

Kang Yong Electric Public Company Limited

Financial statements for the year ended

31 March 2017

and

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Kang Yong Electric Public Company Limited

Opinion

I have audited the 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 2017, 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.

In my opinion, the accompanying 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 2017 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the financial statements in which the equity method is applied and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements in which the equity method is applied and separate financial statements of the current period. These matters were addressed in the context of my audit of the financial statements in which the equity method is applied and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Adequacy of provision for warranties	
Refer to Notes 3 (n) and 19 to the financial statements	
The key audit matter	How the matter was addressed in the audit
The provision for product warranty is material to the financial statements. The determination of the provision involves estimates by management of the amount and probability of claims. Therefore, I consider this matter to be a key audit matter.	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> - Inquiring management to gain understanding on the process for estimation of provision for warranties. - Testing the reliability of actual warranties report by comparing actual claimed data with actual warranties report including testing on sampling basis of relevant documents. - Challenging management regarding the method used for estimation to evaluate the reasonableness of the method and assumptions used. - Considering the appropriateness of assumptions used for estimation of expected damage from warranty by comparing with historical actual claimed data. - Testing the calculation of provision for warranties by consider total sales of finished goods, total actual warranty expense and average claimed year. - Considering the adequacy of the Company's disclosures in accordance with the related Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements in which the equity method is applied and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements in which the equity method is applied and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements in which the equity method is applied and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance 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 the financial statements in which the equity method is applied and separate financial statements in accordance with TFRSs, 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.

In preparing the financial statements in which the equity method is applied and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements in which the equity method is applied and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements in which the equity method is applied and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investees of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial statements in which the equity method is applied. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
19 May 2017

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		31 March		31 March	
		2017	2016	2017	2016
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	1,531,005,314	1,063,853,227	1,531,005,314	1,063,853,227
Current investments	10	2,500,000,000	2,200,000,000	2,500,000,000	2,200,000,000
Trade accounts receivable	4, 6	1,399,665,572	1,272,551,567	1,399,665,572	1,272,551,567
Other accounts receivable	4, 7	231,886,703	235,801,310	231,886,703	235,801,310
Short-term loans to related party	4	74,273,866	36,197,859	74,273,866	36,197,859
Inventories	8	878,227,300	1,001,698,723	878,227,300	1,001,698,723
Other current assets		10,275,231	5,039,545	10,275,231	5,039,545
Total current assets		6,625,333,986	5,815,142,231	6,625,333,986	5,815,142,231
Non-current assets					
Available-for-sale investments	10	11,032,028	13,665,725	11,032,028	13,665,725
Investment in an associate	9	18,513,076	17,314,532	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	4,188,669	4,970,666	4,188,669	4,970,666
Property, plant and equipment	12	1,365,916,177	1,268,108,709	1,365,916,177	1,268,108,709
Intangible assets	13	37,569,589	8,450,539	37,569,589	8,450,539
Deferred tax assets	14	63,537,460	70,281,782	63,537,460	70,281,782
Other non-current assets	15	13,575,194	20,838,186	13,575,194	20,838,186
Total non-current assets		1,671,693,893	1,560,991,839	1,656,180,817	1,546,677,307
Total assets		8,297,027,879	7,376,134,070	8,281,514,803	7,361,819,538

