

Kang Yong Electric Public Company Limited

Interim financial statements
for the three-month period ended
30 June 2015

and

Independent auditor's report
on review of interim financial information

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Kang Yong Electric Public Company Limited

I have reviewed the accompanying statement of financial position in which the equity method is applied and separate statement of financial position of Kang Yong Electric Public Company Limited as at 30 June 2015; the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2015; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
5 August 2015

Kang Yong Electric Public Company Limited
Statement of financial position

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		30 June 2015 (Unaudited)	31 March 2015 (Unaudited)	30 June 2015 (Unaudited)	31 March 2015 (Unaudited)
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		768,130	808,462	768,130	808,462
Current investments	6	2,080,000	2,080,000	2,080,000	2,080,000
Trade accounts receivable	3, 4	1,284,162	1,133,987	1,284,162	1,133,987
Other accounts receivable	3	262,113	236,424	262,113	236,424
Short-term loans to related party	3	30,873	59,808	30,873	59,808
Inventories		1,018,088	1,033,110	1,018,088	1,033,110
Other current assets		3,616	6,456	3,616	6,456
Total current assets		5,446,982	5,358,247	5,446,982	5,358,247
Non-current assets					
Available-for-sale investments	6	11,863	11,331	11,863	11,331
Investment in an associate	5	17,789	18,584	3,000	3,000
Other long-term investments	6	157,362	157,362	157,362	157,362
Investment properties	7	4,971	4,971	4,971	4,971
Property, plant and equipment	8	1,215,988	1,207,736	1,215,988	1,207,736
Deferred tax assets		78,752	84,699	78,752	84,699
Other non-current assets		34,650	34,551	34,650	34,551
Total non-current assets		1,521,375	1,519,234	1,506,586	1,503,650
Total assets		6,968,357	6,877,481	6,953,568	6,861,897

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

Kang Yong Electric Public Company Limited
Statement of financial position

	<i>Note</i>	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		30 June	31 March	30 June	31 March
Liabilities and equity		2015	2015	2015	2015
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current liabilities					
Trade accounts payable	3	995,906	938,252	995,906	938,252
Other accounts payable	3	310,962	448,770	310,962	448,770
Income tax payable		45,434	17,005	45,434	17,005
Other current liabilities		20,147	12,170	20,147	12,170
Total current liabilities		1,372,449	1,416,197	1,372,449	1,416,197
Non-current liabilities					
Provision for warranties		229,372	236,295	229,372	236,295
Employee benefit obligations		165,449	161,942	165,449	161,942
Provident funds		16,765	16,879	16,765	16,879
Total non-current liabilities		411,586	415,116	411,586	415,116
Total liabilities		1,784,035	1,831,313	1,784,035	1,831,313
Equity					
Share capital					
Authorised share capital		220,000	220,000	220,000	220,000
Issued and paid-up share capital		220,000	220,000	220,000	220,000
Additional paid-in capital					
Premium on ordinary shares		726,100	726,100	726,100	726,100
Retained earnings					
Appropriated					
Legal reserve		22,000	22,000	22,000	22,000
Others		420,000	420,000	420,000	420,000
Unappropriated		3,790,944	3,653,215	3,776,155	3,637,631
Other component of equity		5,278	4,853	5,278	4,853
Total equity		5,184,322	5,046,168	5,169,533	5,030,584
Total liabilities and equity		6,968,357	6,877,481	6,953,568	6,861,897

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

Kang Yong Electric Public Company Limited
Statement of comprehensive income (Unaudited)

