

ANNUAL REPORT

2014

ONE KYE
FOR OUR
CUSTOMERS



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

ผู้ผลิตเครื่องใช้ไฟฟ้าภายในบ้าน
ELECTRIC HOME APPLIANCES MANUFACTURER



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

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of Directors' Report



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Corporate Social
Responsibility (CSR)

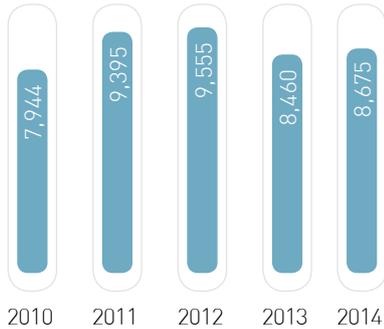


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FINANCIAL HIGHLIGHTS

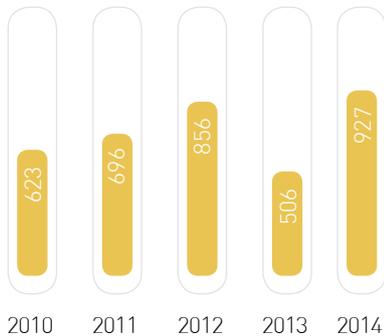
Total sales year 2010 - 2014

Unit : Million Baht



Net profit year 2010 - 2014

Unit : Million Baht



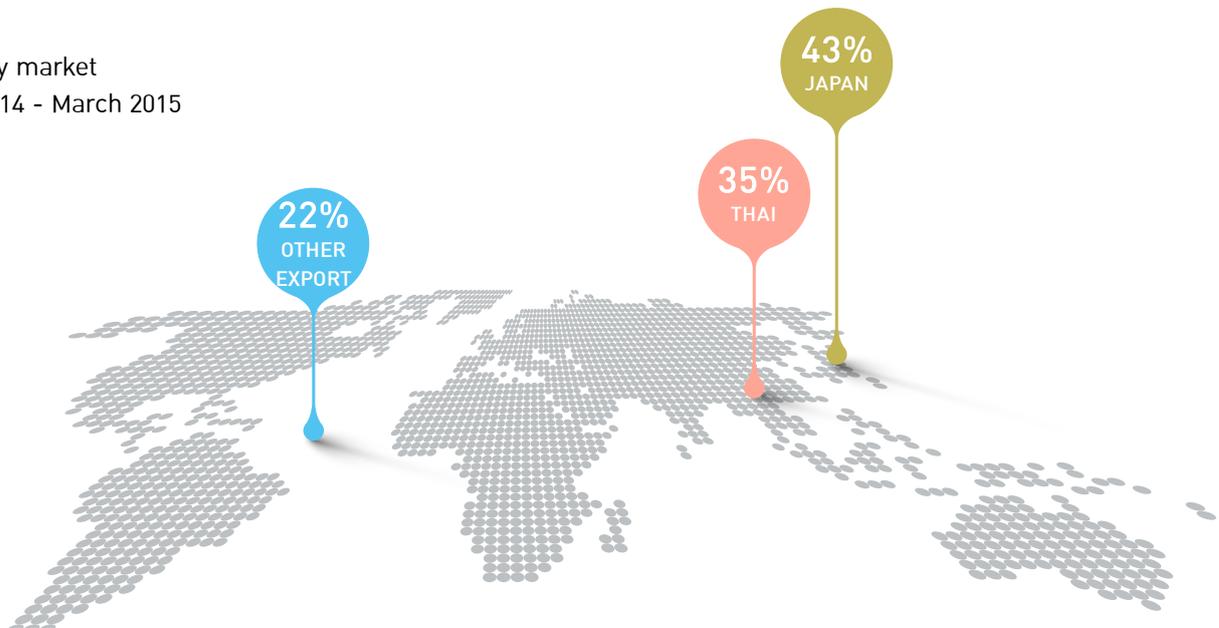
	as at March 31			
Financial Highlights (Million Baht)	2015	2014	* 2013	
Total Sales	8,675	8,460	9,555	
Total Revenues	9,428	8,883	10,183	
Cost of Sales	7,416	7,386	7,985	
Gross Profit	1,259	1,074	1,570	
Selling and Administrative Expenses	1,008	934	1,227	
Net Profit	927	506	856	
Total Assets	6,877	6,120	6,324	
Total Liabilities	1,831	1,735	2,003	
Total Shareholder's Equity	5,046	4,385	4,320	
Financial Ratio				
Net Profit Ratio	%	10.68	5.98	8.96
Return on Equity	%	19.66	11.63	39.62
Return on Assets	%	14.26	8.13	27.07
Dividend pay out Ratio	%	**	50.00	50.02
Liabilities per Equities Ratio	Times	0.36	0.40	0.46
Earning per Share	Baht	42.13	23.00	38.90
Dividend per Share	Baht	**	11.50	19.55
Book value per Share	Baht	229.37	199.30	196.38
Total Staff		2,093	2,055	2,161

* Restated Accounting Standard 12 on 1 April 2013.

** In the process of seeking approval from the 2015 Annual General Meeting of shareholders

Sales by market

April 2014 - March 2015



REPORT OF THE BOARD OF DIRECTORS



A handwritten signature in black ink, appearing to read 'P. Phodhivorakhun'.

(Praphad Phodhivorakhun)
Chairman of the Board of Directors

Dear Shareholders

The year 2014 marked the Company's 50th Anniversary of stable and sustainable business operation. We have all along operated our business with adherence to code of business ethics, corporate governance principles, and corporate social responsibility. Meanwhile, we have given importance to product development and investment in modern technology and equipment to ensure that our production process is undertaken with due regard to environmental protection and production cost reduction in the long run.

The Company remains committed to our mission and target as a leading home appliance manufacturer under the "Mitsubishi Electric" trademark. Our sales revenues in 2014 picked up 2.5% from a previous year despite the sluggish economic conditions both domestic and in the Japan market that had hurt our sales to some extent. We coped with the tough circumstances with ongoing analysis and rationalization of our marketing strategy, and management of sales through each distribution channel. We also forged ahead with market expansion to such a region with high market potential as the AEC member countries, particularly Vietnam and Indonesia, and development of new, more energy-saving product models, focusing on better responding to consumer demand, for example, refrigerator using inverter compressor. These strategies alleviated the situation and enabled us to maintain overall sales growth as planned.

For risk management in the production process, with past experience learned regarding the shortage of parts and other raw materials in the aftermath of natural disasters or political impasse, in order to reduce materials shortages risk and also reduce production cost, we have invested in a production line of critical component parts needed in refrigerators production, such as printed circuit boards. We also invested in expanding high technology production lines of electric fan motor, increasing production capacity to adequately serve the increased production of electric fans, in pursuance of strengthening production process and broadened our business opportunities.

As a result of the above business management framework, we recorded a net profit of as high as 927 million baht in 2014, the highest over the last five years, and hence generated an impressive return to the company shareholders.

On behalf of the Board of Directors, the management and all staff members of the Company, I would like to extend our gratitude to the shareholders and stakeholders for your continued trust and support of the Company until that we have been able to achieve a consistent business success to date. Again, thank you all very much.

BOARD OF DIRECTORS



02

01

03

04

05

06

07

01 Mr.Praphad Phodhivorakhun

Chairman of the Board of Directors /
Chairman of the Board of Executive Directors /
Member of Nomination and
Remuneration Committee

02 Mr.Tsutomu Shimizu

Vice Chairman of the Board of Directors /
Vice Chairman of the Board of Executive Directors /
Member of Product Pricing Committee /
Member of Nomination and Remuneration Committee /
President

03 Mr.Komol Vongsthongsri

Director / Executive Director / Executive Vice President

04 Mr.Akira Nakamichi

Director / Executive Director /
Member of Product Pricing Committee/
Executive Vice President

05 Mr.Ryuzo Kuro

Director / Deputy General Manager

06 Mr.Chackchai Panichapat

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

07 Mr.Arthakrit Visudtibhan

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



08

08 Mr.Manu Leoparote

Independent Director /
Member of Product Pricing Committee /
Chairman of Nomination and Remuneration Committee

09

09 Police Major General Sahaschai Indrasukhsri

Independent Director / Member of Nomination and
Remuneration Committee

10

10 Mr.Tanabodee Kusinkert

Independent Director / Member of Audit Committee /
Member of Product Pricing Committee

11

11 Mr.Minoru Hagiwara

Director

12

12 Mr.Yasumichi Tazunoki

Director

13

13 Mr.Tadashi Matsumoto

Director

14

14 Mr.Praphon Potivorakun

Director

15

15 Associate Professor

Dr.Issaree Hunsacharoonroj (Ph.D)

Director

BOARD OF DIRECTORS

Mr.Praphad Phodhivorakhun

Chairman of the Board of Directors /
Chairman of the Board of Executive Directors /
Member of Nomination and Remuneration Committee



Age 69 year

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 Lampang

Training

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

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

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
- Jul. 1996 - Present Chairman of the Board of Directors, Yokohama Rubbers (Thailand) Company Limited
- Oct. 1999 - Present Chairman of the Board of Directors / Chairman of 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

Mr. Tsutomu Shimizu

Vice Chairman of the Board of Directors /
Vice Chairman of the Board of Executive Directors /
Member of Product Pricing Committee /
Member of Nomination and Remuneration Committee / President



Age 51 year

Education

- Bachelor of Law, Keio University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

- Apr. 2005-Nov. 2009 Deputy Senior Manager, Marketing Department, Mitsubishi Electric Corporation, Shizuoka Works
- Nov. 2009-Mar. 2011 Deputy Senior Manager, Marketing Department, Mitsubishi Electric Corporation, Nakatsugawa Works
- Apr. 2011-Mar. 2015 Senior Manager, Marketing Department, Mitsubishi Electric Corporation, Nakatsugawa Works
- Apr. 2015-Present Vice Chairman of the Board of Directors / Vice Chairman of the Board of Executive Directors / Member of Product Pricing Committee / Member of Nomination and Remuneration / President, Kang Yong Electric Public Company Limited

Mr. Komol Vongsthongsri

Director / Executive Director /
Executive Vice President



Age 70 year

Education

- Mechanical Engineering (Dipl.-Ing.) Germany

Training

- DCP/2005, ACP/2009

Shareholding (%) : 2,000 Shares or 0.009%

Family Relationship with Executives in other company,
which may cause a conflict of interest : -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-Feb. 2009 Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited
- Feb. 2005-Mar. 2014 Chairman of Audit 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 Director / Executive Director / Executive Vice President, Kang Yong Electric Public Company Limited

Mr.Akira Nakamichi

Director / Executive Director /

Member of Product Pricing Committee / Executive Vice President

Age 53 year

Education

- B.A. in Engineering Tokyo Metropolitan University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

- Dec. 2008-Mar. 2012 Director / General Manager,
Kang Yong Electric Public Company Limited
- Apr. 2012-Oct. 2012 Senior Manager, Refrigerator Production Department,
Mitsubishi Electric Corporation , Shizuoka Works
- Nov. 2012-Mar. 2014 Manager, Quality Innovation Project,
Mitsubishi Electric Corporation
- Apr. 2014-Present Director / Executive Director / Member of Product Pricing Committee / Executive Vice President,
Kang Yong Electric Public Company Limited

**Mr.Ryuzo Kuro**

Director / Deputy General Manager

Age 51 year

Education

- Master of Mechanical Engineering Okayama University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -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 Section.
Commercial & Industrial Ventilation Manufacturing Department,
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



Mr.Chackchai Panichapat

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

Age 76 year

Education

- Master Degree in Electrical Engineering University of Texas Austin, Texas, U.S.A

Training

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

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

Listed Companies

- Dec.1999-Present Chairman of the Audit Committee / Independent Director /
Member of the Nomination and Remuneration Committee, City Sports and Recreation Public Company Limited
- Jul. 2002-Apr. 2015 Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee,
Central Pattana Public Company Limited
- Jul. 2003-Present Director / Executive Director, Amata Corporation Public Company Limited
- 2001-Present Independent Director, Kang Yong Electric Public Company Limited
- 2001-Mar. 2014 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

Non-Listed Companies

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.



Mr.Arthakrit Visudtibhan

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

Age 59 year

Education

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

Training

- DAP/2006, ACP/2009

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

- Apr. 1998-Oct. 2003 Head of Human Resources, Standard Chartered Bank / Standard Chartered Nakornon 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



Mr. Manu Leoparote

Independent Director / Member of Product Pricing Committee /
Chairman of Nomination and Remuneration Committee



Age 72 year

Education

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

Training

- DCP30/2013, RCP3/2001

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -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
- 2006 - 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

Police Major General Sahaschai Indrasuksri

Independent Director / Member of Nomination and Remuneration Committee



Age 66 year

Education

- Bachelor of Law, Major in Law, Sripatum University
- Bachelor of Business Administration, Major in Economics,
Franklin Pierce College, U.S.A

Training

- DAP34/2004

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

- 2005 - President Independent Director & Audit Committee, Permsin Steelwork Public Company Limited
- Jul. 2012 - Present Independent Director, Kang Yong Electric Public Company Limited
- Jul. 2012 - Mar.2014 Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
- Aug. 2013 - Oct. 2013 Independent Director / Member of Audit Committee, Asia Corporate Development Public Company Limited
- Nov. 2013 - Feb. 2014 President, Asia Corporate Development Public Company Limited
- Feb. 2014 - Present Chairman, Asia Corporate Development Public Company Limited
- Apr. 2014 - Present Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited

Mr.Tanabodee Kusinkert

Independent Director / Member of Audit Committee /
Member of Product Pricing Committee

Age 70 year

Education

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

Training

- DCP24/2002

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

- 1990 - Present President & Executive Director, Siam City Leasing and Factoring Public Company Limited
- May. 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
- Jan. 2015 - Present Chairman of the Board of Executive Director, Siam City Service Company Limited



Mr.Minoru Hagiwara

Director

Age 59 year

Education

- B.A. in Literature Waseda University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -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



Mr.Yasumichi Tazunoki

Director

Age 52 year

Education

- Bachelor of Literature Tokyo University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -None-

Working Experience in the last 5 years

- Oct. 2004-Sep. 2005 Manager, Mitsubishi Electric
Life-Environment Systems Corporation,
Mitsubishi Electric Corporation
- Oct. 2005-Jan. 2010 Manager, Corporate Strategic Planning Division, Mitsubishi Electric Corporation
- Feb. 2010-Present General Manager, Strategy & Business Planning Dept.,
Air-Condition & Refrigeration Systems Division, Mitsubishi Electric Corporation
- Apr. 2015-Present Director, Kang Yong Electric Public Company Limited



Mr.Tadashi Matsumoto

Director

Age 57 year

Education

- Bachelor of Law Hitotsubashi University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company,
which may cause a conflict of interest : -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



Mr.Praphon Potivorakun

Director

Age 65 year

Education

- Bachelor of Electrical Engineering Meisei University, Japan

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

Family Relationship with Executives in other company, which may cause a conflict of interest :

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-Present Deputy Managing Director, Mitsubishi Electric Kang Yong Watana Co., Ltd.
(Former namely : Kang Yong Watana Co., Ltd)
- May 2011-Present Director, Kang Yong Electric Public Company Limited

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

Director

Age 61 year

Education

- Doctoral Degree (Ph.D. in Mechanical Engineering), University of Wisconsin, U.S.A

Training

- DCP/2012

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest : -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 Rattanakosin 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.”

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



KYE MANAGEMENT POLICY



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)

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 hand dryers 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 focus on cost efficiency in a bid to increase its competitiveness and accommodate other product lines to be transferred from Mitsubishi Electric Corporation, Japan.

Mission:

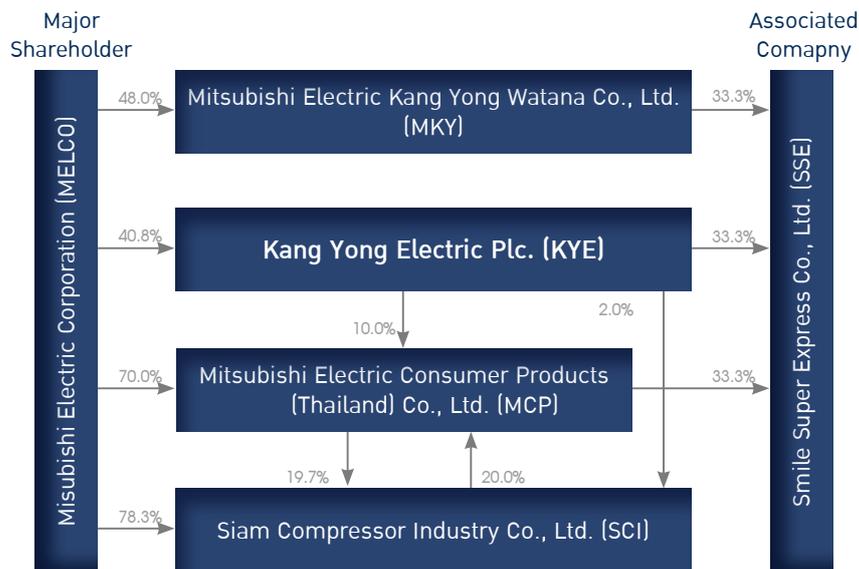
“The Company is steadfast in developing its organization by upholding a three-pillar operational philosophy to respond to all consumer needs, entailing Modern Technology, Quality Control & Safety and Environmental Friendliness.”

Significant Changes and Developments in 2014

- On July 9, 2014, the Company was awarded Best Public Companies of the Year in “Consumer Products Industry” for the second year by Money and Banking magazine.
- On July 25, 2014, the Annual General Meeting of Shareholders resolved to approve profit appropriation for dividend payment at 11.50 baht per share, totaling 253 million baht, to shareholders on August 25, 2014.
- January 2015
 - The Company launched newly designed 18-inch wall fans and cycle fans (W18 and CY18) in the domestic market.
 - The production capacity of fan motors (39SD motor), which are parts for ventilating fan and electric fan assembly, possessing high technology with reduction of copper wire consumption, as the second production line with investment cost of 23 million baht in order to adequately serve production of fans of all models. It is part of the Company’s material cost reduction project (VA Project).
- February 2015
 - According to PCB Inhouse Project plan, print circuit board (PCB) started to be produced for enhancement of production efficiency and cost reduction of critical components parts for refrigerator assembly line, with 33 million baht investment.
 - The new models of refrigerator with Neuro Inverter system, which offers better energy saving, were introduced to both domestic and export markets. Doors are designed with uni glossy door panel for 2-door medium size (346 liters and 380 liters) and large size (460 liters and 510 liters) refrigerators, and 4-door refrigerators of 635 liters.
- Expansion of exports to new markets as follows:
 - Export of ventilating fans to Saudi Arabia and Kuwait.
 - In February 2015, export of water pumps to Indonesia.
 - Hand dryers were exported to Vietnam for the first time in December 2014, and later exported to India and the Philippines in March 2015.
 - Export of 4-door refrigerator, L4 Grande Neuro Inverter, to Russia and Indonesia.

