement the policies mentioned , the Company must have mark up on cost rate by the weighted average of standard of cost of goods sold of all products, not less than 10 %. It must be reasonable and must be approved unanimously by the Product Pricing Committee.
3. To supervise the management practices to ensure compliance with pricing policies such goods, with honesty and carefully protect the interests of the Company. In case, The Product Pricing Committee met that ,there is execution or omit execution will lead to cause of damage .The Product Pricing Committee are providing the Company obtain indemnities for damages incurred

The top management officers compose of 17 persons (as of 31 Mar. 2013) as follow:

1.	Mr. Praphad	Phodhivorakhun	Chairman and Chairman of Executive Director
2.	Mr. Sadahiro	Tomita	Vice Chairman of Executive Director and President
3.	Mr. Supachai	Setasathira	Executive Director and Executive Vice President
4.	Mr. Takenori	Adachi	Executive Director and General Manager
5.	Mr. Yoshikatsu	Nankaku	Director and Deputy General Manager
6.	Mr. Mongkol	Kuratana	Deputy General Manager
7.	Mr. Anucha	Pralongkij	General Administration Department Manager
8.	Mr. Tomokazu	Asagiri	Purchase Department Manager
9.	Mr. Kritsana	Chatchaivorawong	System Improvement Department Manager
10.	Mr. Yoshio	Yamada	Marketing Department Manager
11.	Ms. Pojana	Tinnaworn	President Office Department Manager
12.	Mr. Aniwat	Saelim	Finance Department Manager
13.	Mr. Atakrit	Siwasarit	Fan and Water Pump Production Department Manager
14.	Mr. Sinchai	Kowitwatanapaisal	Refrigerator Production Department Manager
15.	Mr. Mongkol	Thadtayatikom	Quality Assurance Department Manager
16.	Mr. Vinij	Phromma	Tool and Plastic Production, Department Manager
17.	Mr. Pensak	Plavuthithothai	Production Engineering Department Manager

(*Executive means the manager or the next four executives succeeding the department manager as the Company's organization chart on March 31, 2013.

- **The Company Secretary** The Board of Directors appointed Ms. Pojana Tinnaworn as a Company Secretary since May 25, 2012

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

Nomination of the Company's 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 share one vote
 - (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's 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 rotation, 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 at least 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 years period.
- The audit committee comprises 1 Chairman, who has adequate expertise and experience to review credibility 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 5 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 term of the director position period.
- The Nomination and Remuneration Committee comprises 1 Chairman, and 4 members.

The Finance Department Manager is a secretary of the committee

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 selling 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, abide by the rules prescribed in the Notification of the Capital Market Supervisory Board 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 service fee 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 providing of independent opinions on the operation of the Company and its subsidiaries.

Remuneration for Directors and Executive

Directors' remunerations

During April 2011 -March 2012, details of the directors' remunerations are as follow :

Directors	Position	Committee					remunerations 2011 (Baht)	
		BOD	EDC	A/C	P/P	N/R		
1. Mr. Praphad	Phodhivorakhun	Chairman of the Board of Directors	√	√			√	504,000
2. Mr. Sadahiro	Tomita	Vice Chairman	√	√		√	√	510,000
3. Mr. Komol	Vongsthongsri	Independent Director	√		√		√	720,000
4. Mr. Tadashi	Kawagoishi	Director	√					216,000
5. Mr. Supachai	Setasathira	Director	√	√				264,000
6. Mr. Yoshikatsu	Nankaku	Director	√					264,000
7. Mr. Takenori	Adachi	Director	√	√		√		320,000
8. Mr. Hideaki	Nagatomo	Director	√					216,000
9. Mr. Yoshifumi	Beppu	Director	√					264,000
10. Mr. Praphon	Potivorakun	Director	√					240,000
11. Mr. Chackchai	Panichapat	Independent Director	√		√		√	658,000
12. Mr. Arthakrit	Visudtibhan	Independent Director	√		√	√		571,000
13. Mr. Manu	Leopairote	Independent Director	√			√	√	414,000
14. Mr. Tanabodee	Kusinkert	Director	√					254,000
15. Pol.Maj.Gen.Sahaschai	Indrasukhsri	Independent Director	√			√		220,000
@ ¹ Mr. Akira	Nakamichi	Director	√	√		√		10,000
@ ² Pol.Sub.Lt.Kriengsak	Lohachala	Independent Director	√			√		110,000
Total								5,755,000

Remark:

1. @¹ Mr. Akira Nakamichi was resigned on May 23, 2012 Mr. Takenori Adachi the director No.7 was appointed as a director by the resolution of the Board of Directors.

@² Pol.Sub.Lt.Kriengsak Lohachala, was completed the term as the director on June 13, 2012 and Pol.Maj.Gen. Sahaschai Indrasukhsri was appointed as a director on July 25, 2012.

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 2012 - March 2013, the remunerations for 6 managements for remunerations (i.e. salary bonus and others) are 22,475,138 baht.