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Three-month period ended 30 June		Three-month period ended 30 June	
<i>Note</i>	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Income				
Revenue from sale of goods and rendering of services	2,458,947	2,434,943	2,458,947	2,434,943
Investment income	22,647	21,630	22,647	21,630
Net foreign exchange gain	12,173	2,680	12,173	2,680
Other income	5,874	9,135	5,874	9,135
Total income	2,499,641	2,468,388	2,499,641	2,468,388
Expenses				
Cost of sale of goods and rendering of services	2,079,157	2,046,652	2,079,157	2,046,652
Selling expenses	98,594	95,359	98,594	95,359
Administrative expenses	148,747	155,795	148,747	155,795
Total expenses	2,326,498	2,297,806	2,326,498	2,297,806
Share of profit (loss) of an associate	5	-795	696	-
Profit before income tax expense		172,348	171,278	173,143
Income tax expense		-34,619	-34,134	(34,619)
Profit for the period		137,729	137,144	138,524
Other comprehensive income				
<i>Item that is or may be reclassified to profit or loss</i>				
Net change in fair value of available-for-sale investments		531	766	531
Income tax on other comprehensive income		-106	-153	-106
Other comprehensive income for the period, net of income tax		425	613	425
Total comprehensive income for the period		138,154	137,757	138,949
Basic earnings per share (in Baht)	<i>10</i>	6.26	6.23	6.30

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Financial statements in which the equity method is applied						Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	
			Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2014							
Balance at 1 April 2014	220,000	726,100	22,000	420,000	2,992,858	3,656	4,384,614
Comprehensive income for the period							
Profit	-	-	-	-	137,144	-	137,144
Other comprehensive income	-	-	-	-	-	613	613
Total comprehensive income for the period	-	-	-	-	137,144	613	137,757
Balance at 30 June 2014	220,000	726,100	22,000	420,000	3,130,002	4,269	4,522,371

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Financial statements in which the equity method is applied						Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	
			Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2015							
Balance at 1 April 2015	220,000	726,100	22,000	420,000	3,653,215	4,853	5,046,168
Comprehensive income for the period							
Profit	-	-	-	-	137,729	-	137,729
Other comprehensive income	-	-	-	-	-	425	425
Total comprehensive income for the period	-	-	-	-	137,729	425	138,154
Balance at 30 June 2015	220,000	726,100	22,000	420,000	3,790,944	5,278	5,184,322

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

Kang Yong Electric Public Company Limited
Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Premium on ordinary shares	Separate financial statements			Other component of equity Fair value changes in available-for-sale investments	Total equity
			Retained earnings				
			Legal reserve	Other reserve	Unappropriated		
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2014							
Balance at 1 April 2014	220,000	726,100	22,000	420,000	2,978,776	3,656	4,370,532
Comprehensive income for the period							
Profit	-	-	-	-	136,448	-	136,448
Other comprehensive income	-	-	-	-	-	613	613
Total comprehensive income for the period	-	-	-	-	136,448	613	137,061
Balance at 30 June 2014	220,000	726,100	22,000	420,000	3,115,224	4,269	4,507,593

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Separate financial statements					Other component of equity	Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings				
			Legal reserve	Other reserve	Unappropriated		
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2015							
Balance at 1 April 2015	220,000	726,100	22,000	420,000	3,637,631	4,853	5,030,584
Comprehensive income for the period							
Profit	-	-	-	-	138,524	-	138,524
Other comprehensive income	-	-	-	-	-	425	425
Total comprehensive income for the period	-	-	-	-	138,524	425	138,949
Balance at 30 June 2015	220,000	726,100	22,000	420,000	3,776,155	5,278	5,169,533