Relationship with Major Shareholder's Business Group

Shareholding structure in the group of companies as of March 31, 2015



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 refrigerators, electric fans, ventilating fan, water pumps and hand dryers, 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, such as 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 2014 made up 16% of its total procurement. MELCO's high bargaining power obtained from massive purchase volumes enables it to buy products at a cheap price, to be assured of accurate delivery time 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 mainly generates income from distribution of refrigerators, electric fans, ventilating fans, water pumps and hand dryers (jet towels). Its income structure for fiscal years ended March 31, 2015, 2014 and 2013 was as follows:

Value: Million baht

Product	2015		2014		2013	
	Million baht	% of Total Sales	Million baht	% of Total Sales	Million baht	% of Total Sales
Domestic and Export Sales						
Electric fans and ventilating fans	1,384.6	16.0	1,198.8	14.2	1,264.8	13.3
Refrigerators	6,267.7	72.2	6,267.9	74.1	7,406.2	77.5
Water pumps	894.8	10.3	868.6	10.3	776.3	8.1
Hand dryers (Jet towels)	74.6	0.9	77.5	0.9	67.5	0.7
Others	53.6	0.6	46.8	0.5	40.0	0.4
Total value	8,675.3	100.0	8,459.6	100.0	9,554.8	100.0

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 under “Mitsubishi Electric” trademark. It has received technological cooperation and support from Mitsubishi Electric Corporation, Japan, in product development, designing and manufacturing, with an emphasis placed on product quality, safety and use of cutting-edge technology to ensure responsiveness to customers’ requirements and strengthen competitiveness against other producers.

Refrigerators

In 2014, our refrigerator has won Good Design Award in Japan for the fourth year. It was the pride of the product design team to have achieved the award consecutively. The Company still focuses on research and development, aiming to obtain true consumers’ demand. In 2014, refrigerators were designed to meet diversified consumers’ demand and preferences as follows:

- **Unique Design:** The refrigerator is designed to be clearly recognizable and to bear an attractive, elegant and beautifully-colored appearance so that it will look more like a piece of furniture that suits perfectly with interior home decoration. Moreover, refrigerators of all designs are simple to open whether by top or side edge.
- **Easy to Use:** The product offers model diversity, number of doors, capacity, and either top or bottom freezer to match consumers' preferences and allow for convenience, time-saving and efficient usage.
- **Healthy Technology:** Combination of food preservation technologies is employed for food preserving and clean interior space, as below:
 - **Anti-bacteria Foodliner:** Anti-bacteria substance is contained in the food liner of freezer and cooling compartment in order to stop the growth of bacteria.
 - **Vitamin factory:** Vegetable compartment is installed with the orange light (LED) technology which offers longer vitamin C preservation period in green vegetables.
 - **Minus Ion Surround Cooling System:** Cooling and minus ion are distributed to all shelves including bottle compartment to help increase moisture in inner compartments and preserve foods for longer period.
 - **Neuro fussy System:** The system is controlled by intelligent microchips using sensors to measure interior and exterior temperature with data sent to the intelligent processor microchips, ensuring efficient operating performance of a refrigerator in all conditions of use.
- **High Quality with Environmental Friendliness & Energy Saving:** The Company offers a high standard of product quality that could gain customer trust, together with environmental friendliness and energy saving.
 - **Neuro Inverter System:** The combination of neuro fuzzy system, Inverter Compressor and Multi-Fan Cooling unit offers energy saving capability and enhances cooling performance in all conditions of use.
 - **Premium Safety:** It 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 in each country and energy saving requirements, with the use of environmentally friendly raw materials that meet RoHS requirements.

In 2014, the Company initiated developing a new design of 4-door refrigerators, with bottom freezer compartment, called L4 Grande. It offers capacity of 635 liters or 22.4 cu and more functions to use. It was considered a step ahead in product development, initiating the production line of refrigerators with more 510 liters of capacity to meet the demand of new customers who prefer large size refrigerators. Moreover, new technologies are also included in the product such as control pad with digital LED screen and easy-to-use large storage compartment. The Company, together with local dealers, has planned to promote the product and increase channels of distribution, as well as export to such markets as Russia and Indonesia. Currently, the Company has expanded its export sales to altogether 14 countries.

Electric Fans

The Company all along focuses on motor design and development to ensure high performance, high durability and low noise while working, including environmental friendliness. After the introduction of new innovative motor used for 12-inch electric fans in 2013, the Company in 2014 developed the new motor for four models of 16-inch electric fans including desk fan, semi-desktop fan, floor fan and wall fan.

Based the Company's market analysis and realization of sales opportunities to meet customers' preference for attractive and modern designs, the Company has introduced two new models, comprising the 12-inch semi-desktop fan with remote controller (R12A-HRS) and the 16-inch floor fan with remote controller (LV16S-RT) which are carefully designed and developed to bear a modern and elegant appearance and to suit classy home decoration so that they will match the demand of customers who can afford one and are willing to buy a product that suits their home decoration.

In 2013, the Company introduced the 18-inch semi-desktop fan and received well acceptance from consumers. So, in 2014, two new designs were developed, which are the 18-inch wall fan and cycle fan, to offer product diversity and build on the success in increasing line-up, aiming to offer choices for consumers to match various conditions of use. Line-up of colors in various designs was also increased to get modern appearance, match target group's preferences and suit perfectly with all lifestyles.

Ventilating Fans

Ventilation system in houses is useful and cannot be overlooked. It helps circulate polluted air out and fresh air in, offering occupant better comfort and health.

Benefits of ventilating fans

- Reduce dust, smoke and fug in a room and offer better air circulation
- Reduce odor and heat from cooking and balance room temperature in kitchen
- Reduce accumulated heat before turning on an air-conditioning unit, cool a room's temperature with less time and reduce energy consumption

The ventilating fan is considerably a useful product helping improve quality of life of consumers. Nowadays, the Company is capable of increasing product line-up to offer diversity of products for consumers so that they suit well with conditions of use and locations, such as buildings and houses, even if they are in different room decorations, the wall mounted type, window mounted type, ceiling mounted type and duct ventilators. Moreover, the fan is specially designed, using Aerodynamics rules, assembling five propellers that can accurately control the rotation without having a problem with reverse air, air resistance and operating noise.

In 2014, apart from introduction of new electric motor innovation in the electric fan, it was also assembled in almost all designs of ventilating fans (except, EX-15SCT, ceiling type ventilator) in order to improve product's durability, enhance operating performance and promote safety low operating noise and environmental friendliness at the same time. It was another year that the Company implemented the new innovations to add value and apply to varieties of its products. This was well in line with the Company's policy to develop the products that provide greatest benefits to the customers in all aspects.

Water Pumps

The Company manufactures various designs of water pumps with high pumping and distributing pressure to meet wide range of consumers' preferences including the suck-from-well/tank type, automatic based on water tap operation type, constant pressure type and, inverter type, an energy saver using electronics board to measure water level.

In 2014, the Company focused on market analysis aiming to lay a concrete foundation of product development in the future as well as to strengthen product quality assurance system for gaining higher level of consumers' trust in its products.

Hand dryers / Jet Towels

The Company maintained in continuously increasing sales of jet towels both in domestic and export markets. The jet towel is designed for being truly environmentally friendly by being of compact size, featuring strong air blower and being convenient to install and use. The main characteristics of the jet towel are adjustable high air blower speed, on/off switch of hot air function, low operating noise, no toilet paper required hence no garbage, low energy consumption, easy maintenance and short time of toilet cleaning required. Moreover, the jet towel is worth investing in as it offers cost reduction opportunity for toilets in various places such as restaurants, offices, hospitals, hotels and public sites as well.

Market and Competition

Business and Competition Outlook

The Company sells products in three principal markets, i.e. domestic market, Japanese market and other export markets. In fiscal 2014, its sales to these markets were in a proportion of 35:43:22 respectively and differed from the ones in 2013 that were in a proportion of 35:45:20. The change was in line with the Company's plan, set prior to the start of the fiscal year, to increase sales ratio in other export markets.

Market and Sales Situation

Domestic Market

In 2014, the overall economic growth decelerated in the first half of the year with fluctuations as a result of held-back investment from private sector entities waiting for definite economic and political policies and measures from the government. This situation, together with low tourist inflows, lowered confidence in consumption. The decline in Thai and foreign tourist inflows following political uncertainties led to smaller income generation of tourist attractions. Domestic sales of electrical appliance business accordingly dropped in the first half of the year. In the second half of the year, the economic recovery remained sluggish in the lack of driving force for exports and tourism. With the disbursement of government budget not fully executed, the economic revival pace remained slow. Household spending grew at a decelerating rate as consumers were careful in their spending, while household debt level was high against the persisting low farm income, pending additional government measures to encourage consumption.

Domestic market situation in fiscal 2014 is summarized for each type of products as follows:

- Refrigerator: Demand growth in 2014 slowed by 6.2% from the previous year, with a sharp decline in the first half by 11.2% and the second half by 0.4%. Overall domestic market was on a declining trend with lower purchasing power against the rising cost of living following product price hikes. As a result, the consumer confidence index dropped and consumer spending slowed. Competition became tougher in the refrigerator market, with competitors cutting down prices in order to boost sales.
- Electric Fan: Year-round demand grew slightly by 0.7% with a rising trend in the second half against the first half contraction of 8.5%, which was in line with the sales of refrigerators.
- Water Pump: Overall demand grew slightly as a result of expansion in single detached house constructions especially those by general public which grew 13%. On the contrary, the growth of single detached house constructions by property developers dropped by 3% due to lack of confidence in the economy and hence deterred investments. Despite this, the Company's product dealers had expanded distribution channels to provincial areas especially via modern trade, which helped stimulate growth of sales by 3.0%.

Amidst the drop in the overall demand, the Company had adopted proactive strategies by cooperating with local dealers to promote sales via various distribution channels including launching new products that better meet consumers' demands such as developing new design of floor fans, increasing line-up of 18-inch electric fans as well as developing new design of refrigerators with inverter system, etc. As a result, the Company recorded sales of 2,977 million baht, or a growth of 2% from the foregoing year.

Japanese Market

Japan's overall economic growth in the entire year 2014 was at a slowing rate, caused mainly by the hike in VAT rate from 5% to 8%, effective on April 1, 2014. This posed an adverse impact on the economic growth. The decision was made by the government with the intention to raise state revenue and settle the public debt which was as high as 200% of GDP. Meanwhile, the Bank of Japan announced an increase in the purchases under the Quantitative Easing (QE) scheme from 60 trillion yen to 80 trillion yen per year in order to stimulate the economy, export in particular, resulting directly in depreciation of the yen. However, prices of imported products jumped up by over 30%. Such policy significantly affected the Company's sales.

At present, the Company exports four types of products to Japan comprising refrigerators, electric fans, ventilating fans and hand dryers (jet towels). With the prevailing economic slowdown, triggered by abrupt change in monetary policy, overall demand in Japanese market fell in a similar pace, i.e. 20% for electric fan, 5% for ventilating fan, and 25% for refrigerator. This was mainly attributable to consumers' avoidance of higher priced products and rush to buy them prior to the effective date of the new VAT rate on April 1, 2014.

However, despite such external factors that had substantially hurt the Company's sales, the Company decided, in collaboration with Mitsubishi Electric Corporation, Japan, to rationalize its marketing strategy including sales management plan for each period of time to suit the rapidly changing situations. These measures enabled the Company to record sales of 3,766 million baht in Japan with the growth rate unchanged from the previous year.

Other Export Markets

In 2014, the global economic expansion was on a slowing pace. Even though the US economy continued to record consistent growth, the Eurozone and Chinese economies clearly signaled a slowdown. Meanwhile, ASEAN was still in good shape, particularly Malaysia which recorded highest cross-border trade value with Thailand and enjoyed an accumulated economic growth of 6.1% since early 2014, hence further fueling the cross-border trade. Other export markets of the Company continued to be in the doldrums. From January until September 2014, Thailand's cross-border trades with neighboring countries (Malaysia, Myanmar, Laos and Cambodia) went up 6.5% year on year.

The Company has currently managed to expand its export markets to cover all of the 10 ASEAN member countries, and enjoyed the robust cross-border trades among them. Even though the competition is intense in term of product line, price and energy saving efficiency, the Company has rationalized its regional marketing strategy in order to stay competitive including adjustment of the electric fan price to be competitive in the Vietnamese market, organizing sales promotion activities in the Malaysian market, and so on.

The Company's distribution channels have also been expanded in Australia via its new business partner, Harvey Norman, who collaborated with the Company to work out product, pricing and sales promotion strategies in order to expand the sales more efficiently through Harvey Norman's local distribution channels across Australia. Moreover, the Company's new markets penetrated in 2014, namely Saudi Arabia and Russia, are considered promising markets that could help boost its sales looking forward.

In 2014, the Company worked out a distribution channel expansion plan and collaboration on which was made with distributor companies in Mitsubishi Electric Group in each country to drive its sales and increase its market share, especially in Malaysia, Vietnam and Indonesia, in line with the Company's policy to expand its export network beyond the existing ones. As a result, its sales in other export markets were recorded at 1,884 million baht, with export growth of all its products, i.e. refrigerators, electric fans, ventilating fans and water pumps at 6%, 29%, 30% and 22% respectively.

Procurement of Products and Services

Nature of Product Procurement

The Company's factory is located at No. 67 Moo 11, Bangna-Trad Road Km. 20, Bangchalong, Bangplee, Samutprakan 10540. At this factory, its products comprising refrigerator, electric fan, ventilating fan, water pump and hand dryers (jet towel) are manufactured.

(a) Manufacturing Process

The Company's manufacturing process begins with product design and development by receiving cooperation in product design 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 2012-2014 are tabulated below:

Products	Unit	2014	2013	2012
Refrigerator				
Rated capacity	units	1,200,000	1,200,000	1,100,000
Actual production	units	842,355	929,881	936,294
Capacity utilization rate	%	70%	77%	85%
Electric fan & ventilating fan				
Rated capacity	units	1,600,000	1,600,000	1,500,000
Actual production	units	1,493,673	1,228,619	1,353,926
Capacity utilization rate	%	93%	77%	90%
Water pump				
Rated capacity	units	250,000	250,000	250,000
Actual production	units	227,554	175,795	212,556
Capacity utilization rate	%	91%	70%	85%
Hand dryer (Jet towel)				
Rated capacity	units	50,000	50,000	40,000
Actual production	units	25,756	25,350	20,071
Capacity utilization rate	%	51%	51%	50%

Raw Material Procurement

Raw materials used for production:

	Proportion of Purchase/Usage [%]	Supply Sources	
		Domestic	Overseas
1. Compressor	17.7	√	√
2. Steel for parts making	18.6	√	√
3. Foaming agent	5.9	√	
4. Copper	4.1	√	
5. Resin	9.5	√	√
6. Electric cord	3.4	√	√
7. Motor	1.9	√	√
8. Die cast	2.3	√	
9. Electronic parts	10.9	√	√
10. Paper carton	2.5	√	

Proportion of Domestic and Overseas Supply of Raw Materials

The Company still has to import 12.7% 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 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.

Based on the 2014 annual environmental management report of the Environmental Management Committee (EMC), the Company has conducted the following activities to meet the environmental policy:

- Phased out the use of ozone-depleting refrigerant by using R600a in place of R134a to help reduce and prevent rise of atmospheric temperature.

- Conducted energy saving activities:
 - Changed the current light bulbs in use, from T8 to T5, totaling 382 light bulbs, with estimated energy saving of 14,206 KWh/year.
 - Installed meters to measure energy saving value and determine energy saving activities with newly installed machines, such as hot water machine in PCB production line.
 - Before investing in a new machine or equipment, size and performance of motors were taken into consideration to match the jobs such as reducing the size of motor used in 100-ton hydraulic press machine from 30 hp to 25 hp which helps lessen power consumption.
 - Reduced electrical power consumed by electric fan production from 350 MWh in 2013 to 300 MWh in 2014, saving 14%.
- Avoided posing impacts on the surrounding community:
 - Improved stack that releases odor of paint to the surrounding community by increasing its height from 16 meters to 20 meters for better dissipation of odor in the air and remaining harmless to the atmosphere.
 - Improved wastewater disposal by adding paint residue filters.
- Added bins for scrap iron and organized campaign on throwing garbage into the right bins by making announcement board and providing a training course for the employees on how to sort out types of garbage.
- Operation of logistic system:
 - Reduced emission of carbon dioxide (CO₂) by shortening driving distance of delivery trucks and picking closer delivery points, lowering CO₂ emission by 8%.
 - Creatively reused the disposed paper packages from production as protectors for products in delivery process against possible damage occurred during transportation, with reused volume recorded at 90 tons in 2014.

The Company has communicated its environmental policy to all staff members through training and PR campaign, as well as joint activities with employees, trade partners, 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 in an efficient and ongoing manner.

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 manufacturer and distributor of home electrical appliances which are products with ongoing design and development of new models every year, hence vulnerable to risk from technological changes and product development that could cause faster product obsolescence and rapid replacement by new models. The Company must therefore keep abreast of all such changes closely and consistently.

To mitigate this risk, the Company has studied product trends to match market demand and focused more on new environmentally friendly and energy saving technologies. It has received supports in term of development, design and technology from its major partner, Mitsubishi Electric Corporation, Japan, which has dispatched experts to give advice and consultancy on product development and new technologies. The Company is therefore able to adapt efficiently to technological changes and product development.

As evident in 2014, the Company developed new models of refrigerators using Neuro Inverter compressors and designed Uni glossy door panels for medium- and large-size 2-door refrigerators. The products with such energy saving feature and new door design have been well accepted by the consumers, and hence well competitive in the markets.

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)

The advent of the AEC by the end of 2015 will bring about drastic changes, i.e. freer movements of human resources, capital, labor and trade among ASEAN member countries. Potential risks include:

- **Price competition:** As Thailand has not adopted any non-tariff barriers, imported goods are sold at low prices. The lack of control measures has also put consumers at risk of consuming unsafe products, and local producers at risk of losing market shares to the imported products. However, with its quality policy of producing quality-standard and energy-saving products, the Company has been able to maintain its market leading position all along.
- **Restriction in export expansion:** Due to the customs procedure, sanitation measures and industrial standards, which are non-tariff barriers hindering Thai exports, flows of goods among countries slow or no exports can be made to some certain countries, hence loss of sales and market expansion opportunities to ASEAN countries. However, with its continued efforts in producing products consistent with international standards for electrical appliances, the Company has been able to export its products to ASEAN member countries by applying for product standard certifications of the respective countries before exports.