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 Executive has policy and direction in performance that has focused on the control and internal audit system, 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 2012, the Company has proceeded on regulating the company 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 itself, then can assign other or independent committee as proxy to attend the meeting and vote the resolution. In addition, the Company's information has been disclosed via SET Community Portal (SET Portal Straight Through) 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 laws. It also contains the important information on topic presented, reasons and necessity, and the Board's opinion. In 2012, the Company conducted a shareholder's meeting on Wednesday 25th July, 2012 to let the shareholder consider, express and vote in the meeting properly. In the meeting, there were the audit committees, the committees, certified auditors, and company's executive joining the meeting to answer the questions and enquires raised by shareholders equitably.

2. Equitable treatment of Shareholders

The Company completely 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 2012 and the AGM 2013 in advance, a practice considered an equal treatment to all shareholders. For the AGM 2012, the Company allowed minor shareholders to propose agendas / director candidate in advance between 19 March – 9 April 2012 and notified shareholders via the Stock Exchange of Thailand (SET) together with on its website at "www.mitsubishi-kye.com" in which clear and transparent procedures were indicated. At the AGM 2012, no shareholder proposed any agenda/director candidate.

For the AGM 2012 meeting, the Company already arranged for shareholders to propose the meeting's agendas /director candidate in advance during March 18 - April 10, 2013. It also notified shareholders via 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, 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 to employee's children 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. Comply with strictly to the laws and regulations related to employee

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 Competitors

1. Perform under the rules of fair competition.
2. Not unethically or inappropriately seek its partners confidential information.
3. Not destroy partners reputation by allegations in not justified.

Trading Partner and/or Creditor

1. Perform equitably and fairly to creditors and be based on fair benefit for both parties.
2. Comply with strictly 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 any exploitation
4. If there is any requesting, receiving or any exploitation, the Company shall disclose to creditors and find out fair and rapid solution together.
5. Regularly report correct, complete and timely 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 the standard of environment management standard (ISO 14001).
2. Be responsible for and assure that the environment and local traditions 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 better 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, changing the Board, in the committees, connected transaction approval, etc. via the SET Portal Straight Through of the Stock Exchange of Thailand after completion of any meeting of the Board of Directors or any meeting of shareholders, and has been already disclosure in the Annual Report (56-2 Form) and Annual Transaction Manifestation 2012 (56-1 Form). Further information can be obtained by contacting the Company's investor relation at 02-337-2900 ext.510 or E-mail : information@kye.meap.com

In 2012, the Company attend the "Opportunity Day" with SET. on November 15, 2012 .

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 directors 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 Board of Executive Committee to consider the important matters thoughtfully to maximize the Company's benefits.

In 2012, the company conducted 6 meeting of the Board of Directors, and other committees, for examples, 4 meeting of the Audit Committee, 2 meeting of the Nomination and Remuneration Committee and 3 meeting of the Product Pricing Committee. The Board of Executive Directors have convened 2 meeting monthly to ensueffective 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	A/C	P/P	N/R	Total
1. Mr. Praphad	Phodhivorakhun	6/6			2/2	8/8
2. Mr. Sadahiro	Tomita	6/6		3/3	2/2	11/11
3. Mr. Komol	Vongsthongsri	6/6	4/4		2/2	12/12
4. Mr. Tadashi	Kawagoishi*	4/6				4/6
5. Mr. Supachai	Setasathira	6/6				6/6
6. Mr. Takenori	Adachi	6/6		3/3		9/9
7. Mr. Hideaki	Nagatomo *	4/6				4/6
8. Mr. Yoshifumi	Beppu *	5/6				5/6
9. Mr. Praphon	Potivorakun	5/6				5/6
10. Mr. Chackchai	Panichapat	6/6	4/4		2/2	12/12
11. Mr. Arthakrit	Visudtibhan	5/6	4/4	3/3		12/13
12. Mr. Manu	Leopairote	5/6		3/3	2/2	10/11
13. Mr. Yoshikatsu	Nankaku	6/6				6/6
14. Mr. Tanabodee	Kusinkert	6/6				6/6
15 Pol.Maj.Gen.Sahaschai	Indrasukhsri	4/4			2/2	6/6
@Pol.Sub.Lt.Kriengsak	Lohachala	2/2			1/1	3/3

Remark

1. * means the director who domiciled in abroad and support the Company's business in marketing and technology, so the director will attendance at sometimes.
2. @ means Pol.Sub.Lt.Kriengsak Lohachala, was completed the term as the director on June 13, 2012 and Pol. Maj.Gen.Sahaschai Indrasukhsri was appointed as a director on July 25,2012
3. The meaning of meeting of each committee

BOD	=	The Board of Directors
SPC.BOD	=	Special meeting of the Board of Directors
A / C	=	Audit Committee
N / R	=	Nomination and Remuneration 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 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 2013, the company has 1,191 permanent employees detailed as follows:

Permanent manpower at production	834 persons
Permanent manpower at administration and supports production	357 persons

Remuneration for Employee

In the fiscal year 2012, the total remuneration was 681.75 million baht that included salary, wages, overtime and bonus. In addition, the Company has provided welfare for employees such as provident funds, medical expenses, transportation expenses etc

Employee Development Policy

The Company's Policy to emphasize employee development by set up training to all employees both of in-house and external. The Processing of Training level would be more and continues. Starting from survey to all Departments and management for training needs and then separated for company total views. After that, explained to each priority group of current and future job administration. There are monitoring training satisfaction from last year by training record for most prefer because of we need to develop in-house training plan and set up trainer who will suitable to join the training.

