

## **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 2016, 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 2016 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  
18 May 2016

# Kang Yong Electric Public Company Limited

## Statement of financial position

Assets	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		31 March	
		31 March	2015	2016	2015
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	5	1,063,853,227	808,462,386	1,063,853,227	808,462,386
Current investments	10	2,200,000,000	2,080,000,000	2,200,000,000	2,080,000,000
Trade accounts receivable	4, 6	1,272,551,567	1,133,987,246	1,272,551,567	1,133,987,246
Other accounts receivable	4, 7	235,801,310	236,423,616	235,801,310	236,423,616
Short-term loans to related party	4	36,197,859	59,808,258	36,197,859	59,808,258
Inventories	8	1,001,698,723	1,033,109,657	1,001,698,723	1,033,109,657
Other current assets		5,039,545	6,455,468	5,039,545	6,455,468
<b>Total current assets</b>		<b>5,815,142,231</b>	<b>5,358,246,631</b>	<b>5,815,142,231</b>	<b>5,358,246,631</b>
<b>Non-current assets</b>					
Available-for-sale investments	10	13,665,725	11,331,618	13,665,725	11,331,618
Investment in an associate	9	17,314,532	18,584,145	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	4,970,666	4,970,666	4,970,666
Property, plant and equipment	12	1,268,108,709	1,207,736,139	1,268,108,709	1,207,736,139
Deferred tax assets	13	70,281,782	84,699,132	70,281,782	84,699,132
Other non-current assets	14	29,288,725	34,550,650	29,288,725	34,550,650
<b>Total non-current assets</b>		<b>1,560,991,839</b>	<b>1,519,234,050</b>	<b>1,546,677,307</b>	<b>1,503,649,905</b>
<b>Total assets</b>		<b>7,376,134,070</b>	<b>6,877,480,681</b>	<b>7,361,819,538</b>	<b>6,861,896,536</b>

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

# Kang Yong Electric Public Company Limited

## Statement of financial position

Liabilities and equity	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		31 March	
		31 March	2015	2016	2015
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Trade accounts payable	4, 15	1,078,194,498	938,251,402	1,078,194,498	938,251,402
Other accounts payable	4, 16	465,434,258	448,770,153	465,434,258	448,770,153
Income tax payable		12,375,496	17,005,034	12,375,496	17,005,034
Other current liabilities		15,633,328	12,170,340	15,633,328	12,170,340
<b>Total current liabilities</b>		<b>1,571,637,580</b>	<b>1,416,196,929</b>	<b>1,571,637,580</b>	<b>1,416,196,929</b>
<b>Non-current liabilities</b>					
Provision for warranties	18	184,942,083	236,295,227	184,942,083	236,295,227
Employee benefit obligations	17	182,789,086	161,941,659	182,789,086	161,941,659
Provident funds	26	15,863,198	16,879,261	15,863,198	16,879,261
<b>Total non-current liabilities</b>		<b>383,594,367</b>	<b>415,116,147</b>	<b>383,594,367</b>	<b>415,116,147</b>
<b>Total liabilities</b>		<b>1,955,231,947</b>	<b>1,831,313,076</b>	<b>1,955,231,947</b>	<b>1,831,313,076</b>
<b>Equity</b>					
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		4,026,081,931	3,653,214,698	4,011,767,399	3,637,630,553
Other component of equity	20	6,720,192	4,852,907	6,720,192	4,852,907
<b>Total equity</b>		<b>5,420,902,123</b>	<b>5,046,167,605</b>	<b>5,406,587,591</b>	<b>5,030,583,460</b>
<b>Total liabilities and equity</b>		<b>7,376,134,070</b>	<b>6,877,480,681</b>	<b>7,361,819,538</b>	<b>6,861,896,536</b>

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

# Kang Yong Electric Public Company Limited

## Statement of comprehensive income

	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		For the year ended		For the year ended	
		31 March		31 March	
		2016	2015	2016	2015
(in Baht)					
<b>Income</b>					
Revenue from sale of goods					
and rendering of services	4	8,805,203,897	8,675,269,130	8,805,203,897	8,675,269,130
Investment income	4, 22	650,026,431	695,665,814	651,026,431	696,665,814
Net foreign exchange gain		32,594,251	20,674,628	32,594,251	20,674,628
Other income	4, 23	23,402,660	36,736,433	23,402,660	36,736,433
<b>Total income</b>		<b>9,511,227,239</b>	<b>9,428,346,005</b>	<b>9,512,227,239</b>	<b>9,429,346,005</b>
<b>Expenses</b>					
Cost of sale of goods	4				
and rendering of services		7,524,405,222	7,415,765,901	7,524,405,222	7,415,765,901
Selling expenses	24	395,600,189	382,168,402	395,600,189	382,168,402
Administrative expenses	25	683,869,986	626,156,108	683,869,986	626,156,108
<b>Total expenses</b>		<b>8,603,875,397</b>	<b>8,424,090,411</b>	<b>8,603,875,397</b>	<b>8,424,090,411</b>
Share of profit (loss) of an associate	9	(269,613)	2,502,309	-	-
<b>Profit before income tax expense</b>		<b>907,082,229</b>	<b>1,006,757,903</b>	<b>908,351,842</b>	<b>1,005,255,594</b>
Income tax expense	28	(65,232,146)	(79,857,137)	(65,232,146)	(79,857,137)
<b>Profit for the year</b>		<b>841,850,083</b>	<b>926,900,766</b>	<b>843,119,696</b>	<b>925,398,457</b>
<b>Other comprehensive income</b>					
<b>Item that will never be reclassified to profit or loss</b>					
Defined benefit plan actuarial losses	17, 28	(6,803,563)	(16,929,737)	(6,803,563)	(16,929,737)
Income tax on other comprehensive income		1,360,713	3,385,947	1,360,713	3,385,947
		<b>-5,442,850</b>	<b>-13,543,790</b>	<b>-5,442,850</b>	<b>-13,543,790</b>
<b>Item that is or may be reclassified to profit or loss</b>					
Net change in fair value of					
available-for-sale investments	10, 28	2,334,106	1,495,706	2,334,106	1,495,706
Income tax on other comprehensive income		(466,821)	(299,141)	(466,821)	(299,141)
		<b>1,867,285</b>	<b>1,196,565</b>	<b>1,867,285</b>	<b>1,196,565</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>-3,575,565</b>	<b>-12,347,225</b>	<b>-3,575,565</b>	<b>-12,347,225</b>
<b>Total comprehensive income for the year</b>		<b>838,274,518</b>	<b>914,553,541</b>	<b>839,544,131</b>	<b>913,051,232</b>
<b>Basic earnings per share</b>	30	<b>38.27</b>	<b>42.13</b>	<b>38.32</b>	<b>42.06</b>