In addition, the Company has consistently expanded and strengthened collaboration with its business partners in each country and each region. It will continue to introduce high quality products that are safe for use and save energy, as well as being attractive and carrying high technology to tap into the markets where possession rates of certain products are still low, which will open up ample sales opportunities for the Company.

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 will pose impact on the supply chain system, which involves suppliers of parts and raw materials, such as earthquakes in Japan and natural perils in some countries where the Company exports its products. The Company has devised a business continuity plan and adjusted its production strategy to enable delivery of products as planned. In 2014, the Company commenced self-production of printed circuit boards (PCBs) as a way to mitigate risk from shortage of such critical component parts used for production of refrigerators. The Company used to experience shortage of such parts during Thailand big floods in 2011

when suppliers of the parts were hard hit and eventually closed down businesses. The Company's own production line of PCBs will not only safeguard it against lacking critical component parts for the production but also allow it to control the volume of PCBs to vary in line with the refrigerator production plan and also lower its production cost, as well as enhancing employees' high technology skills.

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.

In addition, the Company has built collaboration with vocational educational institutes aiming to enhance their teaching and learning, and hence relieve the labor shortage problem to some extent.

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. Including laws and regulations of The Securities and Exchange Commission. The Stock Exchange of Thailand which the listed company must be comply. 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.

KYE

INFORMATION

Name in Thai	: บริษัท กันยงอีเลคทริก จำกัด (มหาชน)
Name in English	: KANG YONG ELECTRIC PUBLIC COMPANY LIMITED
Registered No.	: 0107536001257
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
Main Business	: Manufacturer and exporter of Electric Home Appliance such as refrigerator, Electric Fan, Ventilating Fan, Water Pump under and Jet Towel "Mitsubishi Electric" trademark
Registered Capital	: As at March 31, 2015 : 220 million baht
Website	: www. mitsubishi-kye.com
Company's Co-ordinator	: President Office Department Tel: 0-2337-2900 (Automatic), 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 June 8, 2015 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.Supachai Suthipongchai	650,000	2.95
7. Mr.Somjin Leelakate	610,000	2.77
8. Mrs.Penchantra Visudtibhan	479,089	2.18
9. Mr.Chayanind Phodhivorakhun	265,583	1.21
10. Mr.Bumrung Sri-ngarn	227,000	1.03
Total	<u>16,323,943</u>	<u>74.20</u>

The shareholder group as of June 8, 2015 as follows :

	Total	Total shares	%
1. Mitsubishi Electric Group ^{*1}	3	9,053,020	41.15
2. Phodhivorakhun Group ^{*2}	9	5,429,806	24.68
3. Other shareholders	<u>2,251</u>	<u>7,517,174</u>	<u>34.15</u>
Grand Total	<u>2,263</u>	<u>22,000,000</u>	<u>100.00</u>

Remark : - The company has Thai Shareholders 2,223 names or 57.47% of total shares and Foreign Shareholders 40 names or 42.53% 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	1.21
- Mrs.Wattanee Phodhivorakhun	30,672	0.13
- Ms.Lapaslada Phodhivorakhun	9,600	0.04
- Mr.Vorapas Phodhivorakhun	5,600	0.03
- Ms.Bussakorn Phodhivorakhun	4,100	0.02

Dividend payment policy :

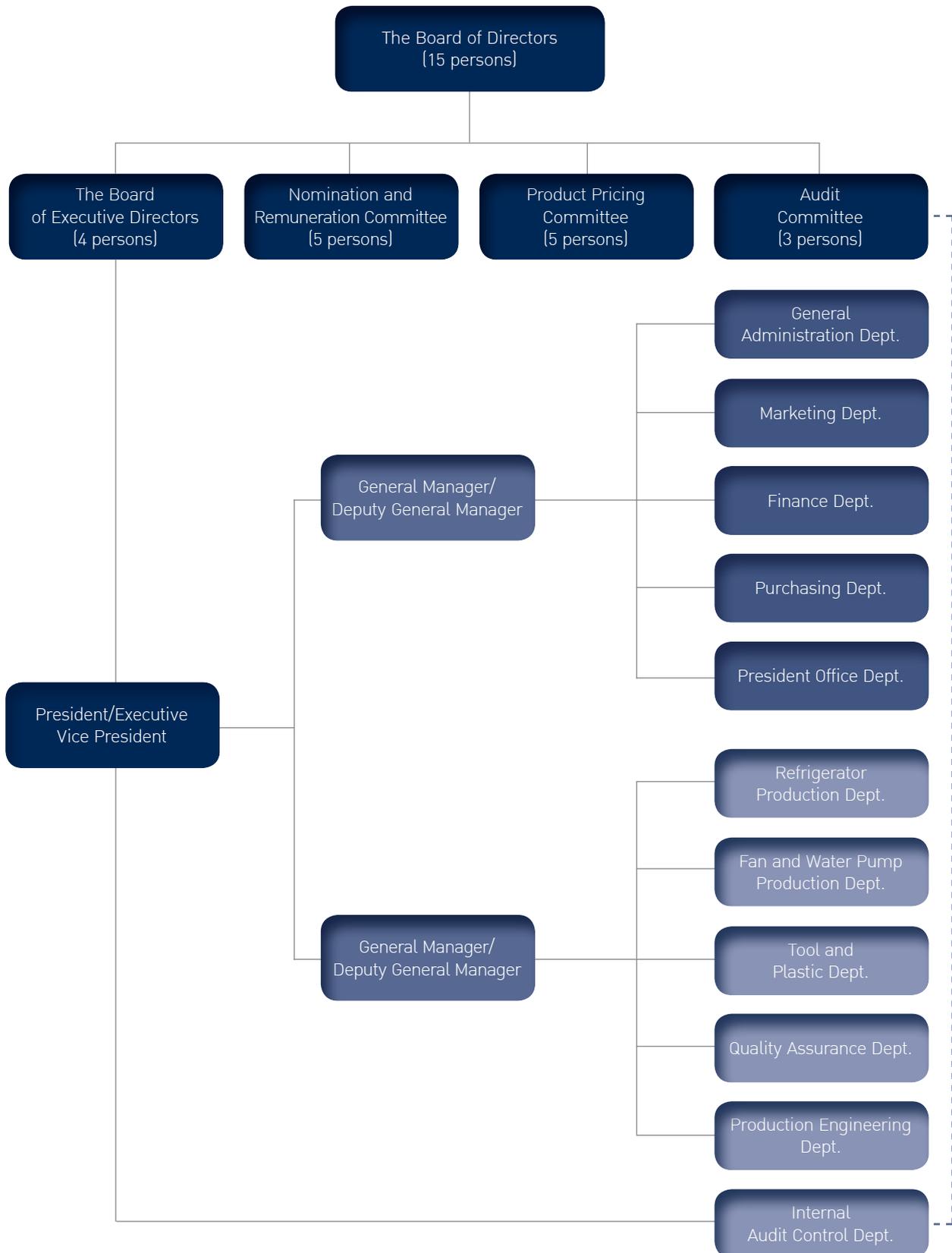
The company has a payment policy to pay dividend approximately 50% of net profit after tax financial statement in which the equity method its applied which upon the company's operating results and economics situation.

Five year's dividend payment history of the Company

Fiscal Year	2013	2012	2011	2010	2009
Earning per Share (EPS)	23.00	39.08	31.63	28.45	42.47
Dividend per Share (DPS)	11.50	19.55	15.82	14.25	21.25
Dividend payment policy (D/P)	50.00%	50.02%	50.02%	50.08%	50.04%

MANAGEMENT STRUCTURE

Management Structure as at April 1, 2015



The Board of Directors

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, 2015, list of the members of the Board of Directors is shown below:

1.	Mr. Praphad	Phodhivorakhun	Chairman of the Board of Directors
**2.	Mr. Tsutomu	Shimizu	Vice Chairman
3.	Mr. Komol	Vongsthongsri	Director
4.	Mr. Akira	Nakamichi	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. Yasumichi	Tazunoki	Director
13.	Mr. Tadashi	Matsumoto	Director
14.	Mr. Praphon	Potivorakun	Director
15.	Assoc.Prof.Dr.Issaree	Hunsacharoonroj (Ph.D)	Director

Remarks

* The Board of Directors appointed 5 independent directors on July 25, 2012 and changed the independent directors by the resolution of the Board of Directors 4/2013, on February 12, 2014.

** Appointed by the Special of Board of Directors' Meeting No.3/2014 on March 30, 2015 to replace Mr.Sadahiro Tomita and Mr.Yuji Suwa, 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 of the company resolution of the shareholders' meeting, and to 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. Tsutomu | Shimizu | Vice Chairman of Executive Director and President |
| 3. | Mr. Komol | Vongsthongsi | Executive Director and Executive Vice President |
| 4. | Mr. Akira | Nakamichi | Executive Director and Executive Vice President |
| 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 | Purchasing Department Manager |
| 9. | Mr. Kritsana | Chatchaivorawong | Internal Audit Control Department Manager |
| 10. | Mr. Tsutomu | Sekizawa | 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 | Subromyeen | Refrigerator Production Department Manager |
| 15. | Mr. Mongkol | Thadtayatikom | Quality Assurance Department Manager |
| 16. | Mr. Vinij | Phromma | 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, 2015.)

The Company Secretary

The Board of Directors has approved the appointment Ms. Pojana Tinnaworn as a Company Secretary since May 25, 2012 to comply with 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's meeting, the minutes of meeting of the board of directors and an annual report of the Company
 - 1.3 A notice calling shareholder's meeting and the minutes of shareholders' meeting;
2. Keeping a report on conflict of interest, reported 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 advising the new director

5. Liaise with the regulatory agencies such as the Stock Exchange of Thailand
6. Disclosure and information reporting to the regulatory agencies and public which comply with the law properly.
7. Operating any act that is abided by the Capital Market Supervisory Board and assigned by the Board of Directors.

Remuneration for Directors and Executives

Directors' remunerations

The Company paid a monthly retainer fee and meeting allowance for during April 2014-March 2015. The details of the directors' remunerations are as follows :

Directors	Position	Committee					Remuneration (Baht/year)	
		BOD	EDC	AC	PPC	NRC	2014	
1. Mr.Praphad	Phodhivorakhun	Chairman of the Board of Directors	√	√			√	557,000
2. Mr.Sadahiro	Tomita	Vice Chairman	√	√		√	√	563,000
3. Mr.Komol	Vongsthongsri	Director	√	√				303,000
4. Mr.Akira	Nakamichi	Director	√	√		√		265,000
5. Mr.Ryuzo	Kuro	Director	√					303,000
6. Mr.Chackchai	Panichapat	Independent Director	√		√		√	750,000
7. Mr.Arthakrit	Visudtibhan	Independent Director	√		√	√		644,000
8. Mr.Manu	Leopairote	Independent Director	√			√	√	390,000
9. Pol.Maj.Gen.Sahaschai	Indrasukhsri	Independent Director	√				√	386,000
10. Mr.Tanabodee	Kusinkert	Independent Director	√		√	√		586,000
11. Mr.Minoru	Hagiwara	Director	√					249,000
12. Mr.Yuji	Suwa	Director	√					198,000
13. Mr.Tadachi	Matsumoto	Director	√					225,000
14. Mr.Praphon	Potivorakun	Director	√					252,000
15. Assoc.Prof.Dr.Issaree	Hunsacharoonroj(Ph.D)	Director	√					303,000
*Mr.Takenori	Adachi	Director						40,000
Total								6,014,000

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

PPC = Product Pricing Committee

NRC = Nomination and Remuneration Committee

Management's Remuneration

During April 2014-March 2015, the remunerations for 5 Executives (Executive directors and Executive managers) for remunerations (i.e. salary and other) are 19.73 million baht.

Manpower

As of 31 March 2015, the company has 2,093 permanent employees detailed as follows:

1. Permanent employee of production line
 - 1.1 Fan and Water Pump Production Department 514 persons
 - 1.2 Refrigerator Production Department 1,152 persons
 - 1.3 Too and Plastic Production Department 207 persons
2. Permanent manpower at production support 82 persons
3. Permanent manpower at administration 138 persons

Compensation for Employee

In the fiscal year 2014, the total compensation for employee was 785.35 million baht that namely salary, wages, overtime and bonus. In addition, the Company has provided welfare for employees such as provident funds, medical expenses, and traveling expenses, etc

Employee Development Policy

To develop company's organizational and employee's individual capabilities, in order to facilitate domestic and oversea business expansion, to cope with new technologies inaugurated to enhance employee skills, knowledge and competencies and also to prepare for more competitive environment in the future, the company has established an organization responsible particularly for employee development and training. Budget is appropriately and sufficiently allocated for development and training in accordance with objectives of each department. Thus, development and training schemes are determined as follows:

1. Internal Training: The company examines training needs from among superintendent in every level, considers annual management policy together with market trend and environment to determine annual training plan. Internal training will be carried out by inviting instructors with expertise from external domestic or oversea organizations and institutes, to consecutively provide knowledge to employee in each level every year.
2. External Training: The company will let employees participate in training arranged by external organizations and institutes, regarding technical issues, administration, management, based on specialties needed in relevant with their duties.

3. Oversea Training : To enhance readiness and to provide employees with opportunities to learn new know-how and techniques, the company will send managers and staffs to attend meetings, seminars or training course both short and long term regarding technical and vocational issues, administration, management, safety, occupational health and environments arranged at Mitsubishi Electric Corporation in Japan.
4. Employee Children's Scholarship Program : To mitigate the burden for employees contributed to company's excellent performance, the company has been continuously granting employees children's scholarship every year.

In addition to development and training plan to increase employee skills and knowledge as stated above, the company has established rank and position determination regulation in order to clarify career path and increase employee morale in every level. The company will motivate, encourage and support employee to obtain career competencies and opportunities to grow and progress through career path in correlation with their knowledge, competencies and experiences.

CORPORATE GOVERNANCE

1. 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 2014, the Company 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 2014, the Company convened one annual general meeting of shareholders on Friday, July 25, 2014 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, as well as the certified public accountants and the management of the Company, were present at the meeting to answer all queries raised by the shareholders on an equitable basis. Questions and answers were correctly and completely recorded in the minutes of the shareholders' meeting. The Board of Directors establishes that the minutes of the shareholders' meeting are prepared and made available on the Company's website within 14 days after the meeting date for the shareholders' ease of reference and examination.

The meeting was carried out as in the order set in the agenda without addition of any items. Votes casting was through the ballot forms, and barcode was used in the registration and vote counting processes for time saving. Duty stamps were prepared for the shareholders' convenience in proxy appointment.

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 are given the right to propose agenda items for the annual general meeting and/or to nominate candidates for director election in advance, thus signifying a fair treatment of all shareholders. For the 2014 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 19-April 16, 2014 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 2014 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 2015 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 January 19-March 16, 2015, the matter of which was already notified by the Company to the SET, none of the shareholders proposed agenda items for such meeting and/or nominated qualified candidates for director election.

The Company has also provided convenience to non-Thai shareholders by making available meeting notice and relevant meeting documents in English version with due regard to their equitable rights as the shareholders of the Company.

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 their residences.
 - 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.
5. Consistent efforts are made on research, development and production of quality and safe products.

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.
4. The Company has a policy in place to perform in compliance with the fair trade rules and laws, both at home and in the regions where its business is located, as well as anti-monopoly law and other trade competition laws.
5. The Company will not infringe the intellectual property rights or any other rights in relation to intellectual property of others.

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. In the acquisition, procurement and selection of a trade partner company, such factors as quality, price, delivery period, technology and consistency in product supply will be taken into consideration.
6. A correct, complete and punctual financial report must be regularly submitted to the creditors.

Society, General Public and Environment

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 2014 (Form 56-1) covering report on operating results, financial statements, management's discussion and analysis, and report on the Board of Directors' responsibility for the financial statements to ensure transparency for the benefits of the shareholders. 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](mailto:information@kye.meap.com).

The Company has established that its directors, executives and persons related thereto are duty-bound to prepare and present to the Company report on changes in their holdings of the securities of the Company within three business days from the date of change. Directors, executives and persons related thereto are also required to report the Company of their beneficial interests. All such reports on their changes in securities holdings and beneficial interests will be compiled by the Company Secretary and put in the agenda for information at the Board meeting on a quarterly and semi-annual basis respectively.

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 2014, the Company held a total of seven Board of Directors' meetings. Meetings of other board committees consisted of four 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, 2015

Board of Directors		No. of attendance/No. of meetings held				
		BOD	AC	PPC	NRC	Total
1. Mr. Praphad	Phodhivorakhun	7/7			2/2	9/9
2. Mr. Sadahiro	Tomita	7/7		3/3	2/2	12/12
3. Mr. Komol	Vongsthongsri	7/7				7/7
4. Mr. Akira	Nakamichi	5/7		2/2		7/9
5. Mr. Ryuzo	Kuro	7/7				7/7
6. Mr. Chackchai	Panichapat	7/7	4/4		1/2	12/13
7. Mr. Arthakrit	Visudtibhan	7/7	4/4	3/3		14/14
8. Mr. Tanabodee	Kusinkert	6/7	4/4	3/3		13/14
9. Mr. Manu	Leopairote	4/7		0/3	2/2	6/12
10. Pol. Maj. Gen. Sahaschai	Indrasuksri	6/7			2/2	8/9
*11. Mr. Minoru	Hakiwara	5/7				5/7
*12. Mr. Yuji	Suwa	3/7				3/7
*13. Mr. Tadashi	Matsumoto	4/7				4/7
14. Mr. Praphon	Potivorakun	5/7				5/7
15. Assoc. Prof. Dr. Issaree	Hunsacharoonroj	7/7				7/7
@ Mr. Takenori	Adachi	0/7		0/1		0/8

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.

@ = Director who completed term of office on July 25, 2014, and was replaced by Mr. Akira Nakamichi, Director no. 4.

BOD = Board of Directors

AC = Audit Committee

PPC = Product Pricing Committee

NRC = Nomination and Remuneration Committee

2. 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. The Board of Executive Directors was appointed by the Board of Directors, composed of four members:

- | | | |
|----------------|----------------|--------------------|
| 1. Mr. Praphad | Phodhivorakhun | Chairman |
| 2. Mr. Tsutomu | Shimizu | Vice Chairman |
| 3. Mr. Komol | Vongsthongsri | Executive Director |
| 4. Mr. Akira | Nakamichi | Executive Director |

Authorized signatories: Either Mr. Praphad Phodhivorakhun or Mr. Komol Vongsthongsri is authorized to co-sign with either Mr. Tsutomu Shimizu or Mr. Akira Nakamichi, 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, as well as screen and endorse any business to be further submitted to the Board of Directors for acknowledgement and/or for approval pursuant to the relevant criteria.

