



th
KANG YONG
ELECTRIC Plc.
Anniversary
1964 - 2014



Annual
Report
2013



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

KANG YONG ELECTRIC PUBLIC COMPANY LIMITED PHILOSOPHY

Technology



**WE BALANCE
FOR THE BEST**



Environment



Quality and
Safety



Content

03
Financial Highlights

04
The Board of
Directors' Report

16
Business Operation

19
Nature of Business
Operationa

26
Risk Factors

29
The Equity and
Securities' Company

30
Capital Structure

32
Management
Structure

37
Corporate
Governance

48
Corporate Social
Responsibility (CSR)

60
Internal Control and
Risk Management

62
Audit Committee's
report

64
Connected
Transaction

70
Financial Position and
Operating Results

71
Management's Discussion
and Analysis

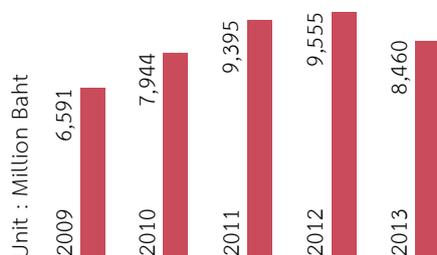
77
Report on the Board
of Directors Responsibilities
for Financial Statement

78
Independent Auditor's
Report

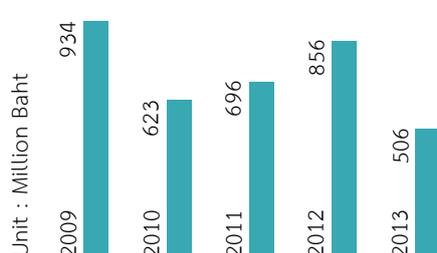
80
Financial Statement
and Notes of Financial
Statement

Financial Highlights

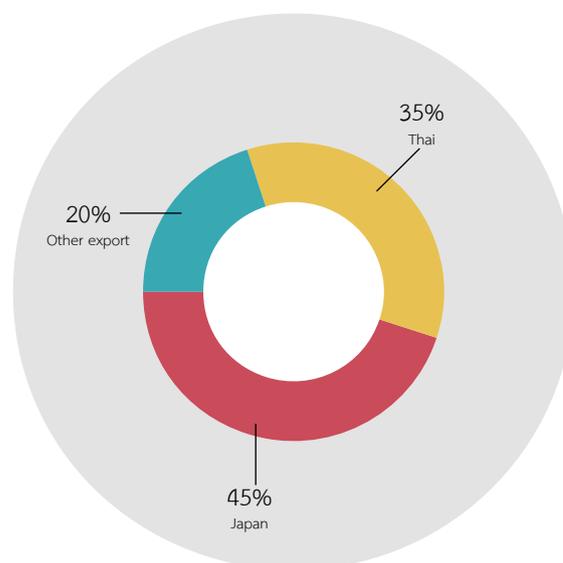
Total sales year 2009 - 2013



Net profit year 2009 - 2013



Sales by market April 2013 - March 2014



Financial Highlights

(Million Baht)	as at March 31			
	2014	*2013	2012	
Total Sales	8,460	9,555	9,395	
Total Revenues	8,883	10,183	9,809	
Cost of Sales	7,386	7,985	7,689	
Gross Profit	1,074	1,570	1,706	
Selling and Administrative Expenses	934	1,227	1,222	
Net Profit	506	856	696	
Total Assets	6,120	6,324	*5,913	
Total Liabilities	1,735	2,003	*2,101	
Total Shareholder's Equity	4,385	4,320	*3,812	
Financial Ratio				
Net Profit Ratio	%	5.98	8.96	7.41
Return on Equity	%	11.63	21.05	19.46
Return on Assets	%	8.13	13.99	12.64
Dividend pay out Ratio	%	**	50.02	50.02
Liabilities per Equities Ratio	Times	0.40	0.46	0.55
Earning per Share	Baht	23.00	38.90	31.63
Dividend pay Share	Baht	**	19.55	15.82
Book value Per Share	Baht	199.30	196.38	173.29
Total Staff		2,055	2,161	2,031

* Restated Accounting Standard 12 on 1 April 2013.

** In the process of seeking approval from the 2014 Annual General Meeting of shareholders

The Board of Directors' Report



In fiscal year 2013, Thai economy stalled as a result of internal political impasse that also affected the Company's operation, with a 12.5% year-on-year drop in our domestic sales. At the same time, our exports to Japan were threatened by the Japanese government's fiscal and monetary policies aiming to increase money supply in its economic system, but resulting in a yen weakening. Revenues from our exports to Japan accordingly went down, while sales volume scaled up, thereby causing a year-on-year decrease of 11.5% in our total sales revenues. Nonetheless, the Company implemented a string of measures, including cost control and reduction, production efficiency improvement, continuous market expansion to AEC member countries and other regions, and innovation and new product launching to satisfy customers' requirements. Among our innovative products included the innovation for electric fan motor manufacturing, which helps to reduce the use of natural resources, and the new floor fan model with 18-inch propellers. Therefore, despite certain problems and obstacles in our business operation in 2013, the Company remained capable of generating an impressive profit as well as return to our shareholders to some extent.

2014 marks the Company's 50th anniversary and the year that we pride ourselves on our solid and sustainable business success, as proven by our reputation as a leading home appliances manufacturer under "Mitsubishi Electric" trademark. From today through the years ahead, we will remain steadfast in our determination to build a strong foundation under the business concept, "We Balance for the Best," to fulfill consumer needs with respect to technology, quality, and safety & environmental friendliness. We also adhere to the applicable laws, code of ethics, corporate governance principles, and corporate social responsibility, with due regard to the utmost benefit of our shareholders and importance given to all groups of stakeholders. We will forge ahead in the next decade of our operation towards sustainable business stability. On behalf of the Board of Directors, the management and all staff members of the Company, I would like to convey our gratitude to the shareholders and stakeholders for your trust in and continued support of the Company until we could achieve a consistent business success and smoothly reach our 50th anniversary with today's stability. Again, thank you all very much.



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

06

Board of Directors

1. Mr. Praphad Phodhivorakhun**Age :** 68 year**Position :** Chairman of the Board of Directors/Chairman of the Board of Executive Directors/Member of Nomination and Remuneration Committee**Education :**

- Business Management Sheffield College of Technology England
- Master Degree in Public Administration (MPA) and Master Degree in Business Administration (MBA) Ramkhamhang University
- Honorary Doctorate Degree in Business Administration Rajabhat University of Lamphang

Training:

- RCP/2004, DCP/2005, RCC/2007

Shareholding (%) : None**Family Relationship with Executives :**

- Elder Brother of Mr. Praphon Potivorakun

Working Experience in the last 5 years

- 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
- July 1996 - Present Chairman of the Board of Directors
Yokohama Rubbers (Thailand) Company Limited
- Oct.1999 - Present Chairman of the Board of Directors/Chairman of the Board
of Executive Directors
Kang Yong Electric Public Company Limited
- 2004 - Present Independent Director
Polyplex 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



1. Mr. Praphad Phodhivorakhun



2. Mr.Sadahiro Tomita

2.Mr.Sadahiro Tomita**Age :** 62 year**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 :**

- Tohoku University Miyagi-Ken, Japan

Shareholding (%) : None**Family Relationship with Executives :** None**Working Experience in the last 5 years**

- Dec.2006 - Jan.2009 Dept. Manager, Manufacturing Department & Director 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

3. Mr.Komol Vongsthongsri**Age :** 69 year**Position :** Director/Executive Director/Executive Vice President**Education :**

- Mechanical Engineering (Dipl.-Ing.) Germany

Training

- DCP/2005, ACP/2009

Shareholding (%) : 2,000 Shares or 0.009%**Family Relationship with Executives :** None**Working Experience in the last 5 years**

- 1993 - 2005 Director Kang Yong Electric Public Company Limited
- Feb.2005 - Mar.2014 Independent Director Kang Yong Electric Public Company Limited
- Feb.2005 - Mar.2014 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 - Mar.2014 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
- Apr.2014 - Present Executive Director/Executive Vice President Kang Yong Electric Public Company Limited

4. Mr. Takenori Adachi

Age : 49 year

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

Education :

- Mechanical Engineering Tokyo University, Japan

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years

- 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



4. Mr. Takenori Adachi

5. Mr. Ryuzo Kuro

Age : 50 year

Position : Director/Deputy General Manager

Education :

- Master of Mechanical Engineering Okayama University, Japan

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years :

- Apr.2008 - Sep.2011 Section Manager, Commercial & Building Lossnay
Engineering Section, Commercial & Industrial
Ventilation Manufacturing Dept.
Mitsubishi Electric Corporation, Nakatsugawa Works
- Oct.2011 - Feb.2013 Section Manager, Quality Control Sect. Commercial &
Industrial Ventilation Manufacturing Dept.
Mitsubishi Electric Corporation Nakatsugawa Works
- Apr.2013 - Present Deputy General Manager
Kang Yong Electric Public Company Limited
- May. 2013 - Present Director
Kang Yong Electric Public Company Limited



5. Mr. Ryuzo Kuro



6. Mr.Chackchai Panichapat

6. Mr.Chackchai Panichapat

Age : 75 year

Position : Independent Director/Chairman of Audit Committee/
Member of Nomination and Remuneration Committee

Education :

- Master Degree in Electrical Engineering University of Texas Austin, Texas, USA.

Training

- DAP/2003, FND/2005, DCP/2006, RCC/2007, ACD/2009

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years

Companies in the Stock Exchange

- Dec.1999 - Present Chairman of the Audit Committee/Independent Director/
Member of the Nomination and Remuneration Committee
City Sports and Recreation Public Company Limited
- Jul.2002 - Present Independent Director/Member of 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
- 2001 - Mar.2014 Member of Audit Committee
Kang Yong Electric Public Company Limited
- Feb.2007 - Mar.2014 Chairman of Nomination and Remuneration Committee
Kang Yong Electric Public Company Limited
- Apr.2014 - Present Chairman of Audit Committee/Member of Nomination
and Remuneration Committee
Kang Yong Electric Public Company Limited

Companies not in the Stock Exchange

- 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 of the Board of Directors, D-Jig Co., Ltd.
- Director, Amata City Co., Ltd.
- Director, San Miguel Marketing (Thailand) Company Limited
- Director, San Miguel Beer (Thailand) Company Limited
- Director, Thai San Miguel Liquor Company Limited
- Director, Amata Asia Co., Ltd.

7. Mr.Arthakrit Visudtibhan

Age : 58 year

Position : Independent Director/Member of Audit Committee/Chairman of Product
Pricing Committee

Education :

- Master of Public Administration University of Southern California U.S.A

Training :

- DAP/2006, ACP/2009

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years :

- Apr.1998 - Oct.2003 Head of Human Resources Standard Chartered Bank/
Standard Chartered Nakornthon Bank
- Nov.2003 - Present Human Resources Director
Serm Suk Public Company Limited
- Dec.1999 - Present Member of Audit Committee
Kang Yong Electric Public Company Limited
- Feb.2009 - Present Chairman of Product Pricing Committee
Kang Yong Electric Public Company Limited



7. Mr.Arthakrit Visudtibhan

8. Mr. Manu Leopaiprote**Age :** 71 year**Position :** Independent Director/Member of Product Pricing Committee/Chairman of Nomination and Remuneration Committee**Education :**

- B.Sc. (Honors) Thammasat University
- M.Sc. (Econ.), University of Kentucky, USA.
- Ph.D Business Administration (Honorary) Thammasat University
- The National Defense College Class 34

Training :

- DCP30/2013, RCP3/2001

Shareholding (%) : None**Family Relationship with Executives :** None**Working Experience in the last 5 years :**

- 2004 - Present Independent Director/member of Audit Committee, Thai Beverage Public Company Limited (Registered in the Singapore Stock Exchange)
- 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
- 2003 - Present Chairman of Audit Committee Siam Steel International Public Company Limited
- May. 2010 - Present Independent Director/member of Product Pricing Committee Kang Yong Electric Public Company Limited
- May. 2010 - Mar.2014 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
- Apr.2014 - Present Chairman of Nomination and Remuneration Committee Kang Yong Electric Public Company Limited

9. Police Major General Sahaschai Indrasukhsri**Age :** 65 year**Position :** Independent Director/Member of Nomination and Remuneration**Education :**

- Bachelor of Business Administration, Major in Economics, Franklin Pierce College, USA
- Bachelor of Law, Major in Law, Sripatum University

Training :

- DAP24/2004

Shareholding (%) : None**Family Relationship with Executives :** None**Working Experience in the last 5 years :**

- 2005 - Present Independent Director & Audit Committee Permsin Steelwork Public Company Limited
- Jul 2012 - Present Independent Director Kang Yong Electric Public Company Limited
- Jul 2012 - Mar.2014 Product Pricing Committee Kang Yong Electric Public Company Limited
- Jan 2014 - Present President Asia Corporate Development Public Company Limited
- Apr.2014 - Present Member of Nomination and Remuneration Committee Kang Yong Electric Public Company Limited



8. Mr. Manu Leopaiprote



9. Police Major General Sahaschai Indrasukhsri



10. Mr. Tanabodee Kusinkert

10. Mr. Tanabodee Kusinkert**Age :** 69 year**Position :** Independent Director/Member of Audit Committee/
Member of Product Pricing Committee**Education :**

- Master of Business Administration, Texas A&I University
Kingsville, Texas U.S.A.

Training :

- DCP24/2002

Shareholding (%) : None**Family Relationship with Executives :** None**Working Experience in the last 5 years :**

- 1990 - Present President & Executive Director
Siam City Leasing and Factoring Public Company Limited
- Feb.1990 - Present Vice President
Thailand Leasing Association
- Feb.2012 - Mar.2014 Director
Kang Yong Electric Public Company Limited
- Apr.2014 - Present Independent Director
Kang Yong Electric Public Company Limited
- Apr.2014 - Present Member of Audit Committee/Member of Product Pricing
Committee
Kang Yong Electric Public Company Limited



11. Mr. Minoru Hagiwara

11. Mr. Minoru Hagiwara**Age :** 58 year**Position :** Director**Education :**

- B.A. in Literature Waseda University, Japan

Shareholding (%) : None**Family Relationship with Executives :** None**Working Experience in the last 5 years :**

- 2009 - 2010 Deputy General Manager
Chubu Branch Office (Nagoya, Japan)
- 2010 - 2013 General Manager
Kanagawa Branch Office (Yokohama, Japan)
- Apr.2013 - Present Chief Representative for Asia Pacific Region
Mitsubishi Electric Corporation
- Apr.2013 - Present Managing Director
Mitsubishi Electric Asia Pte. Ltd.
- Apr.2013 - Present Vice Chairman
Mitsubishi Electric Thai Foundation
- May.2013 - Present Director
Kang Yong Electric Public Company Limited

12. Mr.Yuji Suwa

Age : 53 year

Position : Director

Education :

- B.A. in Law Keio University, Japan

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years :

- 1999 - 2005 Manager, Corporate Strategic Planning Division
Mitsubishi Electric Corporation
- 2005 - 2012 Deputy General Manager, Planning &
Administration Dept., Living Environment & Digital Media
Equipment Group
Mitsubishi Electric Corporation
- 2013 - Present General Manager, Planning & Administration Dept.,
Living Environment & Digital Media Equipment Group
Mitsubishi Electric Corporation
- May 2013 - Present Director
Kang Yong Electric Public Company Limited



12. Mr.Yuji Suwa

13. Mr.Tadashi Matsumoto

Age : 56 year

Position : Director

Education :

- Bachelor of Law Hitotsubashi University, Japan

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years :

- 2009 - 2010 Director
Kang Yong Electric Public Company Limited
- 2009 - 2011 Deputy General Manager
Mitsubishi Electric Corporation,
Nakatsugawa Works (Gifu, Japan)
- 2011 - 2013 General Manager
Mitsubishi Electric Corporation,
Nakatsugawa Works (Gifu, Japan)
- April 2013 - Present General Manager
Mitsubishi Electric Corporation, Shizuoka Works
(Shizuoka, Japan)
- May 2013 - Present Director
Kang Yong Electric Public Company Limited



13. Mr.Tadashi Matsumoto



14. Mr. Praphon Potivorakun

14 Mr. Praphon Potivorakun

Age : 64 year

Position : Director

Education :

- Bachelor of Electrical Engineering Meisei University, Japan

Shareholding (%) : 33,145 Shares or 0.15%

Family Relationship with Executives :

Younger brother of Mr. Praphad Phodhivorakhun

Working Experience in the last 5 years :

- 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



15. Associate Professor Dr. Issaree Hunsacharoonroj (Ph.D)

15. Associate Professor Dr. Issaree Hunsacharoonroj (Ph.D)

Age : 60 year

Position : Director

Education :

- Doctoral Degree (Ph.D. in Mechanical Engineering),
University of Wisconsin, USA

Training :

- DCP/2012

Shareholding (%) : None

Family Relationship with Executives : None

Working Experience in the last 5 years :

- Aug.2005 - Aug.2013 President
Rajamangala University of Technology Rattanakosin
- Aug.2013 - Present Chairman
Rajamangala University of Technology Foundation
- Apr.2014 - Present Director
Kang Yong Electric Public Company Limited



Vision

“KYE is committed to strengthening a solid operational foundation, internationalizing its corporate image, achieving a continuous export growth target, and forging ahead to become a genuine world-class operator under the business concept, We Balance for the Best.”

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

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)

16

Business Operation

Policy and Overview of Business Operation

Kang Yong Electric Public Company Limited (“KYE” or “the Company”) was established on January 12, 1964 by Mr. Sitthiphol Phodhivorakhun with a start-up registered capital 10 million baht in the name “Kang Yong Electric Manufacturing Company Limited” under a joint venture between Phodhivorakhun family group and Mitsubishi Electric Corporation, Japan, in order to manufacture and distribute home electrical appliances under “Mitsubishi Electric” trademark. In 1993, the Company was approved to be listed on the Stock Exchange of Thailand (SET) and transformed into a public limited company in the name “Kang Yong Electric Public Company Limited,” having a registered and paid-up capital of 220 million baht divided into 22 million ordinary shares with a par value of 10 baht per share.

Presently, the Company’s office and factory are located on an area of 73 rai 3 ngan 53 square wah, at address No. 67 Moo 11, Bang Na-Trat Road Km. 20, Samut Prakan 10540. The Company is a manufacturer and distributor of “Mitsubishi Electric” home electrical appliances such as refrigerator, electric fan, ventilating fan, water pump and jet towel under the license and production technology provided by its joint venture partner, Mitsubishi Electric Corporation, Japan.

Vision and Mission

Vision:

“KYE is committed to strengthening a solid operational foundation, internationalizing its corporate image, achieving a continuous export growth target, and forging ahead to become a genuine world-class operator under the business concept, **We Balance for the Best.**” Its goal is to constantly increase production capacity to be aligned with its export target for overseas customer base expansion in parallel with the forthcoming establishment of sales companies in global markets, including ASEAN, by Mitsubishi Electric Corporation, Japan.

In the future, moreover, the Company is aspiring to introduce new products in addition to the existing five products. To such end, the Company will speedily reinforce its manufacturing capability and standard as well as cost efficiency in a bid to increase its competitiveness and accommodate other product lines to be transferred from Mitsubishi Electric Corporation, Japan.

Mission:

“The Company is steadfast in developing its organization by upholding a three-pillar operational philosophy to respond to all consumer needs, entailing Modern Technology, Quality Control, and Safety & Environmental Friendliness.”

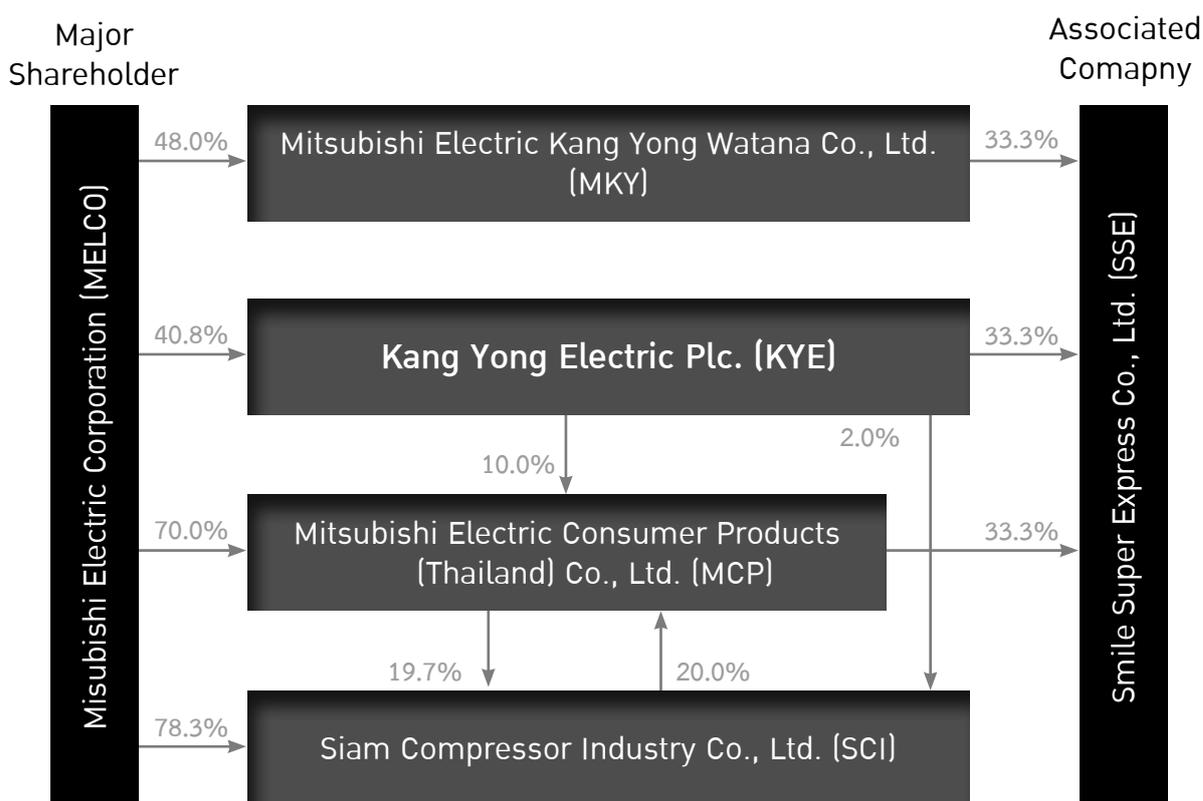
Significant Changes and Developments in 2013

- The Company launched new designs of all 1-door refrigerator models and the small – sized 2-door refrigerators of 180 liters, 200 liters and 260 liters respectively, all of which boast a more modern look with a simple yet luxurious and classy flat design and brighter color, marketable both at home and overseas.