The External training course, the 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.

THE RISK FACTORS

Marketing and Competition Risk

1.1 In previous year, risk on raw material price in the world market has been increasing continuously, especially the essential raw materials for production such as plastic, copper, and aluminum. Also, the crude oil price fluctuations on the world market impacted the higher domestic retail price and cost of products. Such factors inevitably affected to the competitive advantage in both domestic and oversea markets

1.2 Risk from effect of natural disaster occurred both the local and foreign countries having impact to Supply Chain System of part manufacturers and raw material for production such as earthquake in Japan, and natural disaster in some countries where the Company's products have been exported to. Even natural disaster in Thailand as well, such as flood in southern region, and drought in many regions of Thailand, caused damages to agricultural products of people. Farmers lacked of income to affect theirs or consumers spending has decreased as well. Therefore, the Company has adjusted strategies of production and sales in order to be able to deliver products as the planned. The Company also revised partial business plan to support possible situation and increase potentials in many areas resulting higher sales and profit.

1.3 Risk from domestic economic and political situation, recent political situation somewhat influenced the entire business operation but there has been no any significance against the Company for production, delivery, and sales especially in oversea market. This risk has been considered as one of the risks during the recent period for domestic market only.

Financial Risk

2.1 Foreign currency risk, the Company is exposed to foreign currency risk relating to sales of goods, payment of raw materials, machines, and equipments which are denominated in foreign currencies. The Company primarily utilizes forward exchange contracts with maturities of not excess one year to hedge financial liabilities denominated in foreign currencies.

2.2 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 from the floating rate. However, the management believes that the Company has insignificant of interest rate risk because the Company no has borrowing and the maturity of deposits and other financial assets in short term and interest rate is based on market rates. Hence, the Company has no hedging contracts to protect against such risk.

2.3 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 agreed conditions on due date. Therefore, the Company has a credit policy for managing and control to this credit risk. Credit evaluations are performed on customers requiring over a certain amount. However, the Company does not anticipate material losses from its debt collection.

2.4 Risk from liquidity, the Company monitors its liquidity risk and maintains a level of cash and cash equivalent deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Labor Risk

Thailand has been facing a shortage of workers in all sectors. Especially in the private sector. The population growth rate is very low. And agricultural product prices have improved as a result of government policy. This caused labors moving to agricultural sector which offered higher income. Also, people had higher education so labor class became smaller. Labor grabbing circumstance has occurred by offering higher wage and fringe benefits to motivate labors to work for. The Company used many measures including competitive remuneration and fringe benefits so that the Company could continuously maintain and provide labors working into the Company.

Legal Risk

Previously, Thailand has had new laws and requirements such as adjustment of corporate income tax according to the required fiscal year, minimum labor wage according to skill standard, laws on environment, safety, and occupation health, energy saving, and industrial product standards. The Company has realized the importance of this area, the section has been set up to be responsible and follow up the enforcement of such laws and requirements, report to management team, and order to be totally comply with the laws and requirements.

INTERNAL CONTROL

The Company has realized its role and duty on management and supervision the internal control system and risk management together with effectiveness and efficiency operation by comply with laws, rules, requirements, policies and resolutions of board of directors, resolutions of shareholders, including strictly complied with the notification and criteria relating

To control the internal company, Board of Directors and managers in each level and department shall define annual policies, objectives, goals of the Company with clear explanation to employees before taking any action to reach such goals. To follow up and evaluation, the Company has entire operation tracking system from meeting with conclusion system such as weekly meeting, monthly meeting, quarterly meeting, and management review during 6 months period with receiving problem and difficulty, error, and recommendation from practical departments. Management shall be acknowledged the result from report and make an order to correct or improve something to meet the Company's goals and objectives.

The Company has the department in charge to directly make the internal control which is an independent department having duty to evaluate sufficiency and efficacy of internal control system and risk management of the organization. Internal audit shall be made according to annual internal audit plan approved by President and the Audit Committee by performance auditing and tracking in each department of the Company. In the present, there are 11 departments. Audit shall focus on internal control system, the Company's requirement and criteria compliance including complying with relating requirements, and laws. The audit result shall be directly reported to board of director and Audit Committee to be acknowledged and considered. Also, the progress of correcting and improving result that was ordered from last quarter shall be reported. The result of audit and report by internal audit team of the Company shall be reported to the Board of Directors' meeting of the Company by Chairman of the Audit Committee for acknowledging and considering it as one of important agenda of the meeting of board of directors for every quarter.