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

- | | | |
|------------------|-------------|----------|
| 1. Mr. Chackchai | Panichapat | Chairman |
| 2. Mr. Arthakrit | Visudtibhan | Member |
| 3. Mr. Tanabodee | Kusinkert | Member |

Duty and Responsibility of the Audit Committee

It has duty to review the adequacy of the Company's internal control 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 for acknowledgement and/or for approval.

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

- | | | | |
|----|--------------------------|----------------|----------|
| 1. | Mr. Manu | Leopairote | Chairman |
| 2. | Mr. Praphad | Phodhivorakhun | Member |
| 3. | Mr. Tsutomu | Shimizu | Member |
| 4. | Mr. Chackchai | Panichapat | Member |
| 5. | Pol. Maj. Gen. Sahaschai | Indrasukhsri | Member |

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. Tsutomu | Shimizu | Member |
| 2. | Mr. Akira | Nakamichi | Member |

Group 2 Three independent directors:

- | | | | |
|----|---------------|-------------|----------|
| 1. | Mr. Arthakrit | Visudtibhan | Chairman |
| 2. | Mr. Manu | Leopairote | Member |
| 3. | Mr. Tanabodee | Kusinkert | Member |

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.

3. 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.

4. 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.

5. 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.

6. Auditor's Remuneration

- **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 1,122,000 baht.

- **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 448,000 baht.

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 private 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.

- In 2014, the Company received Outstanding Workplace Award for Labor Relations and Welfare from Department of Labor Protection and Welfare, Ministry of Labor, for eight consecutive years since 2007.
- In 2014, the Company received Good Design Award for its refrigerators from Reader's Digest for the fourth straight year.

Stakeholder Connecting

In assessing the stakeholders, the Company's work units in charge of dealing with groups of stakeholders have through joint meetings and communication via email: information@kye.meap.com compiled complaints, recommendations and comments from the stakeholders for use as guidelines in improving the Company's operations and response to meet the expectations of all groups of stakeholders appropriately and in line with the code of ethics no. 7 "relationship with stakeholders." It aims to operate business and foster relationship on the basis of integrity and fairness in order to promote good cooperation that would bring about sustainable development and growth.

Stakeholders	Guidelines and Strategy
Employees	Promotion of employees' fundamental rights at work pursuant to work and workplace security regulations.
Customers	Research, development and production of safe and energy-saving products to respond to diversified needs of customers.
Business partners	Compliance with the agreements and abiding by fair, transparent and equitable competition rules.
Shareholders	Payment of dividend as specified in the policy and equitable treatment of the shareholders.
Community	Protection of the environment and participation in activities contributing to community development and benefits.
Government agencies	Strict compliance with the laws and regulations and no payment to government officers without reasonable grounds.

CSR in Process

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 and in line with the Mitsubishi Electric Group Conduct Guidelines, which the Company first communicated to its employees in 2007 and has revised from time to time to suit the circumstances, as below:

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 will not consent to, agree to, or exchange information with competitors in a way that could unreasonably restrict competition regarding products, prices, production, salability, sales conditions, bidding, or any other agreements, whether verbal or in writing, or expressed or implied. It will not have communication with competitors in any manner that could reasonably cause unfair competition.
- 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 infringement of any intellectual property rights of other parties under any circumstances. In 2014, the Company filed for registration of petty patents for its invention of propeller for water pump, design of ventilating fan, and design of wall and floor fans, on account of its continuous product development with product quality and safety taken into consideration. These products of creativity are thus intellectual property to which the Company is entitled.

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 alliances in terms of technology, safety, output expansion, environmental problem reduction, and quality standard upgrade, so that they could move together toward business strength and stability.

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 any 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 and effectively to their work. It is thus necessary for the employees to understand and recognize the importance of compliance with the applicable rules, regulations and laws. For evaluation purpose, the trainees are required to do a test on the topic after completion of the training with a pass score of at least 80%. For 2015, the Company has planned to develop its training and evaluation programs through e-learning system provided by Corporate Compliance Committee from Mitsubishi Electric Corporation, Asian Region Office.
- The Company makes available channels for all groups of stakeholders to make complaint or report any incident or activity (whistle blowing) 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 justice, 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.

The Company has been assessed for its development of progress in prevention of involvement in corruption (Anti-Corruption Progress Indicator) from Thaipat Institute, with an assessment score of 2 declared. This has exhibited the Board of Directors' strong determination to fight corruption in the society. However, to get prepared for being certified as a member of the Private Sector Collective Action Coalition Against Corruption Council (CAC), the Company has planned to participate as a member of Partnership Against Corruption for Thailand (PACT) in the first place, which would encompass stages from giving a pledge and preparing an anti-corruption policy to working out an action plan for translation into practice.

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, as part of its manpower and having them tasked with duties of their capability based on the labor structure under Thai labor laws. Moreover, the Company allows for its employees to set up a labor union within the organization, and meets with the labor union on a monthly basis, with 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 eight consecutive years from Department of Labor Protection and Welfare, Ministry of Labor, of which the Company, the labor union and the employees have been proud.

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 as a moral support for the employees' performance of duties. It has engaged an experienced external consultant to conduct a survey of and to give suggestions on pay structure to ensure fair compensation. Performance of employees of all levels is evaluated twice a year, and the results of which are used to determine annual promotion and salary increment.

Moreover, the Company has set up Workplace Welfare Committee in accordance with Labor Protection Act, B.E. 2541, Section 96, with employee committee members and management representatives appointed to coordinate with Workplace Welfare Committee in determining welfare structure guidelines beneficial to the employees. Such committee will meet to consider rationalizing basic welfare package in each year in line with the rising cost of living as a way to help cut down expenses for the employees. Employees are also provided with cost of living allowance, diligence allowance, and lunch allowance, as well as improvement of welfare canteen, medical expenses, annual health check-up, etc. To improve employees' quality of life, the Company offers additional benefits apart from the basic welfare by, for example, arranging an outdoor market to sell low-priced products to employees, and 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.
- Fire drill and training is made available for the employees once a year as prescribed by law.
- 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.

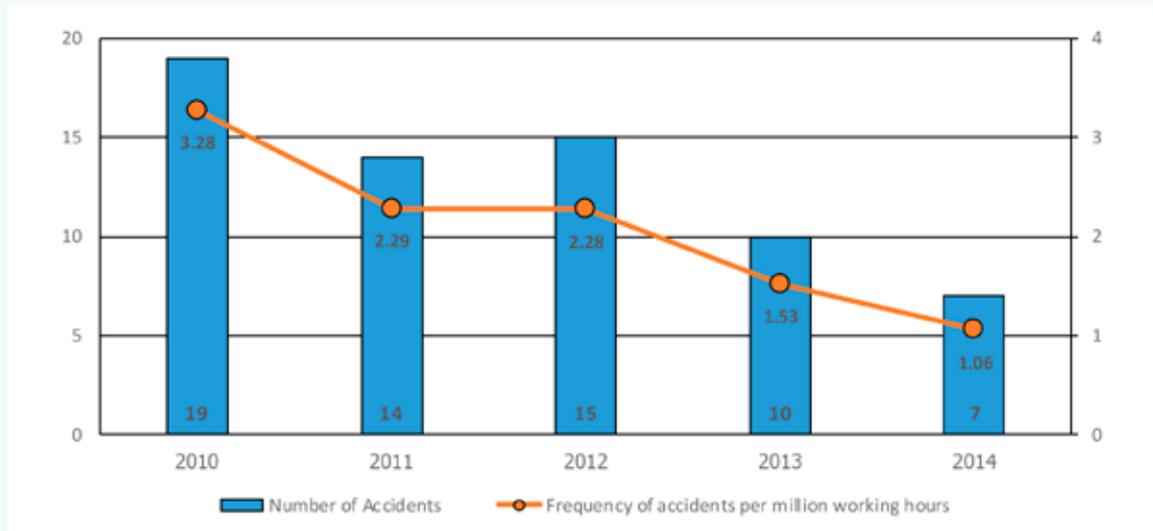
2. Safety Outside Office Hours

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, don't drive drunk campaign, and random drug and alcohol testing on staff shuttle bus drivers, which is consistently conducted to ensure the highest safety.



A 'Don't Drive Drunk' campaign is run regularly especially during long-weekend holidays such as New Year and Songkran festivals.

Accident Statistics during 2011-2014



From the above graph, number of accidents during 2011-2014 has declined every year thanks to the Company's ongoing workplace safety promotion activities. In 2014, seven injured employees were recorded representing 0.3% of total employees, a decline from 10 injured employees or 0.4% of total employees in 2013. Nevertheless, the Company will pursue its efforts to develop safety awareness among its staff members rigidly and consistently in order to further lessen accidents and achieve its "zero accident" target.

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 and price

Therefore, the Company strives to achieve maximum customer satisfaction by offering quality products under its quality policy, "Devoted to creating a happy society through production and distribution of home electrical appliances" with the management system in conformity with the requirements of quality, safety and environment standards, as well as ongoing quality improvement

Key control areas

- "Zero" product safety complaint.
- Application of "Why Why Analysis" to identify causes and come up with remedial action.
- Reduction of waste treatment expenses and customer complaints by 50% from the previous year.
- Reduction of production waste.
- Improvement of quality of parts and raw materials by supporting quality improvement activities of

procurement sources through provision of knowledge and control on use of banned substances.

- Upgrading of inspection and evaluation of products in line with product life cycle.
- Enhanced training for employees to ensure their better understanding in their work and areas to be controlled.

Moreover, the Company 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 9001: 2008)
- Environmental Management Standard (ISO14001: 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.

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," communicated and disseminated according to the internal and external regulations to all stakeholders of the Company. The key elements of environmental conservation activities are incorporated into the operating system as follows:

- 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 global warming (E: Energy) by promoting energy-saving in a factory, manufacturing process, and designing of energy-efficient products.
- 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 2014, the activities undertaken according to the environmental policy in the manufacturing process included:

Energy conservation Focusing on energy conservation activity in the design and manufacturing process of energy-saving products.

- Reduction of energy consumption in the production process with automatic conveying belt control, thereby the conveying belt will work only when there is a work piece on it.
- Reduction of energy consumption in the production of electric-fan front grill with Pneumatic System applied to enhance precision in the production, save energy, reduce use of resources, and minimize waste in the production process.

Natural resource conservation Focusing on conservation of natural resources and worthwhile use of resources applying the 3Rs (Reduce, Reuse, Recycle) principle in undertaking the activity.

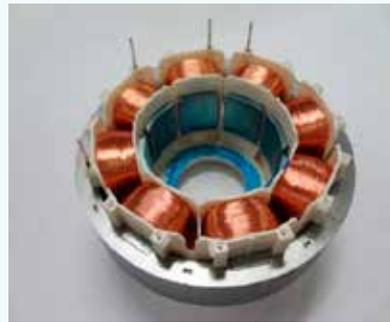
- Use of R134a refrigerant recycling machine, which can reuse 100% of old refrigerant from calibration process of the refrigerant charger.

Pollution control

- Control of use of hazardous substances and emission of pollutants to the environment by setting volume of water pollutants at 30% and air pollutants at 40%, lower than that specified by law.
- Development of new model of fan motor



Old motor model: Coating copper wires with insulating varnish which is a hazardous substance.



New motor model: Cancelling insulating varnish coating as the wires are wound directly to the insulator core.

- Control of quality of waste water before discharge to the environment at the standard prescribed by law. The Company's waste water treatment system is able to treat waste water up to 400 cu.m./ day from the manufacturing process firstly through chemical treatment before the next stage of the treatment process, as well as waste water from washing and cleaning of the canteen and that from the toilets through biological treatment process.

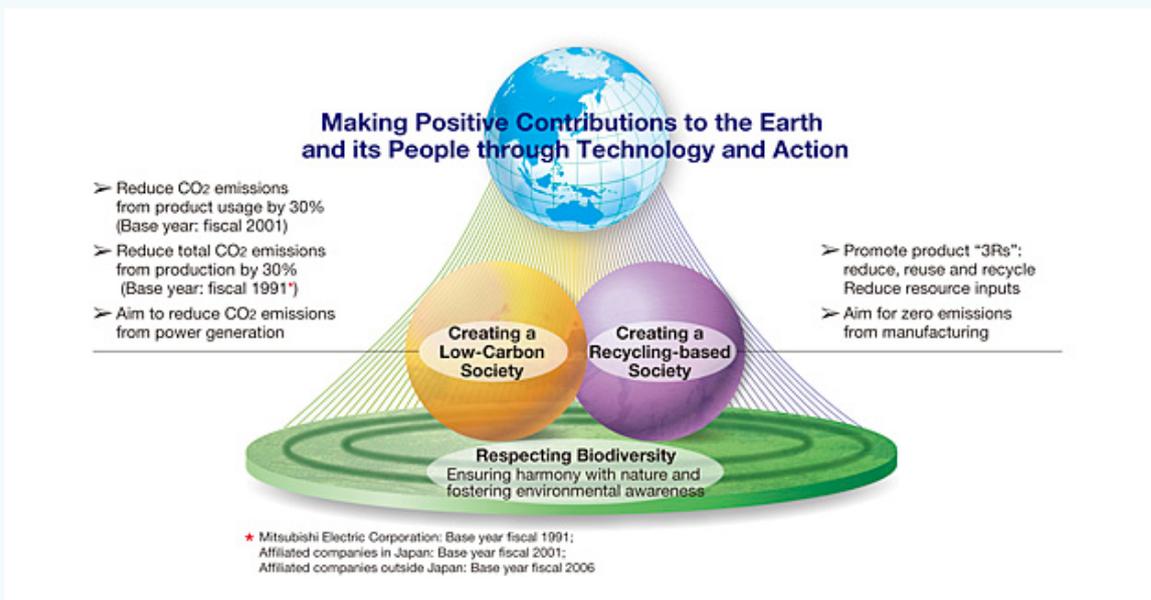


- Reduction of noise pollution impact on the nearby community by installing equipment to absorb noise of heavy machinery.



Environmental Vision 2021 of Mitsubishi Electric Group is a long-term environmental management vision in line with the conduct guideline of participation with positive impact to the world and the mankind through technology and action focusing on:

- 1) **Creating a low-carbon Society** The Company is committed to reducing carbon dioxide (CO₂) emissions from the overall manufacturing by 30% and from consumers' use of products by 30%.
- 2) **Creating a Recycling-based Society** The Company is committed to zero discharge of pollutants from its operating activities, and promotion of natural resource preservation and 3Rs (Reduce, Reuse, Recycle) activities.
- 3) **Respecting Biodiversity** The Company is committed to ensuring harmony with nature and fostering environmental awareness.



Therefore, the Company has established environmental objective & target; EMP FY 2015-2017 to enhance its environmental management potential and serve as a mechanism to drive initiation of manufacturing process improvement activities and environmentally friendly products in conformity with the above vision of Mitsubishi Electric Corporation, Japan.



7. Community and Social Development

Being aware of the importance of all sectors that have given continued support of its business operation, the Company has consistently conducted a range of activities aiming to give back to the society, organizations, educational institutes and nearby communities, as well as to inculcate into its employees at all levels the sense of responsibility and participation in CSR activities, as follows:

- Arrangement of a trainee program for students by cooperating with educational institutions, such as Thammasat University and Chulalongkorn University, in accepting students as trainees during school break to enhance their experience and allow them to earn extra income. They will receive certificate as evidence of completion of the program.
- Provision of educational supports for bilateral students under the MOU with vocational institutions to accept vocational/higher vocational students from technical colleges in the Northeastern region, to gain occupational experience in their field of study with enhancement of skill and knowledge in new manufacturing technologies. Besides the experience of real practice, they are provided with specific know-how courses to enlarge their academic skill and knowledge out of classroom.
- Provision of the Company's products and educational materials and equipment to Northeastern vocational institutions, including structural models of products, to support their teaching and learning, together with dispatching of skilled instructor team to give knowledge on the products to the students.
- Volunteering in the Big Cleaning event of bus stop shelters constructed by the Company along the Bangna-Trad Road to support the community and commuters.



- 'Beautiful Canal, Clear Water' project held annually to return water resource to Khlong Takhian community, Moo 9, Bangphlee District of Samut Prakan Province, where KYE employees collaborate with Bang Chalong Subdistrict Administration Organization, entrepreneurs and people in the community in the Big Cleaning event of the canal to return beautiful canal and clear water to the community.



8. Innovation and Publicizing of Innovation 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 in concurrence with continual product quality development and review of manufacturing process for higher efficiency, as follows:

Electric Fan

The Company is determined to consistently develop its products with worthwhile use of resources and environmental friendliness taken into account as below:

- 1) Expand the use of new model motor which is highly efficient and environmentally friendly for all models of electric fan and ventilating fan which will result in optimization of resources.
- 2) Lessen the use of paper in packaging of electric fan, with the newly designed electric fan that can save paper by 30%.
- 3) Exhibit type of raw material on each work piece to facilitate sorting for reuse or discharge.

Refrigerator

Energy saving development with the use of Neuro Inverter technology allows for customized functioning of compressor to suit the application behavior and save more energy than the non-inverter technology by 40% based on automatic linkage functioning of three sections below:

- Neuro fuzzy system: Learning and memorizing user's behavior with an intelligent microchip to control and ensure proper functioning of the refrigerator.
- Inverter compressor: Automatically adjustable speed up to 10 levels for maximum energy saving.
- Multi fan: Enhancing cooling system with thorough distribution of cool air and excellent release of heat, hence longer useful life of the compressor.

Water pump

Designed with inverter technology, hence energy saving and automatic functioning when the faucet is turned on/off as well as enhancement of consistent water pressure, which can well respond to consumers' applications.

CSR Activities and Reporting

The Company has prepared a 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 2014, the Company already incorporated a CSR report as part of its annual report.

CSR-after Process

Being aware of the importance of all sectors that have given continued support of its business operation, the Company has consistently launched a range of projects aiming to give back to the society and protect the environment, and to inculcate into its employees at all levels the sense of responsibility and participation in activities for the society, as follows:

- Provision of scholarships, lunch allowance, and educational equipment to schools in the remote areas on the occasion of National Children's Day.



- Support of Children’s Day activities of schools in communities in Samutprakan Province.



- Mangrove forestation project aiming at fostering the environment with expansion of green areas for the community and provision of habitat for aquatic animals at Khlong Khone Subdistrict, Muang District, Samut Songkhram Province.



