

Kang Yong Electric Public Company Limited

Interim financial statements
for the three-month period ended
30 June 2016

and

Independent auditor's report
on review of interim financial information

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying statement of financial position in which the equity method is applied and separate statement of financial position of Kang Yong Electric Public Company Limited as at 30 June 2016; the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2016; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
9 August 2016

Kang Yong Electric Public Company Limited
Statement of financial position

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		30 June 2016 (Unaudited)	31 March 2016 (Unaudited)	30 June 2016 (Unaudited)	31 March 2016 (Unaudited)
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		1,041,714	1,063,853	1,041,714	1,063,853
Current investments	6	2,400,000	2,200,000	2,400,000	2,200,000
Trade accounts receivable	3, 4	1,290,759	1,272,552	1,290,759	1,272,552
Other accounts receivable	3	232,071	235,801	232,071	235,801
Short-term loans to related party	3	46,139	36,198	46,139	36,198
Inventories		897,478	1,001,699	897,478	1,001,699
Other current assets		3,935	5,039	3,935	5,039
Total current assets		5,912,096	5,815,142	5,912,096	5,815,142
Non-current assets					
Available-for-sale investments	6	12,653	13,666	12,653	13,666
Investment in an associate	5	17,869	17,315	3,000	3,000
Other long-term investments	6	157,362	157,362	157,362	157,362
Investment properties	7	4,971	4,971	4,971	4,971
Property, plant and equipment	8	1,261,899	1,268,108	1,261,899	1,268,108
Deferred tax assets		69,205	70,282	69,205	70,282
Other non-current assets		32,182	29,288	32,182	29,288
Total non-current assets		1,556,141	1,560,992	1,541,272	1,546,677
Total assets		7,468,237	7,376,134	7,453,368	7,361,819

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

Kang Yong Electric Public Company Limited
Statement of financial position

	<i>Note</i>	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		30 June	31 March	30 June	31 March
Liabilities and equity		2016	2016	2016	2016
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current liabilities					
Trade accounts payable	3	954,210	1,078,195	954,210	1,078,195
Other accounts payable	3	414,109	465,434	414,109	465,434
Income tax payable		64,685	12,376	64,685	12,376
Other current liabilities		14,134	15,633	14,134	15,633
Total current liabilities		1,447,138	1,571,638	1,447,138	1,571,638
Non-current liabilities					
Provision for warranties		182,102	184,942	182,102	184,942
Employee benefit obligations		186,544	182,789	186,544	182,789
Provident funds		15,856	15,863	15,856	15,863
Total non-current liabilities		384,502	383,594	384,502	383,594
Total liabilities		1,831,640	1,955,232	1,831,640	1,955,232
Equity					
Share capital					
Authorised share capital		220,000	220,000	220,000	220,000
Issued and paid-up share capital		220,000	220,000	220,000	220,000
Additional paid-in capital					
Premium on ordinary shares		726,100	726,100	726,100	726,100
Retained earnings					
Appropriated					
Legal reserve		22,000	22,000	22,000	22,000
Others		420,000	420,000	420,000	420,000
Unappropriated		4,242,587	4,026,082	4,227,718	4,011,767
Other component of equity		5,910	6,720	5,910	6,720
Total equity		5,636,597	5,420,902	5,621,728	5,406,587
Total liabilities and equity		7,468,237	7,376,134	7,453,368	7,361,819

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

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

		Financial statements			
		in which the equity method			
		is applied		Separate financial statements	
		Three-month period ended 30 June		Three-month period ended 30 June	
<i>Note</i>	2016	2015	2016	2015	
<i>(in thousand Baht)</i>					
Income					
Revenue from sale of goods and rendering of services	3	2,640,441	2,458,947	2,640,441	2,458,947
Investment income	3	19,928	22,647	19,928	22,647
Net foreign exchange gain		-	12,173	-	12,173
Other income		4,277	5,874	4,277	5,874
Total income		2,664,646	2,499,641	2,664,646	2,499,641
Expenses					
Cost of sale of goods and rendering of services		2,116,111	2,079,157	2,116,111	2,079,157
Selling expenses	3	107,332	98,594	107,332	98,594
Administrative expenses	3	165,612	148,747	165,612	148,747
Net foreign exchange loss		5,779	-	5,779	-
Total expenses		2,394,834	2,326,498	2,394,834	2,326,498
Share of profit (loss) of an associate	5	554	-795	-	-
Profit before income tax expense		270,366	172,348	269,812	173,143
Income tax expense		-53,861	-34,619	(53,861)	(34,619)
Profit for the period	10	216,505	137,729	215,951	138,524
Other comprehensive income					
<i>Item that is or may be reclassified to profit or loss</i>					
Net change in fair value of available-for-sale investments		-1,013	531	-1,013	531
Income tax on other comprehensive income		203	-106	203	-106
Other comprehensive income for the period, net of income tax		-810	425	-810	425
Total comprehensive income for the period		215,695	138,154	215,141	138,949
Basic earnings per share (in Baht)	10	9.84	6.26	9.82	6.30