Audit Committee shall review the correctness and reliability of financial report presented by the management of the Company reviewed by auditor for quarterly and yearly reports, internal control system, compliance with company related requirement, law, and regulation, consideration of auditor appointment and remuneration of annual audit, including consideration the connected transaction or the conflict of interest.

Regarding risk management, during previous fiscal year, risk management committee has reviewed risk indication and risk assessment including risk managing measures of working teams in each department of the Company. Risks management has been reviewed to be effective and appropriate with organization with close follow up. Risk management activity of each department has been reported to the Audit Committee and the Company's Board of Directors for acknowledged and considered this issue.

Moreover, the Company has define a measure to open an opportunity for stakeholders of the Company's business having a channel to give cooperation to inform any clues of events or actions those may violate the law, rule, requirement, and/or ethic, and morality affecting damage to entire company. The guidelines shall be generally informed as every year. Observers should collect provable data, clue, and evidence as much as possible and directly let the company know by sending document to the following address.

To Chairman or President

 Kang Yong Electric Public Company Limited

 P.O. Box no. 49, Bang Na Tower, 10541

Chairman or President shall directly receive such information as confidential in order to protect the observer. This shall be operated fairly referring to information received and investigated for decision making and further processing as appropriate.

To make the information faithful and to certify the truth of such information, please identify the observer's name and surname with contact address because the company may ask for more information if necessary.

However, the result of such measure implementation in the previous year, there was not any information about the Company's risk or damage occurred or to be occurred.

The Company is confident that that the above mentioned internal control system and the implementation of various measures had good internal control system. Including risk management systems are adequate and consistent with the principle of good corporate governance.

CONNECTED TRANSACTION

Relationships with related parties of 2011 and 2012 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
				31 Mar. 12	31 Mar. 13	
1			<u>Sale of Product and Spare part</u>			
	1.1) Mitsubishi Electric Corporation (MELCO)	Parent, 40.81 % shareholding Country of corporation : Japan	KYE sell electric home appliance products such as electric fans, exhaust fans, refrigerators, water pump and spare part to related parties company	4,590.97	4,231.08	As a producer of the “Mitsubishi” 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 direct was Mr.Praphad Phodhivorakhun and Mr. Praphon Potivorakun (MELCO was MKY 48.5% shareholding)		3,052.16	3,356.59	
	1.3) Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company’s parent Country of corporation: Japan		342.45	238.00	
	1.4) Mitsubishi Electric Taiwan Co., Ltd. (MSB.Taiwan)	A subsidiary of the Company’s parent Country of corporation: Taiwan		-	9.15	
	1.5) Mitsubishi Electric Asia Pte. Ltd (MEAP)	A subsidiary of the Company’s parent Country of corporation: Singapore		344.55	290.65	
	1.6) Mitsubishi Electric Australia Pty. Ltd. (MSB.Australia)	A subsidiary of the Company’s parent Country of corporation: Australia		190.93	197.87	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31 Mar. 12	31 Mar. 13	
	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		308.57	372.77	
	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		165.52	249.83	
	1.9) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan		8.59	2.90	
	1.10) Melco Trading (Thailand) Co., Ltd.	A subsidiary of the Company's parent		4.22	5.54	
	1.11) Mitsubishi Electric Vietnam Co; Ltd.	A subsidiary of the Company's parent Country of corporation: Vietnam		131.38	302.15	
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.	-	-	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		88.88	153.63	
	2.3) Setsuyo Astec Corporation.	A subsidiary of the Company's parent		50.67	106.51	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31 Mar. 12	31 Mar. 13	
2.4)	Thai Refrigeration Components Co., Ltd. (TRC)	Common director was Mr. Praphad Phodhivorakhun	KYE itself procures roll- bond Evaporators used for assembly refrigerator	31.87	33.20	
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.	142.05	217.60	
2.6	Kulthorn Kirby Public Company Limited (KKC)	Common director was Mr. Praphad Phodhivorakhun	KYE itself compressor used for assembly refrigerator	196.99	215.80	
2.7)	Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan	KYE itself procures electronic parts used for assembly refrigerator	21.66	25.38	
2.8)	MelcoTrading (Thailand) Co: Ltd. (MT-T)	A subsidiary of the Company's parent		204.20	201.62	
2.9)	Mitsubishi Electric H.K. Ltd.	A subsidiary of the Company's parent Country of corporation: Hong Kong		0.24	0.47	
2.10)	Mitsubishi Electric & Electronics (Shanghai)	A subsidiary of the Company's parent Country of corporation: China	KYE itself procures aluminium tap for assembly refrigerator	19.77	29.48	
2.11)	Setsuyo Astec (Thailand) Co; Ltd.	A subsidiary of the Company's parent	KYE itself procures steel plate for assembly refrigerator	535.89	474.28	
2.12)	Mitsubishi Electric Trading (Shizuoka) Co., Ltd.	A subsidiary of the Company's parent Country of corporation: Japan	KYE itself procures insulation sheet for assembly refrigerator	-	4.47	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31 Mar. 12	31 Mar. 13	
3			<u>Complementing Fee</u>			
	3.1) Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	A subsidiary of the Company's parent, 48.50 % shareholding and common director	Advertising support	10.39	11.05	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		0.66	1.88	
	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		0.43	0.40	
	3.4) Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company's parent Country of corporation: Japan		2.34	3.88	
3.5) Melco Logistic (Thailand) Co., Ltd. (MELT)	A subsidiary of the Company's parent	Logistic Fee	28.16	21.58	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.	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31 Mar. 12	31 Mar. 13	
	3.6) Mitsubishi Electric Corporation (MELCO)	Parent, 40.81 % shareholding	Royalty sale, afterservice and Technician fee	420.42	423.13	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.
			Development fee (in accordance with Technical Assistance Agreement)	276.18	250.50	Research & Development is important parts of KYE's continuity KYE need to have the supporting
	3.7) Smile Super Express Co., Ltd. (SSE)	Associate, 33.33% shareholding. Common director was Mr.Supachai Setasathira	Storage, Handling & Transportation Charge.	73.99	86.72	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.