INTERNAL CONTROL AND RISK MANAGEMENT

1. Opinion of the Board of Directors on the Company's Internal Control

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

The Board of Directors has set up and assigned the Audit Committee to be responsible for reviewing adequacy 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, 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. Control Environment

- 1.1 The Company is well aware of its corporate responsibility for the society as a whole by ensuring its executive directors and employees conduct ethical business in line with the written Mitsubishi Electric Group Conduct Guidelines communicated to the employees organization-wide and training on which provided to the employees at all levels.
- 1.2 The Board of Directors has appointed four Board committees, namely the Board of Executive Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Product Pricing Committee, with duties and responsibilities designated to monitor and control business operation in line with the objectives.
- 1.3 The Board of Directors has assigned the Board of Executive Directors to undertake business administration on its behalf, as well as to determine policies on business administration, quality assurance and environmental management, and formulate the organizational structure by dividing the functional units into departments based on duties and responsibilities, i.e. three departments in production line, two in production support line, and six in general administration line, all of which are under the control and supervision of the Board of Executive Directors. Reporting lines are put in place with relevant duties and responsibilities taken into consideration.
- 1.4 The Company has established a selection and nomination process to recruit personnel with required knowledge, skills and experience, from operating staff to supervisory and executive levels. It has also worked out a succession plan, with key talents selected to undergo a training course in Japan for 1-2 years and thereafter promoted to a higher position. Wages and salaries as well as other remuneration and benefits are made available as appropriate to employees at all levels without discrimination.

- 1.5 The Company has an independent work unit handling internal audit and following up on other work units' operations in terms of internal control, risk management and compliance with applicable laws. Such internal audit unit shall implement in line with the annual audit plan and the corrective action follow-up plan, 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 comments and recommendation for the Company and the management's further improvement and remedial action.
- 1.6 The Audit Committee shall perform duties with independence in the scope of power and duties prescribed in the Audit Committee Charter. It has reviewed financial reports, risk management, internal control and audit systems, proposed appointment of external auditor and auditor remuneration, and connected transactions or transactions that may have conflict of interest, on a quarterly and annual 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 annual report. (See details in the attachment. "Audit Committee Report")

2. Risk Assessment

In risk management in the past fiscal year, all departments of the Company 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 its corporate targets.

Risk Management Committee reviewed risk identification and risk level assessment, as well as risk management measures, of working groups in all departments. It also reviewed risk management to ensure efficiency and suitability with the organization, closely followed up on risk management performance, and reported risk management activities of all departments as the significant agenda items to the meetings of the Audit Committee and the Board of Directors for acknowledgement and consideration on a semi-annual basis.

3. Control Activities

- 3.1 The Board of Executive Directors and executives at managerial levels are to map out yearly policies, objectives and targets of all departments, and communicate them to staff members for further translation into practice in order to achieve such targets. To follow up on their performance results, 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 instructions and assignments to ensure that the Company's goals and objectives are completely achieved.

- 3.2 The Company has put in place written corporate rules to control operations in financial transactions, procurement and sales of goods, with scope of power and duties and approval authority set by amount limit for each level, and request of budget spending subject to consideration and approval of the meeting of Budget Committee chaired by the President and held weekly.
- 3.3 The Company has appointed representatives as directors in associated companies to follow up operations of such companies.
- 3.4 Company Secretary has been assigned to keep and update information on major shareholder, directors, executives, and connected persons, to facilitate monitoring and review of related transactions or transactions prone to conflict of interest.

4. Information and Communication

The Company has communicated its annual management policies, targets and announcements to staff members at all levels and in all departments for their better understanding of such policies and procedures through its Intranet and Poster. All those departments shall work out their own policies and targets, as well as conduct their own activities in order to meet the objectives and targets set forth.

At every weekly or monthly meeting, each department shall prepare information and report results of significant operations, such as financial report, sales report, production report, product quality report, etc., for the management's acknowledgement and as supporting information for follow-up of operating results.

The Company has disclosed its information according to the criteria of the Stock Exchange of Thailand (SET), such as financial report (quarterly), annual report and minutes of the annual general meeting of shareholders, via the SET's information system and the Company's website: www.mitsubishi-kye.com.

Moreover, the Company has made available a channel for its stakeholders to report any incident or any act prone to violation of the laws and rules as well as code of business ethics, which may cause damage to the Company. They may send such information to the Chairman or the President of the Company at P.O. Box 49, Bangna Tower 10541. The Company has a system in place to process such case and make investigation thereof before deciding on any appropriate action.

5. Monitoring Activities

The Company has a process to monitor business operations at director, executive and managerial levels through various meetings, namely Board of Directors meeting (quarterly), Board Committee meetings, business plan meeting, departmental policy and implementation plan meeting, weekly manager meeting, monthly business unit meeting, weekly and monthly quality meeting, and so forth.

Directors and executives will acknowledge operating results covering achievements and/or problems from minutes of the meetings. They will then at the respective meetings instruct the relevant parties to take improvement or solution actions so as to meet the Company's objectives and targets.

At the Board of Directors meeting no. 1/2015 on May 21, 2015, which was also attended by the three Audit Committee members, the meeting assessed the Company's internal control system in five areas based on the Audit Committee's report, and expressed an opinion that the Company's internal control system has been adequate and appropriate, with efficient management system and transactions with persons that may have conflict of interest and connected persons, and without any deficiency in the internal control system that could cause a material impact on the Company.

2. Head of Internal Audit Control

The Board of Executive Directors, with the consent of the Audit Committee, has appointed Mr. Kritsana Chatchaivorawong as Manager, Internal Audit Control Department, taking effect on October 1, 2013. Mr. Kritsana Chatchaivorawong has had internal audit work experience for six years, and obtained training relating to internal audit work, i.e. a course for Certificate of Internal Auditor of the Institute of Internal Auditors of Thailand and risk management course, and has knowledge and understanding of the Company's business activities and operations. He is thus considered qualified and appropriate to perform duties in this position.

Appointment, removal or rotation of Manager of Internal Audit Control Department shall be subject to approval or consent from the Audit Committee.

AUDIT COMMITTEE'S REPORT

The Audit Committee of Kang Yong Electric Public Company Limited as appointed by the Company's Board of Directors is composed of three independent directors, namely Mr. Chackchai Panichapat as Chairman of Audit Committee, Mr. Arthakrit Visudtibhan and Mr. Tanabodee Kusinkert. A Board of Directors meeting resolved to appoint Mr. Tanabodee Kusinkert to join the Committee as he has adequate knowledge and experience to review the reliability of the Company's financial statements, and in which the advisor to the Audit Committee has also taken part.

The Audit Committee has performed the following duties independently in the scope of responsibilities prescribed in the Audit Committee Charter, which are consistent with the regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC). The operations of the Audit Committee in the fiscal year 2014 can be summarized as below:

1. Financial Statement Review

The Audit Committee reviewed important information of quarterly financial statements and annual financial report for the fiscal year 2014, with explanation given by and enquiries made on significant points with the external auditor and the Finance Manager of the Company, and expressed an opinion that the Company's financial statements are accurate and complete, with adequate and reliable disclosure of information in accordance with the generally accepted accounting standards. The auditors have reported on the independence in the performance of duty and the audit findings for the consideration of the Audit Committee in all respects.

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

2. Risk Management Review

The Audit Committee considered risk management policy, risk assessment, and risk management plan and approach. The Committee set up Risk Management Committee with the President as Chairman and working groups comprising management members. Risk Management Committee determined risk management policy and system. Meanwhile, each working group identified risks from both internal and external factors which might hinder business operations from achieving the targets and objective, assessed risk levels and potentiality to materially impact the organization, and worked out measures to deal with such risks by either managing, avoiding, mitigating, transferring or accepting them. These working groups of all work units shall report their risk assessment and management every six months.

Moreover, the Audit Committee reviewed the risk management from the quarterly internal audit report, with joint meeting held with the management and internal auditors of the Company. The Committee has also considered and reviewed the efficiency and appropriateness of risk management process regularly every half year from the management's risk assessment report and provided recommendations for further improvement.

3. Internal Control and Internal Audit Review

The Audit Committee considered and endorsed the annual audit plan of internal audit work unit. It reviewed the internal control system, particularly regarding the operating results, to assess adequacy and appropriateness based on consideration of the quarterly internal audit report, and follow-up of the actions taken to make remedy or improvement as recommended from the internal audit report and the year-round internal control assessment report.

The Committee considered and viewed that the Company operated business with adequate and efficient internal control system. In the significant areas to the operations, the management managed and monitored material risks that might cause damage to the Company, as well as reviewed and improved work and operating systems to comply with the Securities and Exchange laws and regulations, the requirements of the Stock Exchange of Thailand, other applicable laws, and code of business ethics of the Company.

4. Proposal for Appointment of Auditor and Auditor Remuneration for 2014

The Audit Committee considered to nominate for appointment an auditor from KPMG Phoomchai Audit Limited to be the Company's auditor for the fiscal year 2014, and to determine appropriate auditor remuneration, taking into account the qualifications, scope of responsibilities, audit work quality in the previous year, and independence in performing audit work, as well as audit knowledge, technique, and experience in the lead in this area.

Therefore, the Committee resolved to propose to the Board of Directors to seek approval from the meeting of the shareholders.

5. Consideration of Connected Transactions or Transactions with Potential Conflict of Interest

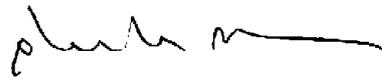
The Audit Committee considered to review and provide opinion on connected transactions that may cause conflict of interest with the Company. In the fiscal year 2014, the Committee considered connected transactions and disclosure of such information and opined that the management entered into such connected transactions in accordance with the criteria of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, with appropriate reasonableness and for the maximum benefits to the Company.

6. Audit Committee Meeting

In the fiscal year 2014, the Audit Committee had a total of four meetings including co-meeting with the management and that with the external auditor without attendance by the management. No Committee members were absent from any of such meetings.

The Audit Committee arranged to have performance self-assessment as the entire Committee for the fiscal year 2014 using the criteria and the best practice of the Stock Exchange of Thailand as the guidelines to ensure compliance with good corporate governance. The assessment result was that its performance was at a complete and adequate level.

In conclusion, the Audit Committee performed duties completely in the scope of duties and responsibilities as prescribed in the Audit Committee Charter, and as assigned by the Board of Directors in order to ensure that the Company could run its business with good corporate governance, efficient management, sufficient and appropriate internal control for business operations, effective risk management, and reliable accounting system and financial report, as well as compliance with the laws, rules and regulations relevant to the Company's business operations.



(Mr. Chackchai Panichapat)
Chairman of Audit Committee

May 15, 2015

CONNECTED TRANSACTION

Related Transaction

The Company has specified rule including guidelines clearly on the related transaction with the related persons, subject to strictly complied with the notification and regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission is principal, summarized as followings.

- Proposing a connected transaction under such the rules to the Board of Directors and/or the shareholders' meeting for the approval. Through the consideration of the Audit Committee for fairness, the pricing is reasonable and take into the best interests of the Company and the interest directors no right to cast vote at the meeting.
- Disclosure of connected transactions with related companies adequately both of financial statements and annual reports, comply with the regulations of the Securities and Exchange Commission. As well as the accounting standards on information disclosure about related parties or businesses, announced by the Federation of Accounting Professions

Policy on Future Connected Transaction

The future connected transactions will be still strictly adheres to the connected transactions regulations, based on reasonableness, the pricing policy is appropriate and fairness. To maximize the benefits of the company by the connected transactions control operation as followings

- Normal business transactions and complementing normal business transactions, mostly is purchase and selling , and service, among the company and affiliated companies that complied with general trading term conditions. The Board of Directors has approved in principle such transaction
- Non normal business and / or none general trading conditions. The management, by the Company Secretary and the Finance Department Manager acts as the administrator and review operations to ensure compliance with relevant regulatory requirements

Connected Transaction

Relationships with related parties of 2014 and 2013 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	
					2014	2013		
1	Sale of Product and Spare part			Sale of Product and Spare part	8,366.99	8,121.30		
	1.1) Mitsubishi Electric Corporation (MELCO)	Japan	Parent, 40.81 % shareholding	KYE sell electric home appliance products	3,715.72	3,696.86	MELCO has determined distribution routing clearly by distribution of the products through subsidiary or associated company of MELCO which are specialist distributors	
	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)	comprising electric fans, exhaust fans, refrigerators, water pump, hand dryer and spare part to related parties company	2,996.16	2,938.97	Its shall get benefit of sales growth throughout and there is pricing policy as " normal business market price or carrying general trading condition "	
	1.3) Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	Japan	A subsidiary of the Company's parent		59.83	98.23		
	1.4) Mitsubishi Electric Taiwan Co.,Ltd. (MSB.Taiwan)	Taiwan				19.52	10.27	
	1.5) Mitsubishi Electric Asia Pte.Ltd (MEAP)	Singapore				168.02	174.88	
	1.6) Mitsubishi Electric Australia Pty.Ltd. (MSB.Australia)	Australia				297.25	212.29	
	1.7) Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) (MLH)	Hong Kong				318.13	358.51	
	1.8) Mitsubishi Electric Sales Malaysia Sdn.Bhd.(MESM)	Malaysia				196.93	222.16	
	1.9) Mitsubishi Electric Vietnam Co., Ltd.(MEVN)	Vietnam				464.17	355.29	
	1.10) P.T.Mitsubishi Electric Indonesia Co., Ltd.	Indonesia				89.39	38.27	
	1.11) International Elevator & Equipment Inc.	Philippines				-	2.85	
	1.12) Mitsubishi Electric Trading Corporation. (MT)	Japan				7.12	-	
	1.13) Melco Trading (Thailand) Co., Ltd.	Thailand				8.00	9.30	
	1.14) Mitsubishi Electric Thai Auto-Parts, Co., Ltd. (META)	Thailand				-	2.91	
	1.15) Mitsubishi Electric Europe B.V.Moscow Branch.	Russia				26.52	-	
	1.16) Smile Super Express Co., Ltd. (SSE)	Thailand		Associate, 33.33% shareholding.		0.23	0.53	

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2014	2013	
2	Procurement parts and raw materials			Procurement parts and raw materials	1,199.26	1,122.36	
	2.1) Thai Refrigeration Components Co., Ltd. (TRC)	Thailand	Common director was	Evaporators used for assembly refrigerator	23.16	21.43	KYE 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. market price
	2.2) Kulthorn Kirby Public Company Limited. (KKC)	Thailand	Mr.Praphad Phodhivorakkhun	Compressors for assembly refrigerator	160.67	143.79	
	2.3) Mitsubishi Electric Asia Pte.Ltd (MEAP)	Singapore	<p>A subsidiary of the Company's parent</p>	Electronic parts used for assembly electric fan and refrigerator	275.83	229.89	
	2.4) Setsuyo Astec Corporation. (SAC)	Japan		Electronic parts used for assembly W/P	76.55	73.10	
	2.5) Mitsubishi Electric Automation (Thailand) Co.,Ltd.	Thailand		Electronic parts used for assembly W/P	-	1.15	
	2.6) Mitsubishi Electric Trading Corporation. (MT)	Japan		Electronic parts used for assembly and refrigerator	33.75	23.90	
	2.7) Melco Trading (Thailand) Co., Ltd. (MT-1)	Thailand		Electronic parts used for assembly and refrigerator	186.23	170.20	
	2.8) Mitsubishi Electric (H.K.) Ltd. (MEHK)	Hong Kong		Aluminium tap for assembly refrigerator	0.60	0.28	
	2.9) Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.	China		steel plate for assembly refrigerator	10.49	28.31	
	2.10) Setsuyo Astec (Thailand) Co., Ltd.	Thailand		insulation sheet for assembly refrigerator	3.30	-	
	2.11) Setsuyo Astec Corporation Seoul Branch.	Korea			428.68	428.38	
	2.12) Mitsubishi Electric Trading (Shizuoka) Co., Ltd. (MET)	Japan			-	1.93	

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction	
					2014	2013		
3	Complementing Fee			Complementing Fee				
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	658.03	622.06	Competition situation in each market has vary violent at each period time which the promotion support expense is a necessary tool for business operation. 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 KYE has negotiated with the sale company for the supporting fee proportion of KYE under target and budgets of the company is principally	
3.2)	Mitsubishi Electric Asia Pte. Ltd (MEAP)	Singapore	A subsidiary of the Company's parent		11.07	9.36		
3.3)	Mitsubishi Electric Sales Malaysia Sdn.	Malaysia			0.41	1.04		
3.4)	Mitsubishi Electric Taiwan Co., Ltd.	Taiwan			13.62	-		
3.5)	P.T.Mitsubishi Electric Indonesia Co., Ltd	Indonesia			3.01	-		
3.6)	Mitsubishi Electric Vietnam Co., Ltd.	Vietnam			1.37	-		
3.7)	Mitsubishi Electric Australia Pty. Ltd.	Australia			7.23	-		
3.8)	Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) (MLH)	Hong Kong			0.33	-		
3.9)	Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	Japan		A subsidiary of the Company's parent		0.31	0.33	
3.10)	Melco Logistic (Thailand) Co., Ltd. (MELT)	Thailand			Logistic Fee	4.26	5.04	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, related to MELCO as well, upon to destination of each market.