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

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

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

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Financial statements in which the equity method is applied						Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	
			Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2016							
Balance at 1 April 2016	220,000	726,100	22,000	420,000	4,026,082	6,720	5,420,902
Comprehensive income for the period							
Profit	-	-	-	-	216,505	-	216,505
Other comprehensive income	-	-	-	-	-	(810)	(810)
Total comprehensive income for the period	-	-	-	-	216,505	(810)	215,695
Balance at 30 June 2016	220,000	726,100	22,000	420,000	4,242,587	5,910	5,636,597

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

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

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

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

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

	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 thousand Baht)</i>							
Three month period ended 30 June 2016							
Balance at 1 April 2016	220,000	726,100	22,000	420,000	4,011,767	6,720	5,406,587
Comprehensive income for the period							
Profit	-	-	-	-	215,951	-	215,951
Other comprehensive income	-	-	-	-	-	(810)	(810)
Total comprehensive income for the period	-	-	-	-	215,951	(810)	215,141
Balance at 30 June 2016	220,000	726,100	22,000	420,000	4,227,718	5,910	5,621,728

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

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

	Financial statements			
	in which the equity method			
	is applied		Separate financial statements	
	Three-month period ended 30 June		Three-month period ended 30 June	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	216,505	137,729	215,951	138,524
<i>Adjustments for</i>				
Depreciation	79,678	69,132	79,678	69,132
Amortisation	670	564	670	564
Investment income	(19,928)	(22,647)	(19,928)	(22,647)
Employee benefit expenses	4,129	3,702	4,129	3,702
Unrealised (gain) loss on exchange rate	9,600	(5,770)	9,600	(5,770)
Reversal of allowance for decline in value of inventories	(4,318)	(17,444)	(4,318)	(17,444)
Provision for warranties	10,155	5,868	10,155	5,868
Share of loss (profit) of an associate	(554)	795	-	-
(Gain) loss on disposal of property and equipment	186	(178)	186	(178)
Income tax expense	53,861	34,619	53,861	34,619
	<u>349,984</u>	<u>206,370</u>	<u>349,984</u>	<u>206,370</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(19,783)	(142,562)	(19,783)	(142,562)
Other accounts receivable	8,499	(23,756)	8,499	(23,756)
Inventories	108,557	32,478	108,557	32,478
Other current assets	1,104	2,840	1,104	2,840
Other non-current assets	(2,190)	(337)	(2,190)	(337)
Trade accounts payable	(123,814)	57,436	(123,814)	57,436
Other accounts payable	(55,685)	(143,550)	(55,685)	(143,550)
Other current liabilities	(1,500)	6,411	(1,500)	6,411
Warranties paid	(12,995)	(12,791)	(12,995)	(12,791)
Employee benefits paid	(374)	(195)	(374)	(195)
Provident fund paid	(7)	(114)	(7)	(114)
Cash generated from (used in) operating activities	251,796	(17,770)	251,796	(17,770)
Income tax paid	(271)	(348)	(271)	(348)
Net cash from (used in) operating activities	<u>251,525</u>	<u>(18,118)</u>	<u>251,525</u>	<u>(18,118)</u>