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

# Kang Yong Electric Public Company Limited

## Statement of changes in equity

	Note	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 Baht)</i>								
<b>Year ended 31 March 2015</b>								
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
<b>Transactions with owners, recorded directly in equity</b>								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(253,000,000)	-	(253,000,000)
<b>Total distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253,000,000)</b>	<b>-</b>	<b>(253,000,000)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	-	926,900,766	-	926,900,766
Other comprehensive income		-	-	-	-	(13,543,790)	1,196,565	(12,347,225)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>913,356,976</b>	<b>1,196,565</b>	<b>914,553,541</b>
<b>Balance at 31 March 2015</b>		<b>220,000,000</b>	<b>726,100,000</b>	<b>22,000,000</b>	<b>420,000,000</b>	<b>3,653,214,698</b>	<b>4,852,907</b>	<b>5,046,167,605</b>

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

# Kang Yong Electric Public Company Limited

## Statement of changes in equity

	Note	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 Baht)</i>								
<b>Year ended 31 March 2016</b>								
Balance at 1 April 2015		220,000,000	726,100,000	22,000,000	420,000,000	3,653,214,698	4,852,907	5,046,167,605
<b>Transactions with owners, recorded directly in equity</b>								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(463,540,000)	-	(463,540,000)
<b>Total distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(463,540,000)</b>	<b>-</b>	<b>(463,540,000)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	-	841,850,083	-	841,850,083
Other comprehensive income		-	-	-	-	(5,442,850)	1,867,285	(3,575,565)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>836,407,233</b>	<b>1,867,285</b>	<b>838,274,518</b>
<b>Balance at 31 March 2016</b>		<b>220,000,000</b>	<b>726,100,000</b>	<b>22,000,000</b>	<b>420,000,000</b>	<b>4,026,081,931</b>	<b>6,720,192</b>	<b>5,420,902,123</b>

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

# Kang Yong Electric Public Company Limited

## Statement of changes in equity

	Note	Separate financial statements					Other component	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			of equity	
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in Baht)</i>								
<b>Year ended 31 March 2015</b>								
Balance at 1 April 2014		220,000,000	726,100,000	22,000,000	420,000,000	2,978,775,886	3,656,342	4,370,532,228
<b>Transactions with owners, recorded directly in equity</b>								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(253,000,000)	-	(253,000,000)
<b>Total distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253,000,000)</b>	<b>-</b>	<b>(253,000,000)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	-	925,398,457	-	925,398,457
Other comprehensive income		-	-	-	-	(13,543,790)	1,196,565	(12,347,225)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>911,854,667</b>	<b>1,196,565</b>	<b>913,051,232</b>
<b>Balance at 31 March 2015</b>		<b>220,000,000</b>	<b>726,100,000</b>	<b>22,000,000</b>	<b>420,000,000</b>	<b>3,637,630,553</b>	<b>4,852,907</b>	<b>5,030,583,460</b>



# Kang Yong Electric Public Company Limited

## Statement of changes in equity

	Note	Separate financial statements					Other component	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			of equity	
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in Baht)</i>								
<b>Year ended 31 March 2016</b>								
Balance at 1 April 2015		220,000,000	726,100,000	22,000,000	420,000,000	3,637,630,553	4,852,907	5,030,583,460
<b>Transactions with owners, recorded directly in equity</b>								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(463,540,000)	-	(463,540,000)
<b>Total distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(463,540,000)</b>	<b>-</b>	<b>(463,540,000)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	-	843,119,696	-	843,119,696
Other comprehensive income		-	-	-	-	(5,442,850)	1,867,285	(3,575,565)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>837,676,846</b>	<b>1,867,285</b>	<b>839,544,131</b>
<b>Balance at 31 March 2016</b>		<b>220,000,000</b>	<b>726,100,000</b>	<b>22,000,000</b>	<b>420,000,000</b>	<b>4,011,767,399</b>	<b>6,720,192</b>	<b>5,406,587,591</b>

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

# Kang Yong Electric Public Company Limited

## Statement of cash flows

	<b>Financial statements</b>			
	<b>in which the equity method</b>		<b>Separate financial statements</b>	
	<b>is applied</b>			
	For the year ended 31 March		For the year ended 31 March	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	841,850,083	926,900,766	843,119,696	925,398,457
<i>Adjustments for</i>				
Depreciation	288,804,628	279,536,644	288,804,628	279,536,644
Amortisation	2,449,628	2,268,573	2,449,628	2,268,573
Investment income	(650,026,431)	(695,665,814)	(651,026,431)	(696,665,814)
Employee benefit expenses	21,887,406	12,552,838	21,887,406	12,552,838
Unrealised loss on exchange	3,656,260	94,289	3,656,260	94,289
Allowance for decline in value of inventories (reversal)	(15,848,389)	28,115,790	(15,848,389)	28,115,790
Impairment losses on land not used in operations	-	2,897,746	-	2,897,746
Provision for warranties	18,702,698	19,480,200	18,702,698	19,480,200
Share of (profit) loss of an associate	269,613	(2,502,309)	-	-
(Gain) loss on disposal of property and equipment	(822,509)	1,744,281	(822,509)	1,744,281
Income tax expense	65,232,146	79,857,137	65,232,146	79,857,137
	<u>576,155,133</u>	<u>655,280,141</u>	<u>576,155,133</u>	<u>655,280,141</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(142,317,763)	(76,361,042)	(142,317,763)	(76,361,042)
Other accounts receivable	(766,915)	(12,176,307)	(766,915)	(12,176,307)
Inventories	47,491,379	(99,835,119)	47,491,379	(99,835,119)
Other current assets	1,415,923	(1,588,017)	1,415,923	(1,588,017)
Other non-current assets	6,402,072	(3,585,829)	6,402,072	(3,585,829)
Trade accounts payable	140,170,017	76,103,453	140,170,017	76,103,453
Other accounts payable	43,420,951	15,798,214	43,420,951	15,798,214
Other current liabilities	3,462,988	(6,613,103)	3,462,988	(6,613,103)
Warranties paid	(70,055,842)	(72,229,025)	(70,055,842)	(72,229,025)
Employee benefits paid	(7,843,542)	(7,602,261)	(7,843,542)	(7,602,261)
Provident fund paid	(1,016,063)	(1,425,282)	(1,016,063)	(1,425,282)
Cash generated from operating activities	596,518,338	465,765,823	596,518,338	465,765,823
Income tax paid	(54,550,442)	(56,039,372)	(54,550,442)	(56,039,372)
<b>Net cash from operating activities</b>	<b><u>541,967,896</u></b>	<b><u>409,726,451</u></b>	<b><u>541,967,896</u></b>	<b><u>409,726,451</u></b>