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2014	2013	
3.11)	Mitsubishi Electric Corporation (MELCO)	Japan	Parent, 40.81 % shareholding	Royalty sale, afterservice and Technician fee	289.60	306.51	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, comparable market rate and Technician Fee on wages rate and service time .
				Development fee (in accordance with Technical Assistance Agreement)	217.82	193.61	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 by paying service fee on actual cost.
3.12)	Smile Super Express Co., Ltd. (SSE)	Thailand	Associate, 33.33% shareholding.	Storage, Handling & Transportation Charge.	85.34	81.62	KYE needs a place for storing its finished goods before delivery to customers by hiring SSE for management with fairly rate by fixing service fee rate on the size of using space

No.	Related Parties	Location	Relationships	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
					2014	2013	
4	Giving or receiving of financial assistance 4.1) Meico 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 1.50 - 1.80% per year. -Interest Received	Deposit 59.81 0.74	Deposit 51.33 0.86	Increasing liquidity of cash flow and reduce financial costs from the Mitsubishi Group, to manage total funding of the group by the use of pooling accounts, at the interest rate of average deposit or loan interest rates offered by the bank 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.	SSE has rented land and 2 buildings from KYE including water charge and electric charge.	15.27	15.19	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.
6	Procurement of asset 6.1) Mitsubishi Electric Corporation (Nakatsugawa) 6.2) Mitsubishi Electric Trading Corporation. (MT) 6.3) Mitsubishi Electric Asia Pte. Ltd (MEAP) 6.4) Setsuyo Astec Corporation. 6.5) Setsuyo Astec Corporation Seoul Branch.	Japan Japan Singapore Japan Korea	Parent, 40.81 % shareholding A subsidiary of the Company's parent	Procurement of asset Mold and die for component part manufacture of electric fan, exhaust fan and refrigerator Mold for component part of refrigerator Inspection tool U-Bend & unloading & Feeding conveyor part	2.08 0.89 1.07 0.06 0.06 -	39.00 - 10.85 0.28 0.16 27.70	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

Balance as at 31 March 2015 and 31 March 2014 with related parties were as follows:

Name of entities	Trade Accounts Receivable		Other Receivables		Trade Accounts Payables		Other Payables	
	as at 31 March		as at 31 March		as at 31 March		as at 31 March	
	2015	2014	2015	2014	2015	2014	2015	2014
Melco Thai Capital Co., Ltd.	-	-	59.83	51.41				
Smile Super Express Co., Ltd.		-	1.29	1.29			9.07	7.04
Mitsubishi Electric Corporation	329.18	332.07	-	0.02	-	-	275.71	267.65
Thai Refrigeration Components Co., Ltd.					1.30	1.27		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	386.69	347.79	-	-	-	-	5.29	3.35
Mitsubishi Electric Life Network Corporation.	17.47	16.59	-	1.87	-	-	0.28	3.99
Mitsubishi Electric Asia Pte.Ltd	30.64	5.73		0.04	30.18	25.91	0.96	0.82
Mitsubishi Electric Australia Pty.Ltd.	78.97	57.10	-	-	-	-	0.28	-
Mitsubishi Electric Ryoden Air-Conditioning & Visual Information System (Hong Kong) Ltd.	19.58	46.34					0.24	0.20
Melco Sales Malaysia Sdn.Bhd.	42.29	30.83	-	-	-	-	7.67	1.74
Setsuyo Astec Corporation Japan				0.02	4.73	5.52	0.06	-
Setsuyo Astec Corporation Seoul Branch				0.04	52.39	42.57	-	2.88
Setsuyo Astec Thailand Co., Ltd.					1.93			
K.G.M. Services Co., Ltd.							0.09	
Mitsubishi Electric& Eletronic (Shanghai) Co., Ltd.					0.90	2.11	-	-
Mitsubishi Electric Automation (Thailand) Co., Ltd.						-	0.01	-
Kulthorn Kirby Public Company Limited					41.10	27.47		
Mitsubishi Electric Trading Corporation			0.15		7.78	2.51	0.84	0.84
Melco Trading (Thailand) Co., Ltd.	0.09	1.01		-	17.68	14.89	-	0.04
Mitsubishi Electric H.K. Ltd.					0.01	0.02	-	-
Mitsubishi Electric Taiwan Co., Ltd.	0.01	1.08					2.74	-
Melco Travel Co., Ltd.								0.04
Mitsubishi Electric Consumer Product (Thailand)			150.00	-			0.11	
Siam Compressor Industry Co., Ltd.			9.94	8.02				
Mitsubishi Electric Vietnam Co., Ltd.	98.61	137.43					4.20	0.81
P.T.Mitsubishi Electric Indonesia Co., Ltd.	50.28	7.11		0.02			0.72	0.03
Mitsubishi Electric Europe B.V.Moscow Branch.	10.02							
	1,063.83	975.97	221.21	62.71	158.00	122.27	308.28	289.40

FINANCIAL POSITION AND OPERATING RESULTS

Summary of financial information

		March 31	
	(Unit)	2015	2014
Total assets	Baht million	6,877	6,120
Total liabilities	Baht million	1,831	1,735
Shareholders' equity	Baht million	5,046	4,385
Revenues from sales and services	Baht million	8,675	8,460
Total revenues	Baht million	9,428	8,883
Costs of sales and services	Baht million	7,416	7,386
Gross profit	Baht million	1,259	1,074
Selling and administrative expenses	Baht million	1,008	934
Net profit	Baht million	927	506
Financial ratios			
Liquidity ratios			
Current ratio	time	3.78	3.59
Quick ratio	time	3.01	2.80
Cash flow liquidity ratio	time	0.30	0.14
Accounts receivable turnover ratio	time	7.91	7.99
Average collection period	day	46	46
Inventory turnover ratio	time	7.44	7.49
Average age of inventories	day	49	49
Accounts payable turnover ratio	time	8.24	7.91
Repayment period	day	44	46
Cash cycle	day	51	49
Profitability ratios			
Gross profit margin	%	14.52	12.69
Net profit to sales ratio	%	10.68	5.98
Return on equity	%	19.66	11.63
Efficiency ratios			
Return on total assets	%	14.26	8.13
Return on fixed assets	%	100.80	66.57
Assets turnover ratio	time	1.45	1.43
Financial policy ratios			
Debt to equity ratio	time	0.36	0.40
Dividend payout ratio	%	-*	50.00

* In process of seeking approval from the Annual General Meeting of Shareholders 2015

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.

Operating results in FY2014 vs. FY2013

Unit: Baht million	For the year ended March 31			
	2015	2014	+ (-)	%
Revenues from sales and services	8,675.3	8,459.6	215.7	2.5%
Costs of sales and services	7,415.8	7,386.2	29.6	0.4%
Gross profit	1,259.5	1,073.4	186.1	17.3%
Selling expenses	382.2	350.5	31.7	9.0%
Administrative expenses	626.2	583.9	42.3	7.2%
Other revenues (incl. dividend income)	755.7	423.8	331.9	78.3%
Profit before income tax	1,006.8	562.8	444.0	78.9%
Income tax	79.9	56.8	23.1	40.7%
Net profit for the year	926.9	506.0	420.9	83.2%

Revenues from sales and services, by business segment

Unit: Baht million	For the year ended March 31			
	2015	2014	+ (-)	%
Domestic market	3,008.2	2,956.0	52.2	1.8%
Japan	3,782.7	3,793.8	(11.1)	-0.3%
Others	1,884.4	1,709.8	174.6	10.2%
Export market	5,667.1	5,503.6	163.5	3.0%
Total	8,675.3	8,459.6	215.7	2.5%

Other export markets include 20 countries, namely Taiwan, Hong Kong, Singapore, Malaysia, Myanmar, Laos, Cambodia, Vietnam, Indonesia, Australia, New Zealand, Pakistan, UAE, Jordan, Bahrain, Sri Lanka, Bangladesh, Brunei, the Philippines, and Russia.

Revenues from sales and services

In FY2014, the Company's total sales increased by 2.5% from Baht 8,459.6 million in 2013 to Baht 8,675.3 million, broken down into three major business groups as follows:

- Sales to domestic market grew by Baht 52.2 million or 1.8% from Baht 2,956.0 million in 2013 to Baht 3,008.2 million in 2014.
- Exports to Japanese market saw a decline of Baht 11.1 million or 0.3% from Baht 3,793.8 million in 2013 to Baht 3,782.7 million in 2014.
- Other export markets rose from Baht 1,709.8 million in 2013 to Baht 1,884.4 million in 2014, representing an increase of Baht 174.6 million or 10.2%. Such growth was driven by continuous export expansion to ASEAN region, Oceania countries, and the Middle East, with a focus on product development to serve particular needs in these markets.

Other revenues

Other revenues in FY 2014 were Baht 755.7 million, soaring sharply by Baht 331.9 million or 78.3% relative to 2013, resulting from increases in investment income of Baht 327.1 million, dividend income of Baht 325.4 million, and interest income of Baht 1.7 million.

Selling costs and expenses

In FY 2014, costs of sales represented 85.5% of total sales, down by 1.8% from 87.3% in 2013 due to sales of more profitable product models and a decline in prices of major raw materials such as plastic resin and parts in line with falling crude oil prices. Besides, the Company has invested in a project to produce parts by itself, which helped to lower the percentage of selling costs to total sales.

Selling and administrative expenses to total sales stood at 11.6% in 2014, rising by 0.6% from 11.0% in 2013 caused by the following factors:

- Selling expenses went up by Baht 31.7 million from Baht 350.5 million in 2013 to Baht 382.2 million in 2014, resulting from expansion to ASEAN market which led to an increase in transport costs and also in advertising and sales promotion expenses.
- Administrative expenses rose by Baht 42.2 million from Baht 583.9 million in 2013 to Baht 626.2 million in 2014, attributed to new product innovations to respond to customer requirements, thereby driving up costs of product development and finished goods storing.

Profit

In FY2014, the Company reported a gross profit margin of 14.5%, rising by 1.8% from 12.7% in 2013. Taking into account the increase in selling expenses, administrative expenses, other revenues and income tax, the net profit for FY2014 amounted to Baht 926.9 million, representing 10.7% of total sales which surged from 6.0% in 2013. As a result, return on equity in 2014 edged up to 19.7% when compared with 11.6% in 2013.

Total assets

As of March 31, 2015, the Company had total assets of Baht 6,877.5 million, growing from March 31, 2014 by Baht 757.8 million or 12.4%, which can be broken down as follows:

Unit: Baht million	For the year ended March 31			
	2015	2014	+ (-)	%
Current assets	5,358.2	4,624.4	733.8	15.9%
Investments	187.3	184.2	3.1	1.7%
Property, plant and equipment	1,207.7	1,186.0	21.7	1.8%
Other non-current assets	124.3	125.1	(0.8)	-0.6%
Total assets	6,877.5	6,119.7	757.8	12.4%

Current assets as at March 31, 2015 amounted to Baht 5,358.2 million, up by Baht 733.8 million or 15.9%, consisting of following items:

- Cash and cash equivalents as of March 31, 2015 were Baht 808.5 million, rising from 2013 by Baht 132.0 million due to an increase in cash provided from operating activities of Baht 409.7 million and a decrease in cash from investing activities of Baht 24.7 million and in cash from financing activities for dividend payment of Baht 253 million.
- Current investments as at March 31, 2015 were Baht 2,080 million, increasing by Baht 280 million and consisting of short-term deposits with financial institutions for a period ranging from four to 12 months.
- Trade accounts receivable as at March 31, 2015 totaled Baht 1,134.0 million, an increase of Baht 75.8 million or 7.2% from 2013, mainly comprising accrued accounts not yet due. Trade accounts receivable made up 21.2% of current assets. The Company had an average collection period of 46 days in 2014, which was equal to that in 2013. Trade accounts receivable mainly came from subsidiaries of the Company's major shareholders. The Company has closely assessed customers' financial status and, hence, has faced no problem in debt collection.
- Other receivables as of March 31, 2015 accounted for Baht 236.4 million, soaring by Baht 164.3 million or 227.9% from 2013 due to an increase in accrued dividend receivable of Baht 151.9 million.
- Inventories as of March 31, 2015 were Baht 1,033.1 million, rising by Baht 71.7 million or 7.5% from 2013. The average age of inventories was 49 days in 2014, equal to that in 2013. The increase in value of inventories did not have any impact on the Company's cash management.

Investments as at March 31, 2015 totaled Baht 187.3 million, up by Baht 3.1 million or 1.7% from 2013 due to an increase in marketable securities and investments in associates.

Property, plant and equipment as of March 31, 2015 amounted to Baht 1,207.7 million, rising by Baht 21.8 million or 1.8% from 2013. In 2014, the Company invested Baht 305.5 million in machinery, equipment and moulds. Its return on fixed assets jumped from 66.6% in 2013 to 100.8% in 2014.

Other non-current assets as of March 31, 2015 were Baht 124.3 million, down by Baht 0.8 million or 0.6% from 2013 as a result of a drop in investment properties and deferred tax assets.

In 2014, the Company recorded return on total assets of 14.3%, escalating by 6.2% from return on total assets of 8.1% in 2013 thanks to efficient asset management which helped to grow its revenues.

Current liabilities and liquidity

As of March 31, 2015, the Company had total liabilities of Baht 1,831.3 million, up by Baht 96.2 million or 5.5%, details of which can be tabulated as follows:

Unit: Baht million	For the year ended March 31			
	2015	2014	+ (-)	%
Current liabilities	1,416.2	1,287.7	128.5	10.0%
Non-current liabilities	415.1	447.4	(32.3)	-7.2%
Total liabilities	1,831.3	1,735.1	96.2	5.5%

Current liabilities as at March 31, 2015 amounted to Baht 1,416.2 million, up by Baht 128.5 million or 10.0% relative to 2013. This stemmed from an increase in trade and other payables due primarily to purchases of parts and raw materials and procurement of machinery and equipment for production, as well as an increase in income tax payable on operating performance in the second half of the year.

Average payment period for trade accounts payable in 2014 was 44 days, reducing by two days from 46 days in 2013.

Cash cycle increased by two days from 49 days in 2013 to 51 days in 2014. The Company still had plentiful liquidity, with its current ratio consistently rising from 3.59 times in 2013 to 3.78 times in 2014. Quick ratio also went up annually, from 2.80 times in 2013 to 3.01 times in 2014. The Company maintained adequate assets for short-term debt payment.

Shareholders' equity

As at March 31, 2015, shareholders' equity stood at Baht 5,046.2 million, growing by Baht 661.6 million or 15.1% from 2013 which was attributed to improved performance in 2014. As a result, return on equity mounted from 11.6% in 2013 to 19.7% in 2014. Meanwhile, debt to equity ratio as of March 31, 2015 remained at a low level, edging down continually from 0.40 time in 2013 to 0.36 time in 2014, thereby demonstrating the Company's ability to maintain a suitable capital structure and a very low level of financial risk.

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 B.E.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 with unconditional

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 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 presented in the Audit Committee report that reported to the Board of Director then and are appeared in the 2014 annual report by then .

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



Mr.Praphad Phodhivorakhun
Chairman of The Board of Directors



Mr.Tsutomu Shimizu
President

June 17, 2015

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 2015, 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 2015 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Orawan Sirirattanawong)

Certified Public Accountant

Registration No. 3757

KPMG Phoomchai Audit Ltd.

Bangkok

15 May 2015

STATEMENT OF FINANCIAL POSITION

Kang Yong Electric Public Company Limited

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 March		31 March	
		2015	2014	2015	2014
(in Baht)					
<i>Current assets</i>					
Cash and cash equivalents	5	808,462,386	676,497,234	808,462,386	676,497,234
Current investments	10	2,080,000,000	1,800,000,000	2,080,000,000	1,800,000,000
Trade accounts receivable	4, 6	1,133,987,246	1,058,221,228	1,133,987,246	1,058,221,228
Other accounts receivable	4, 7	236,423,616	72,139,135	236,423,616	72,139,135
Short-term loans to related party	4	59,808,258	51,332,803	59,808,258	51,332,803
Inventories	8	1,033,109,657	961,390,328	1,033,109,657	961,390,328
Other current assets		6,455,468	4,867,451	6,455,468	4,867,451
Total current assets		5,358,246,631	4,624,448,179	5,358,246,631	4,624,448,179
<i>Non-current assets</i>					
Available-for-sale investments	10	11,331,618	9,835,912	11,331,618	9,835,912
Investment in an associate	9	18,584,145	17,081,836	3,000,000	3,000,000
Other long-term investments	10	157,361,700	157,361,700	157,361,700	157,361,700
Investment properties	11	4,970,666	7,868,412	4,970,666	7,868,412
Property, plant and equipment	12	1,207,736,139	1,185,951,040	1,207,736,139	1,185,951,040
Deferred tax assets	13	84,699,132	88,425,056	84,699,132	88,425,056
Other non-current assets	14	34,550,650	28,758,250	34,550,650	28,758,250
Total non-current assets		1,519,234,050	1,495,282,206	1,503,649,905	1,481,200,370
Total assets		6,877,480,681	6,119,730,385	6,861,896,536	6,105,648,549

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

STATEMENT OF FINANCIAL POSITION

Kang Yong Electric Public Company Limited

Liabilities and equity	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 March		31 March	
		2015	2014	2015	2014
(in Baht)					
<i>Current liabilities</i>					
Trade accounts payable	4, 15	938,251,402	862,364,739	938,251,402	862,364,739
Other accounts payable	4, 16	448,770,153	406,558,200	448,770,153	406,558,200
Income tax payable		17,005,034	-	17,005,034	-
Other current liabilities		12,170,340	18,783,443	12,170,340	18,783,443
Total current liabilities		1,416,196,929	1,287,706,382	1,416,196,929	1,287,706,382
<i>Non-current liabilities</i>					
Provision for warranties	18	236,295,227	289,044,052	236,295,227	289,044,052
Employee benefit obligations	17	161,941,659	140,061,344	161,941,659	140,061,344
Provident funds	26	16,879,261	18,304,543	16,879,261	18,304,543
Total non-current liabilities		415,116,147	447,409,939	415,116,147	447,409,939
Total liabilities		1,831,313,076	1,735,116,321	1,831,313,076	1,735,116,321
<i>Equity</i>					
Share capital	19				
Authorised share capital		220,000,000	220,000,000	220,000,000	220,000,000
Issued and paid-up share capital		220,000,000	220,000,000	220,000,000	220,000,000
Additional paid-in capital	19				
Premium on ordinary shares		726,100,000	726,100,000	726,100,000	726,100,000
Retained earnings					
Appropriated					
Legal reserve	20	22,000,000	22,000,000	22,000,000	22,000,000
Others		420,000,000	420,000,000	420,000,000	420,000,000
Unappropriated		3,653,214,698	2,992,857,722	3,637,630,553	2,978,775,886
Other component of equity		4,852,907	3,656,342	4,852,907	3,656,342
Total equity		5,046,167,605	4,384,614,064	5,030,583,460	4,370,532,228
Total liabilities and equity		6,877,480,681	6,119,730,385	6,861,896,536	6,105,648,549

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

STATEMENT OF COMPREHENSIVE INCOME

Kang Yong Electric Public Company Limited

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		For the year ended 31 March		For the year ended 31 March	
		2015	2014	2015	2014
(in Baht)					
Income					
Revenue from sale of goods and rendering of services	4	8,675,269,130	8,459,600,012	8,675,269,130	8,459,600,012
Investment income	4, 22	695,665,814	368,580,370	696,665,814	369,580,370
Net foreign exchange gain		20,674,628	13,337,412	20,674,628	13,337,412
Other income	4, 23	36,736,433	41,644,101	36,736,433	41,644,101
Total income		9,428,346,005	8,883,161,895	9,429,346,005	8,884,161,895
Expenses					
Cost of sale of goods and rendering of services	4	7,415,765,901	7,386,179,704	7,415,765,901	7,386,179,704
Selling expenses	24	382,168,402	350,507,878	382,168,402	350,507,878
Administrative expenses	25	626,156,108	583,929,363	626,156,108	583,929,363
Total expenses		8,424,090,411	8,320,616,945	8,424,090,411	8,320,616,945
Share of profit of an associate	9	2,502,309	308,686	-	-
Profit before income tax expense		1,006,757,903	562,853,636	1,005,255,594	563,544,950
Income tax expense	28	(79,857,137)	(56,816,534)	(79,857,137)	(56,816,534)
Profit for the year		926,900,766	506,037,102	925,398,457	506,728,416
Other comprehensive income					
Net change in fair value of available-for-sale investments		1,495,706	(7,006,438)	1,495,706	(7,006,438)
Defined benefit plan actuarial losses	17	(16,929,737)	(7,611,810)	(16,929,737)	(7,611,810)
Income tax on other comprehensive income		3,086,806	2,923,649	3,086,806	2,923,649
Other comprehensive income for the year, net of income tax		(12,347,225)	(11,694,599)	(12,347,225)	(11,694,599)
Total comprehensive income for the year		914,553,541	494,342,503	913,051,232	495,033,817
Basic earnings per share	30	42.13	23.00	42.06	23.03