- It also introduced five newly-designed models of wall ventilators each with five new extra fans according to the aerodynamics principles. Such new designs enable an accurate ventilation timing control and eliminate problems in air reversal and airflow resistance, thus allowing quiet operation and strong airflow. The motor was newly designed to be energy efficient based on the power saving standard. Another key feature is that the new models are more easy to install and clean. The products are sold to distributors domestically and abroad.
- The Company increased the line-up of its 18-inch electric fan, R18-GS model, available in as many as four colors, so as to fulfill customers' preference for stronger airflow due to the present warmer climate.
- On July 25, 2013, the Annual General Meeting of Shareholders resolved to approve profit appropriation for dividend payment at 19.55 baht per share, totaling 430.1 million baht, to shareholders in August 2013.

Relationship with Major Shareholder's Business Group

Shareholding structure in the group of companies as at March 31, 2014



Details of the above shareholding structure are as follows:

Investment in associated company

The Company entered a joint venture with MKY and MCP in setting up SSE in an equal amount of 33.33% to undertake inventory storage management for them in order to enhance efficiency in product management and curtail transport costs.

Major shareholder's group of companies

KYE is a manufacturer and distributor of home electrical appliances under "Mitsubishi Electric" trademark, including products such as electric fans, refrigerators, water pumps and jet towels, under a license and technical know-how provided by Mitsubishi Electric Corporation (MELCO), the Company's major shareholder. As such, its core business relates significantly to the major shareholder's business group.

- Distribution of products

The Company sells products through MELCO's subsidiary or associated companies. For instance, its local distribution is conducted through MKY, which is a highly skilled distributor, thereby enabling the Company to experience ongoing growth in its sales.

- Procurement of parts and raw materials

The Company procures parts and raw materials via a MELCO subsidiary, which in 2013 made up 17% of its total procurement. MELCO's high bargaining power obtained from massive purchase volumes enables it to buy products at a cheap price and also to control product quality to the standard determined by MELCO.

- Product development

Without readiness for high-technology product development, the Company has to rely on MELCO's technology in product development for modern design while ensuring safety, environmental friendliness and energy saving.

Nature of Business Operation

Main income structure The Company generates main income from sales of refrigerator, electric fan, ventilator, water pump and jet towel. Its income structure for fiscal years ended March 31, 2014, 2013 and 2012 was as follows:

	Value : Baht Million					
	2014		2013		2012	
	Baht Million	% of Total	Baht Million	% of Total	Baht Million	% of Total
Domestic and export sales						
Electric fan and ventilating fan	1,198.80	14.17	1,264.79	13.24	1,229.07	13.08
Refrigerator	6,267.85	74.09	7,406.20	77.51	7,424.89	79.02
Water pump	868.62	10.27	776.30	8.12	667.62	7.11
Jet towel	77.53	0.92	67.54	0.71	24.25	0.26
Others	46.80	0.55	40.02	0.42	49.35	0.53
Total value	8,459.60	100.00	9,554.85	100.00	9,395.18	100.00

Remark: Other income is from sales of parts.

Description of Products and Services

The Company manufactures and distributes home electrical appliances comprising refrigerator, electric fan, ventilating fan, water pump and jet towel. It has received technological cooperation and assistance from Mitsubishi Electric Corporation, Japan, in product development, designing and manufacturing, with an emphasis placed on quality, safety and use of cutting-edge technology to ensure responsiveness to customers' requirements and strengthen competitiveness against other producers.

Refrigerator

Refrigerator is KYE's main product. The Company is looking to develop its refrigerator to match every lifestyle, as follows:

1) Unique Design: The refrigerator is designed to bear an attractive, elegant, unique and beautifully-colored appearance so that it will look more like a piece of furniture that suits perfectly with interior home decoration. The new ultramodern design of 1-door and 2-door refrigerators are more distinctively characterized by the 3D vivid, 2-tone color in layer style, simple to open whether by the top or side edge with the left and right view balance. The environmentally-friendly superior cooling technology features the use of the energy-saving DC fan motor with quiet operation. Moreover, there is an added insulation to the door and cabinet to further increase energy efficiency.

2) Easy to Use: The product offers a diversity of models, number of doors, capacity, and either top or bottom freezer to match consumers' preferences and allow for convenience, time-saving and efficient usage.

3) Healthy Technology: A new technology for food preserving and clean interior space is employed, as follows:

- Anti-bacteria material is contained in the food liner of freezer and cooling compartment in order to restrain the growth of bacteria.
- The orange LED light technology in vegetable compartment helps preserve vitamin C in green vegetable for a longer period.
- Cooling distributing system (multi airflow) with Minus Ion technology ensures distribution of air to all shelves to help increase moisture in inner compartments for the longer lasting freshness of food.
- Neuro Fussy System is operated by an intelligent microchip using sensors for interior and exterior temperature measurement with data sent to a processor chip, thus ensuring intelligent control of a refrigerator for maximum performance in all conditions of use.

4) High Quality with Environmental Friendliness and Energy Saving: The Company offers a high standard of product quality that could gain customer trust, together with environmental friendliness and energy saving.

- Premium Safety signifies the specific Mitsubishi Electric standard that accentuates the maximum safety of all users. All parts and materials are carefully selected for the products, including nonflammable material, an added component to prevent electric current leakage, a built-in circuit breaker to prevent over-limit power, and over-heating protection device.
- Products are developed in line with the safety standards and energy saving requirements, with the use of environmentally friendly raw materials that meet RoHS requirements.

At present, the Company produces a wide array of refrigerator models such as 1 door, 2 doors, 3 doors, 4 doors and freezer, employing cutting-edge technology to truly address market demand and sales condition both at home and abroad. The Company continues to emphasize research and development with a view to constantly innovating new quality products for yearly launches.

Electric Fan

The Company focuses on product design and development to ensure a proper airflow system with a durable and safe motor. The My Windy model has a unique colorful design. Product development is carried out in accordance with the safety standards and energy saving requirements, with the use of parts and raw materials that are environmentally friendly in line with RoHS requirements.

Various types of electric fans have been developed to fit with application purposes, comprising desk fan, living fan, tatami fan, wall fan, cycle fan and ceiling fan, all of which are offered in various models of different propeller sizes. The Company has also developed a closed-type fan motor with high efficiency, irregularity protection, durability and high safety.

Ventilating Fan

The Company produces a diverse type of ventilating fans to meet the utilization and installation in various places, buildings, residences and rooms, including wall-installed ventilator, glass-installed ventilator, and built-in ventilator with/without ventilating pipe. Product development is focused on high-pressure ventilation and convenient installation. The aerodynamic design of propellers ensures an efficient control of ventilation, variance and airflow. The new models are developed with a new type of shutter to allow softer turning on/off and increase inside/outside air resistance. Moreover, the 6-inch blade has been newly designed to have less disturbing noise. The Company is determined to develop its ventilating fans in compliance with the

safety standards and energy saving requirements and to use environmentally friendly raw materials in line with RoHS requirements.

Water Pump

The Company manufactures water pumps with a high pumping and distributing pressure, employing Japan's designing and development technology in order to meet the safety standards. Environmentally friendly parts and raw materials are selected based on RoHS regulations. Various types of water pumps are produced to match users' requirements, including the sucking-from-well/tank type, the automatic pumping based on on-off water tap type, etc. Apart from the constant pressure pump, the Company has most recently invented the inverter control pump with electronically-controlled operation which enables tremendous energy saving (consumption-based energy control). Presently, various water pump models are available, classified by size and motor power, to properly serve consumers' particular needs.

Hand Dryer/Jet Towel

Jet towel has been innovated to truly be friendly to the environment, with features such as a compact size, strong air blow power, and easy installation and usage. The Company produced its first hand dryer, or also known as jet towel, in September 2011. A strict quality control is implemented at every step of manufacturing process. Jet towel is a device for paperless hand drying, thus helping to reduce the use of resources and the amount of garbage. With low power consumption, it contributes to energy saving. Moreover, it is easy to install and to clean and maintain as well.

Jet towel can be conveniently used with high-speed air blow and adjustable air speed. Hot air system can be switched on/off. It operates quietly and requires less time for cleaning and maintenance. Investment in a jet towel is deemed reasonable and worthwhile since toilet expenses can be saved for places such as restaurants, office buildings, hospitals, hotels and many other public places.

Market and Competition

Business and Competition Outlook

The Company sells products in three principal markets, i.e. domestic market, Japan market and other export markets. In fiscal 2013, its sales to these markets were in a proportion of 35:45:20 respectively.

Distribution Channels

- For the domestic market, all products have been distributed through the Company's sole domestic representative, namely Mitsubishi Electric Kang Yong Watana Co., Ltd. which has a network of retail dealers in all parts of Thailand.
- For the overseas markets, the Company distributes products primarily through Mitsubishi Electric subsidiaries around the world such as Asia, Oceania and the Middle East.

Domestic Market In 2013, Thai economy slowed down despite the first-half growth as driven by the government's stimulus measures such as incentives for first-time home buyers, hikes in minimum wage rate, tax waivers for first-time car buyers, and reduction of corporate income tax rates. Home electrical appliances business correspondingly witnessed growth in the first half of the year. However, in the latter half of 2013 Thai economy became sluggish due to an increase in household debts, higher cost of living, and an absence of government-initiated stimulus packages. The situation was further exacerbated by the dissolution of the House of Representatives, thereby leading consumers to become more stringent in their spending.

- Refrigerator: Demand grew by 5.2% for the whole of 2013, with H1 growth of 13% and H2 contraction of 2.24% triggered by lowered purchasing power, higher cost of living due to product price hikes, slump in domestic demand, a drop in Consumer Confidence Index, and consumers' shopping fears. As a consequence, competition in the home electrical appliances market had been very intense, with several competitors cutting down their prices in order to boost sales.
- Electric Fan: For full-year 2013, the market shrank by 9.3%, with the contraction seen in the second half of the year caused by the same factors as in the refrigerator market.
- Water Pump: Demand increased in the past year, stimulated by consumers' needs for replacements of the expired products. Moreover, the distributor expanded distribution channels in provincial areas, thus helping to grow the Company's sales by 12%.

In 2013, the Company adopted a proactive marketing approach by coordinating with the local distributor in conducting sales promotion through various distribution channels and introducing new product models that match consumers' demand such as 18-inch Tatami fan, ventilator, refrigerator, etc.

Japan Market The Company exports refrigerators, jet towels, electric fans and ventilators to Japan. In 2013, demand for ventilators and refrigerators in this market expanded continually, resulting from the Japanese government's economic stimulation efforts through the "Abenomics" fiscal and monetary policy which propelled the yen's weakness and relatively shored up Japan's inflation rate and economic outlook confidence. Price cutting wars were the major factor hurting sales of electrical appliances in the Japanese market. However, due to the constant launch of new product models, adjustment of marketing strategies through both new products and distribution channels, and fine-tuning of sales and production plans in alignment with market demand, sales of refrigerators and ventilators could grow by 3% and 274% respectively. Such sales growth was also ascribed to speedy consumption before the upcoming increase of value added tax from 5% to 8% by the government in April 2014. Despite the sales growth, revenues from sales declined by 13% as affected by the weakening yen.

Other Export Markets To gear up for market expansion in the Asean Economic Community, the Company plans to drive ongoing sales growth in this region.

- The Company has already exported products to eight AEC member countries and continues to expand its sales through a successful strategy by increasing number of distributors and number of product displays at various outlets. In spite of tough competition in AEC with a focus on product design and energy saving, the Company has fine-tuned its marketing strategies to match the competition in each country by, for instance, adjusting selling prices of electric fans to remain competitive in Vietnamese market, arranging sales promotion events in Malaysian market, and so on.

- The Company has consistently expanded markets in Oceania and the Middle East by emphasizing product development to particularly serve these markets. However, its product development is still geared mainly towards strengthening cost and competitiveness and regularly launching new product models in the markets.

Procurement of Products or Services

Nature of Product Procurement

The Company's factory is located at No. 67 Moo 11, Bang Na-Trat Road Km. 20, Bang Chalong, Bang Plee, Samut Prakan 10540. At this factory, its products comprising refrigerator, electric fan, ventilating fan, water pump and jet towel are manufactured.

(a) Manufacturing Process

The Company's manufacturing process begins with product development by receiving cooperation in product designing and technical know-how from Mitsubishi Electric Corporation, Japan. Study and survey on market demand are conducted so that product specifications can be customized to suit customers' needs. After that, new product models are developed and then produced according to customers' purchase orders.

Products are manufactured in the form of mass production. The process starts from receiving customers' orders, followed by production planning; procurement of raw materials, components and parts; and manufacturing of products according to production plan of each individual production line. The important sub-process includes parts production, manufacturing equipment preparation, assembling and packaging, etc.

Recognizing the reliable product quality, the Company conducts quality inspection at every step of the production process to ensure that all marketable products meet the high quality standards and customers' requirements.

(b) After-Sales Services

The Company set up a department to be responsible for product quality warranty and after-sales service provision. The department is to coordinate with local and overseas distributors in providing technical information on each product, arranging technical training for new products, analyzing causes of problems and identifying approaches to problem solving, rendering advice and suggestion on product installation and application, procurement of parts and equipment, and after-sales service provision, as well as coordinate and work jointly with the distributors in promptly addressing any possible quality-related problems.

Production Capacity and Production Output

The Company's production capacity and production output in 2011-2013 are tabulated below:

Products	Unit	2013	2012	2011
Refrigerator				
Rated capacity	units	1,200,000	1,100,000	1,000,000
Actual production	units	929,881	936,294	842,102
Capacity utilization rate	%	77%	85%	84%
Electric fan & ventilating fan				
Rated capacity	pieces	1,600,000	1,500,000	1,400,000
Actual production	pieces	1,228,619	1,353,926	1,289,491
Capacity utilization rate	%	77%	90%	92%
Water pump				
Rated capacity	pieces	250,000	250,000	250,000
Actual production	pieces	175,795	212,556	220,037
Capacity utilization rate	%	70%	85%	88%
Jet towel				
Rated capacity	pieces	50,000	40,000	30,000
Actual production	pieces	25,350	20,071	8,234
Capacity utilization rate	%	51%	50%	27%

Raw Material Procurement

Raw materials used for production

	Proportion of Purchase/Usage (%)	Supply Sources	
		Domestic	Overseas
1. Compressor	17.55	✓	✓
2. Steel for parts making	9.04	✓	✓
3. Foaming agent	6.28	✓	
4. Copper	3.58	✓	
5. Resin	1.10	✓	
6. Electric cord	0.74	✓	
7. Motor	3.35	✓	
8. Die cast	1.95	✓	
9. Electronic parts	1.47	✓	✓
10. Paper carton	0.03	✓	

Proportion of Domestic and Overseas Supply of Raw Materials

The Company still has to import 19% of total raw materials, entailing compressor, steel for parts making, and electronic parts. Since all finished products must meet quality standards specifically defined by MELCO, the Company cannot procure locally available parts. After all, by procuring parts and raw materials in a massive volume through a MELCO subsidiary, the Company is able to lower its production cost.

Environmental Impacts Created from Manufacturing Process or Limitation on Waste Materials

Being aware of impacts on the environment arising from its manufacturing process and service operation, the Company has outlined an environmental policy highlighting the building of environmental balance at the global and local levels. To achieve this, it has set up the Environmental Management System (EMS) based on the ISO 14001 guideline.

In the past year, the Company staged an array of activities to respond to the environmental policy, including remarkable events as follows:

- An activity to promote manufacturing of products that are non-hazardous to human beings and environment in compliance with RoHS principles, entailing containment or reduction of the use of harmful substance in electrical and electronic appliances and devices.
- Phase-out of the use of ozone-depleting refrigerants by shifting to other anti-global warming substances.
- Development of new product models to meet energy saving requirements in each market, both at home and abroad.
- Activities to promote energy conservation such as reduction of air compressor load, lowering of fluorescent lamp wattage, reduction of machinery's power consumption under the energy conservation scheme, etc.
- Management and control of industrial waste that could be harmful to the environment and local society to comply with environmental laws or other applicable regulations.

The Company has communicated its environmental policy to all staff members through training and PR campaign, as well as to its affiliates and related entities. Moreover, it has set up the Environmental Working Committee and put in place the environment management system (EMS) to ensure its policy is adhered to and regularly updated.

Outstanding Works

- None -

Risk Factors

The Company has drawn up measures for and approaches to assessment and management of risks that may arise and affect its business operation, as follows:

Risk associated with technology changes and product development

The Company is a distributor of home electrical appliances which are vulnerable to risk from competitors' yearly launches of new designs and technology changes that could cause faster product obsolescence and replacement by new models. The Company must therefore keep abreast of all changes closely and consistently.

To mitigate this risk, the Company has studied product trends to match market demand and has exchanged information with and received technology transfer from its major partner, Mitsubishi Electric Corporation, Japan, which is an expert in refrigerator, electric fan, ventilator, water pump and hand dryer. The Company is therefore able to adapt efficiently to changes in technology.

To cope with risk from faster product obsolescence due to technology changes, the Company will not manufacture products until orders are confirmed by customers and will stock only a limited quantity of products needed for fulfilling any unexpected order or for replacing any defected items during production, which helps to save storage expenses. The Company also keeps track of inventories with a low turnover rate on a weekly basis by means of an IT-aided analysis. If it could detect any item with a low turnover rate for a long period of time, the Company will hasten to launch sales campaigns in all export markets.

Risk concerned with trade liberalization and the upcoming advent of Asean Economic Community (AEC)

In 2015, sales could be hit by impacts from trade liberalization that will allow for freer movements of human resources, capital, labor and trade among Asean member countries. As such, competition in all aspects will become intensified, particularly from electrical appliances from other cheaper cost Asean members that could tap into Thai market. Nonetheless, the Company is confident that its refrigerators and electric fans that are exported to Asean region will remain saleable due to the low penetration rate and will likely witness a strong growth rate in the future.

To manage this risk, the Company has continuously expanded its distribution channels in all Asean member countries. Today, its products are exported to eight, out of the total 10, Asean member states. It has strengthened coordinative efforts with trade partners and constantly conducted a market survey for new product launch, as well as maintained good business relationships.

Risk from exchange rate fluctuation

The Company sells its products to Japan in the yen-based baht currency, thus being prone to risk from the yen volatility. However, the Company has a policy to revise selling prices every three months in a bid to hedge against such risk.

Risk involved with raw materials and supply chain

- In the past year, risk concerned with raw material prices in the global market became increasingly heightened, notably prices of major raw materials such as plastic, copper and aluminum. Moreover, world oil price fluctuation relatively affected retail prices in the domestic market and pushed up production cost and expense of each product. Such risk has inevitably dampened competitiveness in both local and overseas markets.
- Risk from natural disasters at home and abroad, such as earthquakes in Japan and natural perils in some countries where the Company's products are exported to, has posed an impact on supply chain system, which involves suppliers of parts and raw materials. The Company has devised a business continuity plan and adjusted its production strategy to enable delivery of products as planned. It has also redefined part of the business plan to respond to the circumstance and enhance potential in all respects which will ultimately help to boost sales and grow its profit.
- Risk from the internal economic and political instability has affected the overall business operation to some extent, but with insignificant impacts on the Company's production, delivery and sales. Without any effect on the overseas markets, such risk has threatened the domestic market in recent period.

Financial risk

- Foreign exchange risk to which the Company is exposed arises from sales of products and settlement of purchase prices of goods, raw materials, and machinery and equipment in foreign currencies. The Company has executed a forward contract for a period not longer than one year as a measure to hedge against risk from financial liabilities denominated in foreign currencies.
- Interest rate risk refers to risk arising from any future change in market interest rates which will hurt the Company's operation and cash flow because interest is charged at a floating rate. The Company's management believes that risk incidental to interest rates is insignificant because the Company does not raise any loan and its deposits and other financial assets carry a short maturity period with interest based on the market rate. Therefore, the Company has not made any forward contract to safeguard against such risk.
- Credit risk is risk arising from failure by customers or counterparties to repay debts to the Company as scheduled according to the agreed terms and conditions. The Company has mapped out a credit policy to manage and control this risk by conducting a financial soundness analysis on all customers who apply for credit lines at some levels. However, the Company is confident that there will be no material impact from any uncollectible debts from its customers.
- Liquidity risk is managed by means of maintaining an adequate amount of cash and cash equivalents as required for business operation in order to minimize impact from cash flow fluctuation.

Labor risk

Labor shortage is a problem facing all sectors in Thailand, especially the private manufacturing sector. The major cause of this problem is the country's very low increase rate of population and workers' increased preference for higher education which accordingly drives them away from the labor sector. This leads to a situation where employers have to compete for labor by offering better compensation and welfare in order to attract more people to work with them. The Company has adopted numerous measures, including competitive pay and welfare, and thus has been able to retain its labor and recruit new workers.