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

Kang Yong Electric Public Company Limited

Statement of financial position

	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		31 March	2016	31 March	2016
<i>(in Baht)</i>					
Liabilities and equity		2017	2016	2017	2016
<i>Current liabilities</i>					
Trade accounts payable	4, 16	1,078,667,793	1,078,194,498	1,078,667,793	1,078,194,498
Other accounts payable	4, 17	467,718,971	465,434,258	467,718,971	465,434,258
Income tax payable		45,316,361	12,375,496	45,316,361	12,375,496
Other current liabilities		16,015,614	15,633,328	16,015,614	15,633,328
Total current liabilities		1,607,718,739	1,571,637,580	1,607,718,739	1,571,637,580
<i>Non-current liabilities</i>					
Provision for warranties	19	141,112,217	184,942,083	141,112,217	184,942,083
Employee benefit obligations	18	200,484,521	182,789,086	200,484,521	182,789,086
Provident funds	27	15,100,457	15,863,198	15,100,457	15,863,198
Total non-current liabilities		356,697,195	383,594,367	356,697,195	383,594,367
Total liabilities		1,964,415,934	1,955,231,947	1,964,415,934	1,955,231,947
<i>Equity</i>					
Share capital :	20				
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	20				
Premium on ordinary shares		726,100,000	726,100,000	726,100,000	726,100,000
Retained earnings					
Appropriated					
Legal reserve	21	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		4,939,898,710	4,026,081,931	4,924,385,634	4,011,767,399
Other component of equity	21	4,613,235	6,720,192	4,613,235	6,720,192
Total equity		6,332,611,945	5,420,902,123	6,317,098,869	5,406,587,591
Total liabilities and equity		8,297,027,879	7,376,134,070	8,281,514,803	7,361,819,538

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

Kang Yong Electric Public Company Limited

Statement of comprehensive income

	Financial statements				
	in which the equity method		Separate financial statements		
	is applied				
	For the year ended		For the year ended		
	31 March		31 March		
<i>Note</i>	2017	2016	2017	2016	
	<i>(in Baht)</i>				
Income					
Revenue from sale of goods					
and rendering of services	4	9,055,348,793	8,805,203,897	9,055,348,793	8,805,203,897
Investment income	4, 23	895,393,633	650,026,431	895,393,633	651,026,431
Net foreign exchange gain		9,961,696	32,594,251	9,961,696	32,594,251
Gain on sale of investment properties	11	58,580,433	-	58,580,433	-
Other income	4, 24	30,064,821	23,402,660	30,064,821	23,402,660
Total income		10,049,349,376	9,511,227,239	10,049,349,376	9,512,227,239
Expenses					
Cost of sale of goods	4				
and rendering of services		7,435,655,716	7,524,405,222	7,435,655,716	7,524,405,222
Selling expenses	25	411,524,979	395,600,189	411,524,979	395,600,189
Administrative expenses	26	741,027,377	683,869,986	741,027,377	683,869,986
Total expenses		8,588,208,072	8,603,875,397	8,588,208,072	8,603,875,397
Share of profit (loss) of an associate	9	1,198,544	(269,613)	-	-
Profit before income tax expense		1,462,339,848	907,082,229	1,461,141,304	908,351,842
Income tax expense	29	(126,538,428)	(65,232,146)	(126,538,428)	(65,232,146)
Profit for the year		1,335,801,420	841,850,083	1,334,602,876	843,119,696
Other comprehensive income					
<i>Item that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial losses	18, 29	(1,130,801)	(6,803,563)	(1,130,801)	(6,803,563)
Income tax on other comprehensive income		226,160	1,360,713	226,160	1,360,713
		(904,641)	(5,442,850)	(904,641)	(5,442,850)
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of					
available-for-sale investments	10, 29	(2,633,696)	2,334,106	(2,633,696)	2,334,106
Income tax on other comprehensive income		526,739	(466,821)	526,739	(466,821)
		(2,106,957)	1,867,285	(2,106,957)	1,867,285
Other comprehensive income for the year,					
net of income tax		(3,011,598)	(3,575,565)	(3,011,598)	(3,575,565)
Total comprehensive income for the year		1,332,789,822	838,274,518	1,331,591,278	839,544,131
Basic earnings per share	31	60.72	38.27	60.66	38.32