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

STATEMENT OF CHANGES IN EQUITY

Kang Yong Electric Public Company Limited

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity		Total equity
				Legal reserve	Other reserve	Unappropriated investments	Fair value changes in available-for-sale investments		
(in Baht)									
Year ended 31 March 2014									
Balance at 1 April 2013		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	31	-	-	-	-	(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

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

STATEMENT OF CHANGES IN EQUITY

Kang Yong Electric Public Company Limited

Financial statements in which the equity method is applied									
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity		Total equity
				Legal reserve	Other reserve	Unappropriated investments	Fair value changes in available-for-sale investments		
(in Baht)									
Year ended 31 March 2015									
Balance at 1 April 2014		220,000,000	726,100,000	22,000,000	420,000,000	2,992,857,722	3,656,342		4,384,614,064
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	31	-	-	-	-	(253,000,000)	-	-	(253,000,000)
Total distributions to owners of the Company		-	-	-	-	(253,000,000)	-	-	(253,000,000)
Comprehensive income for the year									
Profit		-	-	-	-	926,900,766	-	-	926,900,766
Other comprehensive income		-	-	-	-	(13,543,790)	1,196,565		(12,347,225)
Total comprehensive income for the year		-	-	-	-	913,356,976	1,196,565		914,553,541
Balance at 31 March 2015		220,000,000	726,100,000	22,000,000	420,000,000	3,653,214,698	4,852,907		5,046,167,605

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

STATEMENT OF CHANGES IN EQUITY

Kang Yong Electric Public Company Limited

		Separate financial statements							Total equity
		Retained earnings				Other component of equity			
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other reserve	Unappropriated investments	Fair value changes in available-for-sale		
Note								(in Baht)	
	Year ended 31 March 2014								
	Balance at 1 April 2013	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	-	-	-	-	(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	

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

STATEMENT OF CHANGES IN EQUITY

Kang Yong Electric Public Company Limited

Separate financial statements							
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity
				Legal reserve	Other reserve	Unappropriated investments	Fair value changes in available-for-sale investments
(in Baht)							
Year ended 31 March 2015							
Balance at 1 April 2014		220,000,000	726,100,000	22,000,000	420,000,000	2,978,775,886	3,656,342
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	31	-	-	-	-	(253,000,000)	-
Total distributions to owners of the Company		-	-	-	-	(253,000,000)	-
Comprehensive income for the year							
Profit		-	-	-	-	925,398,457	-
Other comprehensive income		-	-	-	-	(13,543,790)	1,196,565
Total comprehensive income for the year		-	-	-	-	911,854,667	1,196,565
Balance at 31 March 2015		220,000,000	726,100,000	22,000,000	420,000,000	3,637,630,553	4,852,907
							5,030,583,460

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

STATEMENT OF CASH FLOWS

Kang Yong Electric Public Company Limited

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 March		For the year ended 31 March	
	2015	2014	2015	2014
(in Baht)				
<i>Cash flows from operating activities</i>				
Profit for the year	926,900,766	506,037,102	925,398,457	506,728,416
Adjustments for				
Depreciation	279,536,644	275,300,541	279,536,644	275,300,541
Amortisation	2,268,573	2,081,962	2,268,573	2,081,962
Investment income	(695,665,814)	(368,580,370)	(696,665,814)	(369,580,370)
Employee benefit expenses	12,552,838	13,512,699	12,552,838	13,512,699
Unrealised loss on exchange	94,289	1,319,274	94,289	1,319,274
Allowance for decline in value of inventories (reversal)	28,115,790	(1,089,716)	28,115,790	(1,089,716)
Impairment losses on land not used in operations	2,897,746	2,491,550	2,897,746	2,491,550
Provision for warranties	19,480,200	18,117,871	19,480,200	18,117,871
Share of profit of an associate	(2,502,309)	(308,686)	-	-
Loss on disposal of property and equipment	1,744,281	619,876	1,744,281	619,876
Income tax expense	79,857,137	56,816,534	79,857,137	56,816,534
	655,280,141	506,318,637	655,280,141	506,318,637
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(76,361,042)	(1,367,735)	(76,361,042)	(1,367,735)
Other accounts receivable	(12,176,307)	(16,610,242)	(12,176,307)	(16,610,242)
Inventories	(99,835,119)	49,633,679	(99,835,119)	49,633,679
Other current assets	(1,588,017)	64,269	(1,588,017)	64,269
Other non-current assets	(3,585,829)	(88,648)	(3,585,829)	(88,648)
Trade accounts payable	76,103,453	(141,887,844)	76,103,453	(141,887,844)
Other accounts payable	15,798,214	(39,937,586)	15,798,214	(39,937,586)
Other current liabilities	(6,613,103)	(88,154)	(6,613,103)	(88,154)
Warranties paid	(72,229,025)	(95,611,984)	(72,229,025)	(95,611,984)
Employee benefits paid	(7,602,261)	(7,192,005)	(7,602,261)	(7,192,005)
Provident fund paid	(1,425,282)	(1,279,303)	(1,425,282)	(1,279,303)
Cash generated from operating activities	465,765,823	251,953,084	465,765,823	251,953,084
Income tax paid	(56,039,372)	(57,320,558)	(56,039,372)	(57,320,558)
Net cash provided by operating activities	409,726,451	194,632,526	409,726,451	194,632,526

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

STATEMENT OF CASH FLOWS

Kang Yong Electric Public Company Limited

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended 31 March		For the year ended 31 March	
	2015	2014	2015	2014
	(in Baht)			
<i>Cash flows from investing activities</i>				
Interest received	72,286,881	73,613,905	72,286,881	73,613,905
Dividends received	457,750,937	567,941,136	457,750,937	567,941,136
Rental received	14,519,821	14,432,810	14,519,821	14,432,810
Short-term loans to related party	(435,923,725)	(474,919,068)	(435,923,725)	(474,919,068)
Cash proceeds from short-term loans to related party	427,448,270	461,731,445	427,448,270	461,731,445
Purchases of property and equipment	(278,844,023)	(315,301,044)	(278,844,023)	(315,301,044)
Sale of property and equipment	2,475,683	1,305,909	2,475,683	1,305,909
Purchase of computer software	(4,475,143)	(1,797,030)	(4,475,143)	(1,797,030)
Increase in current investments	(280,000,000)	(820,000,000)	(280,000,000)	(820,000,000)
Net cash used in investing activities	(24,761,299)	(492,991,937)	(24,761,299)	(492,991,937)
<i>Cash flows from financing activities</i>				
Dividend paid	(253,000,000)	(430,100,000)	(253,000,000)	(430,100,000)
Net cash used in financing activities	(253,000,000)	(430,100,000)	(253,000,000)	(430,100,000)
<i>Net increase (decrease) in cash and cash equivalents</i>				
	131,965,152	(728,459,411)	131,965,152	(728,459,411)
Cash and cash equivalents at 1 April	676,497,234	1,404,956,645	676,497,234	1,404,956,645
Cash and cash equivalents at 31 March	808,462,386	676,497,234	808,462,386	676,497,234
<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	(305,541,707)	(302,019,053)	(305,541,707)	(302,019,053)
Increase (decrease) in payables on purchases of property and equipment	26,697,684	(13,281,991)	26,697,684	(13,281,991)
Net purchase of property and equipment paid by cash	(278,844,023)	(315,301,044)	(278,844,023)	(315,301,044)

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

NOTES TO THE FINANCIAL STATEMENTS

Kang Yong Electric Public Company Limited

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NOTES TO THE FINANCIAL STATEMENTS

Kang Yong Electric Public Company Limited

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 15 May 2015.

1 General information

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

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

The parent company during the financial year was Mitsubishi Electric Corporation, incorporated in Japan (40.81% shareholding).

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

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

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

The FAP has issued the following new and revised TFRS relevant to the Company’s operations and effective for annual accounting periods beginning on or after 1 April 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue

TFRS	Topic
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 8 (revised 2012)	Operating Segments
TFRIC 4	Determining whether an Arrangement Contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

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 annual financial periods beginning on or after 1 January 2015 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 34.

(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 3(r)	Current and deferred taxation
Note 11	Valuation of investment properties
Note 17	Measurement of defined benefit obligations
Note 18	Provision for warranties
Note 32	Valuation of financial instruments

3 Significant accounting policies

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

(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 functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(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
Buildings 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
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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.

4 Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
<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
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

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mitsubishi Electric Sales Malaysia Sdn.	Malaysia	A subsidiary of the Company's parent
Setsumo Astec Corporation	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
Mitsubishi Electric Europe B.V. (Moscow Branch)	Russia	A subsidiary of the Company's parent
Setsumo Astec (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric (Russia) LLC	Russia	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. Purchase policy of raw materials are prices agreed between the parties.

3. Purchase policy of property, plant and equipment are prices agreed between the parties.

4. Royalty fee is payable annually at a proportion of sales.

5. Product development fee is payable based on actual amount.

6. Technical assistance fee chargeable under technical assistance agreement with 5 years term and automatic rollover period of 5 years.
7. The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
8. The Company has inventory management service fee with an associate. The service fee is based on the area used.
9. 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.
10. Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
11. Product warranty expense is based on actual amount claims.
12. 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 2015 and 2014 with related parties were as follows:

Year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Parent				
Revenue from sale of goods	3,715,715	3,696,860	3,715,715	3,696,860
Other income	353	1,246	353	1,246
Purchase of equipment	886	-	886	-
Royalty fee	191,455	188,883	191,455	188,883
Product development fee	217,824	193,605	217,824	193,605
Product warranties paid	70,419	92,538	70,419	92,538
Technical assistance fee	22,257	21,130	22,257	21,130
Other selling and administrative expenses	5,472	3,955	5,472	3,955

Year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
(in thousand Baht)				
Associate				
Revenue from sale of goods	234	526	234	526
Rental income	14,465	14,465	14,465	14,465
Dividend income	-	-	1,000	1,000
Other income	804	728	804	728
Rental expense	76,749	72,695	76,749	72,695
Product warranties paid	-	7	-	7
Other selling and administrative expenses	8,593	8,924	8,593	8,924
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	64,589	72,769	64,589	72,769
Post-employment benefits	1,130	1,207	1,130	1,207
Other long-term benefits	11	11	11	11
Total key management personnel compensation	65,730	73,987	65,730	73,987
Other related parties				
Revenue from sale of goods	4,651,046	4,423,910	4,651,046	4,423,910
Dividend income	608,658	283,246	608,658	283,246
Interest income	742	864	742	864
Other income	11,423	532	11,423	532
Purchase of raw material	1,199,261	1,122,367	1,199,261	1,122,367
Purchase of equipment	1,190	38,999	1,190	38,999
Product warranties paid	1,306	1,182	1,306	1,182
Other selling and administrative expenses	64,239	43,542	64,239	43,542

Balances as at 31 March 2015 and 2014 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	
	2015	2014
	(in thousand Baht)	
Parent		
Mitsubishi Electric Corporation	329,183	332,072
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	386,689	346,789
Mitsubishi Electric Vietnam Company Limited	98,606	137,434
Mitsubishi Electric Australia Pty. Ltd.	78,972	57,096
PT. Mitsubishi Electric Indonesia	50,282	7,114
Mitsubishi Electric Sales Malaysia Sdn.	42,294	30,831
Mitsubishi Electric Asia Pte. Ltd.	30,645	5,734
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	19,575	46,343
Mitsubishi Electric Life-Network Co., Ltd.	17,471	16,587
Mitsubishi Electric Europe B.V. (Moscow Branch)	5,244	-
Mitsubishi Electric (Russia) LLC	4,775	-
Others	93	2,089
Total	1,063,829	982,089
Bad and doubtful debts expenses for the year	-	-

Other accounts receivable from related parties	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Accrued dividend income		
Other related parties		
Siam Compressor Industry Co., Ltd.	9,944	8,019
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	150,000	-
	159,944	8,019

Other accounts receivable from related parties	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Others		
Parent		
Mitsubishi Electric Corporation	3	25
Associate		
Smile Super Express Co., Ltd.	1,289	1,290
Other related parties		
Mitsubishi Electric Life-Network Co., Ltd.	-	1,867
Mitsubishi Electric Kang Yong Watana Co., Ltd.	-	1,000
Others	176	233
	1,468	4,415
Total	161,412	12,434

Short-term loans to related party	Financial statements in which the equity method is applied and separate financial statements			
	2015	2014	2015	2014
	Interest rate (% per annum)		(in thousand Baht)	
Other related party				
Melco Thai Capital Co., Ltd.	1.50	2.00	<u>59,808</u>	<u>51,333</u>

Movements during the years ended 31 March 2015 and 2014 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	
	2015	2014
	(in thousand Baht)	
Other related party		
At 1 April	51,333	38,145
Increase	435,923	474,919
Decrease	(427,448)	(461,731)
At 31 March	<u>59,808</u>	<u>51,333</u>

Trade accounts payable to related parties	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Other accounts payable to related parties		
Setsuyo Astec Corporation	57,111	48,097
Kulthorn Kirby Public Company Limited	41,105	27,468
Mitsubishi Electric Asia Pte. Ltd.	30,183	27,559
Melco Trading (Thailand) Co., Ltd.	17,680	14,892
Mitsubishi Electric Trading Corp.	7,785	4,860
Setsuyo Astec (Thailand) Co., Ltd.	1,920	-
Thai Refrigeration Components Co., Ltd.	1,303	1,265
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	904	2,112
Others	10	24
Total	158,001	126,277

Other accounts payable to related parties	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Parent		
Mitsubishi Electric Corporation	275,710	267,652
Associate		
Smile Super Express Co., Ltd.	9,070	7,037
Other related parties		
Mitsubishi Electric Sales Malaysia Sdn.	7,670	1,738
Mitsubishi Electric Kang Yong Watana Co., Ltd.	5,289	3,351
Mitsubishi Electric Vietnam Company Limited	4,205	811
Mitsubishi Electric Taiwan Co., Ltd.	2,735	-
Mitsubishi Electric Asia Pte. Ltd.	959	822
PT. Mitsubishi Electric Indonesia	724	28
Mitsubishi Electric Trading Corp.	837	835
Mitsubishi Electric Life-Network Co., Ltd.	281	3,996
Setsuyo Astec Corporation	52	2,878
Other	746	279
Total	308,278	289,427

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.

5 Cash and cash equivalents

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Cash on hand	150	150
Cash at banks - savings and current accounts	28,312	46,347
Fixed deposits	780,000	630,000
Total	808,462	676,497

Cash and cash equivalents of the Company as at 31 March 2015 and 2014 were denominated entirely in Thai Baht.

6 Trade accounts receivable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
(in thousand Baht)			
Related parties	4	1,063,829	982,089
Other parties		70,158	76,132
Total		1,133,987	1,058,221

Bad and doubtful debts expenses for the year	-	-
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Aging analyses for trade accounts receivable were as follows:

		Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
(in thousand Baht)			
Related parties			
Within credit terms		1,034,023	971,756
Overdue			
Less than 3 months		29,792	10,333
3 - 6 months		14	-
		1,063,829	982,089
Other parties			
Within credit terms		70,158	76,132
		70,158	76,132
Total		1,133,987	1,058,221

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	
	2015	2014
	(in thousand Baht)	
Thai Baht	712,671	676,155
United States Dollars (USD)	393,826	365,479
Japanese Yen (JPY)	17,471	16,587
Russian Ruble (RUB)	10,019	-
Total	1,133,987	1,058,221

7 Other accounts receivable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
		(in thousand Baht)	
Accrued dividend income	4	159,944	8,019
Value added tax receivable		65,153	52,224
Prepaid expenses		5,867	3,540
Other receivables		1,816	6,490
Accrued interest income		1,618	1,397
Others		2,026	469
Total		236,424	72,139

Other accounts receivable of the Company as at 31 March 2015 and 2014 were denominated entirely in Thai Baht.

8 Inventories

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Finished goods	462,517	398,105
Work in process	214,198	211,404
Raw materials and factory supplies	365,216	327,504
Goods in transit	36,327	46,138
	1,078,258	983,151
<i>Less allowance for decline in value of inventories</i>	(45,148)	(21,761)
Net	1,033,110	961,390

9 Investment in an associate

	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
At 1 April	17,082	17,773	3,000	3,000
Share of profit of investment - equity method	2,502	309	-	-
Dividend income	(1,000)	(1,000)	-	-
At 31 March	18,584	17,082	3,000	3,000

Investment in an associate as at 31 March 2015 and 2014 and dividend income from the investment for the years then ended were as follows:

Investee	Type of business	Financial statements in which the equity method is applied									
		Ownership interest	Paid-up capital		Cost		Equity	Dividend income			
		2015	2014	2015	2014	2015	2014	2015	2014		
		(%)									
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	18,584	17,082	1,000	1,000
				(in thousand Baht)							

Investee	Type of business	Separate financial statements							
		Ownership interest	Paid-up capital		Cost		Dividend income		
		2015	2014	2015	2014	2015	2014		
		(%)							
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:

Reporting date	Ownership interest	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Total		Total		Net profit
		assets	assets	assets	assets	liabilities	liabilities	revenues	expenses					
	(%)	(in thousand Baht)												
2015														
Smile Super Express Co., Ltd.	31 March	53,861	53,861	20,215	74,076	13,271	6,316	19,587	152,624	143,179	7,561			
Total		53,861	74,076	20,215	74,076	13,271	6,316	19,587	152,624	143,179	7,561			
2014														
Smile Super Express Co., Ltd.	31 March	45,402	45,402	21,712	67,114	10,598	6,588	17,186	135,585	134,334	935			
Total		45,402	67,114	21,712	67,114	10,598	6,588	17,186	135,585	134,334	935			

10 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
<i>Current investments</i>		
Short-term deposits at financial institutions	2,080,000	1,800,000
	2,080,000	1,800,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	11,331	9,836
Other non-marketable equity securities	157,362	157,362
	168,693	167,198
Total	2,248,693	1,967,198

Short-term deposits at financial institutions amounted to Baht 2,080 million as at 31 March 2015 (2014 : 1,800 million) have annual interest rates ranging from 2.35% to 3.15% (2014 : 2.60% to 3.60%) and maturity within 4 months to 12 months.

Current investments and other long-term investments of the Company as at 31 March 2015 and 2014 were denominated entirely in Thai Baht.