Risk concerned with changes in laws

Thailand has enacted a number of new laws and regulations, pertaining to adjustment to corporate income tax for the designated accounting periods, revision of minimum wage rate based on labor skill, law governing environment, safety and occupational health, energy conservation, regulations on industrial standards, etc. Realizing the importance of this matter, the Company has assigned a work unit to be responsible for following up on the enforcement of the said laws and regulations and reporting to the top management to further command that these applicable laws and regulatory rules be complied with in all respects.

The Equity and Securities' Company

Name in Thai	: บริษัท กัณยงอีเลคทริก 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 and Jet Towel under "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	: 22,000,000 Ordinary shares with 10 Baht/share Paid-up Capital : 220,000,000 Baht as at March 31, 2014
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.Orawan Sirirattanawong Registration No.3757 and/or Ms.Nittaya Chetchotiros Registration No.4439 and/or Ms.Boonsri Chotpai boonpun Registration No.3756 KPMG Phoomchai Audit Ltd. 48 th 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

Capital Structure

Shareholders Structure

The Company has a registered and paid up capital 220 million baht, number of ordinary shares 22 million shares from a par value of 10 baht per share.

Shareholders

Group of 10 Major Shareholders as of March 31, 2014 consists of:

Name	Shares	% of Total Shares
1. Mitsubishi Electric Corporation	8,978,020	40.81
2. Phodhivorakhun Company Limited	1,960,024	8.91
3. K.Y. Intertrade Company Limited	1,773,024	8.06
4. Kang Yong Company Limited	697,324	3.17
5. Mrs.Kamolwan Phodhivorakhun	683,879	3.11
6. Mr.Somjin Leelakate	610,000	2.77
7. Mr.Supachai Suthipongchai	550,000	2.50
8. Mrs.Penchantra Visudtibhan	479,089	2.18
9. Mr.Bumrung Sri-ngarn	437,000	1.99
10. Mr.Chayanind Phodhivorakhun	265,583	1.21
Total	16,433,943	74.71

The shareholder group as of March 31, 2014 as follows :

	Total	Total shares	%
*1. Mitsubishi Electric Group	3	9,053,020	41.15
*2. Phodhivorakhun Group	9	5,429,806	24.68
3. Other shareholders	2,679	7,517,174	34.17
Grand Total	2,691	22,000,000	100.00

Remark : - The Company has Thai Shareholders 2,659 names or 57.80% of total shares and Foreign Shareholders 32 names or 42.20% 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	8.91
- K.Y.Intertrade Co., Ltd.	1,773,024	8.06
- Kang Yong Co., Ltd.	697,324	3.17
- Mrs.Kamolwan Phodhivorakhun	683,879	3.11
- Mr.Chayanind Phodhivorakhun	265,583	1.19
- Mrs.Wattanee Phodhivorakhun	30,672	0.14
- Ms.Lapaslada Phodhivorakhun	9,600	0.04
- Mr.Vorapas Phodhivorakhun	5,600	0.03
- Ms.Bussakorn Phodhivorakhun	4,100	0.02

Issuance of other Securities

- None-

Dividend payment policy :

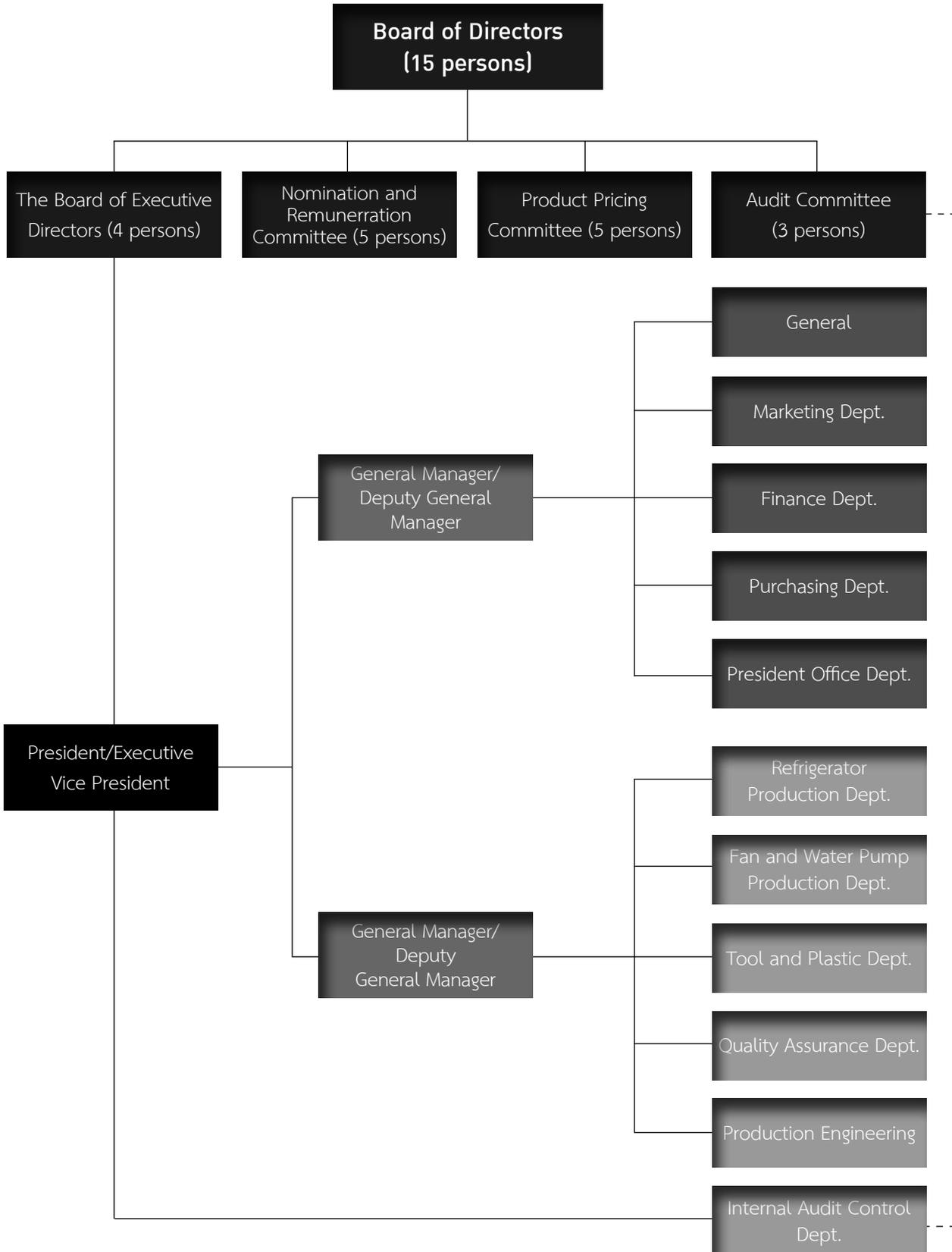
The Company has a payment policy to pay dividend approximately 50% of net profit after tax which upon the company's operating results and economics situation.

Five years dividend payment history of the Company

Fiscal Year	2012	2011	2010	2009	2008
Earning per Share (EPS)	39.08	31.63	28.45	42.47	19.38
Dividend per Share (DPS)	19.55	15.82	14.25	21.25	9.70
Dividend payment policy (D/P)	50.02%	50.02%	50.08%	50.04%	50.04%

Management Structure

Management Structure as at 1 April 2014



Management

The Company's Board of Directors is composed of 15 members, 5 independent directors. As reported in the Ministry of Commerce's certification dated April 1, 2014, list of the members of the board of director is shown below:

1. Mr. Praphad	Phodhivorakhun	Chairman of Board of Directors
2. Mr. Sadahiro	Tomita	Vice Chairman
3. Mr. Komol	Vongsthongsri	Director
4. Mr. Takenori	Adachi	Director
5. Mr. Ryuzo	Kuro	Director
*6. Mr. Chackchai	Panichapat	Independent Director
*7. Mr. Arthakrit	Visudtibhan	Independent Director
*8. Mr. Manu	Leopairote	Independent Director
*9. Pol.Maj.Gen.Sahaschai	Indrasukhsri	Independent Director
*10. Mr. Tanabodee	Kusinkert	Independent Director
11. Mr. Minoru	Hagiwara	Director
12. Mr. Yuji	Suwa	Director
13. Mr. Tadashi	Matsumoto	Director
14. Mr. Praphon	Potivorakun	Director
**15. Assoc.Prof.Dr.Issaree	Hunsacharonroj (Ph.D)	Director

Note * The Board of Directors appointed 5 independent directors on July 25, 2012 and changed the independent directors by the the resolution of the Board of Directors 4/2013 ,on April 1, 2014.

** Appointed by the Board of Directors' Meeting No.4/2013 on February 12, 2014 to replace Mr. Supachai Setasathira, who resigned.

The duties and responsibility of the Board of Directors

The Board of Directors have the authority and obligation to manage the company in accordance with objectives, article of association, resolution of the shareholders' meeting, and appoint the subcommittees.

The Company's management

The Company's management compose of 16 persons as below:

1. Mr. Praphad	Phodhivorakhun	Chairman of Executive Director
2. Mr. Sadahiro	Tomita	Vice Chairman of Executive Director and President
3. Mr. Komol	Vongsthongsri	Executive Director and Executive Vice President
4. Mr. Takenori	Adachi	Executvie Director and General Manager
5. Mr. Ryuzo	Kuro	Deputy General Manager
6. Mr. Atakrit	Siwasarit	Deputy General Manager (Administration) and General Administration Department Manager (acting)
7. Mr. Sinchai	Kowitwatanapaisal	Deputy General Manager (Production) and Production Engineering Department Manager (acting)
8. Mr. Tomokazu	Asagiri	Purchase Department Manager
9. Mr. Kritsana	Chatchaivorawong	Internal Audit Control 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. Pensak	Plavuthithothai	Fan and Water Pump Production Department Manager
14. Mr. Pornthep	Subromyeon	Refrigerator Production Department Manager
15. Mr. Mongkol	Thadtayatikom	Quality Assurance Department Manager
16. Mr. Vinij	Phomma	Tool and Plastic Production, Department Manager

(*Executive means the manager or the next four executives succeeding the department manager as the Company's organization chart on April 1, 2014.

The Company Secretary

The Board of Directors appointed Ms.Pojana Tinnaworn as a Company Secretary since May 25 , 2012 to the Securities and Exchange Act (No.4) B.E.2551 Section 89/15 and 89/16, such person through training courses "The Company's Secretary 47/2012" by the Thai Institute of Directors

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. Orientation and advise the new director
5. Contact to the regulatory agencies such as the Stock Exchange of Thailand
6. Disclosure and reporting information to the regulatory agencies and public should be a specified by law.
7. Operate the act as assigned by the Board of Directors.

Remuneration for Directors and Executives

Directors' remunerations

The Company paid a monthly fee and meeting attendance fee for during April 2013 -March 2014, details of the directors' remunerations are as follow :

	Directors		Position	Committee					Remuneration
				BOD	EDC	AC	PPC	NRC	Baht 2013
1.	Mr.Praphad	Phodhivorakhun	Chairman of Board of Directors	✓	✓			✓	504,000
2.	Mr.Sadahiro	Tomita	Vice Chairman	✓	✓		✓	✓	510,000
3.	Mr.Supachai	Setasathira	Director	✓	✓				264,000
4.	Mr.Takenori	Adachi	Director	✓	✓		✓		330,000
5.	Mr.Ryuzo	Kuro	Director	✓					254,000
6.	Mr.Komol	Vongsthongsri	Independent Director	✓		✓		✓	762,000
7.	Mr.Chackchai	Panichapat	Independent Director	✓		✓		✓	686,000
8.	Mr.Arthakrit	Visudtibhan	Independent Director	✓		✓	✓		571,000
9.	Mr.Manu	Leopatrote	Independent Director	✓			✓	✓	438,000
10.	Pol.Maj.Gen.Sahaschai	Indrasukhsri	Independent Director	✓			✓		284,000
11.	Mr.Minoru	Hagiwara	Director	✓					230,000
12.	Mr.Yuji	Suwa	Director	✓					206,000
13.	Mr.Tadachi	Matsumoto	Director	✓					206,000
14.	Mr.Praphon	Potivorakun	Director	✓					240,000
15.	Mr.Tanabodee	Kusinkert	Director	✓					264,000
	*Mr.Tadashi	Kawagoishi	Director						10,000
	*Mr.Hideaki	Nagotomo	Director						10,000
	*Mr.Yoshifumi	Beppu	Director						10,000
Total									5,779,000

Remark: The directors was resigned The meaning of meeting of each committee

BOD = The Board of Directors

EDC = The Board of Executive Directors

AC = Audit Committee

PPR = Product Pricing Committee

NRC = Nomination and Remuneration Committee

Management's Remuneration

During April 2013 - March 2014, the remunerations for 6 Executives (Executive directors and Executive managers) for remunerations (i.e. salary and other) are 22.49 million baht.

Manpower

As of 31 March 2014, the company has 2,089 permanent employees detailed as follows:

- | | |
|--|---------------|
| 1. Permanent manpower at production | |
| 1.1 Fan and Water Pump Production Department | 511 persons |
| 1.2 Refrigerator Production Department | 1,161 persons |
| 1.3 Too and Plastic Production Department | 203 persons |
| 2. Permanent manpower at production support | 81 persons |
| 3. Permanent manpower at administration | 133 persons |

Payroll for Employee

In the fiscal year 2013, the total remuneration was 795.23 million baht that included salary, wages, overtime and bonus. In addition, the Company has provided welfare for employees such as provident funds, medical expenses, traveling expenses and lunch expenses, etc

Employee Development Policy

The Company is always alert to develop the capability of employee to support the sales expansion plan in domestic and overseas markets. New technology and materials are also applied for improving skill and building competency of employee. The Company realizes the value of employee development and set up the training section to mainly create the appropriated training program linked with the mission of each department, for example;

1. The internal training, the Company will survey on training needs from employees at all levels of management policy in the year. The movement of the market conditions and external society, the annual training plan invited speakers with knowledge and ability of organizations, institutions, both domestic and overseas. In education to employees at various levels continuously every year.

2. Delivery staff technical training, management etc. with the enterprise and external institutions according to the talents.

3. Delivery management and employees to visit, seminar or overseas training both short and long term. In the course of technical and professional management, operation safety, occupational health and environment at the parent company, Japan to increase the availability and learning. How Know and new techniques

4. Project scholarships to children employees continuously every year.

In addition to training and development to enhance the skills, knowledge and ability of the employees above and to build morale and motivation to employees at all levels. The company has set the rules management level and position clearly as incentives to promote and support the development has the potential in the work. The advancement of position, according to the knowledge and ability, work experience of employees.

Corporate Governance

Policy on Corporate Governance

The Company is determined to operate business in a fair, transparent and examinable manner under its corporate governance policy. The Board of Directors and the Board of Executive Directors adopt and direct the operational policy of the Company by giving importance to internal control and audit systems and supervising management to ensure that the Company's objectives and policies are efficiently satisfied within the purview of the laws and the code of business ethics.

In fiscal 2013, the Company duly complied with the five categories of corporate governance principles as follows:

1. Rights of Shareholders

The Company recognizes the rights of shareholders to access correct and adequate information of the Company on a timely and equal basis. To such end, a shareholders' meeting is set to be held at an easily accessible venue, primarily for shareholders' convenience, to allow for the shareholders to attend and exercise their right at the meeting in an equitable manner. Those who are not convenient may appoint a proxy or any of the Company's independent directors, who also are members of the Audit Committee, to attend the meeting and cast votes on their behalf. Moreover, the Company's information is made available through the Stock Exchange of Thailand's SET Portal Straight Through system. The Company submits notice of the shareholders' meeting together with documents containing complete and sufficient information for the meeting to the shareholders in advance as required by laws and also providing important details of the proposed issues, rationale and necessity, and opinion of the Board of Directors. In 2013, the Company convened one annual general meeting of shareholders on Wednesday, July 25, 2013 to enable the shareholders to consider, comment or vote on the proposed issues properly at the meeting. Members of the Board of Directors, the Audit Committee and other board committees, including the certified public accountants and the management of the Company, presented at the meeting to answer all queries raised by the shareholders on an equitable basis. The Board of Directors establishes that minutes of the shareholders' meeting are prepared and made available on the Company's website within 14 days after the meeting date.

2. Equitable Treatment of Shareholders

The Company fully conforms to the code of best practices in relation to rights of the shareholders. In particular, the shareholders were given the right to propose agenda items for the annual general meeting and/or to nominate candidates for director election for 2013 and 2014 in advance, thus signifying a fair treatment of all shareholders. For the previous 2013 Annual General Meeting of Shareholders, the Company arranged for the shareholders to propose agenda items for the said meeting and/or nominate qualified persons for director election in advance during March 18-April 10, 2013 and so notified the shareholders through the SET. Moreover, the Company posted information on its website at www.mitsubishi-kye.com, giving details about the procedure and method of consideration in a clear and transparent manner. For the previous 2013 Annual General Meeting of Shareholders, none of the shareholders proposed agenda items for such meeting and/or nominated qualified candidates for director election.

As for the 2014 Annual General Meeting of Shareholders, scheduled for this July, the Company has similarly given the shareholders the right to propose agenda items for the meeting and/or to nominate candidates for director election in advance, by forwarding their proposed agenda items and director nomination to e-mail address at information@kye.meap.com or by fax or registered mail during March 19-April 16, 2014, the matter of which was already notified by the Company to the SET., no shareholder proposed any agenda/director candidate.

3. Roles of Stakeholders

The Company is aware of and attaches importance to rights of all groups of stakeholders both in and outside the organization, including customers, shareholders and employees, in accordance with good corporate governance practices. The Company holds various meetings such as shareholders' meetings, meetings with customers and with vendors in order to strengthen mutual relationships to ensure fairness of price negotiation, and meetings with the Company's labor union. By doing so, all groups of stakeholders can be favorably treated and good relationships can be maintained between the Company and each group of stakeholders, as follows:

Shareholders

The Company recognizes the caring and respect for rights of the shareholders in accordance with corporate governance principles, as described in the topics 'Rights of Shareholders' and 'Equitable Treatment of Shareholders.'

Employees

1. Employees are provided with fair and reasonable compensation and welfare as follows:
 - Staff shuttle buses are provided for employee transport between the office and pick up destination near their residential areas.
 - There is a company canteen offering hygiene food at a reasonable price.
 - Annual scholarships are granted to employees' children from elementary school to bachelor's degree levels.
 - Other fringe benefits are also offered to employees at all levels, comprising wedding celebration, maternity leave, assistance in case of death of employees or any of their family members, provident fund, yearly health check-up, and savings cooperative.
2. A safe workplace has been maintained to ensure security of employees' life and properties.
3. Employee promotion, rotation, rewarding and punishment are conducted in a fair and ethical manner based primarily on the individual employees' educational background, competence and justification.
4. Importance is given to employees' equal opportunity of knowledge, capability and skill development on a consistent basis.
5. All applicable employee-related laws and regulations are strictly observed.

Customers

1. Products of the quality that meets or exceeds customers' expectation are delivered to customers under fair terms and conditions.
2. Customers are provided with correct, adequate and up-to-date information about products and services to be a basis for their buying decision. No exaggerated message shall be sent, whether through advertising or any other communication media, which could cause misrepresentation of quality, quantity or any conditions about the products and services among the customers.
3. Customers' confidential information is strictly treated and is not unethically used for personal benefit or for the benefit of any related party.
4. Customers' requirements are promptly satisfied and an efficient communication system and channel is provided for customers to file their complaints about product and service quality.

Trade Competitors

1. The Company abides by the fair competition rules.
2. The Company will not acquire its competitors' trade secrets by any unlawful or improper means.
3. The Company will not defame its competitors with any false or unethical accusation.

Business Partners and/or Creditors

1. Creditors are treated fairly and equitably with fair benefits to both parties.
2. All agreements and agreed terms and conditions are strictly honored. In the case where any condition cannot be fulfilled, the Company will promptly notify its business partners and/or creditors in order to jointly seek remedial measures.
3. In making any business deal, a demand, receipt or seeking of any improper benefit must be avoided.
4. If any such demand, receipt or seeking of improper benefit is discovered, it must be notified to the creditors in order to jointly solve the problem in a fast and fair manner.
5. A correct, complete and punctual financial report must be regularly submitted to the creditors.

Society and General Public

1. The Company has inculcated in its employees the social and environmental awareness and responsibility in accordance with the ISO 14001 standard.
2. The Company is responsible for and committed to preserving the environment as well as the custom and tradition of the local communities where it operates.
3. The Company regularly implements activities, both on its own and through joint effort with the government sector, for the development of the society, community and environment so as to upgrade quality of life in the communities where it operates.
4. Attempts are made to prevent an accident and control waste discharge to be better than the acceptable level.
5. The Company will promptly and efficiently address any issue arising from its operation that affects the environment and the community and will fully cooperate with the government sector and other concerned agencies.

4. Information Disclosure and Transparency

The Company has disclosed information as required by the SET such as financial reports, changes of directors and members of board committees, approval of connected transactions, etc. via the SET Portal Straight Through system after every Board of Directors' meeting or shareholders' meeting, and already published such information in the annual report (Form 56-2) and annual registration statement for 2013 (Form 56-1). Investors can also ask for more information by contacting its Investor Relations Division at telephone number 02-337-2900 ext. 510 or at e-mail: information@kye.meap.com.

5. Responsibility of the Board of Directors

The Company operates business by upholding the code of business ethics and business administration philosophy and is well aware of its corporate responsibility for the society at large. It encourages the directors, the management and all staff members to discharge duty under eight aspects of business ethics, encompassing compliance with laws, respect for human rights, contribution to society, creation of unity in the local community, participation in environmental problem solving, awareness of one's duty as a workplace member, promotion of good cooperation with stakeholders, and management of conflict of interest by putting in place a rigid control process to ensure a fair and transparent business operation.