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

Kang Yong Electric Public Company Limited

Statement of changes in equity

	Financial statements in which the equity method is applied							
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	Total equity
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in Baht)</i>								
Year ended 31 March 2017								
Balance at 1 April 2016		220,000,000	726,100,000	22,000,000	420,000,000	4,026,081,931	6,720,192	5,420,902,123
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	32	-	-	-	-	(421,080,000)	-	(421,080,000)
Total distributions to owners of the Company		-	-	-	-	(421,080,000)	-	(421,080,000)
Comprehensive income for the year								
Profit		-	-	-	-	1,335,801,420	-	1,335,801,420
Other comprehensive income		-	-	-	-	(904,641)	(2,106,957)	(3,011,598)
Total comprehensive income for the year		-	-	-	-	1,334,896,779	(2,106,957)	1,332,789,822
Balance at 31 March 2017		220,000,000	726,100,000	22,000,000	420,000,000	4,939,898,710	4,613,235	6,332,611,945

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 of equity	Total equity	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings				Fair value changes in available-for-sale investments
				Legal reserve	Other reserve (in Baht)			
Year ended 31 March 2017								
Balance at 1 April 2016		220,000,000	726,100,000	22,000,000	420,000,000	4,011,767,399	6,720,192	5,406,587,591
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	32	-	-	-	-	(421,080,000)	-	(421,080,000)
Total distributions to owners of the Company		-	-	-	-	(421,080,000)	-	(421,080,000)
Comprehensive income for the year								
Profit		-	-	-	-	1,334,602,876	-	1,334,602,876
Other comprehensive income		-	-	-	-	(904,641)	(2,106,957)	(3,011,598)
Total comprehensive income for the year		-	-	-	-	1,333,698,235	(2,106,957)	1,331,591,278
Balance at 31 March 2017		220,000,000	726,100,000	22,000,000	420,000,000	4,924,385,634	4,613,235	6,317,098,869

Kang Yong Electric Public Company Limited

Statement of cash flows

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	For the year ended 31 March		For the year ended 31 March	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	1,335,801,420	841,850,083	1,334,602,876	843,119,696
<i>Adjustments for</i>				
Depreciation	340,966,828	288,804,628	340,966,828	288,804,628
Amortisation	4,126,315	2,491,502	4,126,315	2,491,502
Investment income	(895,393,633)	(650,026,431)	(895,393,633)	(651,026,431)
Employee benefit expenses	22,779,976	21,887,406	22,779,976	21,887,406
Unrealised loss on exchange	5,439,728	3,656,260	5,439,728	3,656,260
Allowance for decline in value of inventories (reversal)	16,100,025	(15,848,389)	16,100,025	(15,848,389)
Provision for warranties	22,467,058	18,702,698	22,467,058	18,702,698
Share of (profit) loss of an associate	(1,198,544)	269,613	-	-
Gain on sale of investment properties	(58,580,433)	-	(58,580,433)	-
(Gain) loss on disposal of property, plant and equipment	340,268	(822,509)	340,268	(822,509)
Income tax expense	126,538,428	65,232,146	126,538,428	65,232,146
	<u>919,387,436</u>	<u>576,197,007</u>	<u>919,387,436</u>	<u>576,197,007</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(133,949,869)	(142,317,763)	(133,949,869)	(142,317,763)
Other accounts receivable	25,838,162	(766,915)	25,838,162	(766,915)
Inventories	107,625,194	47,491,379	107,625,194	47,491,379
Other current assets	(5,235,686)	1,415,923	(5,235,686)	1,415,923
Other non-current assets	7,262,992	6,402,072	7,262,992	6,402,072
Trade accounts payable	1,430,374	140,170,017	1,430,374	140,170,017
Other accounts payable	(3,078,408)	43,420,951	(3,078,408)	43,420,951
Other current liabilities	384,424	3,462,988	384,424	3,462,988
Warranties paid	(66,296,924)	(70,055,842)	(66,296,924)	(70,055,842)
Employee benefits paid	(6,215,342)	(7,843,542)	(6,215,342)	(7,843,542)
Provident fund paid	(762,741)	(1,016,063)	(762,741)	(1,016,063)
Cash generated from operating activities	846,389,612	596,560,212	846,389,612	596,560,212
Income tax paid	(86,100,342)	(54,550,442)	(86,100,342)	(54,550,442)
Net cash from operating activities	<u>760,289,270</u>	<u>542,009,770</u>	<u>760,289,270</u>	<u>542,009,770</u>