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

# Kang Yong Electric Public Company Limited

## Statement of cash flows

	<b>Financial statements</b>			
	<b>in which the equity method is applied</b>		<b>Separate financial statements</b>	
	For the year ended 31 March		For the year ended 31 March	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	59,271,665	72,286,881	59,271,665	72,286,881
Dividends received	578,674,120	457,750,937	578,674,120	457,750,937
Rental received	14,469,866	14,519,821	14,469,866	14,519,821
Short-term loans to related party	(459,237,128)	(435,923,725)	(459,237,128)	(435,923,725)
Cash proceeds from				
short-term loans to related party	482,847,527	427,448,270	482,847,527	427,448,270
Purchases of property and equipment	(376,762,388)	(278,844,023)	(376,762,388)	(278,844,023)
Sale of property and equipment	1,289,058	2,475,683	1,289,058	2,475,683
Purchase of computer software	(3,589,775)	(4,475,143)	(3,589,775)	(4,475,143)
Increase in current investments	(120,000,000)	(280,000,000)	(120,000,000)	(280,000,000)
<b>Net cash from (used in) investing activities</b>	<b><u>176,962,945</u></b>	<b><u>(24,761,299)</u></b>	<b><u>176,962,945</u></b>	<b><u>(24,761,299)</u></b>
<b><i>Cash flows from financing activities</i></b>				
Dividend paid	(463,540,000)	(253,000,000)	(463,540,000)	(253,000,000)
<b>Net cash used in financing activities</b>	<b><u>(463,540,000)</u></b>	<b><u>(253,000,000)</u></b>	<b><u>(463,540,000)</u></b>	<b><u>(253,000,000)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>255,390,841</b>	<b>131,965,152</b>	<b>255,390,841</b>	<b>131,965,152</b>
Cash and cash equivalents at 1 April	808,462,386	676,497,234	808,462,386	676,497,234
<b>Cash and cash equivalents at 31 March</b>	<b><u>1,063,853,227</u></b>	<b><u>808,462,386</u></b>	<b><u>1,063,853,227</u></b>	<b><u>808,462,386</u></b>
<b><i>Supplemental disclosure of cash flows information</i></b>				
Property and equipment purchased during the year are detailed as follows:				
Property and equipment purchased during the year	(349,875,803)	(305,541,707)	(349,875,803)	(305,541,707)
Increase (decrease) in payables on purchases of property and equipment	(26,886,585)	26,697,684	(26,886,585)	26,697,684
<b>Net purchase of property and equipment paid by cash</b>	<b><u>(376,762,388)</u></b>	<b><u>(278,844,023)</u></b>	<b><u>(376,762,388)</u></b>	<b><u>(278,844,023)</u></b>

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

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

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# Kang Yong Electric Public Company Limited

## Notes to the financial statements

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 18 May 2016.

### 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

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 2016 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 items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale financial assets	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, as explained in Note 3 (m)

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### (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 judgements and estimates*

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 these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### *Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 3(r)	Current and deferred taxation
Note 11	Key assumptions used in discounted cash flow projections for valuation of investment properties
Note 17	Measurement of defined benefit obligations
Note 18	Provision for warranties
Note 32	Valuation of financial instruments

#### *Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Company Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 11	Investment properties
Note 32	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.

##### *Interests in equity-accounted investee*

The Company's interests in equity-accounted investee comprise interest in associate.

Associate is an entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements in which the equity method is applied include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

#### (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.

## **Kang Yong Electric Public Company Limited**

### **Notes to the financial statements**

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 production 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.



# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### *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
-----------	----------

No depreciation is provided on freehold land.

### **(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.

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

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

## **Kang Yong Electric Public Company Limited**

### **Notes to the financial statements**

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.

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.

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### **(m) Employee benefits**

#### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

#### *Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits 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. Remeasurements are recognised in profit or loss in the period in which they arise.

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

# **Kang Yong Electric Public Company Limited**

## **Notes to the financial statements**

### *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.

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### *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.

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

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

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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 (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
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

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



**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

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 2016 and 2015 with related parties were as follows:

<i>Year ended 31 March</i>	<b>Financial statements in which the equity method is applied</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Revenue from sale of goods	3,481,004	3,715,715	3,481,004	3,715,715
Other income	2,380	353	2,380	353
Purchase of equipment	126	886	126	886
Royalty fee	195,372	191,455	195,372	191,455
Product development fee	282,330	217,824	282,330	217,824
Product warranties paid	62,963	70,419	62,963	70,419
Technical assistance fee	22,383	22,257	22,383	22,257
Other selling and administrative expenses	5,210	5,472	5,210	5,472
<b>Associate</b>				
Revenue from sale of goods	117	234	117	234
Rental income	14,465	14,465	14,465	14,465
Dividend income	-	-	1,000	1,000
Other income	822	804	822	804
Inventory management service fee	76,914	76,749	76,914	76,749
Other selling and administrative expenses	7,768	8,593	7,768	8,593
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	68,989	64,589	68,989	64,589
Post-employment benefits	906	1,130	906	1,130
Other long-term benefits	10	11	10	11
Total key management personnel compensation	<u>69,905</u>	<u>65,730</u>	<u>69,905</u>	<u>65,730</u>
<b>Other related parties</b>				
Revenue from sale of goods	5,077,403	4,651,046	5,077,403	4,651,046
Dividend income	571,299	608,658	571,299	608,658
Interest income	478	742	478	742
Other income	437	11,423	437	11,423
Purchase of raw material	1,163,847	1,199,261	1,163,847	1,199,261
Purchase of equipment	1,530	1,190	1,530	1,190
Product warranties paid	6,023	1,306	6,023	1,306
Other selling and administrative expenses	90,202	64,239	90,202	64,239