At present, five out of the total 15 board members of the Company are independent directors, which is in compliance with the corporate governance practices requiring that at least one-third of total number of directors should be independent directors. This helps to ensure that the shareholders' rights and benefits will be taken care of and the Company's benefits fully protected. It also leads to checks and balances in the board structure since 10 of them are non-executive directors and five are executive directors. Under such board composition, the non-executive directors are able to render opinion fully and independently in the consideration on all issues at the board meeting.

The Company has segregated the position, power and duty, and persons between the board chairman and the president in order to maintain checks and balances between them. It also established the Board of Executive Directors to consider crucial matters with due care and for the utmost benefit to the Company.

In fiscal 2013, the Company held a total of six Board of Directors' meetings. Meetings of other board committees consisted of five meetings of the Audit Committee, three meetings of the Product Pricing Committee, and two meetings of the Nomination and Remuneration Committee, whereas the Board of Executive Directors held the meeting twice a month in order to enable the Company to carry on its operation with flexibility and efficiency. Most of the directors regularly attended the meeting. Details of meeting attendance by the individual directors are as tabulated below:

Information as at March 31, 2014
No. of attendance/No. of meetings held

Board of Directors		BOD	AC	PPC	NRC	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. Supachai	Setasathira	6/6				6/6
4. Mr. Takenori	Adachi	6/6		3/3		9/9
5. Mr. Ryuzo	Kuro	6/6				6/6
6. Mr. Komol	Vongsthongsri	6/6	5/5		2/2	13/13
7. Mr. Chackchai	Panichapat	6/6	5/5		2/2	13/13
8. Mr. Arthakrit	Visudtibhan	5/6	4/5	3/3		12/14
9. Mr. Manu	Leopairote	6/6		3/3	2/2	11/11
10. Pol. Maj. Gen Sahaschai	Indrasukhsri	5/6		2/3		7/9
* 11. Mr. Minoru	Hagiwara	5/6				5/6
* 12. Mr. Yuji	Suwa	4/6				4/6
* 13. Mr. Tadashi	Matsumoto	4/6				4/6
14. Mr. Praphon	Phodhivorakhun	5/6				5/6
15. Mr. Tanabodee	Kusinkert	6/6				6/6

Note Definition of each committee meeting:

* = These directors live abroad and provide technology and overseas marketing support for the Company and, therefore, were unable to join all meetings.

BOD = The Board of Directors

AC = Audit Committee

PPC = Product Pricing Committee

NRC = Nomination and Remuneration Committee

Board Committees

The Board of Directors appointed four board-level committees to help study and scrutinize matters as deemed necessary, details of which are as follows:

1. **Board of Executive Directors** was appointed by the Board of Directors, composed of four members:

- | | | |
|-----------------|----------------|---|
| 1. Mr. Praphad | Phodhivorakhun | Chairman of the Board of Executive Directors |
| 2. Mr. Sadahiro | Tomita | Vice Chairman of the Board of Executive Directors |
| 3. Mr. Komol | Vongsthongsri | Executive Director |
| 4. Mr. Takenori | Adachi | Executive Director |

Authorized signatories: Either Mr. Praphad Phodhivorakhun or Mr. Komol Vongsthongsri is authorized to co-sign with either Mr. Sadahiro Tomita or Mr. Takenori Adachi, making up two authorized persons, with the Company's seal affixed.

Duty and Responsibility of the Board of Executive Directors It has duty to manage the Company on behalf of the Board of Directors, determine all policies, monitor and supervise the management to ensure the established policies are fulfilled, and report the results to the Board of Directors.

2. **Audit Committee** was appointed by the Board of Directors, composed of three independent directors:

- | | | |
|------------------|-------------|---------------------------------|
| 1. Mr. Chackchai | Panichapat | Chairman of the Audit Committee |
| 2. Mr. Arthakrit | Visudtibhan | Member of the Audit Committee |
| 3. Mr. Tanabodee | Kusinkert | Member of the Audit Committee |

Duty and Responsibility of the Audit Committee It has duty to review the adequacy of the Company's internal control and management system and risk management system established by the management, review financial information, review the Company's legal and regulatory compliance to ensure the Company has in place a good corporate governance system and an appropriate, efficient and effective management as specified in the Audit Committee Charter, and then report the results to the Board of Directors.

3. **Nomination and Remuneration Committee** was appointed by the Board of Directors, composed of five members:

- | | | |
|-----------------------------|----------------|---|
| 1. Mr. Manu | Leopairote | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Praphad | Phodhivorakhun | Member of the Nomination and Remuneration Committee |
| 3. Mr. Sadahiro | Tomita | Member of the Nomination and Remuneration Committee |
| 4. Mr. Chackchai | Panichapat | Member of the Nomination and Remuneration Committee |
| 5. Pol. Maj. Gen. Sahaschai | Indrasukhsri | Member of the Nomination and Remuneration Committee |

Duty and Responsibility of the Nomination and Remuneration Committee

1. To establish, and ensure clarity and transparency of, the policy, rule and method for nomination and remuneration of the Directors, Executive Directors and members of other board committees and propose for the Board of Directors' approval.
2. To nominate, select and propose qualified persons, as defined by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), to serve as the Directors, Executive Directors and members of all board committees for approval by the Board of Directors.
3. To review the structure of the Board of Directors and remuneration in conformity with changes in rules and regulations of the SEC and the SET by basing on the core structure of the Board of Directors, Board of Executive Directors and all board committees, and to review and ensure that it fits with the Company's business status and is commensurate with their duties and responsibilities for further approval by the Board of Directors.
4. To review and amend the NRC Charter to conform to changes in rules and regulations of the SEC and the SET.
5. To perform any tasks as assigned by the Board of Directors and concerned with directors' nomination and remuneration.

4. Product Pricing Committee was appointed by the Board of Directors, composed of five members:

Group 1 Two committee members who represent the stakeholders, namely Kang Yong Electric Plc. and Mitsubishi Electric Kang Yong Watana Co., Ltd.:

1. Mr. Sadahiro	Tomita	Member of the Product Pricing Committee
2. Mr. Takenori	Adachi	Member of the Product Pricing Committee

Group 2 Three independent directors:

1. Mr. Arthakrit	Visudtibhan	Chairman of the Product Pricing Committee
2. Mr. Manu	Leopairote	Member of the Product Pricing Committee
3. Mr. Tanabodee	Kusinkert	Member of the Product Pricing Committee

Duty and Responsibility of the Product Pricing Committee

- To monitor and ensure that the Company's management determines prices for Mitsubishi Electric Kang Yong Watana Co., Ltd. in compliance with the Company's pricing policy, whereby prices shall be set at standard production cost plus a weighted average margin on all product categories of at least 20%.
- To sign off every agreeable pricing with Mitsubishi Electric Kang Yong Watana Co., Ltd., whereby if there is any change in price that causes the Company to be unable to comply with the pricing policy, the Company shall add the standard production cost with an additional weighted average margin on all product categories of at least 10% and shall provide rationale thereof and seek unanimous approval from the Product Pricing Committee.
- To monitor and ensure that the Company's management implements the pricing policy with integrity and due care and for the benefit of the Company. In the event that the Board of Directors discovers any act or omission of an act that causes damage to the Company, the Board of Directors shall take action to ensure the Company is compensated for such damage.

Nomination and Appointment of Directors and Top Management

Nomination of Independent Directors

The Company considers its independent directors' qualifications based on the criteria set forth in notification of the Capital Market Supervisory Board, as follows:

1. Not holding shares more than 1% of the total number of voting shares of the parent company and its subsidiary, including shares held by related persons of the independent director.
2. Not being or having previously been an executive director, employee, staff or advisor who receives a regular salary of the Company or its subsidiary, or a controlling person of the Company or its subsidiary, unless the foregoing status ended not less than two years prior to the date of appointment.
3. Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, of executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiary.
4. Not having or having previously had a business relationship with the Company, its subsidiary, major shareholder or controlling person, in a manner which may interfere with the independent director's independent judgment; and not being or having previously been a substantial shareholder or controlling person of the Company, unless the foregoing status ended not less than two years prior to the date of appointment.

5. Not being or having previously been an auditor of the Company, its subsidiary, major shareholder or controlling person; nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment.
6. Not being or having previously been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its subsidiary, major shareholder or controlling person; and not being or having previously been a substantial shareholder, controlling person or partner of the professional advisor, unless the foregoing relationship ended not less than two years from the date of appointment.
7. Not being appointed as a representative of the Company's director, major shareholder or a shareholder who is a related person of the major shareholder.
8. Not conducting any business which is of the same nature as, or in competition with, the business of the Company or its subsidiary in material aspect; nor being a substantial partner of a partnership, or an executive director, employee, staff or advisor who receives a regular salary, or a shareholder holding more than 1% of the total number of voting shares of any entity whose business is of the same nature as and in competition with the business of the Company or its subsidiary in any material aspect.
9. Not possessing any other characteristics which lead the independent director to be unable to render independent opinion regarding business affairs of the Company and its subsidiary.

Nomination of Directors

In the appointment of directors, the Nomination and Remuneration Committee (NRC), whose three members, out of its total five members, are independent directors, has duty and responsibility for selecting and screening qualified persons as prescribed in the Company's Articles of Association and nominating the qualified persons based on the structure, size and composition of the Board of Directors. The Company provides an opportunity for the directors and minority shareholders to participate in nominating qualified persons within a specified timeframe and under the established conditions. Names of candidates proposed by NRC and minority shareholders will be considered through the nomination process, taking into account factors such as knowledge, competence and track record of the candidates. The said nomination is proposed to the Board of Directors for approval and then to the shareholders' meeting for further election of directors under the following rules:

1. Directors shall be elected at the meeting of shareholders under the following rules and procedures:
 - (1) A shareholder has votes equal to one share per one vote.
 - (2) In the director election, votes shall be cast for either an individual or total number directors to be elected at such meeting of shareholders, as deemed fit by the meeting. In the election of either an individual or several directors, each elected person shall receive votes from a shareholder in the full amount of shares held by that shareholder under (1). The shareholder shall not divide his or her votes to any person in any number.
 - (3) The candidates shall be appointed as directors in order descending from the highest number of votes received to the lowest, and in the number of directors required in such election. In the case where there is an equality of votes cast for candidates in lower order causing the number of directors to be greater than that required, the chairman shall have a casting vote.

2. In case of any vacancy of the Board of Directors occurring for any reason other than by rotation, the Board of Directors may elect any person having qualifications and not possessing any prohibited characteristics prescribed in Section 68 of the Public Limited Companies Act B.E. 2535 as amended by the Public Limited Companies Act B.E. 2544 as director to fill the vacancy in the next meeting.

Resolution of the Board of Directors in the first paragraph shall be passed by a vote of at least three-fourths of the total number of remaining directors. Nomination of candidates for director election shall be considered by the Nomination and Remuneration Committee before proposing to the meeting of shareholders to pass a resolution thereon, as the case may be.

Monitoring of Associated Companies

The Board of Directors has a mechanism for overseeing and controlling associated companies with responsibility for their operation in order to protect the Company's interest in such investment. The meeting of the Board of Executive Directors shall appoint a director or executive as representative of the Company to serve as director of its associated company, having duty to determine policies that are crucial to business operation, give approval, express opinion and follow up on the operation of such entity.

Control of Insider Information

The Company has in place measures for managing security of its confidential business information, including not only trade secrets but also other material information, so as to prevent any leak of such information as well as prevent any executive or work unit that has access to insider information from disclosing it to any third party or any person unrelated to the Company's business, except for the top executives or the persons designated by the Company. The said measures help to prevent the use of insider information for personal benefit or for the benefit of other parties, whether directly or indirectly.

In addition, the Company discloses the holding of securities by its directors, top management and finance department manager in the annual report. Any change in such securities holding shall be reported to the SEC in accordance with Section 59 of the Securities and Exchange Act, and also notified to the Company Secretary for preparing a report on change of securities holding and outstanding amount of securities holding by the directors and top management for further submission to the next meeting of the Board of Directors.

Auditor's Remuneration

1) Audit fee

The Company paid an audit fee for the past year to KPMG Phoomchai Audit Ltd., with which its auditor was working, in a total amount of 1,148,810 baht.

2) Non-audit fee

The Company paid a non-audit fee for a transfer pricing report to KPMG Phoomchai Tax Ltd., which is a related company of the said audit firm, for the past year in a total amount of 192,000 baht, and will pay 464,148 baht in the future for services that have not yet been completed in the past fiscal year.



Unlock the legendary success of Kang Yong Electric Public Company Limited, where honesty to customers, business partners and employees are the keys for building sustainable growth and where perseverance has been the cornerstone of prosperity for the past 50 years.





Corporate Social Responsibility (CSR)

Overall CSR Policy

The Company is well aware that the key factors contributing to a corporate success and sustainable development are gauged not only by profit and financial performance but also by value and benefit the Company can create for consumers and the society at large. As such, corporate social responsibility, or commonly cited as CSR, plays a pivotal role in the conduct of business and the survival of organizations in all sectors. The Company therefore incorporates CSR into one of its key management policies, titled “Enhancement of Business Security and Stability.” The objective is to strengthen its management system fundamentals, encompassing quality system, environment, safety standard, legal compliance, code of conduct, corporate governance, corporate social responsibility, and fair treatment of stakeholders such as employees, customers, trade partners, shareholders and social community.

Having embedded CSR principles into its operation so as to enhance the overall management system, the Company has subsequently received distinguished awards from government agencies and internationally accepted organizations. These awards bear testimony to the Company’s achievements in workplace operation, employee caring, energy and environment conservation, and best home appliances design with highest safety standard.

- Outstanding Workplace Award for Labor Relations and Welfare from Department of Labor Protection and Welfare, Ministry of Labor, received for seven consecutive years from 2007 to 2013
- Certificate and Shield for Class 4 Green Culture Award from Department of Industrial Works, Ministry of Industry, granted on December 18, 2012



- Gold Trusted Brand Award from Reader’s Digests
- Good Design Award for refrigerators in 2008, 2010 and 2011 from Japan Industrial Product Design Promotion Organization, with “G Mark” which represents excellence in design





“CSR” Practices according to the SET’s principles are divided into eight categories as follows:

1. Fair Business Operation

The Company is steadfast in conducting business ethically and transparently based on its management philosophy with awareness of corporate responsibility for the society at large. It encourages the directors, management and all staff members to perform duty under the code of ethics, which the Company first communicated to its employees in 2007 and has revised from time to time to suit the circumstances.

1.1 Fair Competition

- The Company adheres to the principle of conducting business in conformity with rules and laws governing trade competition and monopolization, both domestically and overseas.
- The Company adopts clear practices, particularly regarding its business competitors, by stressing its role as a manufacturer who upholds fairness practice, whether in absence or presence of its competitors. Moreover, the Company avoids any act that will infringe upon or cause a conflict in any aspect whatsoever with its rival companies, whether directly or indirectly; or any conspiracy to perform any act that gives rise to unfair competition for other producers; or any conspiracy with some other competitors to perform any act that provides an unfair advantage for them but causes damage to other parties with respect to products, product prices, manufacturing, salability, or sale terms and conditions. The Company promises that any such conspiracy act, whether in writing or verbally, will absolutely never take place.
- The Company upholds its own entrepreneurial honor and dignity in its capacity as manufacturer and endeavors to create intellectual property to which it shall be entitled provided that it duly complies with the applicable laws, whether Thai or foreign, without violating any intellectual property rights of other parties under any circumstances.

1.2 Responsibility for Supply Chain

The Company has systematically, scrupulously and clearly formulated a socially responsible procurement policy, entailing procurement control, supply source assessment, supplier selection, and so on. In doing so, it adheres to the ethical standards on “discharge of duty with integrity and righteousness while maintaining cordial relationship with business partners” through mutually supporting cooperation as if being on the same foundation in terms of technology, safety, output expansion, environmental problem reduction, and quality standard upgrade.

2. Anti-Corruption

The Company has issued corruption prevention best practices in line with the code of ethics No. 6 Re: “Awareness of One’s Duty” and No. 8 Re: “Tackling of Conflict of Interest,” covering matters such as treatment of the Company’s properties and information and prevention of the use of power and duty for personal benefit or for the benefit of one’s associates by adopting the principle for conducting business in a fair, transparent and examinable manner.

Translating Code of Ethics into Practice

- Personnel and Training Section has formulated plans for training of all staff members on the code of ethics, aiming to instill in them the ethical standards in performing duty and enable them to apply the code efficiently to their work.
- The Company makes available channels for all groups of stakeholders to report any incident or activity that could lead to a breach of laws, rules, regulations and/or moral and ethical standards and, hence, will create damage to the Company. Under the guidelines that are communicated to them on a yearly basis as usual, those who come across any such misconduct shall gather as much information, clue and evidence as possible and forward them in documented format directly to the Company at the following address:

To: Chairman of the Board of Directors and/or President
Kang Yong Electric Plc.
P.O. Box 49, Bangna Tower 10541

Such information will be directed to the Chairman and/or President and be treated in strict confidence in order to protect, and prevent against any adverse impact on, the reporter. They will take investigative action in a fair manner by basing on the obtained information and evidence and decide on how to solve or deal with such issue without delay and as deemed appropriate. To ensure that the information is reported with sincerity and to certify that it is truthful information, the reporter is to clearly indicate his/her full name and contact address. The Company may ask for more details from the reporter if deemed necessary. In the past year, there was no such information reported to the Company.

3. Respect for Human Rights

The Company operates business by fostering respect for human rights without discrimination as to nationality, race, religion, social status or disability of its employees. It makes certain that no harassment or discriminative action takes place, while upholding a fair practice and ensuring job security for employees at all levels. Job opportunities are provided for non-Thai labor and the disabled alike, based on the labor



structure under Thai labor laws. Moreover, the Company allows for its employees to set up a labor union to protect and arrange for proper staff welfare and employment conditions. The Company meets with the labor union on a monthly basis, having a common goal to improve the quality of working life and build up good labor relations between the Company and the employees. As a testament to its relentless efforts in this issue, the Company has received the Outstanding Workplace Award for Labor Relations and Welfare for seven consecutive years from Department of Labor Protection and Welfare, Ministry of Labor.

4. Fair Treatment of Labor

Salary and Welfare

The Company has adjusted its salary structure to be compatible with competition in the labor market and to a rate above the authority's minimum wage payment. It engaged an external consultant to conduct a survey of pay structure to ensure fair compensation. Employees are also provided with basic welfare, including medical care, educational funds for employees' children, annual health check-up, etc. To improve employees' quality of life above the average level, the Company offers additional benefits apart from the basic welfare by, for example, arranging an outdoor market to sell cheaply priced products to employees to help relieve their financial burden, arranging recreational activities for skill development and entertainment purpose which will have positive effects on their mental and physical wellness, etc.

Occupational Health and Safety

The Company is always aware that employees are a group of people who are the key to moving the organization forward to a success and prosperity. As such, a top priority is given to their safety from the moment they leave their residence for the workplace and vice versa, as well as while at work. Employee security is thus ensured, divided into two parts:

1. Occupational Health, Safety and Environment The Company incorporates the following activities into the yearly policy and action plan so that the executives, supervisors and staff at all levels will work together to achieve the established goals:

- The 5S and Kiken Yoshi Training (KYT) programs are used as a basis for rectifying any risk-prone area. The Safety Committee, composed of senior executives and supervisors at all levels, and the labor union of the Company regularly inspect all working areas and ensure that personal safety equipment is strictly used in risk-prone areas in order to achieve the "zero accident" target.
- All systems and measures are improved to prevent any danger from machinery, tools, chemicals and hazardous materials. Staff are supervised and trained about how to use newly procured tools and machines with new technology so as to mitigate risks at the medium level or higher. Risks at all levels across the organization are contained, with the concerned staff assigned to perform this task in a bid to prevent any danger and, at the same time, develop knowledge for sustainable risk control.
- Promotion and training about essential knowledge are provided for all staff members so as to create an awareness of serious attempts in the control and maintaining of occupational health, safety and environment.

2. Safety Outside Office Hours Since the individual employees are deemed as a tower of strength for their family, they must be both mentally and physically healthy to always be ready for their work, especially for those who work in risk-prone and unsafe areas or even those whose working areas are risk-free. The Company provides welfare and arranges health-concern activities for the employees such as anti-drug sports competition, anti-drunk driving campaign, and random drug and alcohol testing on staff shuttle bus drivers, which is consistently conducted to ensure the highest safety.

5. Responsibility for Consumers

The Company adopts a policy on customer satisfaction management, which entails the following concept:

Q: Quality : Manufacture products of high quality

D: Delivery : Ensure product delivery of the type, in the quantity and by the time desired by customers

C: Cost : Offer products at a reasonable cost

Therefore, the Company strives to achieve maximum customer satisfaction by offering quality products and after-sales services and providing product and service warranty under specified terms and conditions, together with product liability insurance. It also complies strictly with internationally accepted standards in manufacturing and management to build customer confidence.

The Company has obtained the following certifications:

- Quality Management Standard (ISO 90001: 2008)
- Environmental Management Standard (ISO 14001: 2004)
- Manufacturing standard “NSF 169 - Special Purpose Food Equipment and Devices” of the National Sanitation Foundation or NSF, applicable among North American countries
- Product safety standards as regulated by each importing country, IEC Standard and Thai Industrial Standard (TIS)

In addition, the Company is aware of and assigns top priority to consumer security that could be threatened by pollutants resulting from the use of hazardous substances. It has announced to the public that banned substances that are harmful to consumers are absolutely not used by the Company (RoHS Directive: Restricted Use of Hazardous Substances for Electrical Appliances). The standards imposed by EU and Japan are also applicable to products sold in Thailand to ensure that all of the Company’s products are free of harmful toxic substances, which is the same practice as that adopted by EU countries.