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

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

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Three-month period ended 30 June		Three-month period ended 30 June	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	10,196	16,820	10,196	16,820
Dividends received	859	280	859	280
Rental received	4,104	3,614	4,104	3,614
Short-term loans to related party	-136,675	-118,050	-136,675	-118,050
Cash proceeds from short-term loans to related party	126,734	146,985	126,734	146,985
Purchases of property and equipment	-77,586	-71,714	-77,586	-71,714
Sale of property and equipment	78	178	78	178
Purchase of computer software	-1,374	-327	-1,374	-327
Increase in current investments	(200,000)	-	(200,000)	-
Net cash used in investing activities	(273,664)	(22,214)	(273,664)	(22,214)
Net decrease in cash and cash equivalents	(22,139)	(40,332)	(22,139)	(40,332)
Cash and cash equivalents at 1 April	1,063,853	808,462	1,063,853	808,462
Cash and cash equivalents at 30 June	1,041,714	768,130	1,041,714	768,130
<i>Supplemental disclosure of cash flows information</i>				
Property and equipment purchased during the period are detailed as follows:				
Property and equipment purchased during the period	(73,751)	(77,397)	(73,751)	(77,397)
Increase (decrease) in payables on purchases of property and equipment	-3,835	5,683	-3,835	5,683
Net purchase of property and equipment paid by cash	(77,586)	(71,714)	(77,586)	(71,714)

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Note	Contents	Page
1	General information	12
2	Basis of preparation of the interim financial statements	12
3	Related parties	13
4	Trade accounts receivable	20
5	Investment in an associate	21
6	Other investments	23
7	Investment properties	25
8	Property, plant and equipment	25
9	Segment information	26
10	Basic earnings per share	27
11	Financial instruments carried at fair value	27
12	Commitments with non-related parties	28
13	Event after the reporting period	28
14	Thai Financial Reporting Standards (TFRS) not yet adopted	28

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 9 August 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 period was Mitsubishi Electric Corporation, incorporated in Japan (40.81% shareholding).

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2015) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 March 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 March 2016.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2016 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 April 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

(b) Functional and presentation currency

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

(c) Use of estimates and judgements

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2016.

Estimates

Provision for warranties

A provision for goods warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Measurement of defined benefit obligations

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

Measurement of deferred tax

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

3 Related parties

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

Relationships with related parties were as follows:

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel		
Key management personnel	Japanese, Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Other related parties		
Thai Refrigeration Components Co., Ltd.	Thailand	Common director
Kulthorn Kirby Public Company Limited	Thailand	Common director
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Life-Network Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Home Appliance Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	A subsidiary of the Company's parent
Mitsubishi Electric Asia Pte. Ltd.	Singapore	A subsidiary of the Company's parent
Mitsubishi Electric Australia Pty. Ltd.	Australia	A subsidiary of the Company's parent
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	Hongkong	A subsidiary of the Company's parent
Mitsubishi Electric Sales Malaysia Sdn.	Malaysia	A subsidiary of the Company's parent
Mitsubishi Electric (Malaysia) Sdn. Bhd	Malaysia	A subsidiary of the Company's parent
Setsuyo Astec Corporation	Japan	A subsidiary of the Company's parent
Ryoden International Co., Ltd.	Hongkong	A subsidiary of the Company's parent
Melco Thai Capital Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Information Network	Japan	A subsidiary of the Company's parent
Melco Travel Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric (Hongkong) Ltd.	Hongkong	A subsidiary of the Company's parent
Mitsubishi Electric Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
K.G.M. Services Co., Ltd.	Thailand	A subsidiary of the Company's parent
Melco Logistics (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Trading Corp.	Japan	A subsidiary of the Company's parent
Melco Trading (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	China	A subsidiary of the Company's parent
Mitsubishi Electric Vietnam Company Limited	Vietnam	A subsidiary of the Company's parent
Mitsubishi Electric India Pvt. Ltd.	India	A subsidiary of the Company's parent
International Elevator & Equipment Inc.	Philippines	A subsidiary of the Company's parent
PT. Mitsubishi Electric Indonesia	Indonesia	A subsidiary of the Company's parent
Mitsubishi Electric Europe B.V. (Moscow Branch)	Russia	A subsidiary of the Company's parent
Setsuyo Astec (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric (Russia) LLC	Russia	A subsidiary of the Company's parent
Mitsubishi Electric Factory Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
K.Y. Intertrade Co., Ltd.	Thailand	Common director

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

The Company has a policy on pricing based on “normal business practice or market price under normal trade conditions” for business transactions with its related parties, including purchases and sales of goods and services, as specified as follows:

- 1 Sales prices policy
 - Domestic sales prices are determined at weighted average of standard cost plus margin for all products.
 - Export sales prices are determined at resale price method which are dependent on market and competitive conditions of the particular country.
- 2 Purchase policy of raw materials are prices agreed between the parties.
- 3 Purchase policy of property, plant and equipment are prices agreed between the parties.
- 4 Royalty fee is payable annually at a proportion of sales.
- 5 Product development fee is payable based on actual amount.
- 6 Technical assistance fee chargeable under technical service agreement with 5 years term and automatic rollover period of 5 years.
- 7 The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
- 8 The Company has inventory management service fee with an associate. The service fee is based on the area used.
- 9 The Company entered into an agreement with various companies in the Mitsubishi Group, to manage total funding of the Group by the use of pooling accounts. The Company may earn or pay interest, which is based on the surplus funds or the funds used, at the interest rate of average deposit and loan interest rates offered by the bank.
- 10 Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
- 11 Product warranty expense is based on actual amount claims.
- 12 Key management personnel compensation is defined by the Nomination and Remuneration Committee and the Company’s policy.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Significant transactions for the three-month periods ended 30 June 2016 and 2015 with related parties were as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	1,089,704	1,002,451	1,089,704	1,002,451
Other income	27	11	27	11
Purchase of raw material	-	6,531	-	6,531
Royalty fee	59,296	55,077	59,296	55,077
Product development fee	75,094	60,102	75,094	60,102
Product warranties paid	12,534	12,141	12,534	12,141
Technical assistance fee	2,555	2,167	2,555	2,167
Other selling and administrative expenses	106	105	106	105
Associate				
Revenue from sale of goods	5	22	5	22
Rental income	4,294	3,616	4,294	3,616
Other income	204	244	204	244
Inventory management service fee	22,783	19,325	22,783	19,325
Other selling and administrative expenses	2,177	2,382	2,177	2,382
Key management personnel				
Key management personnel compensation				
Short-term benefits	17,993	17,746	17,993	17,746
Post-employment benefits	237	227	237	227
Other long-term benefits	3	2	3	2
Total key management personnel compensation	<u>18,233</u>	<u>17,975</u>	<u>18,233</u>	<u>17,975</u>
Other related parties				
Revenue from sale of goods	1,549,315	1,393,120	1,549,315	1,393,120
Dividend income	844	264	844	264
Other income	111	510	111	510
Purchase of raw material	324,600	319,565	324,600	319,565
Purchase of equipment	3,285	139	3,285	139
Product warranties paid	417	473	417	473
Other selling and administrative expenses	12,501	30,022	12,501	30,022

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Balances as at 30 June 2016 and 31 March 2016 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2016	31 March 2016
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	355,898	330,664
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	345,965	456,452
Mitsubishi Electric Vietnam Company Limited	256,757	190,604
Mitsubishi Electric Australia Pty. Ltd.	95,454	72,565
Mitsubishi Electric Asia Pte. Ltd.	76,327	12,465
Mitsubishi Electric (Hong Kong) Ltd.	61,884	42,465
Mitsubishi Electric Sales Malaysia Sdn.	44,109	28,580
PT. Mitsubishi Electric Indonesia	21,734	34,199
Mitsubishi Electric Life-Network Co., Ltd.	16,382	45,317
Mitsubishi Electric (Russia) LLC	8,751	14,209
Others	3,473	1,994
Total	1,286,734	1,229,514
	2016	2015
	<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 June	-	-

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Other accounts receivable - related parties

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

30 June 31 March
2016 2016

(in thousand Baht)

Accrued dividend income

Other related parties

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

141,396	141,396
12,189	12,189
153,585	153,585

Others

Parent

Mitsubishi Electric Corporation

155	141
-----	-----

Associate

Smile Super Express Co., Ltd.

1,584	1,302
-------	-------

Other related party

Melco Thai Capital Co., Ltd.

36	26
1,775	1,469

Total

155,360	155,054
----------------	----------------

Short-term loans to related party

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

30 June 31 March 30 June 31 March
2016 2016 2016 2016

*Interest rate
(% per annum)*

(in thousand Baht)

Other related party

Melco Thai Capital Co., Ltd.

1.25 1.40

46,139	36,198
---------------	---------------

Movements during the three-month periods ended 30 June 2016 and 2015 of short-term loans to related party were as follows:

Short-term loans to related party

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

2016 2015

(in thousand Baht)

Other related party

At 1 April

36,198	59,808
--------	--------

Increase

136,675	118,050
---------	---------

Decrease

(126,734)	(146,985)
-----------	-----------

At 30 June

46,139	30,873
---------------	---------------

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Trade accounts payable - related parties

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

30 June 31 March
2016 2016

(in thousand Baht)