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

Kang Yong Electric Public Company Limited
Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method			
	is applied		Separate financial statements	
	Three-month period ended 30 June		Three-month period ended 30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	137,729	137,144	138,524	136,448
<i>Adjustments for</i>				
Depreciation	69,132	67,057	69,132	67,057
Amortisation	564	508	564	508
Investment income	(22,647)	(21,630)	(22,647)	(21,630)
Employee benefit expenses	3,702	3,682	3,702	3,682
Unrealised (gain) loss on exchange rate	(5,770)	666	(5,770)	666
Allowance for decline in value of inventories (reversal)	(17,444)	1,489	(17,444)	1,489
Impairment losses on land not used in operations	-	2,898	-	2,898
Provision for warranties	5,868	9,495	5,868	9,495
Share of loss (profit) of an associate	795	(696)	-	-
Gain on disposal of property and equipment	(178)	(8)	(178)	(8)
Income tax expense	34,619	34,134	34,619	34,134
	<u>206,370</u>	<u>234,739</u>	<u>206,370</u>	<u>234,739</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(142,562)	(214,858)	(142,562)	(214,858)
Other accounts receivable	(23,756)	410	(23,756)	410
Inventories	32,478	14,147	32,478	14,147
Other current assets	2,840	449	2,840	449
Other non-current assets	(337)	(1,475)	(337)	(1,475)
Trade accounts payable	57,436	108,589	57,436	108,589
Other accounts payable	(143,550)	(72,416)	(143,550)	(72,416)
Other current liabilities	6,411	(1,235)	6,411	(1,235)
Warranties paid	(12,791)	(18,074)	(12,791)	(18,074)
Employee benefits paid	(195)	(280)	(195)	(280)
Provident fund paid	(114)	(121)	(114)	(121)
Cash generated from (used in) operating activities	(17,770)	49,875	(17,770)	49,875
Income tax paid	(348)	(338)	(348)	(338)
Net cash from (used in) operating activities	<u>(18,118)</u>	<u>49,537</u>	<u>(18,118)</u>	<u>49,537</u>

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

Kang Yong Electric Public Company Limited
Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Three-month period ended 30 June		Three-month period ended 30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	16,820	15,736	16,820	15,736
Dividends received	280	282	280	282
Rental received	3,614	3,669	3,614	3,669
Short-term loans to related party	-118,050	-170,543	-118,050	-170,543
Cash proceeds from short-term loans to related party	146,985	149,635	146,985	149,635
Purchases of property and equipment	-71,714	-55,373	-71,714	-55,373
Sale of property and equipment	178	10	178	10
Purchase of computer software	-327	-814	-327	-814
Increase in current investments	-	-100,000	-	-100,000
Net cash used in investing activities	(22,214)	(157,398)	(22,214)	(157,398)
Net decrease in cash and cash equivalents	(40,332)	(107,861)	(40,332)	(107,861)
Cash and cash equivalents at 1 April	808,462	676,497	808,462	676,497
Cash and cash equivalents at 30 June	768,130	568,636	768,130	568,636
<i>Supplemental disclosure of cash flows information</i>				
Property and equipment purchased during the period are detailed as follows:				
Property and equipment purchased during the period	(77,397)	(51,016)	(77,397)	(51,016)
Increase (decrease) in payables on purchases of property and equipment	5,683	-4,357	5,683	-4,357
Net purchase of property and equipment paid by cash	(71,714)	(55,373)	(71,714)	(55,373)

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

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Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai 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 5 August 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 period 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 interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2014) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 March 2015. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 March 2015.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2015 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 April 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

(b) Functional and presentation currency

The interim financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

(c) Use of estimates and judgements

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2015.

Estimates

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.

Measurement of defined benefit obligations

The calculation of the defined benefit obligations is sensitive to the assumptions on discount rates and salary increasing rates as set out.

Measurement of deferred tax

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.

3 Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Parent		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
Associate		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel		
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
Other related parties		
Thai Refrigeration Components Co., Ltd.	Thailand	Common director
Kulthorn Kirby Public Company Limited	Thailand	Common director
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Life-Network Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Home Appliance Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	A subsidiary of the Company's parent
Mitsubishi Electric Asia Pte. Ltd.	Singapore	A subsidiary of the Company's parent
Mitsubishi Electric Australia Pty. Ltd.	Australia	A subsidiary of the Company's parent
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	Hongkong	A subsidiary of the Company's parent
Mitsubishi Electric Sales Malaysia Sdn.	Malaysia	A subsidiary of the Company's parent
Mitsubishi Electric (Malaysia) Sdn. Bhd	Malaysia	A subsidiary of the Company's parent
Setsuyo 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 (Hongkong) 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
Mitsubishi Electric India Pvt. Ltd.	India	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
Setsuyo Astec (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric (Russia) LLC	Russia	A subsidiary of the Company's parent
K.Y. Intertrade Co., Ltd.	Thailand	Common director