The Company is committed to gratifying customers by making spare parts available throughout the useful life of the products sold so that customers will be satisfied with their investment in the Company’s products and can rest assured that they can certainly find spare parts to replace the items damaged from normal usage or by time. The Company also keeps a stock of parts to satisfy customers’ needs for obsolete products.

On the side of energy saving, the Company is strongly determined to be among the leading producers that offer the most energy-efficient products to push for an upgrade of the No. 5 energy-saving standard applicable in the country for the optimum benefit of consumers in the future.

6. Environmental Management

Recognizing how significant the environment is, the Company has clearly set a policy and goal on environmental management and has a process to make yearly review for further development. The Company also establishes that it is the duty of employees at all levels to translate such policy into practice.

The Company’s environmental management policy has been based upon its business philosophy, “KYE is committed to building a well-balanced society through continuous environmental conservation and development by applying the environmental management system under ISO 14001 standard to the Company’s overall management system.” The key elements of environmental conservation activities are incorporated into the operating system as follows:



- Prevention of global warming (E: Energy) by promoting energy-saving in a factory, manufacturing process, and designing of energy-efficient products.
- Promotion of resource-saving (M: Material) by reducing industrial wastes and reusing waste materials, as well as reducing wastes and scraps left from production process.
- Prevention of pollution (T: Toxicity) by properly controlling chemicals, reducing the use of hazardous and toxic chemicals, and conserving a community environment through control of disturbing noise and vibration.

In addition, the Company joined in presenting environmental improvement activities at the Environment Asia Meeting with a number of Mitsubishi Electric group members. This is an international environment forum that allows for an exchange of techniques and approaches so that participants can adapt the new knowledge learned to their companies.

Energy Conservation

Giving importance to, and recognizing benefit from, energy conservation, the Company has outlined a policy on energy conservation to serve as an operational guideline and promote energy efficiency and optimization. Since energy is deemed as a major cost of business operation, a successful energy saving or efficiency will be beneficial not only to the Company but to the society as a whole.

Projects with Continuous Improvement

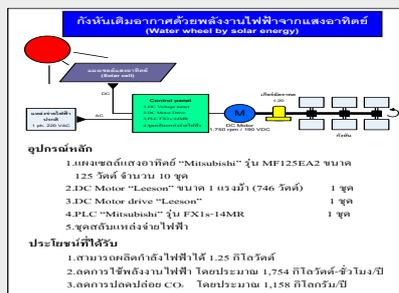
- Change from an HPS 250 watt lamp to a high efficiency lamp and T5 2x28 watt tube



- A project to apply the variable speed drive and PID controller to the Cooling Tower



- Installation of solar cells to drive water wheel in waste water treatment pond



Pollution Prevention

Pollution prevention is another main activity emphasized by the Company apart from the manufacturing activity. A waste water treatment system is set up to improve waste water quality to meet the effluent standard under Notification of Ministry of Industry No. 2 (B.E. 2539) before discharging to public canal. The waste water treatment system has a capacity of 400 cu.m./day. Waste water from production process is treated by a chemical process, while waste water from washing and cleaning as well as other water usages by employees is treated by bio technology.

7. Joint Development of Community and Society

Being aware of the importance of all sectors that have given continued support of its business operation, the Company consistently conducts a range of activities aiming not only to give back to the society, organizations, educational institutes and nearby communities but also to inculcate into its employees at all levels the sense of responsibility and participation in CSR activities, as follows:

- Provision of educational supports for bilateral students of six educational institutes in the Northeastern Region, comprising Nakhonratchasima Technical College, Sikhorphum Industrial and Community College, Surin Technical College, Kantharalak Technical College, Sisaket Technical College, and Sisaket Industrial and Community Education College. The activities include construction of classrooms equipped with teaching materials for them, provision of products manufactured by the Company and other “Mitsubishi Electric”



group members together with structural models of refrigerators, electric fans and water pumps, and arrangement of training programs on product knowledge and fundamental training courses on how to fix “Mitsubishi” products by dispatching its skilled engineering team to teach those students of all the six institutes on a continuous basis.

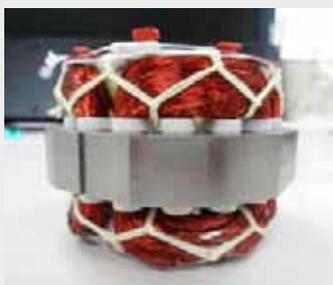
- Planting of Golden Shower trees in honor of His Majesty the King along the road on Soi Wat Si Wari Noi in collaboration with Tambon Bang Chalong Administration Organization, Bang Phli District, Samut Prakan Province, which is the community where the Company’s office and factory are located.
- Offering of refrigerators and electric fans to various government agencies in Samut Prakan Province as lucky draw prizes at every annual Red Cross Fair.
- Money donation for purchase of motorcycles for police patrol officers of Bang Phli Police Station.



8. Innovation and Publicizing of Innovative Events from CSR Activities

The Mitsubishi Electric’s ‘Changes for the Better’ slogan, which denotes a strong commitment to relentless development, emerges as the major drive for the Company’s dedication to and concentration on the use of innovation and new technology by embracing social and environmental responsibility and energy conservation through continual product quality development and review of manufacturing process for higher efficiency, as follows:

- Replacing the ozone layer depleting refrigerant (R134) used in the manufacture of refrigerators with an environmentally friendly R600 A to help reduce and prevent global warming.
- Developing a new model of electric fan motor.



Old Model



Newly Developed Model



The innovation of new motor model creates positive impacts as follows:

- Reducing the use of natural resources, i.e. copper wire.
- Ensuring higher safety with the separate coil winding structure that is less conducive to short-circuiting.
- Power saving.
- Enhancement of productivity and efficiency.
- Cancellation of the use of coil enamel to increase environmental friendliness.



Developing new manufacturing systems

The Company has streamlined its manufacturing system to a well-balanced production so that it could timely meet customers' demand, divided into:

- 1) Mixed Production System: A multi-model production, which is deemed as an identity of manufacturing process
- 2) Cell Production System: An end-to-end production

CSR Activities and Reporting

The Company has prepared a CSR report based on the Global Reporting Initiative (GRI) with due regard to stakeholders such as employees, customers, business partners, shareholders, social community and concerned state agencies, all of whom are crucial to a sustainable success. Stakeholder connecting is deemed as a significant practice, prompting the Company to recognize the correlation with social responsibility in different dimensions, whether economic, social or environmental aspects, and to emphasize more on reporting and disclosure of its CSR activities. For 2013, the Company already incorporated a CSR report as part of its annual report.

CSR after Process

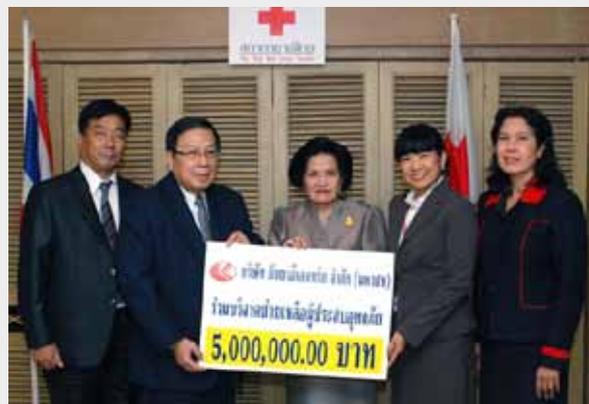
As a manufacturer, the Company is aware of the importance of all sectors which have provided continued supports for its business operation. Accordingly, the Company has continually implemented projects to give back to the society, organizations, educational institutes and nearby communities, and inculcated in all staff members a sense of social responsibility and participation in all CSR activities, including:

- Hosting of the yearly Krathin ceremony.





- Participation in presenting candles to the monks on every Khao Phansa Day with other Mitsubishi Electric group members and their staff.
- Donation to the yearly Royal Krathin fund through Samut Prakan government agencies.
- Participation in and sponsoring of activities organized by various schools and donation of sports equipment to them in collaboration with “Mitsubishi Electric Thai Foundation” and other Mitsubishi Electric group members.
- Joining with Tambon Bang Chalong Administration Organization in Big Cleaning event at communities and areas nearby KYE factory.



- Donation to victims of Typhoon Haiyan in the Philippines.







THE
POWER OF
GROWTH

Internal Control and Risk Management

The Company recognizes its role and duty in internal control monitoring along with risk management.

The Board of Directors set up and assigned the Audit Committee to be responsible for reviewing adequacy and appropriateness of internal control and risk management to ensure efficiency and effectiveness in a conduct of business or discharge of duty in compliance with the policies, Articles of Association, and resolutions of the Board of Directors and the shareholders, including the applicable laws, notifications and regulations.

The Company's internal control and risk management can be summed up as follows:

1. Internal Control

The Board of Directors appointed and assigned the Board of Executive Directors to undertake business administration of the Company on its behalf, as well as to determine policies and to oversee and ensure the management operates business in line with the established policies and then report the results to the Board of Directors.

The Company formulated the organizational structure by properly dividing the departmental administration based on duty and responsibility, consisting of departments such as General Administration, Marketing, Purchase, Production, Quality Assurance and others. Personnel, from operating staff to supervisory and executive levels, are recruited through a selection process based on the required knowledge and skill.

The Board of Executive Directors and executives at managerial and departmental levels are to map out yearly policies, objectives and targets and communicate them to staff members for further translation into practice in order to achieve such targets. To follow up on their performance, the Company establishes that meetings are held at all levels on a weekly, monthly, quarterly and semi-annual basis so as for the staff to report progress of their operation and for the executives to give assignments to ensure that the Company's goals and objectives are achieved.

The Company has an independent work unit handling internal audit and following up on other work units' operations in terms of internal control and compliance with applicable laws. Such internal audit unit shall implement an annual audit plan, a corrective action follow-up plan, and a situation audit plan as approved by the Audit Committee and shall report the audit results directly to both the Board of Executive Directors and the Audit Committee for acknowledgement and consideration, as well as report any urgent issues in its capacity as Secretary to the Audit Committee. The Audit Committee shall then take note of the reports and render its opinion and suggestion on further corrective measures to the Company or the management.

The Audit Committee shall review financial reports and connected transaction reports that have been proposed by the management and already reviewed by the external auditor on a quarterly and yearly basis. Results of such review by the Audit Committee are also proposed to the meeting of the Board of Directors for acknowledgement and consideration on a quarterly basis and published in the Audit Committee's yearly report.

2. Risk Management

In risk management in the past fiscal year, the management reviewed risk identification, risk assessment and risk management, as well as risk assessment forms to fit with the Company's policies and cover all of the corporate targets.

Risk Management Committee reviewed risk identification and risk level assessment, including risk management measures, of working groups in all departments of the Company. It also reviewed risk management to ensure efficiency and suitability with the organization, followed up closely on risk management performance, and reported risk management activities of all departments to the Audit Committee and the Board of Directors for acknowledgement and consideration.

For 2013, the Board of Directors and the Audit Committee expressed opinion on adequacy and appropriateness of the Company's internal control and risk management systems at the meeting of the Board of Directors on May 28, 2014. It was thereby agreed that, in overall, the Company has in place a good corporate governance system, efficient management, adequate internal control that is appropriate for business operation, effective risk management, accurate and reliable accounting system and financial reports, and strict compliance with the applicable laws, rules and regulations, without any deficiency in the internal control system that could cause a material impact on the Company.

The Company is confident that all above measures will enable it to have efficient internal control and risk management systems under corporate governance principles.

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. The summarized report was as follows :

1. Financial Statement Review

Audit committee had reviewed important information of quarterly financial statement and annual financial report for the fiscal year 2013 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.

2. 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.

3. Internal Control and Internal Audit Review

Audit Committee had considered and agreed with annual audit plan of internal audit section for fiscal year 2013 (Total 7 major auditing jobs and sub 4 auditing jobs). 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 operating 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.

4. 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 fiscal 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.

5. Consideration of Connecting Transactions 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 2013 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 (The details as shown in the Annual Report 2013).

6. Meeting of Audit Committee

In previous fiscal year 2013, There were 5 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 2013 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

31st March 2014

Connected Transaction

Relationships with related parties of 2013 and 2012 fiscal year were as follows:

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2013	2012	
1	Sale of Product and Spare part						
1.1)	Mitsubishi Electric Corporation (MELCO)	Japan	Parent, 40.81% shareholding	Sale of Product and Spare part KYE sell electric home appliance products, comprising electric fans, exhaust fans, refrigerators, water pump, hand dryer and spare part to related parties company	3,696.86	4,231.08	Since the Company are manufacturing and distributing household electrical appliances under the "Mitsubishi Electric" trademark which MELCO as a major shareholder, MELCO has determined the policies of market segmentation and distribution routing clearly by distribution of the products through subsidiary or associated company of MELCO which are specialist distributors. Its shall get benefit of sales growth throughout. Therefore it is reasonableness of such transaction.
1.2)	Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	Thailand	A subsidiary of the Company's parent and common directors (MELCO was MKY 48.5% shareholding)		2,938.97	3,356.59	
1.3)	Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	Japan			98.23	238.00	
1.4)	Mitsubishi Electric Taiwan Co., Ltd. (MSB.Taiwan)	Taiwan			10.27	9.15	
1.5)	Mitsubishi Electric Asia Pte. Ltd. (MEAP)	Singapore			174.88	290.65	
1.6)	Mitsubishi Electric Australia Pty.Ltd. (MSB.Australia)	Australia			212.29	197.87	
1.7)	Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) Ltd. (MLH)	Hongkong	A subsidiary of the Company's parent		358.51	372.77	
1.8)	Mitsubishi Electric Sales Malaysia Sdn.	Malaysia			222.16	249.83	
1.9)	Mitsubishi Electric Vietnam Co., Ltd.	Vietnam			355.29	302.15	
1.10)	PT. Mitsubishi Electric Indonesia Co., Ltd.	Indonesia			38.27	-	
1.11)	International Elevator & Equipment Inc.	Philippines			2.85	-	
1.12)	Mitsubishi Electric Trading Corporation. (MT)	Japan			-	2.90	
1.13)	Melco Trading (Thailand) Co., Ltd.	Thailand			9.30	5.54	
1.14)	Mitsubishi Electric Thai Auto Parts, Co., Ltd.	Thailand			2.91	-	
1.15)	Smile Super Express Co., Ltd. (SSE)	Thailand	Associate, 33.33% shareholding. Common director was Mr.Supachai Setasathira		0.53	-	

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2013	2012	
2	Procurement parts and raw materials			Procurement parts and raw materials	1,122.36	1,462.44	
2.1)	Thai Refrigeration Components Co., Ltd. (TRC)	Thailand	Common director was Mr. Praphad Phodhivorakhun	Evaporators used for assembly refrigerator	21.43	33.20	The Company had necessity to purchase parts and raw materials from related companies. As its has produced of electrical appliances under the standard of "Mitsubishi", for procurement from MELCO's subsidiaries in massive quantity which helps to reduce production cost and controllable as the quality standard specified.
2.2)	Kulthorn Kirby Public Company Limited (KKC)	Thailand		Compressors for assembly refrigerator	143.79	215.80	
2.3)	Mitsubishi Electric Asia Pte.Ltd. (MEAP)	Singapore		Electronic parts used for assembly electric fan and refrigerator	229.89	153.63	
2.4)	Setsumo Astec Corporation	Japan		Electronic parts used for assembly W/P	73.10	106.51	
2.5)	Mitsubishi Electric Automation (Thailand) Co., Ltd	Thailand		Electronic parts used for assembly and refrigerator	1.15	217.60	
2.6)	Mitsubishi Electric Trading Corporation. (MT)	Japan		Aluminium tap for assembly refrigerator	23.90	25.38	
2.9)	Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.	China	A subsidiary of the Company's parent	steel plate for assembly refrigerator	170.20	201.62	
2.10)	Setsumo Astec (Thailand) co., Ltd.	Thailand		insulation sheet for assembly refrigerator	0.28	0.47	
2.11)	Setsumo Astec Corporation Seoul Branch.	Korea			28.31	29.48	
2.12)	Mitsubishi Electric Trading (Shizuoka) co., Ltd.	Japan			-	474.28	
					428.38	-	
					1.93	4.47	

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2013	2012	
3	Complementing Fee			Complementing Fee	622.06	799.14	
3.1)	Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	Thailand	A subsidiary of the Company's parent and common directors (MELCO was MKY 48.5% shareholding)	Advertising support	9.36	11.05	Competition situation in each market has vary violent at each period time which the promotion support expense is a necessary tool for business operation.
3.2)	Mitsubishi Electric Asia Pte.Ltd. (MEAP)	Singapore	A subsidiary of the Company's parent		1.04	1.88	Currently, taking the expenditure for obtain better sales or maintain desired market share. Therefore it is more necessary to such transaction under a clear - cut scope and certainly criteria.
3.3)	Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) (MLH)	Hongkong				0.33	0.40
3.4)	Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	Japan				5.04	3.88
3.5)	Melco Logistic (Thailand) Co., Ltd. (MELT)	Thailand		Logistic Fee	24.56	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.
3.6)	Mitsubishi Electric Corporation (MELCO)	Japan	Parent, 40.81% shareholding	Royalty sale, afters ervice and Technician fee	306.51	423.13	KYE entered into Technical Assistant Agreement with MELCO under this agreement, KYE able to sales the products under "Mitsubishi" trademark, is well known worldwide and obtained assistance of manufacturing technology and marketing including manufacturing technology training. Therefore it is a reasonableness transaction for payment of royalty fee and technician fee to MELCO.

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2013	2012	
				Development fee (in accordance with Technical Assistance Agreement)	193.61	250.50	Research and development of products and are vital to the business operations of the company. For improvement modern products and meet consumers demand and because the company was not ready to develop by own high technology product. There is also a need to rely on MELCO technology, which is owned technology and trademark.
3.7	Smile Super Express Co., Ltd. (SSE)	Thailand	Associate, 33.33% shareholding. Common director was Mr.Supachai Setasathira	Storage, Handling & Transportation Charge.	81.62	86.72	KYE needs a place for storing its finished goods before delivery to customers by hiring SSE for management with fairly rate
4	Giving or receiving of financial assistance						
4.1	Melco Thai Capital Co., Ltd. (MTC)	Thailand	A subsidiary of the Company's parent Parent, 99.99% shareholding	Loan Receivable to MTC by interest rate of deposit - 1.70-2.00% per year. - Interest Received	Deposit 51.33 0.86	Deposit 38.15 0.90	Increasing liquidity of cash flow and reduce financial costs by providing in the lower interest rate of loan and interest rate of deposit is higher than banks causing highest benefit to the Company.
5	Lease or lease out of real estate for not over 3 years						
5.1	Smile Super Express Co., Ltd. (SSE)	Thailand	Associate, 33.33% shareholding. Common director was Mr.Supachai Setasathira	SSE has rented land and 2 buildings from KYE including water charge and electric charge.	15.19	15.21	KYE accordingly leases out its assets to SSE for business operation as the management and storage products for KYE by using the building as a warehouse. As a result, KYE able to reduce cost of management and storing goods.