Other related parties

Kulthorn Kirby Public Company Limited	45,473	45,375
Setsuyo Astec Corporation	32,251	48,934
Melco Trading (Thailand) Co., Ltd.	23,033	16,845
Mitsubishi Electric Asia Pte. Ltd.	19,981	19,418
Setsuyo Astec (Thailand) Co., Ltd.	19,429	19,806
Mitsubishi Electric Trading Corp.	6,459	8,770
Thai Refrigeration Components Co., Ltd.	981	1,423
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	419	477
Others	34	129
Total	148,060	161,177

Other accounts payable - related parties

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

30 June 31 March
2016 2016

(in thousand Baht)

Parent

Mitsubishi Electric Corporation	239,335	293,671
---------------------------------	---------	---------

Associate

Smile Super Express Co., Ltd.	9,063	13,440
-------------------------------	-------	--------

Other related parties

Melco Logistics (Thailand) Co., Ltd.	3,745	-
Mitsubishi Electric Australia Pty. Ltd.	1,037	1,522
Mitsubishi Electric Vietnam Company Limited	248	1,840
Mitsubishi Electric Life-Network Co., Ltd.	193	-
Mitsubishi Electric Trading Corp.	187	1,307
Mitsubishi Electric Sales Malaysia Sdn.	-	14,078
PT. Mitsubishi Electric Indonesia	-	4,702
Mitsubishi Electric Taiwan Co., Ltd.	-	324
Mitsubishi Electric Asia Pte. Ltd.	-	94
Others	267	824
Total	254,075	331,802

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Significant agreements with related parties

Technical assistance agreement

The Company entered into agreement with Mitsubishi Electric Corporation (MELCO) whereby such company agreed to provide the Company the technical information and know-how of production. In consideration thereof, the Company agreed to pay royalty fee, development fee and technical assistance fee computed based on agreed formula to MELCO. The term of the agreement was for a period of five years and is automatically extended for a successive period of five years each unless 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. In March 2016, the counter parties agreed to amend rental rate which will be effective from April 2016.

Thai Baht pooling service agreement

In May 2002, the Company entered into the Thai Baht pooling service agreement with Melco Thai Capital Co., Ltd. (MTC) whereby MTC agreed to provide management service relating to Thai Baht current account of the Company. In consideration thereof, the Company is committed to pay or earn the interest at the rate and method as specified in the agreement. There is no expiration of the agreement unless there are any cases complying with termination conditions as specified in the agreement.

4 Trade accounts receivable

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		30 June 2016	31 March 2016
Related parties	3	1,286,734	1,229,514
Other parties		4,025	43,038
Total		<u>1,290,759</u>	<u>1,272,552</u>
		2016	2015
		<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 June		<u>-</u>	<u>-</u>

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2016	31 March 2016
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,251,410	1,210,469
Overdue		
Less than 3 months	35,324	19,045
	<u>1,286,734</u>	<u>1,229,514</u>
Other parties		
Within credit terms	4,025	43,038
	<u>4,025</u>	<u>43,038</u>
Total	<u><u>1,290,759</u></u>	<u><u>1,272,552</u></u>

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

5 Investment in an associate

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 April	17,315	18,584	3,000	3,000
Share of profit (loss) of investment - equity method	554	(795)	-	-
At 30 June	<u>17,869</u>	<u>17,789</u>	<u>3,000</u>	<u>3,000</u>

As at 30 June 2016 and 31 March 2016, the financial statements in which the equity method is applied included the investment in shares of Smile Super Express Co., Ltd. accounted for using the equity method, which was computed based on the financial statements reviewed/audited by another auditor.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Investment in an associate as at 30 June 2016 and 31 March 2016 and dividend income from the investment for the three-month periods ended 30 June 2016 and 2015 were as follows:

Financial statements in which the equity method is applied											
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the three-month periods ended	
		30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	30 June 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>17,869</u>	<u>17,315</u>	<u>-</u>	<u>-</u>

Separate financial statements									
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income for the three-month periods ended	
		30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	30 June 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>-</u>	<u>-</u>

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

6 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	30 June	31 March
	2016	2016
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	2,400,000	2,200,000
	<u>2,400,000</u>	<u>2,200,000</u>
<i>Other long-term investments</i>		
Equity securities available-for-sale	12,653	13,666
Other non-marketable equity securities	157,362	157,362
	<u>170,015</u>	<u>171,028</u>
Total	<u><u>2,570,015</u></u>	<u><u>2,371,028</u></u>