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31 Mar. 12	31 Mar. 13	
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 1.91% - 3.1 % /Year - Loan Receivable - Interest Received	62.44 0.81	38.15 0.90	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 a bank deposit which manage cash flow effectively.

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31 Mar. 12	31 Mar. 13	
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 Including water charge and electric charge.	15.27	15.21	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 Melco = 95.8% shareholding. Country of corporation: Japan :Shizuoka	<u>Procurement of asset</u> KYE purchased Function Checker & Mold Flash writer	-	3.16	Functional complex built for unique equipment by clearly value and condition
	6.2) Setsuyo Astec Corporation, Seoul Branch Setsuyo Astec Corporation, Japan	A affiliate of Melco = 35% shareholding. Country of corporation: Korea Country of corporation: Japan	KYE purchased FIN Assy, AL-CU Welding	-	2.02	
	6.2) Setsuyo Astec Corporation, Seoul Branch Setsuyo Astec Corporation, Japan	A affiliate of Melco = 35% shareholding. Country of corporation: Korea Country of corporation: Japan	KYE purchased FIN Assy, AL-CU Welding	-	6.06	There is more convenient and can ensure the quality
	6.3) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of Melco = 95.8% shareholding. Country of corporation: Korea	KYE purchased a new refrigerant charger	-	1.73	
	6.3) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of Melco = 95.8% shareholding. Country of corporation: Korea	KYE purchased a new refrigerant charger	-	3.12	KYE has to purchase through MT as specific value and conditions
	6.4) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of Melco = 95.8% shareholding. Country of corporation: Japan :Nakatsugawa	KYE purchased the Mold for Fan, Ex-Fan Fan Motor	-	2.24	
	6.4) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of Melco = 95.8% shareholding. Country of corporation: Japan :Nakatsugawa	KYE purchased the Mold for Fan, Ex-Fan Fan Motor	-	8.67	There is more convenient and ensure the quality that matches MELNAKA's specification
				-	1.27	

Balance as at 31 March 2012 and 31 March 2013 with related parties were as follows:

Amount : Million Baht

Name of entities	Trade Accounts Receivable		Other Receivables		Trade Accounts Payables		Other Payables	
	31 March '12	31 March '13	31 March '12	31 March '13	31 March '12	31 March '13	31 March '12	31 March '13
• Melco Thai Capital Co., Ltd.	-	-	62.49	38.20	-	-	-	-
• Smile Super Express Co., Ltd.	0.04	-	1.28	1.27	-	-	8.06	8.22
• Mitsubishi Electric Corporation	394.44	399.43	0.02	0.09	2.09	2.93	320.93	318.57
• Thai Refrigeration Components Co., Ltd.	-	-	-	-	-	1.60	-	-
• Mitsubishi Electric Kang Yong Watana Co., Ltd.	418.38	333.55	-	-	-	-	5.68	7.43
• Mitsubishi Electric Life Network Co., Ltd.	19.37	10.45	3.54	-	-	-	0.64	0.13
• Mitsubishi Electric Asia Pte. Ltd	45.44	34.13	-	-	20.66	27.70	0.61	1.22
• Mitsubishi Electric Taiwan Co., Ltd.	-	0.56	-	-	-	-	-	0.29
• Mitsubishi Electric Australia Pty. Ltd.	51.55	49.18	-	-	-	-	-	-
• Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) Ltd.	-	-	-	-	-	-	-	-
• Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) Ltd.	55.82	48.10	-	-	-	0.07	0.02	0.30
• Melco Sales Malaysia Sdn.Bhd.	42.53	43.24	-	-	-	-	0.06	5.54
• Setsuyo Astec Corporation	-	-	-	-	10.81	5.86	-	-
• Mitsubishi Electric& Eletronic (Shanghai) Co., Ltd.	-	-	-	-	5.80	2.80	-	-
• Mitsubishi Electric Automation (Thailand) Co., Ltd.	-	-	-	-	15.46	19.63	0.07	0.02
• Kulthorn Kirby Public Company Limited	-	-	-	-	47.41	39.53	-	-
• Mitsubishi Electric Trading Corporation	-	-	-	-	3.46	-	-	9.87
• Melco Trading (Thailand) Co., Ltd.	0.19	0.75	1.58	1.81	16.78	18.14	-	-
• Mitsubishi Electric H.K. Ltd.	-	-	-	-	0.05	0.05	-	-
• Melco Travel Co., Ltd.	-	-	-	-	-	-	-	-
• Siam Compressor Industry Co., Ltd.	-	-	11.87	41.70	-	-	-	-
• Mitsubishi Electric Vietnam Co., Ltd.	56.59	81.63	-	-	-	-	-	0.01
Total	1,084.35	1,001.01	80.78	83.08	122.52	118.30	336.07	351.60