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2013	2012	
6	Procurement of asset						
6.1)	Mitsubishi Electric Trading Corporation. (MT)	Japan	A subsidiary of the Company's parent	Procurement of asset	39.00	22.04	Procurement of unique machinery that has complex process for producing and installation. Therefore, KYE is required to hire such company representative which specializes in supply such goods.
				Mold and die for component part	10.85	20.19	
				manufacture of electric fan, exhaust fan and refrigerator			
				Mold for component part of refrigerator	0.28	0.47	
6.2)	Mitsubishi Electric Asia Pte.Ltd. (MEAP)	Singapore		Inspection tool	0.16	1.38	
6.3)	Setsuyo Astec Corporation	Japan		U - Bend & unloading & Feeding conveyor	27.70	-	
6.4)	Setsuyo Astec Corporation Seoul Branch	Korea					

Balance as at 31 March 2014 and 31 March 2013 with related parties were as follows:

Name of entities	Trade Accounts Receivable		Other Receivables		Trade Accounts Payables		Other Payables	
	31 March '14	31 March '13	31 March '14	31 March '13	31 March '14	31 March '13	31 March '14	31 March '13
Melco Thai Capital Co.,Ltd.	-	-	51.41	38.15	-	-	-	-
Smile Super Express Co.,Ltd.	-	-	1.29	1.27	-	-	7.04	8.22
Mitsubishi Electric Corporation	332.07	399.43	0.02	0.09	-	-	267.65	318.57
Thai Refrigeration Components Co.,Ltd.	-	-	-	-	1.27	1.60	-	-
Mitsubishi Electric Kang Yong Watana Co.,Ltd.	346.79	333.54	-	-	-	-	3.35	7.43
Mitsubishi Electric Life Network Corporation.	16.59	10.45	1.87	-	-	-	3.99	0.13
Mitsubishi Electric Asia Pte.Ltd	5.73	34.13	0.04	-	27.56	27.71	0.82	1.22
Mitsubishi Electric Australia Pty.Ltd.	57.10	49.18	-	-	-	-	-	-
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd.	46.34	48.10	-	-	-	-	0.20	0.30
Melco Sales Malaysia Sdn.Bhd.	30.83	43.24	-	-	-	-	1.74	5.54
Setuyo Astec Corporation Japan	-	-	0.02	-	5.52	5.87	-	-
Setuyo Astec Corporation Seoul Branch	-	-	0.04	-	42.57	-	2.88	-
Mitsubishi Electric& Eletronic (Shanghai) Co.,Ltd.	-	-	-	-	2.11	2.80	-	-
Mitsubishi Electric Automation (Thailand) Co.,Ltd.	-	-	-	-	-	19.63	-	-
Kulthorn Kirby Public Company Limited	-	-	-	-	27.47	39.54	-	0.02
Mitsubishi Electric Trading Corporation	-	-	-	-	4.86	2.94	0.84	9.87
Melco Trading (Thailand) Co.,Ltd.	1.01	0.75	-	1.81	14.89	18.15	0.04	-
Mitsubishi Electric H.K. Ltd.	-	-	-	-	0.02	-	-	-
Mitsubishi Electric Taiwan Co.,Ltd.	1.08	0.56	-	-	-	-	-	0.29
Melco Travel Co.,Ltd.	-	-	-	-	-	-	0.04	-
Mitsubishi Electric Consumer Product (Thailand)	-	-	-	250.00	-	-	-	-
Siam Compressor Industry Co.,Ltd.	-	-	8.02	41.70	-	-	-	-
Mitsubishi Electric Vietnam Co.,Ltd.	137.43	81.63	-	-	-	-	0.81	0.01
P.T.Mitsubishi Electric Indonesia Co.,Ltd.	7.11	-	0.02	-	-	-	0.03	-
	982.08	1,001.01	62.71	333.02	126.27	118.24	289.43	351.60

Financial Position and Operating Results

Kang Yong Electric Plc. would like to submit a discussion and analysis of our operating results for fiscal year 2013 ended March 31, 2014, as follows:

		March 31, 2014	March 31, 2013 (Restated)	March 31, 2012 (Restated)
Summary of Financial Information				
Total assets	Million Baht	6,120	6,324	5,913
Total liabilities	Million Baht	1,735	2,003	2,101
Shareholders' equity	Million Baht	4,385	4,320	3,812
Revenues from sales of goods and rendering of services	Million Baht	8,460	9,555	-
Total revenues	Million Baht	8,883	10,183	-
Costs of sales of goods and rendering of services	Million Baht	7,386	7,985	-
Gross profit	Million Baht	1,074	1,570	-
Selling and administrative expenses	Million Baht	934	1,227	-
Net profit	Million Baht	506	856	-
Financial Ratios				
<i>Liquidity ratios</i>				
Current ratio	Time	3.59	3.24	2.97
Quick ratio	Time	2.80	2.54	2.38
Cash ratio	Time	0.14	0.23	0.40
Accounts receivable turnover	Time	7.99	8.68	8.73
Collection period	Day	46	42	42
Inventory turnover	Time	7.49	8.52	9.62
Selling period	Day	49	43	38
Accounts payable turnover	Time	7.91	7.70	7.92
Repayment period	Day	46	47	46
Cash conversion cycle	Day	49	38	34
<i>Profitability ratios</i>				
Gross profit margin	%	12.69	16.43	18.16
Net profit to sales	%	5.98	8.96	7.41
Return on equity	%	11.63	21.05	19.46
<i>Efficiency ratios</i>				
Return on total assets	%	8.13	13.99	12.64
Return on fixed assets	%	66.57	102.97	103.25
Assets turnover	Time	1.43	1.66	1.78
<i>Financial policy ratios</i>				
Debt to equity ratio	Time	0.40	0.46	0.55
Payout ratio	%	-*	50.26	50.02

* To be submitted for approval at the upcoming AGM 2014.

Management's Discussion and Analysis

In reading the Management's Discussion and Analysis, investors should study the documentation, including the financial statements, financial information adjustments in conjunction with the notes to the financial statements and the information presented in this document.

Change of Accounting Policy

As from April 1, 2013, the Company has adopted the financial reporting standard newly revised and issued according to IAS 12 Accounting for Taxes on Income.

	March 31, 2014	March 31, 2013 (Restated)	April 1, 2012 (Restated)
Impacts on the financial statements are as follows:			
Statements of Financial Position			
Increase in total assets	88.9	101.7	105.8
Increase in shareholders' equity	88.9	101.7	105.8
Comprehensive income			
Increase (Decrease) in share of profit from investments in associates	(0.0)	0.1	
Increase in income tax expenses	(15.8)	(4.1)	
Increase (Decrease) in other comprehensive income	2.9	(0.1)	

Operating Results for Fiscal 2013 vs. Fiscal 2012

Unit: Million Baht	For the year ended March 31,			
	2014	2013	Increase (Decrease)	%
Revenues from sales of goods and rendering of services	8,459.6	9,554.9	(1,095.3)	-11.5%
Costs of sales of goods and rendering of services	7,386.2	7,985.3	(599.1)	-7.5%
Gross profit	1,073.4	1,569.6	(496.2)	-31.6%
Selling expenses	350.5	541.0	(190.5)	-35.2%
Administrative expenses	583.9	685.9	(102.0)	-14.9%
Other income (incl. dividend income)	423.5	627.9	(204.4)	-32.6%
Share of profit from investments in associates	0.3	3.6	(3.3)	-91.7%
Profit before income tax	562.8	974.2	(411.4)	-42.2%
Income tax	56.8	118.4	(61.6)	-52.0%
Net profit for the year	506.0	855.8	(349.8)	-40.9%

Revenues from Sales of Goods and Rendering of Services Broken down by Markets

Unit: Million Baht	For the year ended March 31,			
	2014	2013	Increase (Decrease)	%
Domestic markets	2,956.0	3,369.1	(413.1)	-12.3%
Japan	3,793.8	4,471.6	(677.8)	-15.2%
Others	1,709.8	1,714.2	(4.4)	-0.3%
Export markets	5,503.6	6,185.8	(682.2)	-11.0%
Total	8,459.6	9,554.9	(1,095.3)	-11.5%

Other export markets: Consisting of 19 countries, namely Taiwan, Hong Kong, Singapore, Malaysia, Myanmar, Lao PDR, Cambodia, Vietnam, Indonesia, Australia, New Zealand, Pakistan, UAE, Jordan, Bahrain, Sri Lanka, Bangladesh, Brunei and the Philippines.

Revenues from Sales of Goods and Rendering of Services

The Company registered total sales of 8,459.6 million baht in fiscal 2013, a drop of 11.5% from 9,554.9 million baht in 2012, and a decrease of 10.0% when compared with fiscal 2011 of 9,395.2 million baht. Sales decline was experienced by all of the three main markets, as follows:

Domestic markets: Sales contracted from 3,369.1 million baht in 2012 to 2,956.0 million baht in 2013, or by 413.1 million baht or 12.3%. It was caused by internal political chaos which relatively led to an economic slowdown, higher cost of living, and weaker purchasing power.

Japanese market: Exports to Japan fell by 15.2% from 4,471.6 million baht in 2012 to 3,793.8 million baht in 2013 or by 677.8 million baht. The major discouraging factors were impacts from the Japanese government's policy which resulted in greater inflow of revolving funds into its economy, a weakening yen against the baht, as well as very tough competition in electrical appliances sector.

Other export markets: Sales dropped by just 0.3%. The Company has fine-tuned its marketing strategies to match the competition in each market. It has also continually expanded exports to AEC member countries, Oceania and the Middle East by emphasizing new product development to particularly satisfy these markets.

Other Income

Other income amounted to 423.5 million baht in fiscal 2013, plunging by 204.4 million baht or 32.6% from 2012, but rising by 9.7 million baht or 2.3% when compared with 2011.

Such decline was attributed primarily to a decrease in revenues from investments of 166.6 million baht and in dividend income of 172.5 million baht, an increase in interest income of 5.9 million and a drop in foreign exchange gain of 13.0 million baht.

Costs of Sales of Goods and Rendering of Services

Costs of sales in fiscal 2013 made up 87.3% of total sales, which was higher than fiscal 2012 and 2011 of 83.6% and 81.8% respectively due to sales of product models that yielded a lower margin. However, the Company is aware of the ongoing price increase in raw materials such as resin, steel and copper and has thus continuously implemented a cost reduction scheme and invested in an in-house parts production project. Such investment will likely help improve the percentage of costs of sales to sales revenues this year. The Company expects that the cost reduction scheme will lead to a decrease in cost of raw materials in the following year.

Selling and administrative expenses constituted 11.0% of sales in fiscal 2013, dropping from 12.8% in 2012 and 13.0% in 2011 due to the following factors:

- Selling expenses decreased by 190.5 million baht from 541.0 million baht in 2012 to 350.5 million baht in 2013, due to efficient management which resulted in good product quality. As such, quality warranty cost dropped substantially from 164.5 million baht in 2012 to 18.1 million baht in 2013. At the same time, selling expenses such as royalty fee, logistics cost, and advertising and sales promotion expense also went down, in line with the decrease in sales.

- Administrative expenses dropped by 102.0 million baht from 685.9 million baht in 2012 to 583.9 million baht in 2013. This was because in 2012 the Company developed new product models to respond to customers' demand and such investment brought in benefits in 2013, thus leading product development cost in 2012 to be higher than 2013 by 56.9 million baht. Moreover, expenses on technical assistance, warehouse renting, and taxes and duties decreased as well.

Profit

In fiscal 2013, the Company posted a gross profit margin of 12.7%, down by 3.7% from the gross profit margin of 16.4% in 2012 and by 5.5% from that of 18.2% in 2011. Taking into account the drop in selling and administrative expenses, other income, and income tax, the net profit in 2013 amounted to 506.0 million baht, representing 6.0% of sales which decreased from 9.0% in 2012. As a result, the average return on equity plunged to 11.6% in 2013 from 21.1% in 2012 and 19.5% in 2011.

Total Assets

As at March 31, 2014, the Company had total assets of 6,119.7 million baht, decreasing from March 31, 2013 by 3.2% or 204.1 million baht, broken down into major items as follows:

Unit: Million Baht	For the year ended March 31,			
	2014	2013	Increase (Decrease)	%
Current assets	4,624.4	4,838.1	(213.7)	-4.4%
Investments	184.2	191.9	(7.7)	-4.0%
Property, plant and equipment	1,186.0	1,161.3	24.7	2.1%
Other non-current assets	125.1	132.5	(7.4)	-5.6%
Total assets	6,119.7	6,323.8	(204.1)	-3.2%

Current assets amounted to 4,624.4 million baht, decreasing by 213.7 million baht or 4.4%, composed of:

- Cash and cash equivalents as at March 31, 2014 amounted to 676.5 million baht, declining by 728.5 million baht from fiscal 2012 and by 1,869.8 million baht from fiscal 2011. This was because the Company in 2012 and 2013 increased its short-term investments by making short-term deposits with financial institutions in the amount of 980 million baht and 820 million baht respectively.

- Trade accounts receivable as at March 31, 2014 stood at 1,058.2 million baht, about the same as 2012 of 1,058.3 million baht but falling from 2011 by 85.2 million baht or 7.5%. They mainly were accounts not yet due. Trade accounts receivable made up 22.8% of the Company's current assets. The average collection period was 46 days in 2013, compared with 42 days in 2012 and 2011. Most of the trade accounts receivable are subsidiaries of the Company's major shareholder. The Company has closely monitored its customers' financial soundness.

- Other receivables as at March 31, 2014 amounted to 72.1 million baht, dropping by 269.8 million baht or 78.9% from 2012 but increasing slightly by 11.0 million baht or 18.0% from 2011 due to a decrease in accrued dividend receivable of 283.7 million baht.

- Inventories as at March 31, 2014 were 961.4 million baht, declining by 48.4 million baht or 4.8% from 2012 but rising by 96.1 million baht or 11.1% from 2011. In inventory management, although inventory turnover period increased from 38 days in 2011 and 43 days in 2012 to 49 days in 2013, but, by judging from the drop in inventory value, there has been no impact on the Company's cash management. Its inventory management is still deemed appropriate. The Company set aside an allowance of 21.8 million baht in 2013 or 2.3% of total inventories, which decreased from 2012 by 3.5 million baht but increased by 3.3 million baht from 2011.

- Investments as at March 31, 2014 were 184.2 million baht, down by 7.7 million baht or 4.0% from 2012 and by 4.9 million baht or 2.6% from 2011. The Company did not make any change to investments in various entities. However, such change resulted from a drop in the fair value of investments in marketable securities (available-for-sale securities) of 7.0 million baht.

- Property, plant and equipment as at March 31, 2014 amounted to 1,186.0 million baht, rising by 24.7 million baht or 2.1% from 2012 and by 281.0 million baht or 31.0% from 2011. During fiscal 2013, the Company invested in machinery, equipment and moulds totaling 283.0 million baht. Return on fixed assets plummeted from 103.3% in 2011 and 103.0% in 2012 to 66.6% in 2013.

- Other non-current assets as at March 31, 2014 accounted for 125.1 million baht, down by 7.4 million baht or 5.6% from 2012 and by 11.0 million baht or 8.1% from 2011. Such decrease resulted chiefly from a drop in deferred tax assets from 105.4 million baht in 2011 to 101.3 million baht in 2012 and further to 88.4 million baht in 2013 primarily due to a decrease in provision for quality warranty cost.

In 2013, the Company recorded return on total assets of 8.1%, declining from 2012 and 2011 by 14.0% and 12.6% respectively because of a drop in its asset management capability.

The decrease in return on assets was caused by some unearned assets.

Current Liabilities and Liquidity

As at March 31, 2014, the Company had total liabilities of 1,735.1 million baht, declining by 268.4 million baht or 13.4% from 2012 and by 365.9 million baht or 17.4% from 2011, broken down into major items as follows:

Unit: Million Baht	For the year ended March 31,			
	2014	2013	Increase (Decrease)	%
Current liabilities	1,287.7	1,491.2	(203.5)	-13.6%
Non-current liabilities	447.4	512.3	(64.9)	-12.7%
Total liabilities	1,735.1	2,003.5	(268.4)	-13.4%

- Current liabilities amounted to 1,287.7 million baht, decreasing by 203.5 million baht or 13.6% from 2012 and by 291.1 million baht or 18.4% from 2011 due mainly to a drop in trade accounts payable, other payables, and income tax payable in tandem with the sales contraction in 2013.

Repayment period for trade accounts payable in 2013 was 46 days, which was equal to 2011 but was one day less than 2012 of 47 days.

Cash conversion cycle in 2013 was 49 days, compared with 38 days in 2012 and 34 days in 2011. Over the past three years, the Company had adequate liquidity, as seen from an ongoing increase in current ratio from 2.97 times in 2011 to 3.24 times in 2012 and 3.59 times in 2013.

Quick ratio also increased continually, from 2.38 times in 2011 to 2.54 times in 2012 and 2.80 times in 2013. The assets were adequate for short-term debt servicing.

Shareholders' Equity

As at March 31, 2014, shareholders' equity stood at 4,384.6 million baht, growing by 64.2 million baht or 1.5% from 2012 and by 572.3 million baht or 15.0% from 2011. The decline in operating results in 2013 from 2012 led to a drop in return on equity from 19.5% in 2011 and 21.1% in 2012 to 11.6% in 2013. Moreover, debt to equity ratio stayed at a low level as of March 31, 2014 and decreased continuously from 0.55 time in 2011 to 0.46 time in 2012 and 0.40 time in 2013, suggesting that the Company is capable of maintaining a sound capital structure with a low level of financial risk.

Funding Sources

In fiscal 2013, the Company's main funding source was net cash available from operation. Its net cash provided by and used in various activities in 2013 was as follows:

- Net cash provided by operating activities was 194.6 million baht, derived from the 2013 results which showed a profit for the year of 506.0 million baht, adjusted to net cash flow by crucial items including depreciation and amortization of 277.4 million baht, revenues from investments of 368.6 million baht, inventories of 49.6 million baht, and trade accounts payable of 141.9 million baht.

- Net cash used in investing activities amounted to 493.0 million baht, arising from current investments made by placing short-term deposits with financial institutions of 820 million baht and investments in building, machinery and equipment of 315.3 million baht. However, the Company received cash flow from dividend income of 567.9 million baht and interest income of 73.6 million baht.

- Net cash used in financing activities totaled 430.1 million baht, arising from dividend payment.

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 B.E. 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 and cautious discretion. 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 2013 annual report by then. The Audit Committee’s report to the Board of Director and Audit Committee’s report which appeared in Annual Report 2013.

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.PraphadPhodhivorakhun
Chairman



Mr.SadahiroTomita
President

June 18 , 2014

Independent Auditor's Report

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, (the "Company"), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 March 2014, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 present fairly, in all material respects, the financial position of the Company as at 31 March 2014 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 3 to the financial statements describing the effect of the Company's adoption from 1 April 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 March 2013 after making the adjustments described in note 3.



(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
21 May 2014

Statement of financial position

Kang Yong Electric Public Company Limited

Assets	Note	Financial statements in which the equity method is applied		
		31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
(in Baht)				
Current assets				
Cash and cash equivalents	6	676,497,234	1,404,956,645	2,546,269,221
Current investments	11	1,800,000,000	980,000,000	-
Trade accounts receivable	5, 7	1,058,221,228	1,058,335,371	1,143,357,278
Other accounts receivable	5, 8	72,139,135	341,936,374	61,135,219
Short-term loans to related party	5	51,332,803	38,145,180	62,436,612
Inventories	9	961,390,328	1,009,747,651	865,256,832
Other current assets		4,867,451	4,931,720	4,843,815
Total current assets		4,624,448,179	4,838,052,941	4,683,298,977
Non-current assets				
Available-for-sale investments	11	9,835,912	16,842,350	16,500,002
Investment in an associate	3, 10	17,081,836	17,773,150	15,164,338
Other long-term investments	11	157,361,700	157,361,700	157,361,700
Investment properties	12	7,868,412	10,359,962	11,497,734
Property, plant and equipment	13	1,185,951,040	1,161,334,194	905,011,852
Deferred tax assets	3, 14	88,425,056	101,276,957	105,450,241
Other non-current assets	15	28,758,250	20,777,356	19,054,462
Total non-current assets		1,495,282,206	1,485,725,669	1,230,040,329
Total assets		6,119,730,385	6,323,778,610	5,913,339,306

These notes form an integral part of the financial statements.

Statement of financial position

Kang Yong Electric Public Company Limited

Financial statements in which the equity method is applied				
Liabilities and equity	Note	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
(in Baht)				
Liabilities and equity				
<i>Current liabilities</i>				
Trade accounts payable	5, 16	862,364,739	1,004,196,129	1,071,178,587
Other accounts payable	5, 17	406,558,200	459,986,075	438,918,571
Income tax payable		-	8,102,397	61,712,467
Other current liabilities		18,783,443	18,871,597	7,022,923
Total current liabilities		1,287,706,382	1,491,156,198	1,578,832,548
<i>Non-current liabilities</i>				
Provision for warranties	19	289,044,052	366,538,165	384,714,016
Employee benefit obligations	18	140,061,344	126,128,840	117,084,857
Provident funds	27	18,304,543	19,583,846	20,397,958
Total non-current liabilities		447,409,939	512,250,851	522,196,831
Total liabilities		1,735,116,321	2,003,407,049	2,101,029,379
<i>Equity</i>				
Share capital	20			
Authorised share capital		220,000,000	220,000,000	220,000,000
Issued and paid-up share capital		220,000,000	220,000,000	220,000,000
Additional paid-in capital	20			
Premium on ordinary shares		726,100,000	726,100,000	726,100,000
Retained earnings				
Appropriated				
Legal reserve	21	22,000,000	22,000,000	22,000,000
Others		420,000,000	420,000,000	420,000,000
Unappropriated	3	2,992,857,722	2,923,010,068	2,415,222,313
Other component of equity	3	3,656,342	9,261,493	8,987,614
Total equity		4,384,614,064	4,320,371,561	3,812,309,927
Total liabilities and equity		6,119,730,385	6,323,778,610	5,913,339,306

These notes form an integral part of the financial statements.

Statement of financial position

Kang Yong Electric Public Company Limited

Assets	Note	Separate financial statement		
		31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
(in Baht)				
<i>Current assets</i>				
Cash and cash equivalents	6	676,497,234	1,404,956,645	2,546,269,221
Current investments	11	1,800,000,000	980,000,000	-
Trade accounts receivable	5, 7	1,058,221,228	1,058,335,371	1,143,357,278
Other accounts receivable	5, 8	72,139,135	341,936,374	61,135,219
Short-term loans to related party	5	51,332,803	38,145,180	62,436,612
Inventories	9	961,390,328	1,009,747,651	865,256,832
Other current assets		4,867,451	4,931,720	4,843,815
Total current assets		4,624,448,179	4,838,052,941	4,683,298,977
<i>Non-current assets</i>				
Available-for-sale investments	11	9,835,912	16,842,350	16,500,002
Investment in an associate	10	3,000,000	3,000,000	3,000,000
Other long-term investments	11	157,361,700	157,361,700	157,361,700
Investment properties	12	7,868,412	10,359,962	11,497,734
Property, plant and equipment	13	1,185,951,040	1,161,334,194	905,011,852
Deferred tax assets	3, 14	88,425,056	101,276,957	105,450,241
Other non-current assets	15	28,758,250	20,777,356	19,054,462
Total non-current assets		1,481,200,370	1,470,952,519	1,217,875,991
Total assets		6,105,648,549	6,309,005,460	5,901,174,968

These notes form an integral part of the financial statements.