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

Balances as at 31 March 2016 and 2015 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Mitsubishi Electric Corporation	330,664	329,183
<b>Other related parties</b>		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	456,452	386,689
Mitsubishi Electric Vietnam Company Limited	190,604	98,606
Mitsubishi Electric Australia Pty. Ltd.	72,565	78,972
Mitsubishi Electric Life-Network Co., Ltd.	45,317	17,471
Mitsubishi Electric (Hong Kong) Ltd.	42,465	-
PT. Mitsubishi Electric Indonesia	34,199	50,282
Mitsubishi Electric Sales Malaysia Sdn.	28,580	42,294
Mitsubishi Electric (Russia) LLC	14,209	4,775
Mitsubishi Electric Asia Pte. Ltd.	12,465	30,645
Mitsubishi Electric Ryoden Air – Conditioning & Visual Information Systems (Hong Kong) Ltd.	-	19,575
Mitsubishi Electric Europe B.V. (Moscow Branch)	-	5,244
Others	1,994	93
<b>Total</b>	<b><u>1,229,514</u></b>	<b><u>1,063,829</u></b>
 <i>Other accounts receivable from related parties</i>		
	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Accrued dividend income</b>		
<b>Other related parties</b>		
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	141,396	150,000
Siam Compressor Industry Co., Ltd.	12,189	9,944
	<b><u>153,585</u></b>	<b><u>159,944</u></b>
<b>Others</b>		
<b>Parent</b>		
Mitsubishi Electric Corporation	141	3
<b>Associate</b>		
Smile Super Express Co., Ltd.	1,302	1,289
<b>Other related parties</b>		
Melco Thai Capital Co., Ltd.	26	176
	<b><u>1,469</u></b>	<b><u>1,468</u></b>
<b>Total</b>	<b><u>155,054</u></b>	<b><u>161,412</u></b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

<i>Short-term loans to related party</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	2016	2015	2016	2015
	<i>Interest rate</i>		<i>(in thousand Baht)</i>	
	<i>(% per annum)</i>			
<b>Other related party</b>				
Melco Thai Capital Co., Ltd.	1.40	1.50	<u>36,198</u>	<u>59,808</u>

Movements during the years ended 31 March 2016 and 2015 of short-term loans to related party were as follows:

<i>Short-term loans to related party</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Other related party</b>		
At 1 April	59,808	51,333
Increase	459,237	435,923
Decrease	(482,847)	(427,448)
<b>At 31 March</b>	<u>36,198</u>	<u>59,808</u>

<i>Trade accounts payable to related parties</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Other related parties</b>		
Setsuyo Astec Corporation	48,934	57,111
Kulthorn Kirby Public Company Limited	45,375	41,105
Setsuyo Astec (Thailand) Co., Ltd.	19,806	1,920
Mitsubishi Electric Asia Pte. Ltd.	19,418	30,183
Melco Trading (Thailand) Co., Ltd.	16,845	17,680
Mitsubishi Electric Trading Corp.	8,770	7,785
Thai Refrigeration Components Co., Ltd.	1,423	1,303
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	477	904
Others	129	10
<b>Total</b>	<u>161,177</u>	<u>158,001</u>

<i>Other accounts payable to related parties</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Mitsubishi Electric Corporation	293,671	275,710
<b>Associate</b>		
Smile Super Express Co., Ltd.	13,440	9,070

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

*Other accounts payable to related parties*

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

	2016	2015
	<i>(in thousand Baht)</i>	
<b>Other related parties</b>		
Mitsubishi Electric Sales Malaysia Sdn.	14,078	7,670
PT. Mitsubishi Electric Indonesia	4,702	724
Mitsubishi Electric Vietnam Company Limited	1,840	4,205
Mitsubishi Electric Australia Pty. Ltd.	1,522	-
Mitsubishi Electric Trading Corp.	1,307	837
Mitsubishi Electric Taiwan Co., Ltd.	324	2,735
Mitsubishi Electric Asia Pte. Ltd.	94	959
Mitsubishi Electric Kang Yong Watana Co., Ltd.	-	5,289
Mitsubishi Electric Life-Network Co., Ltd.	-	281
Setsuyo Astec Corporation	-	52
Others	824	746
<b>Total</b>	<b>331,802</b>	<b>308,278</b>

*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 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.

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**5 Cash and cash equivalents**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - savings and current accounts	43,703	28,312
Fixed deposits	1,020,000	780,000
<b>Total</b>	<b><u>1,063,853</u></b>	<b><u>808,462</u></b>

Cash and cash equivalents of the Company as at 31 March 2016 and 2015 were denominated entirely in Thai Baht.

**6 Trade accounts receivable**

	<i>Note</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
		2016	2015
		<i>(in thousand Baht)</i>	
Related parties	4	1,229,514	1,063,829
Other parties		43,038	70,158
<b>Total</b>		<b><u>1,272,552</u></b>	<b><u>1,133,987</u></b>
Bad and doubtful debts expenses for the year		<u>-</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
Within credit terms	1,210,469	1,034,023
Overdue		
Less than 3 months	19,045	29,792
3 - 6 months	-	14
	<b><u>1,229,514</u></b>	<b><u>1,063,829</u></b>
<b>Other parties</b>		
Within credit terms	43,038	70,158
	<b><u>43,038</u></b>	<b><u>70,158</u></b>
<b>Total</b>	<b><u>1,272,552</u></b>	<b><u>1,133,987</u></b>

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

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

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

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Thai Baht	783,484	712,671
United States Dollars (USD)	429,557	393,826
Japanese Yen (JPY)	45,317	17,471
Russian Ruble (RUB)	14,194	10,019
<b>Total</b>	<b><u>1,272,552</u></b>	<b><u>1,133,987</u></b>

### 7 Other accounts receivable

	<i>Note</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
		2016	2015
		<i>(in thousand Baht)</i>	
Accrued dividend income	4	153,585	159,944
Value added tax receivable		65,277	65,153
Accrued interest income		6,548	1,618
Prepaid expenses		6,236	5,867
Other receivables		3,560	1,816
Others		595	2,026
<b>Total</b>		<b><u>235,801</u></b>	<b><u>236,424</u></b>

Other accounts receivable of the Company as at 31 March 2016 and 2015 were denominated entirely in Thai Baht.