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

Kang Yong Electric Public Company Limited

Statement of cash flows

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	For the year ended 31 March		For the year ended 31 March	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	57,630,940	59,271,665	57,630,940	59,271,665
Dividends received	798,855,173	578,674,120	798,855,173	578,674,120
Rental received	16,983,966	14,469,866	16,983,966	14,469,866
Short-term loans to related party	(535,433,515)	(459,237,128)	(535,433,515)	(459,237,128)
Cash proceeds from short-term loans to related party	497,357,508	482,847,527	497,357,508	482,847,527
Purchases of property and equipment	(434,687,432)	(376,762,388)	(434,687,432)	(376,762,388)
Sale of investment properties	59,362,430	-	59,362,430	-
Sale of property, plant and equipment	1,119,112	1,289,058	1,119,112	1,289,058
Purchases of intangible assets	(33,245,365)	(3,631,649)	(33,245,365)	(3,631,649)
Increase in current investments	(300,000,000)	(120,000,000)	(300,000,000)	(120,000,000)
Net cash from investing activities	<u>127,942,817</u>	<u>176,921,071</u>	<u>127,942,817</u>	<u>176,921,071</u>
<i>Cash flows from financing activities</i>				
Dividend paid	(421,080,000)	(463,540,000)	(421,080,000)	(463,540,000)
Net cash used in financing activities	<u>(421,080,000)</u>	<u>(463,540,000)</u>	<u>(421,080,000)</u>	<u>(463,540,000)</u>
Net increase in cash and cash equivalents	467,152,087	255,390,841	467,152,087	255,390,841
Cash and cash equivalents at 1 April	1,063,853,227	808,462,386	1,063,853,227	808,462,386
Cash and cash equivalents at 31 March	<u>1,531,005,314</u>	<u>1,063,853,227</u>	<u>1,531,005,314</u>	<u>1,063,853,227</u>
<i>Supplemental disclosure of cash flows information</i>				
<i>Non-cash transactions</i>				
Property and equipment purchased during the year are detailed as follows:				
Property and equipment purchased during the year	(440,487,472)	(349,875,803)	(440,487,472)	(349,875,803)
Increase (decrease) in payables on purchases of property and equipment	5,800,040	(26,886,585)	5,800,040	(26,886,585)
Net purchase of property and equipment paid by cash	<u>(434,687,432)</u>	<u>(376,762,388)</u>	<u>(434,687,432)</u>	<u>(376,762,388)</u>

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2017

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Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2017

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 19 May 2017.

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 2016. 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 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 35.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

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

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(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 accounting policies and the 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 assumptions and 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 18	Measurement of defined benefit obligations : key actuarial assumptions;
Note 19	Recognition and measurement of provision for warranties : key assumptions about the likelihood and magnitude of an outflow of resources.

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 chief financial officer.

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).

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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 33	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.

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(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from operational activity. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Attributable transaction costs of derivatives are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) *Inventories*

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

Cost is calculated using the weighted average cost principle and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of 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

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derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	20 years
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No depreciation is provided on freehold land.

(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.

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis (except for factory equipment - moulds and jigs using the double declining balance method) over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 years
Buildings and improvements	5 - 20 years
Machinery and equipment	5 - 25 years
Factory equipment	5 years
Office equipment	5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

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Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	10 years
Other computer software	5 years
Golf course membership	5 years

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

(k) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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.

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Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Employee benefits

Defined contribution plans

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 recognized 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 recognized 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.

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(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for warranties

A provision for product 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. 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.