Statement of financial position

Kang Yong Electric Public Company Limited

Separate financial statement

Liabilities and equity	Note	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
(in Baht)				
Liabilities and equity				
<i>Current liabilities</i>				
Trade accounts payable	5, 16	862,364,739	1,004,196,129	1,071,178,587
Other accounts payable	5, 17	406,558,200	459,986,075	438,918,571
Income tax payable		-	8,102,397	61,712,467
Other current liabilities		18,783,443	18,871,597	7,022,923
Total current liabilities		1,287,706,382	1,491,156,198	1,578,832,548
<i>Non-current liabilities</i>				
Provision for warranties	19	289,044,052	366,538,165	384,714,016
Employee benefit obligations	18	140,061,344	126,128,840	117,084,857
Provident funds	27	18,304,543	19,583,846	20,397,958
Total non-current liabilities		447,409,939	512,250,851	522,196,831
Total liabilities		1,735,116,321	2,003,407,049	2,101,029,379
<i>Equity</i>				
Share capital	20			
Authorised share capital		220,000,000	220,000,000	220,000,000
Issued and paid-up share capital		220,000,000	220,000,000	220,000,000
Additional paid-in capital	20			
Premium on ordinary shares		726,100,000	726,100,000	726,100,000
Retained earnings				
Appropriated				
Legal reserve	21	22,000,000	22,000,000	22,000,000
Others		420,000,000	420,000,000	420,000,000
Unappropriated	3	2,978,775,886	2,908,236,918	2,403,057,975
Other component of equity	3	3,656,342	9,261,493	8,987,614
Total equity		4,370,532,228	4,305,598,411	3,800,145,589
Total liabilities and equity		6,105,648,549	6,309,005,460	5,901,174,968

These notes form an integral part of the 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	
		2014	2013 (Restated)	2014	2013 (Restated)
(in Baht)					
Income					
Revenue from sale of goods and rendering of services	5	8,459,600,012	9,554,851,202	8,459,600,012	9,554,851,202
Investment income	5, 23	368,580,370	535,152,897	369,580,370	536,152,897
Net foreign exchange gain		13,337,412	26,358,244	13,337,412	26,358,244
Other income	5, 24	41,644,101	66,503,620	41,644,101	66,503,620
Total income		8,883,161,895	10,182,865,963	8,884,161,895	10,183,865,963
Expenses					
Cost of sale of goods and rendering of services	5	7,386,179,704	7,985,339,520	7,386,179,704	7,985,339,520
Selling expenses	25	350,507,878	541,011,990	350,507,878	541,011,990
Administrative expenses	26	583,929,363	685,881,655	583,929,363	685,881,655
Finance costs		-	13,105	-	13,105
Total expenses		8,320,616,945	9,212,246,270	8,320,616,945	9,212,246,270
Share of profit of an associate	3, 10	308,686	3,608,812	-	-
Profit before income tax expense		562,853,636	974,228,505	563,544,950	971,619,693
Income tax expense	3, 29	(56,816,534)	(118,402,331)	(56,816,534)	(118,402,331)
Profit for the year		506,037,102	855,826,174	506,728,416	853,217,362
Other comprehensive income					
Net change in fair value of available-for-sale investments		(7,006,438)	342,348	(7,006,438)	342,348
Defined benefit plan actuarial losses	18	(7,611,810)	-	(7,611,810)	-
Income tax on other comprehensive income		2,923,649	(68,469)	2,923,649	(68,469)
Other comprehensive income for the year, net of income tax		(11,694,599)	273,879	(11,694,599)	273,879
Total comprehensive income for the year		494,342,503	856,100,053	495,033,817	853,491,241
Basic earnings per share	31	23.00	38.90	23.03	38.78

These notes form an integral part of the financial statements.

Statement of changes in equity

Kang Yong Electric Public Company Limited

Annual Report 2013

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Fair value changes in available-for-sale investments	Other component of equity	Total equity
				Legal reserve	Other reserve	Unappropriated reserve			
(in Baht)									
Year ended 31 March 2013									
Balance at 1 April 2012 - as reported		220,000,000	726,100,000	22,000,000	420,000,000	2,307,161,196	11,234,518	3,706,495,714	
Impact of changes in accounting policies	3	-	-	-	-	108,061,117	(2,246,904)	105,814,213	
Balance at 1 April 2012 - restated		220,000,000	726,100,000	22,000,000	420,000,000	2,415,222,313	8,987,614	3,812,309,927	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	32	-	-	-	-	(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		-	-	-	-	855,826,174	-	855,826,174	
Other comprehensive income		-	-	-	-	-	273,879	273,879	
Total comprehensive income for the year		-	-	-	-	855,826,174	273,879	856,100,053	
Balance at 31 March 2013		220,000,000	726,100,000	22,000,000	420,000,000	2,923,010,068	9,261,493	4,320,371,561	
Year ended 31 March 2014									
Balance at 1 April 2013 - as reported		220,000,000	726,100,000	22,000,000	420,000,000	2,818,975,525	11,576,866	4,218,652,391	
Impact of changes in accounting policies	3	-	-	-	-	104,034,543	(2,315,373)	101,719,170	
Balance at 1 April 2013 - restated		220,000,000	726,100,000	22,000,000	420,000,000	2,923,010,068	9,261,493	4,320,371,561	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	32	-	-	-	-	(430,100,000)	-	(430,100,000)	
Total distributions to owners of the Company		-	-	-	-	(430,100,000)	-	(430,100,000)	
Comprehensive income for the year									
Profit		-	-	-	-	506,037,102	-	506,037,102	
Other comprehensive income		-	-	-	-	(6,089,448)	(5,605,151)	(11,694,599)	
Total comprehensive income for the year		-	-	-	-	499,947,654	(5,605,151)	494,342,503	
Balance at 31 March 2014		220,000,000	726,100,000	22,000,000	420,000,000	2,992,857,722	3,656,342	4,384,614,064	

These notes form an integral part of the financial statements.

Statement of changes in equity

Kang Yong Electric Public Company Limited

86

Annual Report 2013

	Separate financial statements				Other component of equity		Total equity	
	Retained earnings				Unappropriated	Fair value changes in available-for-sale investments		
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve				Other reserve
(in Baht)								
Year ended 31 March 2013								
Balance at 1 April 2012 - as reported	3	220,000,000	726,100,000	22,000,000	420,000,000	2,295,360,830	11,234,518	3,694,695,348
Impact of changes in accounting policies		-	-	-	-	107,697,145	(2,246,904)	105,450,241
Balance at 1 April 2012 - restated	3	220,000,000	726,100,000	22,000,000	420,000,000	2,403,057,975	8,987,614	3,800,145,589
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	32	-	-	-	-	(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		-	-	-	-	853,217,362	-	853,217,362
Other comprehensive income		-	-	-	-	-	273,879	273,879
Total comprehensive income for the year		-	-	-	-	853,217,362	273,879	853,491,241
Balance at 31 March 2013		220,000,000	726,100,000	22,000,000	420,000,000	2,908,236,918	9,261,493	4,305,598,411
Year ended 31 March 2014								
Balance at 1 April 2013 - as reported	3	220,000,000	726,100,000	22,000,000	420,000,000	2,804,644,588	11,576,866	4,204,321,454
Impact of changes in accounting policies		-	-	-	-	103,592,330	(2,315,373)	101,276,957
Balance at 1 April 2013 - restated	3	220,000,000	726,100,000	22,000,000	420,000,000	2,908,236,918	9,261,493	4,305,598,411
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	32	-	-	-	-	(430,100,000)	-	(430,100,000)
Total distributions to owners of the Company		-	-	-	-	(430,100,000)	-	(430,100,000)
Comprehensive income for the year								
Profit		-	-	-	-	506,728,416	-	506,728,416
Other comprehensive income		-	-	-	-	(6,089,448)	(5,605,151)	(11,694,599)
Total comprehensive income for the year		-	-	-	-	500,638,968	(5,605,151)	495,033,817
Balance at 31 March 2014		220,000,000	726,100,000	22,000,000	420,000,000	2,978,775,886	3,656,342	4,370,532,228

These notes form an integral part of the financial statements.

Statement of cash flows

Kang Yong Electric Public Company Limited

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 March		For the year ended 31 March	
	2014	2013 (Restated)	2014	2013 (Restated)
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	506,037,102	855,826,174	506,728,416	853,217,362
Adjustments for				
Depreciation	275,300,541	208,081,306	275,300,541	208,081,306
Amortisation	2,081,962	1,643,490	2,081,962	1,643,490
Investment income	(368,580,370)	(535,152,897)	(369,580,370)	(536,152,897)
Employee benefit expenses	13,512,699	12,822,311	13,512,699	12,822,311
Finance costs	-	13,105	-	13,105
Unrealised loss on exchange	1,319,274	4,351,207	1,319,274	4,351,207
Allowance for decline in value of inventories (reversal)	(1,089,716)	14,125,864	(1,089,716)	14,125,864
Impairment losses on land not used in operations	2,491,550	-	2,491,550	-
Provision for warranties	18,117,871	164,463,362	18,117,871	164,463,362
Share of profit of an associate	(308,686)	(3,608,812)	-	-
(Gain) loss on disposal of property and equipment	619,876	(1,260,785)	619,876	(1,260,785)
Income tax expense	56,816,534	118,402,331	56,816,534	118,402,331
	506,318,637	839,706,656	506,318,637	839,706,656
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(1,367,735)	79,934,686	(1,367,735)	79,934,686
Other accounts receivable	(16,610,242)	1,268,760	(16,610,242)	1,268,760
Inventories	49,633,679	(158,433,757)	49,633,679	(158,433,757)
Other current assets	64,269	(87,905)	64,269	(87,905)
Other non-current assets	(88,648)	(16,593)	(88,648)	(16,593)
Trade accounts payable	(141,887,844)	(66,561,169)	(141,887,844)	(66,561,169)
Other accounts payable	(39,937,586)	319,196	(39,937,586)	319,196
Other current liabilities	(88,154)	11,848,674	(88,154)	11,848,674
Warranties paid	(95,611,984)	(182,639,213)	(95,611,984)	(182,639,213)
Employee benefits paid	(7,192,005)	(3,778,328)	(7,192,005)	(3,778,328)
Provident fund paid	(1,279,303)	(814,112)	(1,279,303)	(814,112)
Cash generated from operating activities	251,953,084	520,746,895	251,953,084	520,746,895
Income tax paid	(57,320,558)	(167,907,586)	(57,320,558)	(167,907,586)
Net cash provided by operating activities	194,632,526	352,839,309	194,632,526	352,839,309

These notes form an integral part of the financial statements.

Statement of cash flows

Kang Yong Electric Public Company Limited

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 March 2014	For the year ended 31 March 2013 (Restated)	For the year ended 31 March 2014	For the year ended 31 March 2013 (Restated)
	(in Baht)			
<i>Cash flows from investing activities</i>				
Interest received	73,613,905	62,634,745	73,613,905	62,634,745
Dividends received	567,941,136	176,954,305	567,941,136	176,954,305
Rental received	14,432,810	14,493,932	14,432,810	14,493,932
Short-term loans to related party	(474,919,068)	(371,961,066)	(474,919,068)	(371,961,066)
Cash proceeds from short-term loans to related party	461,731,445	396,252,498	461,731,445	396,252,498
Purchases of property and equipment	(315,301,044)	(443,401,198)	(315,301,044)	(443,401,198)
Sale of property and equipment	1,305,909	2,276,214	1,305,909	2,276,214
Purchase of computer software	(1,797,030)	(3,349,791)	(1,797,030)	(3,349,791)
Increase in current investments	(820,000,000)	(980,000,000)	(820,000,000)	(980,000,000)
Net cash used in investing activities	(492,991,937)	(1,146,100,361)	(492,991,937)	(1,146,100,361)
<i>Cash flows from financing activities</i>				
Finance costs paid	-	(13,105)	-	(13,105)
Dividend paid	(430,100,000)	(348,038,419)	(430,100,000)	(348,038,419)
Net cash used in financing activities	(430,100,000)	(348,051,524)	(430,100,000)	(348,051,524)
Net decrease in cash and cash equivalents	(728,459,411)	(1,141,312,576)	(728,459,411)	(1,141,312,576)
Cash and cash equivalents at 1 April	1,404,956,645	2,546,269,221	1,404,956,645	2,546,269,221
Cash and cash equivalents at 31 March	676,497,234	1,404,956,645	676,497,234	1,404,956,645
<i>Supplemental disclosure of cash flows information</i>				
Property and equipment purchased during the year are detailed as follows:				
Property and equipment purchased during the year	(302,019,053)	(464,358,531)	(302,019,053)	(464,358,531)
Increase (decrease) in payables on purchases of property and equipment	(13,281,991)	20,957,333	(13,281,991)	20,957,333
Net purchase of property and equipment paid by cash	(315,301,044)	(443,401,198)	(315,301,044)	(443,401,198)

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

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 authorised for issue by the directors on 21 May 2014.

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) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Company’s operations and effective for accounting period beginning on or after 1 April 2013:

TFRS	Topic
TAS12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Company’s accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 35.

(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) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. 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 4(r)	Current and deferred taxation
Note 12	Valuation of investment properties
Note 18	Measurement of defined benefit obligations
Note 19	Provision for warranties
Note 33	Valuation of financial instruments

3 Changes in accounting policies**(a) Overview**

From 1 April 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Company has changed its accounting policies in the following areas:

- Accounting for income taxes
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Company are included in notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Company.

(b) Accounting for 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 carry forward of unused tax losses. The accounting policy for deferred tax is described in note 4(r).

The Company adopted TAS 12 with effect from 1 April 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

Statement of financial position	Financial statements in which the equity method is applied			Separate financial statements		
	31 March 2014	31 March 2013	1 April 2012	31 March 2014	31 March 2013	1 April 2012
	(in thousand Baht)					
Increase in deferred tax assets	94,332	107,504	108,955	94,332	107,504	108,955
(Increase) in deferred tax liabilities	(5,907)	(6,227)	(3,505)	(5,907)	(6,227)	(3,505)
Net	88,425	101,277	105,450	88,425	101,277	105,450
Increase in investment in an associate	439	442	364	-	-	-
Increase in total assets	88,864	101,719	105,814	88,425	101,277	105,450
Decrease in fair value changes in available-for-sale investments	914	2,315	2,247	914	2,315	2,247
Increase in retained earnings	(89,778)	(104,034)	(108,061)	(89,339)	(103,592)	(107,697)
Increase in total equity	(88,864)	(101,719)	(105,814)	(88,425)	(101,277)	(105,450)

Statement of comprehensive income for the year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Increase (decrease) in share of profit of an associate	(3)	78	-	-
Increase in income tax expense	(15,775)	(4,105)	(15,775)	(4,105)
Decrease in profit for the year	(15,778)	(4,027)	(15,775)	(4,105)
Increase (decrease) in other comprehensive income for the year	2,923	(68)	2,923	(68)
Decrease in basic earnings per share (in Baht)	(0.72)	(0.18)	(0.72)	(0.19)

(c) Accounting for the effects of changes in foreign exchange rates

From 1 April 2013, the Company has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) 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 (revised 2009) 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 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 April 2013 has not had a significant impact on the Company's reported assets, liabilities or retained earnings.

(d) Presentation of information on operating segments

From 1 April 2013, the Company has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 March 2013, which are included in the Company's 2014 financial statements for comparative purposes, has been re-presented accordingly. The change in basis of presentation and disclosure of segment information has no impact on the Company's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Company presented segment information in respect of geographical segments in accordance with TAS 14 Segment Reporting.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of preparation of the financial statements in which the equity method is applied

The financial statements in which the equity method is applied relate to the Company and the Company's interests in an associate.

Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investment in an associate is accounted for in the financial statements in which the equity method is applied using the equity method (equity-accounted investees) and is recognised initially at cost. The cost of the investment includes transaction costs.

The financial statements in which the equity method is applied include the Company's share of profit or loss and other comprehensive income of equity accounted investee after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the Company's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency (Baht) of the Company at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency 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 the functional currency using the foreign exchange rates ruling at the dates of the transactions.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from operational activity. 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, derivatives are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d) *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.

(e) *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.

(f) *Inventories*

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

Cost is calculated using the weighted average cost principle 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.

(g) *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, 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 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.

(h) 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:

Buildings	20 years
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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.

(i) 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 for factory equipment - moulds and jigs 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.

(j) Intangible assets

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 is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost.

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 and useful lives are reviewed at each financial year-end and adjusted if appropriate.

(k) 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.

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *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. The discount rate is the yield at the reporting date on 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. The discount rate is the yield at the reporting date on Government 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.

(n) 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.

(o) 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 profit or loss 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 profit or loss 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 profit or loss on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

Other income

Other income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings are recognised in profit or loss.

(q) Lease payments

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

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.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) 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.

(t) Segment reporting

Segment results that are reported to the Company's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise assets, liabilities, investment income, gain/loss on foreign exchange, other income and certain items of selling and administrative expenses.

5 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
<i>Parent</i>		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
<i>Associate</i>		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding
<i>Key management personnel</i>		
Key management personnel	Japanese, Thai	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
<i>Other related parties</i>		
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

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
Mitsubishi Electric Sales Malaysia Sdn.	Malaysia	A subsidiary of the Company's parent
Setsuyo Athtech Co., Ltd.	Japan	A subsidiary 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 (Hong Kong) 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 Company Limited	Vietnam	A subsidiary of the Company's parent
International Elevator & Equipment Inc.	Philippines	A subsidiary of the Company's parent
PT. Mitsubishi Electric Indonesia	Indonesia	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 prices are determined at resale price method which are 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 assistance fee chargeable under technical assistance 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 or 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 determined by the Nomination and Remuneration Committee and the Company's policy.

Significant transactions for the years ended 31 March 2014 and 2013 with related parties were as follows:

Year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Parent				
Revenue from sale of goods	3,696,860	4,231,080	3,696,860	4,231,080
Other income	1,246	284	1,246	284
Royalty fee	188,883	218,592	188,883	218,592
Product development fee	193,605	250,497	193,605	250,497
Product warranties paid	92,538	172,255	92,538	172,255
Technical assistance fee	21,130	32,281	21,130	32,281
Other selling and administrative expenses	3,955	2,208	3,955	2,208
Associate				
Revenue from sale of goods	526	488	526	488
Rental income	14,465	14,465	14,465	14,465
Dividend income	-	-	1,000	1,000
Other income	728	747	728	747
Rental expense	72,695	79,594	72,695	79,594
Product warranties paid	7	-	7	-
Other selling and administrative expenses	8,924	7,130	8,924	7,130
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	72,769	74,678	72,769	74,678
Post-employment benefits	1,207	1,104	1,207	1,104
Other long-term benefits	11	11	11	11
Total key management personnel compensation	73,987	75,793	73,987	75,793

Year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
(in thousand Baht)				
Other related parties				
Revenue from sale of goods	4,423,910	5,028,045	4,423,910	5,028,045
Dividend income	283,246	455,774	283,246	455,774
Other income	1,396	1,379	1,396	1,379
Product warranties paid	1,182	4,157	1,182	4,157
Other selling and administrative expenses	43,542	44,567	43,542	44,567

Balances as at 31 March 2014 and 2013 with related parties were as follows:

Trade accounts receivable from related parties	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
(in thousand Baht)		
Parent		
Mitsubishi Electric Corporation	332,072	399,434
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	346,789	333,545
Mitsubishi Electric Vietnam Company Limited	137,434	81,631
Mitsubishi Electric Australia Pty. Ltd.	57,096	49,182
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	46,343	48,104
Mitsubishi Electric Sales Malaysia Sdn.	30,831	43,236
Mitsubishi Electric Life-Network Co., Ltd.	16,587	10,447
PT. Mitsubishi Electric Indonesia	7,114	-
Mitsubishi Electric Asia Pte. Ltd.	5,734	34,127
Others	2,089	1,390
Total	982,089	1,001,096
Bad and doubtful debts expenses for the year	-	-

Balances as at 31 March 2014 and 2013 with related parties were as follows:

Other accounts receivable from related parties	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
<i>Accrued dividend income</i>		
Other related parties		
Siam Compressor Industry Co., Ltd.	8,019	41,699
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	-	250,000
	8,019	291,699
Others		
Parent		
Mitsubishi Electric Corporation	25	86
Associates		
Smile Super Express Co., Ltd.	1,290	1,274
<i>Other related parties</i>		
Mitsubishi Electric Life-Network Co., Ltd.	1,867	-
Mitsubishi Electric Kang Yong Watana Co., Ltd.	1,000	-
Melco Trading (Thailand) Co., Ltd.	-	1,813
Others	233	62
	4,415	3,235
Total	12,434	294,934

Short-term loans to related parties	Financial statements in which the equity method is applied and Separate financial statements			
	2014	2013	2014	2013
	Interest rate (% per annum)		(in thousand Baht)	
Other related party				
Melco Thai Capital Co., Ltd.	2.00	2.00	51,333	38,145

Movements during the years ended 31 March 2014 and 2013 of short-term loans to related party were as follows:

Short-term loans to related party	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Other related party		
At 1 April	38,145	62,437
Increase	474,919	371,961
Decrease	(461,731)	(396,253)
At 31 March	51,333	38,145

Trade accounts payable to related parties	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Other related parties		
Setsuyo Athtech Co., Ltd.	48,097	5,858
Mitsubishi Electric Asia Pte. Ltd.	27,559	27,702
Kulthorn Kirby Public Company Limited	27,468	39,526
Melco Trading (Thailand) Co., Ltd.	14,892	18,135
Mitsubishi Electric Trading Corp.	4,860	2,927
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	2,112	2,799
Thai Refrigeration Components Co., Ltd.	1,265	1,600
Mitsubishi Electric Automation (Thailand) Co., Ltd.	-	19,630
Others	24	69
Total	126,277	118,246

Other accounts payable to related parties	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Parent		
Mitsubishi Electric Corporation	267,652	318,566
Associate		
Smile Super Express Co., Ltd.	7,037	8,220
Other accounts payable to related parties		
Mitsubishi Electric Life-Network Co., Ltd.	3,996	-
Mitsubishi Electric Kang Yong Watana Co., Ltd.	3,351	7,434
Setsuyo Athtech Co., Ltd.	2,878	-
Mitsubishi Electric Sales Malaysia Sdn.	1,738	5,453
Mitsubishi Electric Trading Corp.	835	9,870
Others	1,940	1,968
Total	289,427	351,511

Significant agreements with related parties

Technical assistance agreement

The Company entered into agreement 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 fees, development fees and technical assistance fees computed based on agreed formula to MELCO. The term of the agreement was for a period of five years and is 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 agreement.