COMPANY'S GENERAL INFORMATION

Business & Operation

Kang Yong Electric Public Company Limited was established in 1964 by Mr.Sitthiphol Phodhivorakhun with registered capital 10 million baht in 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 under “Mitsubishi Electric” trademark 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” trademark of home electrical appliances of Refrigerators, Electric Fan, Ventilating Fan, Water Pump and Jet Towel. 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 1993 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 24.63% and 3) Other shareholders 34.22%. Mitsubishi Electric Corporation is the major shareholder 40.81%.

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 and Water Pump and Refrigerator, and certified in Environment management as ISO14001 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 and distribute home electrical appliances under “Mitsubishi Electric” trademark such as Refrigerator, Electric Fan, Ventilating Fan, Water Pump and Hand dryer (Jet Towel) both domestic and oversea markets.

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

For oversea markets, the company distributes products through more 20 countries of Mitsubishi Electric representatives 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 etc.

Income structure of company of the fiscal year ended March 31, 2013, 2012 and 2011 are as follows;

Unit : Million Baht

Products	Mar.31, 2013		Mar.31, 2012		Mar.31, 2011	
	Million Baht	% per Total sales	Million Baht	% per Total sales	Million Baht	% per Total sales
Domestic and Export Sales						
Electric Fan & Ventilating	1,264.79	13.24	1,229.07	13.08	1,042.86	13.13
Refrigerator	7,406.20	77.51	7,424.89	79.02	6,205.35	78.12
Water Pump	776.30	8.12	667.62	7.11	645.03	8.12
Jet Towel	67.54	0.71	24.25	0.26		
Others	40.02	0.42	49.35	0.53	50.36	0.63
Grand Total	9,554.85	100.00	9,395.18	100.00	7,943.60	100.00

Assets used in the Business

The Company has assets : Land, Buildings, Machines and equipments, factory appliances, office supplies, vehicles, and work in progress, book valued as of March 31,2013: 1,161 million baht, the detail assets are as follows

(Unit: million baht)

	<u>Book Value</u>
1. Land improvement	133.90
2. Building improvement	76.41
3. Machinery and equipments	420.63
4. Factory equipments	445.08
5. Office equipments and vehicles	19.21
6. Assets under construction	66.11

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 and export market to be efficient and economic the company does not emphasize on profits because the company doesn't deliver products to general companies.

Products Line Operation

Character or Products or Services

The Company is a manufacturer and distributor of refrigerator, electric fan, ventilating fan, water pump and jet towel (hand dryer), with cooperation and technical assistance to design development and production technology from Mitsubishi Electric Corporation, Japan. The Company has emphasized the product that quality, safety and advanced technology, in order to manufacture products to meet the consumers' need and competitive market potential.

Refrigerator

Refrigerator is main products in production and sales of the Company by developing concept for response to all lifestyles as following.

1. **Unique Design** New outlook design is outstanding appearance, differentiated looking, beauty color, look like furnitures which decorated inside living house seamlessly. New ultramodern design of 1door and 2 door are more outstanding of 3D vivid ,2 tone colour in layer style, it is whether simple to open the top and side edges .The left and right view balance ,beautiful and different colors and superior cooling technology that is environmentally friendly which energy saving of DC Fan Motor, quiet performance. Moreover added insulation to the door and cabinet. To increase energy efficiency even more.
2. **Easy to Use** Modern design both inside and outside by focus in convenience to use and efficient usage .
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.
 - Neuro Fussy System operation with intelligent microchip. The sensors. Temperature measurement function. And send data to the processor chip for intelligent control of a refrigerator for maximum performance in all conditions of use.
4. **High quality** Making confidence in high quality standard, saving energy and environmental friendly. Premium Safety levels high safety standards. This is the only product of Mitsubishi Electric's safety in the use of most consumers, the component parts of the products have been carefully selected. Before using under criteria that using the nonflammable material, increasing components to prevent electric current leakage, cutting electricity when the power over limit including components prevented over-heating, etc .