Equity securities available-for-sale as at 31 March 2015 and 2014 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	2015		2014	
	Cost	Fair value	Cost	Fair value
	(in thousand Baht)			
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	10,891	4,965	9,423
City Sports and Recreation Public Co., Ltd.	300	440	300	413
	5,265	11,331	5,265	9,836
Add revaluation	6,066	-	4,571	-
Total	11,331	11,331	9,836	9,836

Other non-marketable equity securities as at 31 March 2015 and 2014, and dividend income from those investments for the years then ended were as follows:

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Financial statements in which the equity method is applied and separate financial statements													
(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	588,500	269,700
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	17,963	12,510
Total				157,362	157,362	157,362	157,362	-	-	157,362	157,362	606,727	282,474

11 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 2013	10,360	91,436	101,796
At 31 March 2014 and 1 April 2014	10,360	91,436	101,796
At 31 March 2015	10,360	91,436	101,796
<i>Accumulated depreciation and impairment losses</i>			
At 1 April 2013	-	91,436	91,436
Impairment losses	2,492	-	2,492
At 31 March 2014 and 1 April 2014	2,492	91,436	93,928
Impairment losses	2,897	-	2,897
At 31 March 2015	5,389	91,436	96,825
<i>Net book value</i>			
At 1 April 2013	10,360	-	10,360
At 31 March 2014 and 1 April 2014	7,868	-	7,868
At 31 March 2015	4,971	-	4,971

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 2015, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 137.2 million (2014: Baht 139.3 million).

During the year 2015, the Company recorded loss on impairment of land not used in operations of Baht 2.9 million (2014: Baht 2.5 million) by comparing book value with market price.

12 Property, plant and equipment

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

	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
	(in thousand Baht)							
<i>Cost</i>								
At 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)
<i>At 31 March 2014 and 1 April 2014</i>	164,911	659,640	1,439,290	2,553,840	94,216	1,101	36,429	4,949,427
Additions	-	1,303	8,955	53,531	4,891	-	236,862	305,542
Transfers	-	10,856	41,740	133,871	5,098	-	(191,565)	-
Disposals	-	(549)	(36,256)	(95,580)	(12,053)	-	-	(144,438)
<i>At 31 March 2015</i>	164,911	671,250	1,453,729	2,645,662	92,152	1,101	81,726	5,110,531

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

	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
	(in thousand Baht)							
Accumulated depreciation								
At 1 April 2013	31,007	552,629	978,917	1,989,434	68,069	982	-	3,621,038
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)	-	(132,853)
At 31 March 2014 and 1 April 2014	33,868	564,074	978,129	2,113,779	72,609	1,017	-	3,763,476
Depreciation charge for the year	603	21,000	60,990	188,907	7,625	35	-	279,160
Disposals	-	(549)	(35,455)	(91,961)	(11,876)	-	-	(139,841)
At 31 March 2015	34,471	584,525	1,003,664	2,210,725	68,358	1,052	-	3,902,795
Net book value								
At 1 April 2013	133,904	76,412	420,628	445,083	19,074	126	66,107	1,161,334
At 31 March 2014 and 1 April 2014	131,043	95,566	461,161	440,061	21,607	84	36,429	1,185,951
At 31 March 2015	130,440	86,725	450,065	434,937	23,794	49	81,726	1,207,736

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2015 amounted to Baht 2,984.6 million (2014: Baht 2,914.2 million).

13 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 2015	31 March 2014	31 March 2015	31 March 2014
	(in thousand Baht)			
Total	93,131	94,332	(8,432)	(5,907)
Set off of tax	(8,432)	(5,907)	8,432	5,907
Net deferred tax assets	84,699	88,425	-	-

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			
	At 1 April 2014	(Charged) / Credited to :		At 31 March 2015
Profit or loss		Other comprehensive income		
	(in thousand Baht)			
<i>Deferred tax assets</i>				
Inventories (allowance for decline in value)	4,352	4,678	-	9,030
Provision for warranties	57,809	(10,550)	-	47,259
Employee benefit obligations	28,012	990	3,386	32,388
Provident funds	3,661	(285)	-	3,376
Others	498	580	-	1,078
Total	94,332	(4,587)	3,386	93,131
<i>Deferred tax liabilities</i>				
Available-for-sale securities (revaluation)	(914)	-	(299)	(1,213)
Property, plant and equipment (depreciation difference)	(4,993)	(2,226)	-	(7,219)
Total	(5,907)	(2,226)	(299)	(8,432)
Net	88,425	(6,813)	3,087	84,699

Financial statements in which the equity method is applied and separate financial statements				
(Charged) / Credited to :				
Other comprehensive income				
	At 1 April 2013	Profit or loss	At 31 March 2014	
(in thousand Baht)				
<i>Deferred tax assets</i>				
Inventories (allowance for decline in value)	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
<i>Deferred tax liabilities</i>				
Available-for-sale securities (revaluation)	(2,315)	-	1,401	(914)
Property, plant and equipment (depreciation difference)	(2,964)	(2,029)	-	(4,993)
Others	(948)	948	-	-
Total	(6,227)	(1,081)	1,401	(5,907)
Total	101,277	(15,775)	2,923	88,425

14 Other non-current assets

Financial statements in which the equity method is applied and separate financial statements		
	2015	2014
(in thousand Baht)		
Refundable import duty	15,265	12,416
Refundable corporate income tax	9,201	9,201
Loans to employees	2,203	2,552
Others	7,882	4,589
Total	34,551	28,758

15 Trade accounts payable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
(in thousand Baht)			
Related parties	4	158,001	126,277
Other parties		780,250	736,088
Total		938,251	862,365

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

	2015	2014
(in thousand Baht)		
Thai Baht	834,722	775,266
United States Dollars (USD)	91,933	77,143
Japanese Yen (JPY)	11,596	9,895
Others	-	61
Total	938,251	862,365

16 Other accounts payable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
(in thousand Baht)			
Royalty fee and development fee payables	4	264,679	267,652
Accrued employee benefits		71,131	77,324
Payables on purchases of property and equipment		34,553	7,856
Others		78,407	53,726
Total		448,770	406,558

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

	2015	2014
(in thousand Baht)		
Thai Baht	346,826	314,341
Japanese Yen (JPY)	88,160	82,850
United States Dollars (USD)	10,655	8,335
Others	3,129	1,032
Total	448,770	406,558

17 Employee benefit obligations

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Statement of financial position obligations for:		
Post-employment benefits	152,167	130,846
Other long-term employee benefits	9,775	9,215
Total	161,942	140,061

Statement of comprehensive income

for the year ended 31 March

Recognised in profit or loss:

Post-employment benefits	10,851	15,940
Other long-term employee benefits	1,702	(2,428)
Total	12,553	13,512

Recognised in other comprehensive income:

Actuarial losses recognised in the year	16,930	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	
	2015	2014
	(in thousand Baht)	
Defined benefit obligations at 1 April	140,061	126,129
Benefits paid by the plan	(7,602)	(7,192)
Current service costs and interest	14,724	14,112
Past service costs	(2,171)	(600)
Actuarial losses recognised in other comprehensive income	16,930	7,612
Defined benefit obligations at 31 March	161,942	140,061

Expenses recognised in profit or loss

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Current service costs	9,252	9,184
Interest on obligation	5,472	4,928
Past service costs	(2,171)	(600)
Total	12,553	13,512

The expenses are 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	
	2015	2014
	(in thousand Baht)	
Cost of sales	10,016	10,402
Selling expenses	424	488
Administrative expenses	2,113	2,622
Total	12,553	13,512

Actuarial losses recognised in other comprehensive income:

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Included in retained earnings:		
At 1 April	7,612	-
Recognised during the year	16,930	7,612
At 31 March	24,542	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	
	2015	2014
	%	
Discount rate	2.75	4.00
Future salary increases	5.00	5.00

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

18 Provision for warranties

	Financial statements in which the equity method is applied and separate financial statements
	(in thousand Baht)
At 1 April 2013	366,538
Provisions made	18,118
Provisions used	(95,612)
At 31 March 2014 and 1 April 2014	289,044
Provisions made	19,480
Provisions used	(72,229)
At 31 March 2015	236,295

19 Share capital

	2015		2014		
	Par value per share	Number	Amount	Number	Amount
	(in Baht)	(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.

20 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 component 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.

21 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 chief operating decision maker (CODM) determines operating segment 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.

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 6,712 million (2014: Baht 6,636 million) of the Company's total revenues.

22 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2015	2014	2015	2014
(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	4, 9	-	-	1,000	1,000
Other related parties	4, 10	608,658	283,246	608,658	283,246
Other parties		17	15	17	15
		608,675	283,261	609,675	284,261
<i>Interest income</i>					
Other related parties	4	742	864	742	864
Financial institutions		71,766	69,972	71,766	69,972
		72,508	70,836	72,508	70,836
Total		695,666	368,580	696,666	369,580

23 Other income

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
Revenue from scrap sales	18,880	25,479
Product development income	10,275	-
Compensation from damaged goods	-	6,619
Compensation from insurance of fire	-	1,218
Others	7,581	8,328
Total	36,736	41,644

24 Selling expenses

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
		(in thousand Baht)	
Royalty fee	4	191,455	188,883
Transportation expenses		88,339	79,178
Advertising and sales promotion expenses		43,360	21,455
Product warranty expense		19,480	18,118
Employee benefit expenses	26	18,365	16,856
Others		21,169	26,018
Total		382,168	350,508

25 Administrative expenses

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
(in thousand Baht)			
Product development fee	4	217,824	193,605
Employee benefit expenses	26	166,425	173,249
Warehouse rental charge		78,701	74,647
Tax and duty		17,775	15,367
Technical assistance fee	4	23,842	22,258
Reversal of allowance for decline in value of inventories		-	(1,090)
Others		121,589	105,893
Total		626,156	583,929

26 Employee benefit expenses

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
(in thousand Baht)		
<i>Key management personnel</i>		
Short-term employee benefits	64,589	72,769
Others	1,141	1,218
	65,730	73,987
<i>Other employees</i>		
Wages and salaries	556,509	558,065
Provident fund	17,845	17,048
Defined benefit plan expenses	11,412	12,294
Others	131,855	133,831
	717,621	721,238
Total	783,351	795,225

Defined benefit plans

Details of the defined benefit plans are given in note 17.

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.

27 Expenses by nature

		Financial statements in which the equity method is applied and separate financial statements	
	Note	2015	2014
(in thousand Baht)			
<i>Included in cost of sale of goods:</i>			
Changes in inventories of finished goods and work in process		(67,206)	93,765
Raw materials and consumables used		6,122,531	5,984,227
Employee benefit expenses		598,561	605,120
Depreciation		271,959	268,342
<i>Included in selling expenses:</i>			
Royalty fee	4, 24	191,455	188,883
Transportation expenses	24	88,339	79,178
Advertising and sales promotion expenses	24	43,360	21,455
<i>Included in administrative expenses:</i>			
Product development fee	4, 25	217,824	193,605
Employee benefit expenses	25	166,425	173,249
Warehouse rental charge	25	78,701	74,647

28 Income tax

Income tax recognised in profit or loss

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2015	2014
(in thousand Baht)			
Current tax expense			
Current year		73,044	41,042
Deferred tax expense			
Movements in temporary differences	13	6,813	15,775
Total income tax expense		79,857	56,817

Income tax recognised in other comprehensive income

	Financial statements in which the equity method is applied and separate financial statements					
	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
(in thousand Baht)						
Available-for-sale securities (<i>revaluation</i>)	1,496	(299)	1,197	(7,006)	1,401	(5,605)
Defined benefit plan actuarial losses	(16,930)	3,386	(13,544)	(7,612)	1,522	(6,090)
Total	(15,434)	3,087	(12,347)	(14,618)	2,923	(11,695)

Reconciliation of effective tax rate

	Financial statements in which the equity method is applied			
	2015		2014	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,006,758		562,854
Income tax using the Thai corporation tax rate	20.00	201,352	20.00	112,571
Income not subject to tax		(121,735)		(56,652)
Expenses not deductible for tax purposes and additional deduction transactions		240		898
Total	7.93	79,857	10.09	56,817

Separate financial statements				
		2015		2014
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,005,256		563,545
Income tax using the Thai corporation tax rate	20.00	201,051	20.00	112,709
Income not subject to tax		(121,935)		(56,852)
Expenses not deductible for tax purposes and additional deduction transactions		741		960
Total	7.94	79,857	10.08	56,817

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 March 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

29 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.

30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2015 and 2014 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	
	2015	2014	2015	2014
	(in thousand Baht / thousand shares)			
Profit for the year attributable to ordinary shareholders of the Company (Basic)	926,901	506,037	925,398	506,728
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	42.13	23.00	42.06	23.03

31 Dividends

At the annual general meeting of the shareholders of the Company held on 25 July 2014, the shareholders approved the appropriation of dividends of Baht 11.50 per share, amounting to Baht 253.0 million. The dividend was paid to the shareholders in August 2014.

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.

32 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)
2015		
Current		
Deposits at financial institutions	0.50 - 2.45	808,312
Short-term investments - fixed deposits	2.35 - 3.15	2,080,000
Short-term loans to related party	1.50 - 2.00	59,808
2014		
Current		
Deposits at financial institutions	0.50 - 2.10	676,347
Short-term investments - fixed deposits	2.60 - 3.60	1,800,000
Short-term loans to related party	2.00	51,333

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.

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	
		2015	2014
(in thousand Baht)			
Assets			
<i>United States Dollars</i>			
Trade accounts receivable	6	393,826	365,479
<i>Japanese Yen</i>			
Trade accounts receivable	6	17,471	16,587
<i>Russian Ruble</i>			
Trade accounts receivable	6	10,019	-
Gross assets in statements of financial position exposure		421,316	382,066
Liabilities			
<i>United States Dollars</i>			
Trade accounts payable	15	(91,933)	(77,143)
Other accounts payable	16	(10,655)	(8,335)
<i>Japanese Yen</i>			
Trade accounts payable	15	(11,596)	(9,895)
Other accounts payable	16	(88,160)	(82,850)
<i>Other currencies</i>			
Trade accounts payable	15	-	(61)
Other accounts payable	16	(3,129)	(1,032)
Gross liabilities in statements of financial position exposure		(205,473)	(179,316)

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 the 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.

The fair value of investment in associate which equity method is applied is taken to the carrying amount.

33 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2015	2014
	(in thousand Baht)	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisition of property, plant and equipment	36,265	29,169
<i>Operating lease commitments</i>		
Within one year	7,966	7,120
After one year but within five years	11,968	4,882
Total	19,934	12,002

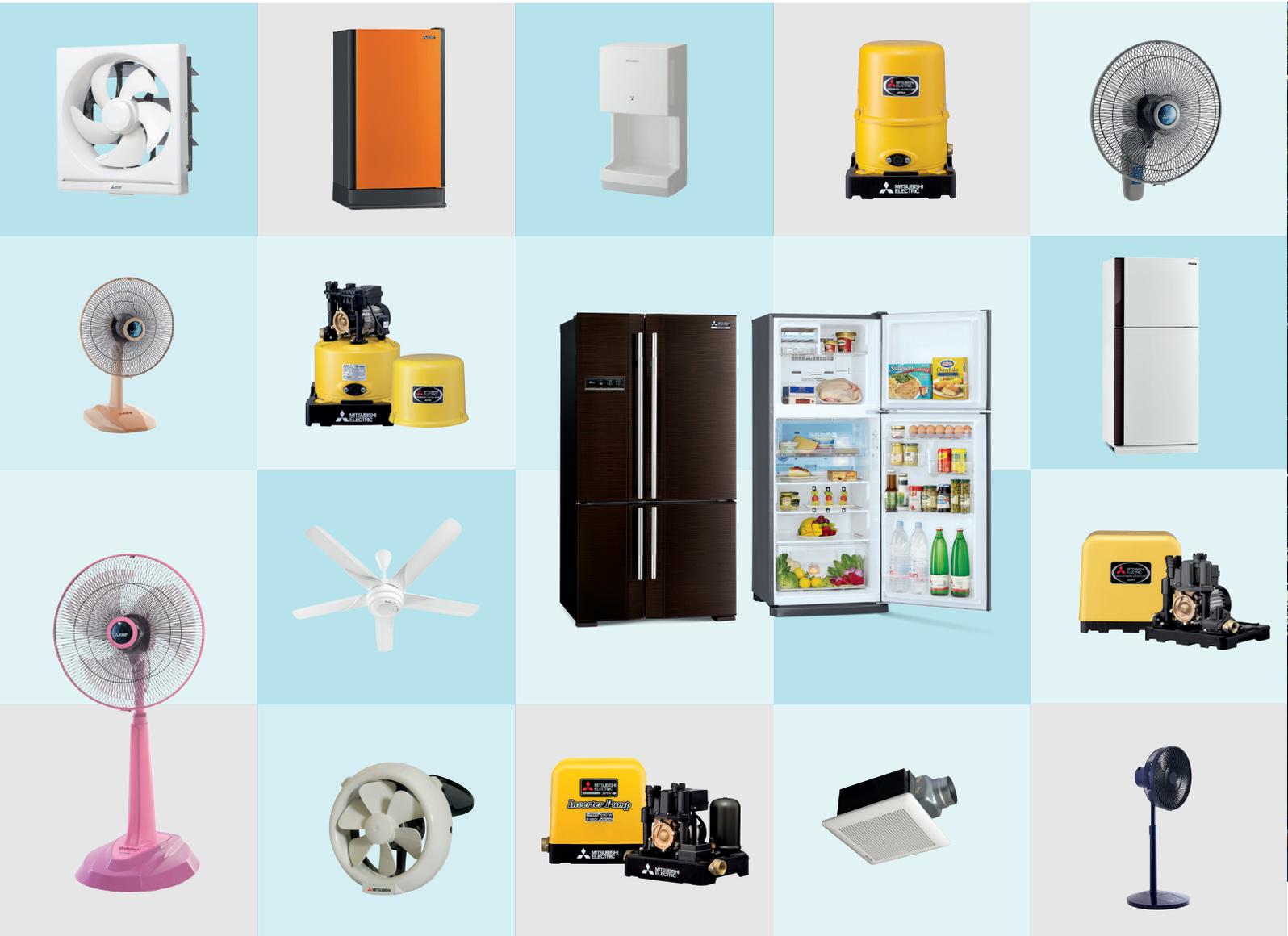
The Company entered into several long-term lease agreements covering vehicles which have four year terms expiring in various periods up to the year 2018. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

34 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement Contains a Lease	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015

The Company has made a preliminary assessment of the potential initial impact on the Company's 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.



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

67 Moo 11, Bangna-Trad Rd. K.M.20,
Bangchalong, Bangplee, Samutprakarn 10540 Thailand
Tel : (662) 337-2900 (auto)
Fax : (662) 337-2439-40
<http://www.mitsubishi-kye.com>
E-mail : information@kye.meap.com