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

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 service 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 and 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 defined by the Nomination and Remuneration Committee and the Company’s policy.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

Significant transactions for the three-month periods ended 30 June 2015 and 2014 with related parties were as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	1,002,451	1,174,253	1,002,451	1,174,253
Other income	11	6	11	6
Purchase of raw material	6,531	10,111	6,531	10,111
Purchase of equipment	-	931	-	931
Royalty fee	55,077	53,857	55,077	53,857
Product development fee	60,102	52,088	60,102	52,088
Product warranties paid	12,141	17,891	12,141	17,891
Technical assistance fee	2,167	3,503	2,167	3,503
Other selling and administrative expenses	105	101	105	101
Associate				
Revenue from sale of goods	22	-	22	-
Rental income	3,616	3,616	3,616	3,616
Other income	244	218	244	218
Inventory management service fee	19,325	20,180	19,325	20,180
Other selling and administrative expenses	2,382	2,382	2,382	2,382
Key management personnel				
Key management personnel compensation				
Short-term benefits	17,746	17,355	17,746	17,355
Post-employment benefits	227	282	227	282
Other long-term benefits	2	3	2	3
Total key management personnel compensation	<u>17,975</u>	<u>17,640</u>	<u>17,975</u>	<u>17,640</u>
Other related parties				
Revenue from sale of goods	1,393,120	1,210,237	1,393,120	1,210,237
Dividend income	264	264	264	264
Other income	510	655	510	655
Purchase of raw material	319,565	308,283	319,565	308,283
Purchase of equipment	139	43	139	43
Product warranties paid	473	120	473	120
Other selling and administrative expenses	30,022	7,843	30,022	7,843

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

Balances as at 30 June 2015 and 31 March 2015 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2015	31 March 2015
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	383,526	329,183
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	344,300	386,689
Mitsubishi Electric Vietnam Company Limited	177,851	98,606
Mitsubishi Electric Australia Pty. Ltd.	111,759	78,972
PT. Mitsubishi Electric Indonesia	56,581	50,282
Mitsubishi Electric Sales Malaysia Sdn.	38,932	42,294
Mitsubishi Electric Asia Pte. Ltd.	42,929	30,645
Mitsubishi Electric Ryoden Air – Conditioning & Visual Information Systems (Hong Kong) Ltd.	41,400	19,575
Mitsubishi Electric (Hong Kong) Ltd.	18,300	-
Mitsubishi Electric Life-Network Co., Ltd.	14,222	17,471
Mitsubishi Electric Europe B.V. (Moscow Branch)	-	5,244
Mitsubishi Electric (Russia) LLC	-	4,775
Others	3,247	93
Total	1,233,047	1,063,829
	2015	2014
	<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 June	-	-

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Other accounts receivable - related parties

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

30 June 31 March
2015 2015

(in thousand Baht)

Accrued dividend income

Other related parties

Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.
Siam Compressor Industry Co., Ltd.

150,000 150,000
9,944 9,944

159,944 **159,944**

Others

Parent

Mitsubishi Electric Corporation

307 3

Associate

Smile Super Express Co., Ltd.

1,294 1,289

Other related parties

Melco Thai Capital Co., Ltd.
Mitsubishi Electric Trading Corp.

28 22
- 154

28 **176**

1,629 **1,468**

Total

161,573 **161,412**

Short-term loans to related party

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

30 June 31 March 30 June 31 March
2015 2015 2015 2015

*Interest rate
(% per annum)*

(in thousand Baht)

Other related party

Melco Thai Capital Co., Ltd.