In addition, the Company is developing products in accordance with the safety standards requirements in the field of energy saving. Including the use of environmentally friendly raw materials that meet RoHS requirements.

At present, the Company produces refrigerators various types such as 1 door 2 doors 3 doors refrigerator and freezer by production line which has modern technology to response the market need both domestic and oversea market. It also, new model development continuous in every year by focusing on the process of research and development and in the ended of 2012 year, the Company produces and sells a large 4-doors refrigerator models, L4 Grande model to respond to the market need both domestic and oversea market as well.

In August 2012 was the one of successful year that refrigerator production of the Company would be recorded 10 million units. This is a proud for for all management and employees for sustainable growth.

Electric Fan and Ventilating Fan

Fan is the first product which started manufacture since 1964, then, in Ventilating Fan has manufactured and in 1966. The Company started to produces exhaust fan by focus to design and development in products will be meet facilitate value of ventilating and usage. The motor of fan is durable and safety .The design is good feature and colorful, and new 2 colors of my windy model as classy blue and classy green make up 7 days 7 colors, has produced a semi desktop fan (Tatami fan) blade diameter 12 inch Japanese-style design. Use all the space it can take away. More convenient time with the touch keypad - turn off simultaneously. Each time with a fresh breeze and natural Rhythm Night Mode with lower speed. To help save energy at night, 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 ,Living 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 closed type motors which has high efficient, protecting any strange things through inside and premium safety.

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. New design of 6 inches 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.

In June 2012, the Company has the trust from Mitsubishi Electric Corporation to maufacture exhaust fan metal type export to Japan for the first 18 models 3 sizes (blade diameter 8, 10 and 12 inch) and has plan to manufacture exhaust fan plastic type 64 models to Japan in June 2013.

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 lastest type of Inverter control — saving energy (Control the energy usage relation with water usage). There are various types fixed to size or motor power depend on usage.

Hand Dryer (Jet Towel)

Hand Dryer (Jet Towel mini), the Company started production of the hand dryer the first time in September 2011, in which it was trusted by Mitsubishi Electric Corporation as the production base for mini hand dryer (Jet Towel Mini). Its started from producing components up to become the finished product, including using stringent quality control in all procedures. The outstanding of the hand dryer is focused on convenience on installation, ease of use, cleaning and care as well as friendly to the environment..

1. Easy installation
 - The product is compact and saves on the installation area.
 - The electrical cord is as long as 1.5 m with an outlet to reduce unnecessary wiring.
 - Its has a built-in circuit breaker that need not be installed a switch outside.
2. Convenient usage
 - Can blow wet hands within 5-9 seconds by high-speed air blow.
 - Adjustable the air speed in several levels, including can choose to turn on-off the hot air system.
 - Noise quieter as usage by developing a new design of air blow.
3. Reducing the cleaning time and maintenance.
 - Its has a wastewater tray inside the device, so no water stains on the wall or the restroom floor.
 - Housing is made of one-piece plastic and usage antimicrobial resin, and its is difficult to cause dirty stain and easy of cleaning.
4. Promotes good hygiene and is friendly to the environment
 - Its dries hands, comfortable feeling and no cause water stains splattered with something tangible.
 - Its reduces tissues or hand towels usage with lower expense for long-term.
 - Saving on energy and reduces power consumption compared with the previous models by 15%.
 - All its components complied with the RoHS compliance.

Market and Competition

The Company has operated 3 major markets namely: Domestic market, Japan, and Other export market. In 2010, there was proportion by 35: 47: 18 respectively. For the domestic market, all products have been distributed through our one domestic representative namely Mitsubishi Electric Kang Yong Wattana 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 last fiscal year was over achieved than target and had growth against last year as the same period. All products continue to gain popularity and market leader position both middle class and high class . For refrigerators has a continuous development and launch new model 4 door ,L4 Grande capacity 22.4 cute as well as present the new design in the 2 door and 3 door models and the new color in the first and second door, In year 2012 fan, ventilating fan 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, some effect of government's measure in economic stimulation and make up 7 days 7 colors. The water pump is presented a new model that optimizes the delivery of water to force more as the same voltages.

For Japan market, the company has been exporting products to the Japan market in all products. The products are sold to grow significantly in the year 2012 is a Jet towel, ventilating fan. Demand for the fans product and refrigerators in the Japan market has grown continually but the competition in the electronics business in Japan is very high. It is a factor that affects primarily for sale in the past year with a period of the yen has depreciated, so that factors that affect the business of the Japanese market, however, continued to develop new model into the market continuously, including planning, sales and production plan to meet the market demand. As a result, it can achieve the planned sales.