Equity securities available-for-sale as at 30 June 2016 and 31 March 2016 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	30 June 2016		31 March 2016	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	12,203	4,965	13,208
City Sports and Recreation Public Co., Ltd.	300	450	300	458
	<u>5,265</u>	<u>12,653</u>	<u>5,265</u>	<u>13,666</u>
Add revaluation	7,388	-	8,401	-
Total	<u><u>12,653</u></u>	<u><u>12,653</u></u>	<u><u>13,666</u></u>	<u><u>13,666</u></u>

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

Other non-marketable equity securities as at 30 June 2016 and 31 March 2016, and dividend income from those investments for the three-month periods ended 30 June 2016 and 2015 were as follows:

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

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month periods ended	
		30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	31 March 2016	30 June 2016	30 June 2015
		(%)						(in thousand Baht)					
Thai Refrigeration Components Co., Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	264	264
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	10.00	1,200,000	1,200,000	120,000	120,000	-	-	120,000	120,000	-	-
Siam Compressor Industry Co., Ltd.	Manufacturing of compressors for air conditioners	2.00	2.00	1,603,800	1,603,800	32,076	32,076	-	-	32,076	32,076	-	-
Total						157,362	157,362	-	-	157,362	157,362	264	264

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

7 Investment properties

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 30 June 2016, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 151.9 million (31 March 2016 : Baht 137.4 million).

8 Property, plant and equipment

Acquisition, disposals and transfers of property, plant and equipment during the three-month periods ended 30 June 2016 and 2015 were as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied and separate financial statements			
	2016		2015	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and improvements	281	-	2,697	-
Machinery and equipment	3,578	602	30,081	-
Factory equipment	81,678	654	36,980	-
Office equipment	3,907	208	1,500	12
Vehicles	28	-	-	-
Assets under construction and installation	51,652	67,373	55,082	48,943
Total	141,124	68,837	126,340	48,955

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 interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

9 Segment information

The Company's operations mainly involve business segments in product goods in Thailand and sale in both local and oversea market (Japan and other countries). Financial information of the Company by operating segments for the three-month periods ended 30 June 2016 and 2015 was as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied							
	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	865,798	797,857	1,203,203	1,093,069	571,440	568,021	2,640,441	2,458,947
Segment profit	156,047	139,344	188,369	64,502	94,371	92,826	438,787	296,672
Unallocated expenses							(187,401)	(164,223)
Investment income							19,928	22,647
Net foreign exchange gain (loss)							(5,779)	12,173
Other income							4,277	5,874
Share of profit (loss) of an associate							554	(795)
Profit before income tax expense							270,366	172,348
Income tax expense							(53,861)	(34,619)
Profit for the period							216,505	137,729
							30 June 2016	31 March 2016
							<i>(in thousand Baht)</i>	
Property, plant and equipment							1,261,899	1,268,108

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

10 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 30 June 2016 and 2015 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (Basic)	<u>216,505</u>	<u>137,729</u>	<u>215,951</u>	<u>138,524</u>
Number of ordinary shares outstanding	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Earnings per share (Basic) (in Baht)	<u>9.84</u>	<u>6.26</u>	<u>9.82</u>	<u>6.30</u>

11 Financial instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Financial statements in which the equity method is applied and separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2016					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	12,653	12,203	-	450	12,653
31 March 2016					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	13,666	13,208	-	458	13,666

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

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 value for equity securities-available-for-sale based on the most recent quoted price in the Stock Exchange of Thailand.

12 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2016	31 March 2016
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisition of plant and equipment	<u>16,660</u>	<u>20,377</u>
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	5,674	6,149
After one year but within five years	<u>6,116</u>	<u>7,535</u>
Total	<u>11,790</u>	<u>13,684</u>

The Company entered into several long-term lease agreements covering vehicles and has four year term which will expire 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.

13 Event after the reporting period

At the annual general meeting of the shareholders of the Company held on 27 July 2016, the shareholders approved the appropriation of dividend of Baht 19.14 per share, totalling of Baht 421.1 million. The dividend will be paid to the shareholders in August 2016.

14 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS has been issued but is not yet effective and has not been applied in preparing these interim financial statements. This new TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2017, is set out below. The Company does not plan to adopt this TFRS early.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2016 (Unaudited)

TFRS	Topic
FAP Announcement no. 5/2559	Accounting Guidance for derecognition of financial assets and financial liabilities

The Company has made a preliminary assessment of the potential initial impact on the Company's financial statements of this new TFRS and expects that there will be no material impact on the financial statements in the period of initial application.