### 8 Inventories

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Finished goods	466,563	462,517
Work in process	195,634	214,198
Raw materials and factory supplies	338,279	365,216
Goods in transit	18,088	36,327
	<b><u>1,018,564</u></b>	<b><u>1,078,258</u></b>
<i>Less allowance for decline in value of inventories</i>	<i>(16,865)</i>	<i>(45,148)</i>
<b>Net</b>	<b><u>1,001,699</u></b>	<b><u>1,033,110</u></b>



**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

Investment in an associate as at 31 March 2016 and 2015 and dividend income from the investment for the years then ended were as follows:

Investee	Type of business	Ownership interest		<b>Financial statements in which the equity method is applied</b>							
		2016	2015	Paid-up capital		Cost		Equity		Dividend income	
		<i>(%)</i>		2016	2015	2016	2015	2016	2015	2016	2015
				<i>(in thousand Baht)</i>							
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>17,315</u>	<u>18,584</u>	<u>1,000</u>	<u>1,000</u>

Investee	Type of business	Ownership interest		<b>Separate financial statements</b>					
		2016	2015	Paid-up capital		Cost		Dividend income	
		<i>(%)</i>		2016	2015	2016	2015	2016	2015
				<i>(in thousand Baht)</i>					
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>1,000</u>	<u>1,000</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 financial statements**

The following table summarises the financial information of the associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the associate.

	Smile Super Express Co., Ltd.	
	2016	2015
	<i>(in thousand Baht)</i>	
Revenue	154,774	152,624
Profit from continuing operations	(808)	7,507
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(808)</b>	<b>7,507</b>
Attributable to non-controlling interests	(539)	5,005
Attributable to investee's shareholders	(269)	2,502
Current assets	50,481	53,861
Non-current assets	17,697	21,478
Current liabilities	(11,286)	(13,271)
Non-current liabilities	(4,948)	(6,316)
<b>Net assets</b>	<b>51,944</b>	<b>55,752</b>
Attributable to non-controlling interests	34,629	37,168
Attributable to investee's shareholders	17,315	18,584
Company's interest in net assets of investee at 1 April	18,584	17,082
Total comprehensive income attributable to the Company	(269)	2,502
Dividends received during the year	1,000	1,000
Company's interest in net assets of investee at 31 March	17,315	18,584
<b>Carrying amount of interest in investee at 31 March</b>	<b>17,315</b>	<b>18,584</b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**10 Other investments**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b><i>Current investments</i></b>		
Short-term deposits at financial institutions	2,200,000	2,080,000
	<b>2,200,000</b>	<b>2,080,000</b>
<b><i>Other long-term investments</i></b>		
Equity securities available-for-sale	13,666	11,331
Other non-marketable equity securities	157,362	157,362
	<b>171,028</b>	<b>168,693</b>
<b>Total</b>	<b>2,371,028</b>	<b>2,248,693</b>

Short-term deposits at financial institutions amounted to Baht 2,200 million as at 31 March 2016 (2015 : 2,080 million) have annual interest rates ranging from 1.83% to 2.05% (2015 : 2.35% to 3.15%) and maturity within 4 months to 12 months.

Current investments and other long-term investments of the Company as at 31 March 2016 and 2015 were denominated entirely in Thai Baht.

Equity securities available-for-sale as at 31 March 2016 and 2015 were as follows:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	2016		2015	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<b><i>Marketable securities - Available-for-sale securities</i></b>				
Kulthorn Kirby Public Co., Ltd.	4,965	13,208	4,965	10,891
City Sports and Recreation Public Co., Ltd.	300	458	300	440
	<b>5,265</b>	<b>13,666</b>	<b>5,265</b>	<b>11,331</b>
Add revaluation	8,401	-	6,066	-
<b>Total</b>	<b>13,666</b>	<b>13,666</b>	<b>11,331</b>	<b>11,331</b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

Other non-marketable equity securities as at 31 March 2016 and 2015, and dividend income from those investments for the years then ended were as follows:

Investee	Type of business	<b>Financial statements in which the equity method is applied and separate financial statements</b>											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		<i>(%)</i>						<i>(in thousand Baht)</i>					
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	547,620	588,500
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	23,415	17,963
<b>Total</b>						<b>157,362</b>	<b>157,362</b>	<b>-</b>	<b>-</b>	<b>157,362</b>	<b>157,362</b>	<b>571,299</b>	<b>606,727</b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**11 Investment properties**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>		
	Land	Buildings	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 April 2014	10,360	91,436	101,796
At 31 March 2015 and 1 April 2015	<u>10,360</u>	<u>91,436</u>	<u>101,796</u>
At 31 March 2016	<u>10,360</u>	<u>91,436</u>	<u>101,796</u>
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2014	2,492	91,436	93,928
Impairment losses	<u>2,897</u>	<u>-</u>	<u>2,897</u>
At 31 March 2015 and 1 April 2015	<u>5,389</u>	<u>91,436</u>	<u>96,825</u>
Impairment losses	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2016	<u>5,389</u>	<u>91,436</u>	<u>96,825</u>
<b>Net book value</b>			
At 1 April 2014	<u>7,868</u>	<u>-</u>	<u>7,868</u>
At 31 March 2015 and 1 April 2015	<u>4,971</u>	<u>-</u>	<u>4,971</u>
At 31 March 2016	<u>4,971</u>	<u>-</u>	<u>4,971</u>

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 2016, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 137.4 million (2015: Baht 137.2 million).

**Measurement of fair value**

*Fair value hierarchy*

The fair value measurement for investment properties of Baht 137.4 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

*Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods. The expected net cash flows are discounted using weighted average cost of capital discount rate.	<ul style="list-style-type: none"> <li>• Market rental rate</li> <li>• Expected market rental growth rate</li> <li>• Estimated useful lives of buildings that are leased</li> <li>• Void periods</li> <li>• Weighted average cost of capital discount rate</li> </ul>	<p>The estimated fair value increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Market rental rate were higher (lower) than rate used for determining fair value;</li> <li>• Expected market rental growth rate were higher (lower);</li> <li>• Void periods were shorter (longer);</li> <li>• Weighted average cost of capital discount rate were lower (higher).</li> </ul>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**12 Property, plant and equipment**

	Financial statements in which the equity method is applied and separate financial statements							Total
	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	Assets under construction and installation	
<b>Cost</b>								
At 1 April 2014	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)
<b>At 31 March 2015 and 1 April 2015</b>	<b>164,911</b>	<b>671,250</b>	<b>1,453,729</b>	<b>2,645,662</b>	<b>92,152</b>	<b>1,101</b>	<b>81,726</b>	<b>5,110,531</b>
Additions	-	3,010	24,347	47,335	5,228	-	269,956	349,876
Transfers	-	21,828	82,128	201,606	3,235	-	(308,797)	-
Disposals	-	-	(17,466)	(33,125)	(2,420)	-	-	(53,011)
<b>At 31 March 2016</b>	<b>164,911</b>	<b>696,088</b>	<b>1,542,738</b>	<b>2,861,478</b>	<b>98,195</b>	<b>1,101</b>	<b>42,885</b>	<b>5,407,396</b>
<b>Accumulated depreciation</b>								
At 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)
<b>At 31 March 2015 and 1 April 2015</b>	<b>34,471</b>	<b>584,525</b>	<b>1,003,664</b>	<b>2,210,725</b>	<b>68,358</b>	<b>1,052</b>	<b>-</b>	<b>3,902,795</b>
Depreciation charge for the year	-	23,740	64,409	192,542	8,086	28	-	288,805
Disposals	-	-	(17,096)	(33,050)	(2,167)	-	-	(52,313)
<b>At 31 March 2016</b>	<b>34,471</b>	<b>608,265</b>	<b>1,050,977</b>	<b>2,370,217</b>	<b>74,277</b>	<b>1,080</b>	<b>-</b>	<b>4,139,287</b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