1.40 1.50

30,873 **59,808**

Movements during the three-month periods ended 30 June 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

59,808 51,333

Increase

118,050 170,543

Decrease

(146,985) (149,635)

At 30 June

30,873 **72,241**

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Trade accounts payable - related parties

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

30 June 31 March
2015 2015

(in thousand Baht)

Other related parties

Setsuyo Astec Corporation	62,054	57,111
Kulthorn Kirby Public Company Limited	32,279	41,105
Mitsubishi Electric Asia Pte. Ltd.	36,676	30,183
Melco Trading (Thailand) Co., Ltd.	19,994	17,680
Mitsubishi Electric Trading Corp.	1,945	7,785
Thai Refrigeration Components Co., Ltd.	1,265	1,303
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	156	904
Setsuyo Astec (Thailand) Co., Ltd.	-	1,920
Others	93	10
Total	154,462	158,001

Other accounts payable - related parties

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

30 June 31 March
2015 2015

(in thousand Baht)

Parent

Mitsubishi Electric Corporation	125,067	275,710
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Associate

Smile Super Express Co., Ltd.	4,668	9,070
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Other related parties

Mitsubishi Electric Life-Network Co., Ltd.	325	281
Mitsubishi Electric Taiwan Co., Ltd.	112	2,735
Mitsubishi Electric Trading Corp.	84	837
Mitsubishi Electric Asia Pte. Ltd.	62	959
Mitsubishi Electric Sales Malaysia Sdn.	-	7,670
Mitsubishi Electric Kang Yong Watana Co., Ltd.	-	5,289
Mitsubishi Electric Vietnam Company Limited	-	4,205
PT. Mitsubishi Electric Indonesia	-	724
Others	395	798
Total	130,713	308,278

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 fee, development fee and technical assistance fee 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

Kang Yong Electric Public Company Limited
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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 2015, the Company notified to renew such agreement for a period of two years expiring on 31 July 2017.

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.

4 Trade accounts receivable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		30 June 2015	31 March 2015
		<i>(in thousand Baht)</i>	
Related parties	3	1,233,047	1,063,829
Other parties		51,115	70,158
Total		1,284,162	1,133,987
		2015	2014
		<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 June		-	-

Kang Yong Electric Public Company Limited
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For the three-month period ended 30 June 2015 (Unaudited)

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2015	31 March 2015
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,210,471	1,034,023
Overdue		
Less than 3 months	21,931	29,792
3 - 6 months	645	14
	<u>1,233,047</u>	<u>1,063,829</u>
Other parties		
Within credit terms	51,115	70,158
	<u>51,115</u>	<u>70,158</u>
Total	<u>1,284,162</u>	<u>1,133,987</u>

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

5 Investment in an associate

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
At 1 April	18,584	17,082	3,000	3,000
Share of profit (loss) of investment - equity method	(795)	696	-	-
At 30 June	<u>17,789</u>	<u>17,778</u>	<u>3,000</u>	<u>3,000</u>

As at 30 June 2015 and 31 March 2015, the financial statements in which the equity method is applied included the investment in shares of Smile Super Express Co., Ltd. accounted for using the equity method, which was computed based on the financial statements reviewed/audited by another auditor.

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Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

Investment in an associate as at 30 June 2015 and 31 March 2015 and dividend income from the investment for the three-month periods ended 30 June 2015 and 2014 were as follows:

Financial statements in which the equity method is applied											
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the three-month periods ended	
		30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	30 June 2014
		(%)				(in thousand Baht)					
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>17,789</u>	<u>18,584</u>	-	-

Separate financial statements									
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income for the three-month periods ended	
		30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	30 June 2014
		(%)				(in thousand Baht)			
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	-	-

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

6 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2015	31 March 2015
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	2,080,000	2,080,000
	2,080,000	2,080,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	11,863	11,331
Other non-marketable equity securities	157,362	157,362
	169,225	168,693
Total	2,249,225	2,248,693

Equity securities available-for-sale as at 30 June 2015 and 31 March 2015 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	30 June 2015		31 March 2015	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	11,432	4,965	10,891
City Sports and Recreation Public Co., Ltd.	300	431	300	440
	5,265	11,863	5,265	11,331
<i>Add revaluation</i>	6,598	-	6,066	-
Total	11,863	11,863	11,331	11,331

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Notes to the interim financial statements
For the three-month period ended 30 June 2015 (Unaudited)