For other export markets, to accommodate the growth in the AEC (ASEAN Economic Community), the Company is planning to expand its sales in the country by increasing the export representatives and increasing the stores. The ASEAN Economic Community, a relatively high competition and adjusted its marketing strategy in each country. Besides also has expanded its market to countries in Oceania and the Middle East continued focusing on developing products to meet the market in this particular group from the operation of such a serious and as a result, sales in the past year over target and including the percent growth level. The Company has realized the development, so try to focus on strengthening the cost and increase the competition in the market as well as develop new products response to market demands continuously as well.

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 Ventilator were reached more 1 million sets. This is the fourth consecutive year from a year earlier and likely to increase in the future.

Production Process and Services

The Company's factory is located at 67 Moo 11, Bangna-Trad Km.20, Bang - Chalong, Bangplee ,Samutprakarn 10540 being manufacturer products such as Refrigerator, Electric Fan, Ventilator Water Pump and hand dryer.

A) Production Process

The Company's production process started from production development process which has been given cooperation and liaison from the Mitsubishi Electric Corporation, Japan in new products development and design and manufacturing technology. Examination and market survey was conducted so that it's individualized to customer's need. After that the Company continues to develop new products come out and leads to the production process according to customer orders.

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 aware 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.

B) Product's Service of the Company

The Company has set up department which 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, quickly 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 which an awareness both the locality 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 no 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 to as protect or reducing 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 power wattage for fluorescent, and reducing electric power on machines, according to energy conservative plan
- Disposing and controlling the industrial wastes that cause the pollution environmentally and local socially, and following the environmental laws and related regulations.

The Company has published the environmental policy to all employees, by organizations training and public relation activities, has published such a policy to subsidiary and associated companies. 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 supporting of the government's environmental policy and the world.

Outstanding Work

- None -

Legal Disputations

- None

Shareholders Structure

1) The Equity and Securities's Company

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 major shareholder.

2) Shareholders Structure

Group of 10 Major Shareholders as of March 29, 2013 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. Mr. Bumrung Sri-ngarn	745,400	3.39
5. Kang Yong Company Limited	697,324	3.17
6. Mrs. Kamolwan Phodhivorakhun	683,879	3.11
7. Mr. Somjin Leelakate	610,000	2.77
8. Mr. Supachai Suthipongchai	550,000	2.50
9. Mrs. Penchantra Visudtibhan	479,089	2.18
10. Mrs. Supaporn Chanseriwitthaya	378,100	1.72
	16,854,860	76.62

The shareholder group as of March 29, 2013 as follows:

	Total	Total shares	%
1. Mitsubishi Electric Group* ¹	3	9,053,020	41.15
2. Phodhivorakhun Group* ²	9	5,419,106	24.63
3. Other shareholders	2,152	7,527,874	34.22
Grand Total	2,164	22,000,000	100.00

Remark : - The company has Thai Shareholders 2,132 names or 57.55% of total shares and Foreign Shareholders 32 names or 42.45 % of total shares.

*¹ Mitsubishi Electric Group consist of :

- Mitsubishi Electric Corporation	8,978,020	40.81
- Mitsubishi Electric Asia Pte. Ltd.	70,000	0.32
- Setsuyo Astec Corporation Co., Ltd.	50,000	0.02

*2	Phodhivorakhun group consist of :		
	- Phodhivorakhun Co., Ltd.	1,960,024	8.909
	- K.Y.Intertrade Co., Ltd.	1,773,024	8.059
	- Kang Yong Co., Ltd.	697,324	3.170
	- Mrs.Kamolwan Phodhivorakhun	683,879	3.109
	- Mr. Chayanind Phodhivorakhun	262,083	1.190
	- Mrs. Wattanee Phodhivorakhun	30,672	0.139
	- Mr. Vorapas Phodhivorakhun	5,600	0.025
	- Ms. Lapaslada Phodhivorakhun	4,500	0.020
	- Ms. Bussakorn Phodhivorakhun	2,000	0.009

Dividend payment policy :

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

Information

Name in Thai	: บริษัท กันยงอีเลคทริก จำกัด (มหาชน)
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, Water Pump under and Jet Towel "Mitsubishi Electric" trademark
Office and Factory	: 67 Moo 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 31,2013 : 220 million baht
Home Page	: www.mitsubishi-kye.com
Company's Co-ordinator	: President Office Department 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 and/or Mr. Thanit Osathalert Registration No. 5155 KPMG Phoomchai Audit Ltd. 48 th Floor Ampire Tower, 195 South Sathorn Rd., Bangkok 10120 Tel : 0-2677-2000 Fax : 0-2677-2222 www.kpmg.com

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

Company's Advisor : Mr. Panomporn Panich
Kang Yong Electric Public Company Limited
67 Moo 11 Bangna-Trad Rd., Km.20, Bangchalong,
Bangplee, Samutprakarn 10540
Tel : 0-2337-2900 ext. 593
Fax : 0-2337-2439-40



KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

67 Moo 11, Bangna-Trad Rd. K.M.20,
Bangchalong 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