	Financial statements in which the equity method is applied and separate financial statements							Assets under construction and installation	Total
	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles			
<i>Net book value</i>									
<b>At 1 April 2014</b>	<b>131,043</b>	<b>95,566</b>	<b>461,161</b>	<b>440,061</b>	<b>21,607</b>	<b>84</b>	<b>36,429</b>	<b>1,185,951</b>	
<b>At 31 March 2015 and 1 April 2015</b>	<b>130,440</b>	<b>86,725</b>	<b>450,065</b>	<b>434,937</b>	<b>23,794</b>	<b>49</b>	<b>81,726</b>	<b>1,207,736</b>	
<b>At 31 March 2016</b>	<b>130,440</b>	<b>87,823</b>	<b>491,761</b>	<b>491,261</b>	<b>23,918</b>	<b>21</b>	<b>42,885</b>	<b>1,268,109</b>	

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2016 amounted to Baht 2,077.0 million (2015 : Baht 2,984.6 million).

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**

**13 Deferred tax**

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

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	Assets		Liabilities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	<i>(in thousand Baht)</i>			
Total	81,170	93,131	(10,888)	(8,432)
Set off of tax	(10,888)	(8,432)	10,888	8,432
<b>Net deferred tax assets</b>	<b>70,282</b>	<b>84,699</b>	<b>-</b>	<b>-</b>

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

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			
	<b>At 1 April 2015</b>	<u>(Charged) / Credited to :</u>		<b>At 31 March 2016</b>
Profit or loss <i>(in thousand Baht)</i>		Other comprehensive income		
<b><i>Deferred tax assets</i></b>				
Inventories <i>(allowance for decline in value)</i>	9,030	(5,657)	-	3,373
Provision for warranties	47,259	(10,271)	-	36,988
Employee benefit obligations	32,388	2,809	1,361	36,558
Provident funds	3,376	(203)	-	3,173
Impairment losses on land not used in operations	1,078	-	-	1,078
<b>Total</b>	<b>93,131</b>	<b>(13,322)</b>	<b>1,361</b>	<b>81,170</b>
<b><i>Deferred tax liabilities</i></b>				
Available-for-sale securities <i>(revaluation)</i>	(1,213)	-	(467)	(1,680)
Property, plant and equipment <i>(depreciation difference)</i>	(7,219)	(1,989)	-	(9,208)
<b>Total</b>	<b>(8,432)</b>	<b>(1,989)</b>	<b>(467)</b>	<b>(10,888)</b>
<b>Net</b>	<b>84,699</b>	<b>(15,311)</b>	<b>894</b>	<b>70,282</b>



**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>			<b>At 31 March 2015</b>
	<b>(Charged) / Credited to :</b>			
	<b>At 1 April 2014</b>	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Inventories <i>(allowance for decline in value)</i>	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
Impairment losses on land not used in operations	498	580	-	1,078
<b>Total</b>	<b>94,332</b>	<b>(4,587)</b>	<b>3,386</b>	<b>93,131</b>
<b><i>Deferred tax liabilities</i></b>				
Available-for-sale securities <i>(revaluation)</i>	(914)	-	(299)	(1,213)
Property, plant and equipment <i>(depreciation difference)</i>	(4,993)	(2,226)	-	(7,219)
<b>Total</b>	<b>(5,907)</b>	<b>(2,226)</b>	<b>(299)</b>	<b>(8,432)</b>
<b>Net</b>	<b>88,425</b>	<b>(6,813)</b>	<b>3,087</b>	<b>84,699</b>

**14 Other non-current assets**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Refundable import duty	17,879	15,265
Loans to employees	2,103	2,203
Refundable corporate income tax	-	9,201
Others	9,307	7,882
<b>Total</b>	<b>29,289</b>	<b>34,551</b>

**15 Trade accounts payable**

	<i>Note</i>	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
		2016	2015
		<i>(in thousand Baht)</i>	
Related parties	4	161,177	158,001
Other parties		917,017	780,250
<b>Total</b>		<b>1,078,194</b>	<b>938,251</b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

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

	2016	2015
	<i>(in thousand Baht)</i>	
Thai Baht	992,268	834,722
United States Dollars (USD)	72,489	91,933
Japanese Yen (JPY)	13,437	11,596
<b>Total</b>	<b>1,078,194</b>	<b>938,251</b>

**16 Other accounts payable**

		<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<i>Note</i>	2016	2015
		<i>(in thousand Baht)</i>	
Royalty fee and development fee payables	4	281,281	264,679
Accrued employee benefits		83,715	71,131
Payables on purchases of property and equipment		7,667	34,553
Others		92,771	78,407
<b>Total</b>		<b>465,434</b>	<b>448,770</b>

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

	2016	2015
	<i>(in thousand Baht)</i>	
Thai Baht	341,114	346,826
Japanese Yen (JPY)	99,734	88,160
United States Dollars (USD)	24,310	10,655
Others	276	3,129
<b>Total</b>	<b>465,434</b>	<b>448,770</b>

**17 Employee benefit obligations**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Statement of financial position obligations for:</b>		
Post-employment benefits	166,453	152,167
Other long-term employee benefits	16,336	9,775
<b>Total</b>	<b>182,789</b>	<b>161,942</b>
 <i>Statement of comprehensive income for the year ended 31 March</i>		
<b>Recognised in profit or loss:</b>		
Post-employment benefits	13,879	10,851
Other long-term employee benefits	8,008	1,702
<b>Total</b>	<b>21,887</b>	<b>12,553</b>
 <b>Recognised in other comprehensive income:</b>		
Actuarial losses recognised in the year	<b>6,804</b>	<b>16,930</b>

## Kang Yong Electric Public Company Limited

### Notes to the financial statements

The Company operates a defined benefit pension 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.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

Movement in the present value of the defined benefit obligations:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 April	161,942	140,061
<b>Included in profit or loss:</b>		
Current service cost	10,545	9,252
Past service cost	7,080	(2,171)
Interest on obligations	4,262	5,472
	<u>21,887</u>	<u>12,553</u>
<b>Included in other comprehensive income:</b>		
Actuarial losses	6,804	16,930
<b>Other</b>		
Benefit paid	(7,844)	(7,602)
<b>Defined benefit obligations at 31 March</b>	<u>182,789</u>	<u>161,942</u>

Actuarial gains and losses recognised in other comprehensive income arising from:

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Financial assumptions	3,986	17,318
Experience adjustment	2,818	(388)
<b>Total</b>	<u>6,804</u>	<u>16,930</u>

#### *Actuarial assumptions*

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	%	
Discount rate	2.50	2.75
Future salary increases	5.00	5.00

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

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

At 31 March 2016, the weighted-average duration of the defined benefit obligations was 9 years (2015 : 9 years).

### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

<b>Defined benefit obligations as at 31 March 2016</b>	<b>Financial statements in which the equity method is applied and separate financial statements</b> <i>(in thousand Baht)</i>	
	<b>Increase</b>	<b>Decrease</b>
Discount rate (0.50% movement)	(8,345)	8,968
Future salary increases (1.00% movement)	14,727	(12,931)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 18 Provision for warranties

	<b>Financial statements in which the equity method is applied and separate financial statements</b> <i>(in thousand Baht)</i>
At 1 April 2014	289,044
Provisions made	19,480
Provisions used	(72,229)
<b>At 31 March 2015 and 1 April 2015</b>	<b>236,295</b>
Provisions made	18,703
Provisions used	(70,056)
<b>At 31 March 2016</b>	<b>184,942</b>

## 19 Share capital

	Par value per share <i>(in Baht)</i>	2016		2015	
		Number	Amount	Number	Amount
		<i>( in thousand shares/ in thousand Baht)</i>			
<b>Authorised</b>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
<b>At 31 March</b>					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

	Par value per share (in Baht)	2016		2015	
		Number ( in thousand shares/	Amount in thousand Baht)	Number in thousand Baht)	Amount
<b><i>Issued and fully paid-up</i></b>					
At 1 April					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
<b>At 31 March</b>					
- ordinary shares	10	<u><b>22,000</b></u>	<u><b>220,000</b></u>	<u><b>22,000</b></u>	<u><b>220,000</b></u>

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 in available-for-sale investments**

The fair value changes in available-for-sale investments 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.

## **Kang Yong Electric Public Company Limited**

### **披露的 to the financial statements**

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.

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

The Company's operations mainly involve business segments in produce goods in Thailand and sale in both domestic and oversea market (Japan and other countries). Financial information of the Company by operating segments for the years ended 31 March 2016 and 2015 was as follows:

<i>Year ended 31 March</i>	<b>Financial statements in which the equity method is applied</b>									
	Domestic		Overseas				Total			
	2016	2015	Japan		Others		2016	2015		
			2016	2015	2016	2015	2016	2015		
			<i>(in thousand Baht)</i>							
Revenue from sale of goods and rendering of services	3,167,355	3,008,225	3,628,309	3,782,705	2,009,540	1,884,339	8,805,204	8,675,269		
Segment profit	531,876	452,471	163,159	409,795	295,204	117,444	990,239	979,710		
Unallocated expenses							(788,911)	(728,531)		
Investment income							650,026	695,666		
Net foreign exchange gain							32,594	20,675		
Other income							23,403	36,736		
Share of profit (loss) of an associate							(269)	2,502		
Profit before income tax expense							907,082	1,006,758		
Income tax expense							(65,232)	(79,857)		
<b>Profit for the year</b>							<b>841,850</b>	<b>926,901</b>		
							31 March 2016	31 March 2015		
							<i>(in thousand Baht)</i>			
Property, plant and equipment							1,268,109	1,207,736		

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### 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 major customers of the Company's segments 1 and 2 represents approximately Baht 6,641 million (2015: Baht 6,712 million) of the Company's total revenues.

## 22 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
<b>Rental income</b>					
Operating lease rental income					
Investment properties		14,483	14,483	14,483	14,483
		<b>14,483</b>	<b>14,483</b>	<b>14,483</b>	<b>14,483</b>
<b>Dividend income</b>					
Associated company	4, 9	-	-	1,000	1,000
Other related parties	4, 10	571,299	608,658	571,299	608,658
Other parties		16	17	16	17
		<b>571,315</b>	<b>608,675</b>	<b>572,315</b>	<b>609,675</b>
<b>Interest income</b>					
Other related parties	4	478	742	478	742
Financial institutions		63,750	71,766	63,750	71,766
		<b>64,228</b>	<b>72,508</b>	<b>64,228</b>	<b>72,508</b>
<b>Total</b>		<b>650,026</b>	<b>695,666</b>	<b>651,026</b>	<b>696,666</b>

## 23 Other income

	Financial statements in which the equity method is applied and separate financial statements	
	2016	2015
<i>(in thousand Baht)</i>		
Revenue from scrap sales	11,768	18,880
Product development income	-	10,275
Others	11,635	7,581
<b>Total</b>	<b>23,403</b>	<b>36,736</b>



**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**24 Selling expenses**

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2016	2015
		<i>(in thousand Baht)</i>	
Royalty fee	4	195,372	191,455
Transportation expenses		95,187	88,339
Advertising and sales promotion expenses		50,853	43,360
Product warranty expense		18,703	19,480
Employee benefit expenses	26	18,651	18,365
Others		16,834	21,169
<b>Total</b>		<b>395,600</b>	<b>382,168</b>

**25 Administrative expenses**

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2016	2015
		<i>(in thousand Baht)</i>	
Product development fee	4	282,330	217,824
Employee benefit expenses	26	183,237	166,425
Warehouse rental charge		78,866	78,701
Technical assistance fee	4	22,841	23,842
Tax and duty		17,389	17,775
Others		99,207	121,589
<b>Total</b>		<b>683,870</b>	<b>626,156</b>

**26 Employee benefit expenses**

	Financial statements in which the equity method is applied and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
<b><i>Key management personnel</i></b>		
Short-term employee benefits	68,989	64,589
Others	916	1,141
	<b>69,905</b>	<b>65,730</b>
<b><i>Other employees</i></b>		
Wages and salaries	615,719	556,509
Provident fund	19,040	17,845
Defined benefit plan expenses	25,218	11,412
Others	141,737	131,855
	<b>801,714</b>	<b>717,621</b>
<b>Total</b>	<b>871,619</b>	<b>783,351</b>

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### *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 ranging from 5% to 7% of the employees' basic salaries depending on length of service of the employees. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

Effective from 1 January 2016, contributions are made monthly by the employees at minimum rates ranging from 6% to 8%, but not exceed 15% of their basic salaries and by the Company at rates ranging from 6% to 8% of the employees' basic salaries depending on length of service of the employees.