Other non-marketable equity securities as at 30 June 2015 and 31 March 2015, and dividend income from those investments for the three-month periods ended 30 June 2015 and 2014 were as follows:

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

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month periods ended	
		30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	31 March 2015	30 June 2015	30 June 2014
		(%)						(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	-	-
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	-	-
Total						157,362	157,362	-	-	157,362	157,362	264	264

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the three-month period ended 30 June 2015 (Unaudited)

7 Investment properties

Investment properties comprise land and building that are leased to an associate and plots of land that are not used in operations. Fair value of land and building 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 30 June 2015, fair value of land and building that are leased to its associate and land not used in operations totaled approximately Baht 135.5 million (31 March 2015 : Baht 137.2 million).

8 Property, plant and equipment

Acquisition, disposals and transfers of property, plant and equipment during the three-month periods ended 30 June 2015 and 2014 were as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied and separate financial statements			
	2015		2014	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and improvements	2,697	-	970	-
Machinery and equipment	30,081	-	2,276	-
Factory equipment	36,980	-	27,192	1
Office equipment	1,500	12	488	24
Assets under construction and installation	55,082	48,943	42,442	22,352
Total	126,340	48,955	73,368	22,377

The Company's land which has cost approximately Baht 10.26 million is partially under land servitude.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the three-month period ended 30 June 2015 (Unaudited)

9 Segment information

The Company's operations mainly involve business segments in product goods in Thailand and sale in both local and overseas market (Japan and other countries). Financial information of the Company by operating segments for the three-month periods ended 30 June 2015 and 2014 was as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied									
	Domestic		Overseas				Total			
	2015	2014	Japan		Others		2015	2014		
			2015	2014	2015	2014	2015	2014		
			<i>(in thousand Baht)</i>							
Revenue from sale of goods and rendering of services	797,857	809,608	1,093,069	1,216,588	568,021	408,747	2,458,947	2,434,943		
Segment profit	139,344	124,955	64,502	152,242	92,826	34,703	296,672	311,900		
Unallocated expenses							(164,223)	(174,763)		
Investment income							22,647	21,630		
Net foreign exchange gain							12,173	2,680		
Other income							5,874	9,135		
Share of profit (loss) of an associate							(795)	696		
Profit before income tax expense							172,348	171,278		
Income tax expense							(34,619)	(34,134)		
Profit for the period							137,729	137,144		
							30 June 2015	31 March 2015		
Property, plant and equipment							<u>1,215,988</u>	<u>1,207,736</u>		

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the three-month period ended 30 June 2014 (Unaudited)

10 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 30 June 2015 and 2014 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (Basic)	<u>137,729</u>	<u>137,144</u>	<u>138,524</u>	<u>136,448</u>
Number of ordinary shares outstanding	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Earnings per share (Basic) (in Baht)	<u>6.26</u>	<u>6.23</u>	<u>6.30</u>	<u>6.20</u>

11 Financial instruments carried at fair value

Carrying amounts and fair values of financial instruments carried at fair value

The fair values of financial assets together with the carrying amounts in the statement of financial position in which the equity method is applied and separate statement of financial position are as follows:

	Carrying amount	Financial statements in which the equity method is applied and separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2015					
<i>Current</i>					
Forward contracts	1,549	-	1,549	-	1,549
<i>Non-current</i>					
Equity securities available-for-sale	11,863	11,432	-	431	11,863

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

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The Company determines Level 2 fair value for forward contracts based on counterparties.

The Company determines Level 3 fair value for equity securities – available-for-sale based on the most recent quoted price in the Stock Exchange of Thailand.

12 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2015	31 March 2015
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisition of plant and equipment	37,085	36,265
<i>Operating lease commitments</i>		
Within one year	7,571	7,966
After one year but within five years	10,366	11,968
Total	17,937	19,934

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

13 Event after the reporting period

At the annual general meeting of the shareholders of the Company held on 24 July 2015, the shareholders approved the appropriation of dividend of Baht 21.07 per share, totalling of Baht 463.5 million. The dividend will be paid to the shareholders in August 2015.