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 with rental rate as specified in the agreement. This agreement is renewed by either party notification in writing to the other party at least sixty days before expiration of this agreement. In July 2013, the Company notified to renew such agreement for a period of two years expiring on 31 July 2015.

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.

6 Cash and cash equivalents

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Cash on hand	150	150
Cash at banks - savings and current accounts	676,347	974,807
Short-term investments - bill of exchange	-	430,000
Total	676,497	1,404,957

Cash and cash equivalents of the Company as at 31 March 2014 and 2013 were denominated entirely in Thai Baht.

7 Trade accounts receivable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
		(in thousand Baht)	
Related parties	5	982,089	1,001,096
Other parties		76,132	57,239
Total		1,058,221	1,058,335
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	
	2014	2013
	(in thousand Baht)	
Related parties		
Within credit terms	971,756	1,001,072
Overdue Less than 3 months	10,333	24
	982,089	1,001,096
Other parties		
Within credit terms	76,132	57,239
	76,132	57,239
Total	1,058,221	1,058,335

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	
	2014	2013
	(in thousand Baht)	
Thai Baht	676,155	728,939
United States Dollars (USD)	365,479	318,950
Japanese Yen (JPY)	16,587	10,446
Total	1,058,221	1,058,335

8 Other accounts receivable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
		(in thousand Baht)	
Accrued dividend income	5	8,019	291,699
Value added tax receivable		52,224	29,142
Other receivables		6,490	6,429
Prepaid expenses		3,540	4,295
Accrued interest income		1,397	4,185
Others		469	6,186
Total		72,139	341,936

Other accounts receivable of the Company as at 31 March 2014 and 2013 were denominated entirely in Thai Baht.

9 Inventories

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Finished goods	398,105	469,166
Work in process	211,404	234,108
Raw materials and factory supplies	327,504	323,139
Goods in transit	46,138	8,605
	983,151	1,035,018
Less allowance for decline in value of inventories	(21,761)	(25,270)
Net	961,390	1,009,748

10 Investment in an associate

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
(in thousand Baht)					
At 1 April - as reported		17,331	14,800	3,000	3,000
Impact of change in accounting policy	3 (b)	442	364	-	-
At 1 April - restated		17,773	15,164	3,000	3,000
Share of profit of investment - equity method		309	3,609	-	-
Dividend income		(1,000)	(1,000)	-	-
At 31 March		17,082	17,773	3,000	3,000

Investment in an associate as at 31 March 2014 and 2013 and dividend income from the investment for the years then ended were as follows:

Financial statements in which the equity method is applied (Restated)

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	17,082	17,773	1,000	1,000

(in thousand Baht)

Separate financial statements

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	1,000	1,000

(in thousand Baht)

The Company's associate is not publicly listed and consequently does not have published price quotation.

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:

2014	Smile Super Express Co., Ltd.	31 March	Reporting date		Ownership interest		Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Total revenues		Total expenses		Net profit	
			date	interest	assets	assets	assets	assets	liabilities	liabilities	liabilities	liabilities	revenues	revenues	expenses	expenses	Net profit	Net profit						
			33.33	45,402	21,712	67,114	10,598	6,588	17,186	135,585	134,334	935												
Total				45,402	21,712	67,114	10,598	6,588	17,186	135,585	134,334	935												
2013				50,581	18,059	68,910	10,284	6,633	16,917	132,128	117,989	10,592												
Total				50,581	18,059	68,910	10,284	6,633	16,917	132,128	117,989	10,592												

(in thousand Baht)

11 Other investments

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
<i>Current investments</i>		
Other short-term deposits at financial institutions	1,800,000	980,000
	1,800,000	980,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	9,836	16,842
Other non-marketable equity securities	157,362	157,362
	167,198	174,204
Total	1,967,198	1,154,204

Other short-term deposits at financial institutions amounted to Baht 1,800 million as at 31 March 2014 (2013 : 980 million) have annual interest rates ranging from 2.60% to 3.60% (2013 : 3.05% to 3.10%) and maturity within 4 to 11 months.

Current investments and other long-term investments of the Company as at 31 March 2014 and 2013 were denominated entirely in Thai Baht.

Equity securities available for sale as at 31 March 2014 and 2013 were as follows:

	Financial statements in which the equity method is applied and Separate financial statements			
	2014		2013	
	Cost	Fair value	Cost	Fair value
	(in thousand Baht)			
Marketable securities - Available-for-sale securities				
Kulthorn Kirby Public Co., Ltd.	4,965	9,423	4,965	16,452
City Sports and Recreation Public Co., Ltd.	300	413	300	390
	5,265	9,836	5,265	16,842
Add revaluation	4,571	-	11,577	-
Total	9,836	9,836	16,842	16,842

Other non-marketable equity securities as at 31 March 2014 and 2013, and dividend income from those investments for the years then ended were as follows:

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

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		Book value at cost - net		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		(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	264
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	269,700	409,000
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	12,510	46,510
Total				157,362	157,362	157,362	157,362	-	-	157,362	157,362	282,474	455,774

12 Investment properties

	Financial statements in which the equity method is applied and Separate financial statements		
	Land	Buildings	Total
	(in thousand Baht)		
<i>Cost</i>			
At 1 April 2012	10,360	91,436	101,796
At 31 March 2013 and 1 April 2013	10,360	91,436	101,796
At 31 March 2014	10,360	91,436	101,796
<i>Accumulated depreciation and impairment losses</i>			
At 1 April 2012	-	90,298	90,298
Depreciation charge for the year	-	1,138	1,138
At 31 March 2013 and 1 April 2013	-	91,436	91,436
Impairment losses	2,492	-	2,492
At 31 March 2014	2,492	91,436	93,928
<i>Net book value</i>			
At 1 April 2012	10,360	1,138	11,498
At 31 March 2013 and 1 April 2013	10,360	-	10,360
At 31 March 2014	7,868	-	7,868

Investment properties comprise land and buildings that are leased to an associate and plots of land that are not used in operations. Fair value of land and buildings that are leased to its associate was computed by the Company's management under the Discounted Cash Flow Analysis method by using key assumptions of discount rates and net cash inflow from rental income including the review of the estimated useful lives of buildings that are leased to its associate. Fair value of land not used in operations was considered by appraisal value of Treasury Department. As at 31 March 2014, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 139.3 million (2013: Baht 137.0 million). During the year 2014, the Company recorded loss on impairment of land not used in operations of Baht 2.5 million by comparing book value with market price.

13 Property, plant and equipment

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

Cost	(in thousand Baht)							Total
	Land and improvements	Building and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	
At 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 and 1 April 2013	164,911	629,041	1,399,545	2,434,517	87,143	1,108	66,107	4,782,372
Additions	-	1,221	16,363	45,755	7,796	-	230,884	302,019
Transfers	-	37,646	83,532	137,324	2,060	-	(260,562)	-
Disposals	-	(8,268)	(60,150)	(63,756)	(2,783)	(7)	-	(134,964)
At 31 March 2014	164,911	659,640	1,439,290	2,553,840	94,216	1,101	36,429	4,949,427

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

	Land and improvements	Building and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
(in thousand Baht)								
Accumulated depreciation								
At 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 and 1 April 2013								
Depreciation charge for the year	2,861	19,713	58,118	187,471	7,086	42	-	275,291
Disposals	-	(8,268)	(58,906)	(63,126)	(2,546)	(7)	-	(132,855)
At 31 March 2014	33,868	564,074	978,129	2,113,779	72,609	1,017	-	3,763,476

Net book value

At 1 April 2012	136,856	76,055	335,355	265,227	16,576	138	74,805	905,012
At 31 March 2013 and 1 April 2013	133,904	76,412	420,628	445,083	19,074	126	66,107	1,161,334
At 31 March 2014	131,043	95,566	461,161	440,061	21,607	84	36,429	1,185,951

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2014 amounted to Baht 3,005.6 million (2013: Baht 3,010.0 million).

14 Deferred tax

Deferred tax assets and liabilities as at 31 March were as follows:

	Financial statements in which the equity method is applied and Separate financial statements					
	Assets			Liabilities		
	31 March 2014	31 March 2013	1 April 2012	31 March 2014	31 March 2013	1 April 2012
	(in thousand Baht)					
Total	94,332	107,504	108,955	(5,907)	(6,227)	(3,505)
Set off of tax	(5,907)	(6,227)	(3,505)	5,907	6,227	3,505
Net deferred tax assets	88,425	101,277	105,450	-	-	-

Movements in total deferred tax assets and liabilities during the years were as follows:

	Financial statements in which the equity method is applied and Separate financial statements			
	(Charged) / Credited to :			
	At 1 April 2013	Profit or loss	Other comprehensive income	At 31 March 2014
	(in thousand Baht)			
Deferred tax assets				
Inventories (<i>allowance for decline in value</i>)	5,054	(702)	-	4,352
Provision for warranties	73,307	(15,498)	-	57,809
Employee benefit obligations	25,226	1,264	1,522	28,012
Provident funds	3,917	(256)	-	3,661
Others	-	498	-	498
Total	107,504	(14,694)	1,522	94,332
Deferred tax liabilities				
Available-for-sale securities (<i>revaluation</i>)	(2,315)	-	1,401	(914)
Property, plant and equipment (<i>depreciation difference</i>)	(2,964)	(2,029)	-	(4,993)
Others	(948)	948	-	-
Total	(6,227)	(1,081)	1,401	(5,907)
Net	101,277	(15,775)	2,923	88,425

Financial statements in which the equity method is applied
and Separate financial statements
(Charged) / Credited to :

	At 1 April 2012	Profit or loss	Other comprehensive income	At 31 March 2014
(in thousand Baht)				
<i>Deferred tax assets</i>				
Inventories (<i>allowance for decline in value</i>)	3,707	1,347	-	5,054
Provision for warranties	77,488	(4,181)	-	73,307
Employee benefit obligations	23,417	1,809	-	25,226
Provident funds	4,080	(163)	-	3,917
Others	263	(263)	-	-
Total	108,955	(1,451)	-	107,504
<i>Deferred tax liabilities</i>				
Available-for sale securities (<i>revaluation</i>)	(2,247)	-	(68)	(2,315)
Property, plant and equipment (<i>depreciation difference</i>)	(1,258)	(1,706)	-	(2,964)
Others	-	(948)	-	(948)
Total	(3,505)	(2,654)	(68)	(6,227)
Net	105,450	(4,105)	(68)	101,277

15 Other non-current assets

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

	2014	2013
(in thousand Baht)		
Refundable import duty	12,416	10,365
Refundable corporate income tax	8,177	-
Loans to employees	2,552	4,300
Others	5,613	6,112
Total	28,758	20,777

16 Trade accounts payable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
Related parties	5	126,277	118,246
Other parties		736,088	885,950
Total		862,365	1,004,196

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	
	2014	2013
(in thousand Baht)		
Thai Baht	775,266	936,099
United States Dollars (USD)	77,143	60,835
Japanese Yen (JPY)	9,895	7,262
Others	61	-
Total	862,365	1,004,196

17 Other accounts payable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
Royalty fee and development fee payable	5	267,652	318,566
Accrued employee benefits		77,324	64,748
Others		61,582	76,672
Total		406,558	459,986

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

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Thai Baht	314,341	341,322
United States Dollars (USD)	82,850	105,001
Japanese Yen (JPY)	8,335	12,115
Others	1,032	1,548
Total	406,558	459,986

18 Employee benefit obligations

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Statement of financial position obligations for:		
Post-employment benefits	130,846	113,617
Other long-term employee benefits	9,215	12,512
Total	140,061	126,129

For the year ended 31 March

Statement of comprehensive income Recognised in profit or loss:

Post-employment benefits

Post-employment benefits	15,940	11,332
Other long-term employee benefits	(2,428)	1,490
Total	13,512	12,822

Recognised in other comprehensive income:

Actuarial losses recognised in the year	7,612	-
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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	
	2014	2013
	(in thousand Baht)	
Defined benefit obligations at 1 April	126,129	117,085
Benefits paid by the plan	(7,192)	(3,778)
Current service costs and interest	14,112	12,822
Past service costs	(600)	-
Actuarial losses recognised in other comprehensive income	7,612	-
Defined benefit obligations at 31 March	140,061	126,129

Expenses recognised in profit or loss

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Current service costs	9,184	8,270
Interest on obligation	4,928	4,552
Past service costs	(600)	-
Total	13,512	12,822

The expenses 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	
	2014	2013
	(in thousand Baht)	
Cost of sales	10,402	10,046
Selling expenses	488	426
Administrative expenses	2,622	2,350
Total	13,512	12,822

Actuarial losses recognised in other comprehensive income:

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
Included in retained earnings:		
At 1 April	-	-
Recognised during the year	7,612	-
At 31 March	7,612	-

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

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	%	
Discount rate	2.0	3.5
Future salary increases	5.0	5.0

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

19 Provision for warranties

	Financial statements in which the equity method is applied and Separate financial statements	
	(in thousand Baht)	
At 1 April 2012	384,714	
Provisions made	164,463	
Provisions used	(182,639)	
At 31 March 2013 and 1 April 2013	366,538	
Provisions made	18,118	
Provisions used	(95,612)	
At 31 March 2014	289,044	

20 Share capital

	Par value per share (in Baht)	2014		2013	
		Number	Amount	Number	Amount
		[in thousand shares/in thousand Baht]			
<i>Authorised</i>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	22,000	220,000	22,000	220,000
<i>Issued and fully paid-up</i>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	22,000	220,000	22,000	220,000

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

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.

21 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 investments until the investments are derecognised or impaired.

22 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 sales goods in domestic and oversea. The business is managed on a geographical basis as follows:

- Segment 1 Sale of goods and rendering of services in Thailand
- Segment 2 Sale of goods in Japan
- Segment 3 Sale of goods in other countries

The Company's strategic divisions are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports at least on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Company's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Company's operations mainly involve business segments in produce goods in Thailand and sale in both local and overseas market (Japan and other countries). Financial information of the Company by operating segments for the years ended 31 March 2014 and 2013 was as follows:

Financial statements in which the equity method is applied

Year ended 31 March	Overseas						Total	
	Domestic		Japan		Others			
	2014	2013	2014	2013	2014	2013		
Revenue from sale of goods and rendering of services	2,956,029	3,369,039	3,793,785	4,471,601	1,709,786	1,714,211	8,459,600	9,554,851
Segment profit (loss)	371,515	281,115	397,868	1,019,265	35,977	(33,345)	805,360	1,267,035
Unallocated expenses							(666,376)	(924,418)
Investment income							368,580	535,153
Net foreign exchange gain							13,337	26,358
Other income							41,644	66,504
Share of profit of an associate							309	3,609
Finance costs							-	(13)
Profit before income tax expense							562,854	974,228
Income tax expense							(56,817)	(118,402)
Profit for the year							506,037	855,826

31 March 2014 31 March 2013
(in thousand Baht)

1,185,951 1,161,334

Property, plant and equipment

Geographical segments

In presenting information on the basis of geographical operating segments, segment revenue is based on the geographical location of customers.

Major customers

Revenues from two customers of the Company's segments 1 and 2 represents approximately Baht 6,636 million (2013: Baht 7,588 million) of the Company's total revenues.

23 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
(in thousand Baht)					
<i>Rental income</i>					
Operating lease rental income					
Investment properties		14,483	14,483	14,483	14,483
		14,483	14,483	14,483	14,483
<i>Dividend income</i>					
Associated company	5, 10	-	-	1,000	1,000
Other related parties	5, 11	283,246	455,774	283,246	455,774
Other parties		15	11	15	11
		283,261	455,785	284,261	456,785
<i>Interest income</i>					
Other related parties		864	899	864	899
Financial institutions		69,972	63,986	69,972	63,986
		70,836	64,885	70,836	64,885
Total		368,580	535,153	369,580	536,153

24 Other income

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
(in thousand Baht)		
Revenue from scrap sales	25,479	34,445
Compensation from damaged goods	6,619	-
Compensation from insurance of fire	1,218	25,881
Others	8,328	6,178
Total	41,644	66,504

25 Selling expenses

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
Royalty fee	5	188,883	218,592
Product warranty expense		18,118	164,463
Transportation expenses		79,178	83,884
Advertising and sales promotion expenses		21,455	27,115
Employee benefit expenses	27	16,856	16,528
Others		26,018	30,430
Total		350,508	541,012

26 Administrative expenses

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
Product development fee	5	193,605	250,497
Employee benefit expenses	27	173,249	166,217
Warehouse rental charge		74,647	81,557
Tax and duty		15,367	28,484
Technical assistance fee	5	22,258	33,210
(Reversal of) allowance for decline in value of inventories		(1,090)	14,126
Others		105,893	111,791
Total		583,929	685,882

27 Employee benefit expenses

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
<i>Key management personnel</i>		
Short-term employee benefits	72,769	74,678
Others	1,218	1,115
	73,987	75,793
<i>Other employees</i>		
Wages and salaries	558,065	520,403
Provident fund	17,048	15,760
Defined benefit plan expense	12,294	11,707
Others	133,831	133,879
	721,238	681,749
Total	795,225	757,542

Defined benefit plans

Details of the defined benefit plans are given in note 18.

Contribution plans

The provident fund presented under 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.

28 Expenses by nature

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
<i>Included in cost of sale of goods:</i>			
Changes in inventories of finished goods and work in process		93,765	(70,297)
Raw materials and consumables used		5,984,227	6,773,556
Employee benefit expenses		605,120	574,797
Depreciation		268,342	200,154
<i>Included in selling expenses:</i>			
Royalty fee	5, 25	188,883	218,592
Transportation expenses	25	79,178	83,884
Product warranty expense	25	18,118	164,463
<i>Included in administrative expenses:</i>			
Product development fee	5, 26	193,605	250,497
Employee benefit expenses	26	173,249	166,217
Warehouse rental charge	26	74,647	81,557

29 Income tax

Income tax recognised in profit or loss

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
Current tax expense			
Current year		41,042	114,297
Deferred tax expense			
Movements in temporary differences		15,775	3,983
Income tax reduction - deferred		-	122
	14	15,775	4,105
Total income tax expense		56,817	118,402

Income tax recognised in other comprehensive income

	Financial statements in which the equity method is applied and Separate financial statements					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in thousand Baht)					
Available-for-sale securities (revaluation)	(7,006)	1,401	(5,605)	342	(68)	274
Defined benefit plan actuarial losses	(7,612)	1,522	(6,090)	-	-	-
Total	(14,618)	2,923	(11,695)	342	(68)	274

Reconciliation of effective tax rate

	Financial statements in which the equity method is applied			
	2014		2013	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		562,854		974,229
Income tax using the Thai corporation tax rate	20.00	112,571	23.00	224,073
Income tax reduction - deferred		-		122
Income not subject to tax		(56,652)		(104,831)
Expenses not deductible for tax purposes and additional deduction transactions		898		(962)
Total	10.09	56,817	12.15	118,402

	Separate financial statements			
	2014		2013	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		563,545		971,620
Income tax using the Thai corporation tax rate	20.00	112,709	23.00	223,473
Income tax reduction - deferred		-		122
Income not subject to tax		(56,852)		(105,061)
Expenses not deductible for tax purposes and additional deduction transactions		960		(132)
Total	10.08	56,817	12.19	118,402

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.

30 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.

31 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2014 and 2013 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	
	2014	2013	2014	2013
	(in thousand Baht / thousand shares)			
Profit for the year attributable to ordinary shareholders of the Company (Basic)	506,037	855,826	506,728	853,217
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	23.00	38.90	23.03	38.78

32 Dividends

At the annual general meeting of the shareholders of the Company held on 25 July 2013, the shareholders approved the appropriation of dividends of Baht 19.55 per share, amounting to Baht 430.1 million. The dividend was paid to the shareholders in August 2013.

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 the shareholders in August 2012.

33 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	Financial statements in which the equity method is applied and Separate financial statements
	(% per annum)	Within 1 year (in thousand Baht)
2014		
Current		
Deposits at financial institutions	0.50 - 2.10	676,347
Short-term investments - fixed deposit	2.60 - 3.60	1,800,000
Short-term loans to related party	2.00	51,333
2013		
Current		
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

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 assets and 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:

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2014	2013
(in thousand Baht)			
Assets			
<i>United States Dollars</i>			
Trade accounts receivable	7	365,479	318,950
<i>Japanese Yen</i>			
Trade accounts receivable	7	16,587	10,446
Gross assets in statements of financial position			
exposure		382,066	329,396
Currency forwards		-	(285,123)
Net exposure		382,066	44,273
Liabilities			
<i>United States Dollars</i>			
Trade accounts payable	16	(77,143)	(60,835)
Other accounts payable	17	(8,335)	(12,115)
<i>Japanese Yen</i>			
Trade accounts payable	16	(9,895)	(7,262)
Other accounts payable	17	(82,850)	(105,001)
<i>Others</i>			
Trade accounts payable	16	(61)	-
Other accounts payable	17	(1,032)	(1,548)
Gross liabilities in statements of financial			
position exposure		(179,316)	(186,761)

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 asset 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 determined by reference to their quote bid price at the reporting date.

34 Commitments with non-related parties

	Financial statements in which the equity method is applied and Separate financial statements	
	2014	2013
	(in thousand Baht)	
<i>Capital commitments</i>		
Contracted but not provided for		
Acquisition of property, plant and equipment	29,169	47,002
<i>Operating lease commitments</i>		
Within one year	7,120	6,254
After one year but within five years	4,882	3,670
Total	12,002	9,924

- (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 2017. 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 2014, the Company had no forward exchange contracts (2013: sales forward exchange contracts of USD 9.5 million equivalent to Baht 285.1 million).

35 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of Financial Statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement Contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



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