## 27 Expenses by nature

		<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	<i>Note</i>	2016	2015
		<i>(in thousand Baht)</i>	
<b><i>Included in cost of sale of goods:</i></b>			
Changes in inventories of finished goods and work in process		14,518	(67,206)
Raw materials and consumables used		6,063,774	6,122,531
Employee benefit expenses		669,731	598,561
Depreciation		280,501	271,959
<b><i>Included in selling expenses:</i></b>			
Royalty fee	4, 24	195,372	191,455
Transportation expenses	24	95,187	88,339
Advertising and sales promotion expenses	24	50,583	43,360
<b><i>Included in administrative expenses:</i></b>			
Product development fee	4, 25	282,330	217,824
Employee benefit expenses	25	183,237	166,425
Warehouse rental charge	25	78,866	78,701

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**28 Income tax**

*Income tax recognised in profit or loss*

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2016	2015
		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>			
Current year		49,921	73,044
<b>Deferred tax expense</b>			
Movements in temporary differences	13	15,311	6,813
<b>Total income tax expense</b>		<b>65,232</b>	<b>79,857</b>

*Income tax recognised in other comprehensive income*

	Financial statements in which the equity method is applied and separate financial statements					
	2016			2015		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Available-for-sale securities (revaluation)	2,334	(467)	1,867	1,496	(299)	1,197
Defined benefit plan actuarial losses	(6,804)	1,361	(5,443)	(16,930)	3,386	(13,544)
<b>Total</b>	<b>(4,470)</b>	<b>894</b>	<b>(3,576)</b>	<b>(15,434)</b>	<b>3,087</b>	<b>(12,347)</b>

*Reconciliation of effective tax rate*

	Financial statements in which the equity method is applied			
	2016		2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		907,082		1,006,758
Income tax using the Thai corporation tax rate	20.00	181,416	20.00	201,352
Income not subject to tax		(114,263)		(121,735)
Additional deduction expenses for tax purposes		(2,321)		(98)
Expenses not deductible for tax purposes		400		338
<b>Total</b>	<b>7.19</b>	<b>65,232</b>	<b>7.93</b>	<b>79,857</b>

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

	<b>Separate financial statements</b>			
	2016		2015	
	<i>Rate</i> (%)	<i>(in</i> <i>thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in</i> <i>thousand</i> <i>Baht)</i>
Profit before income tax expense		908,352		1,005,256
Income tax using the Thai corporation tax rate	20.00	181,670	20.00	201,051
Income not subject to tax		(114,463)		(121,935)
Additional deduction expenses for tax purposes		(2,321)		(98)
Expenses not deductible for tax purposes		346		839
<b>Total</b>	<b>7.18</b>	<b>65,232</b>	<b>7.94</b>	<b>79,857</b>

*Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction of the corporate income tax rate to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015. Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

**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 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 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	<b>Financial statements in which the equity method is applied</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares )</i>			
<b>Profit for the year attributable to ordinary shareholders of the Company (Basic)</b>	<b>841,850</b>	<b>926,901</b>	<b>843,120</b>	<b>925,398</b>
<b>Number of ordinary shares outstanding</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>
<b>Earnings per share (Basic) <i>(in Baht)</i></b>	<b>38.27</b>	<b>42.13</b>	<b>38.32</b>	<b>42.06</b>

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### 31 Dividends

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

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.

### 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 (% per annum)	<b>Financial statements in which the equity method is applied and separate financial statements</b> Within 1 year (in thousand Baht)
<b>2016</b>		
Current		
Deposits at financial institutions	0.15 - 1.95	1,063,703
Short-term investments - fixed deposits	1.83 - 2.05	2,200,000
Short-term loans to related party	1.30 - 1.48	36,198

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Within 1 year (in thousand Baht)
<b>2015</b>		
<b>Current</b>		
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

**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 2016                      2015 (in thousand Baht)	
<b>Assets</b>			
<b>United States Dollars</b>			
Trade accounts receivable	6	429,557	393,826
<b>Japanese Yen</b>			
Trade accounts receivable	6	45,317	17,471
<b>Russian Ruble</b>			
Trade accounts receivable	6	14,194	10,019
<b>Gross assets in statements of financial position exposure</b>		<b>489,068</b>	<b>421,316</b>
<b>Liabilities</b>			
<b>United States Dollars</b>			
Trade accounts payable	15	(72,489)	(91,933)
Other accounts payable	16	(24,310)	(10,655)
<b>Japanese Yen</b>			
Trade accounts payable	15	(13,437)	(11,596)
Other accounts payable	16	(99,734)	(88,160)
<b>Other currencies</b>			
Other accounts payable	16	(276)	(3,129)
<b>Gross liabilities in statements of financial position exposure</b>		<b>(210,246)</b>	<b>(205,473)</b>

# Kang Yong Electric Public Company Limited

## Notes to the financial statements

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or 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.

### *Fair values of financial assets and liabilities*

Fair values of financial assets, together with the carrying values shown in the statement of financial position in which the equity method is applied and separate statement of financial position at 31 March were 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>					
<b>31 March 2016</b>					
<b><i>Non-current</i></b>					
Equity securities available-for-sale	13,666	13,208	-	458	<b>13,666</b>

### **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.

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

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.

**Kang Yong Electric Public Company Limited**  
**Notes to the financial statements**

**33 Commitments with non-related parties**

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Capital commitments</b>		
<i>Contracted but not provided for</i>		
Acquisition of property, plant and equipment	<u>20,377</u>	<u>36,265</u>
<b>Operating lease commitments</b>		
Within one year	6,149	7,966
After one year but within five years	<u>7,535</u>	<u>11,968</u>
<b>Total</b>	<u><b>13,684</b></u>	<u><b>19,934</b></u>

The Company entered into several long-term lease agreements covering vehicles which have four year terms expiring in various periods up to the year 2019. 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 2016, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 8 (revised 2015)	Operating Segments
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities



# Kang Yong Electric Public Company Limited

## Notes to the financial statements

<b>TFRS</b>	<b>Topic</b>
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 31 (revised 2015)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment

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.