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(p) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(q) Lease payments

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(r) Income tax

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

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

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

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

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(s) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(t) Segment reporting

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

4 Related parties

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

Relationships with related parties were as follows:

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

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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 (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
Mitsubishi Electric Factory Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Asia (Thailand) Co., Ltd.	Thailand	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.

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- 4 Royalty fee is payable annually at a proportion of sales.
- 5 Product development fee is payable based on actual amount.
- 6 Technical assistance fee chargeable under technical assistance agreement with 5 years term and automatic rollover period of 5 years.
- 7 The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
- 8 The Company has inventory management service fee with an associate. The service fee is based on the area used.
- 9 The Company entered into an agreement with various companies in the Mitsubishi Group, to manage total funding of the Group by the use of pooling accounts. The Company may earn or pay interest, which is based on the surplus funds or the funds used, at the interest rate of average deposit or loan interest rates offered by the bank.
- 10 Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
- 11 Product warranty expense is based on actual amount claims.
- 12 Key management personnel compensation is determined by the Nomination and Remuneration Committee and the Company's policy.

Significant transactions for the years ended 31 March 2017 and 2016 with related parties were as follows:

<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	3,663,231	3,481,004	3,663,231	3,481,004
Other income	152	2,380	152	2,380
Purchase of equipment	-	126	-	126
Royalty fee	201,663	195,372	201,663	195,372
Product development fee	305,733	282,330	305,733	282,330
Product warranties paid	61,444	62,963	61,444	62,963
Technical assistance fee	16,246	22,383	16,246	22,383
Other selling and administrative expenses	7,608	5,210	7,608	5,210
Associate				
Revenue from sale of goods	132	117	132	117
Rental income	17,178	14,465	17,178	14,465
Dividend income	-	-	-	1,000
Other income	753	822	753	822
Inventory management service fee	81,803	76,914	81,803	76,914
Other selling and administrative expenses	7,741	7,768	7,741	7,768

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<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	68,480	68,989	68,480	68,989
Post-employment benefits	949	906	949	906
Other long-term benefits	11	10	11	10
Total key management personnel compensation	<u>69,440</u>	<u>69,905</u>	<u>69,440</u>	<u>69,905</u>
Other related parties				
Revenue from sale of goods	5,386,787	5,077,403	5,386,787	5,077,403
Purchase of raw material	1,160,689	1,163,847	1,160,689	1,163,847
Dividend income	819,128	571,299	819,128	571,299
Other selling and administrative expenses	90,192	90,202	90,192	90,202
Purchase of equipment	8,563	1,530	8,563	1,530
Other income	4,873	437	4,873	437
Product warranties paid	4,137	6,023	4,137	6,023
Interest income	378	478	378	478
Technical assistance fee	61	-	61	-

Balances as at 31 March 2017 and 2016 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	353,458	330,664
Associate		
Smile Super Express Co., Ltd.	8	-
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	519,148	456,452
Mitsubishi Electric Vietnam Company Limited	196,009	190,604
Mitsubishi Electric Australia Pty. Ltd.	70,854	72,565
Mitsubishi Electric Asia Pte. Ltd.	59,834	12,465
Mitsubishi Electric (Hong Kong) Ltd.	53,130	42,465
Mitsubishi Electric Life-Network Co., Ltd.	47,560	45,317
PT. Mitsubishi Electric Indonesia	44,466	34,199
Mitsubishi Electric (Russia) LLC	28,510	14,209
Mitsubishi Electric Sales Malaysia Sdn.	21,246	28,580
Others	5,150	1,994
	<u>1,045,907</u>	<u>898,850</u>
Total	<u>1,399,373</u>	<u>1,229,514</u>

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<i>Other accounts receivable from related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
<i>Accrued dividend income</i>		
Other related parties		
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	164,892	141,396
Siam Compressor Industry Co., Ltd.	8,981	12,189
	<u>173,873</u>	<u>153,585</u>
Others		
Parent		
Mitsubishi Electric Corporation	1,061	141
Associate		
Smile Super Express Co., Ltd.	1,513	1,302
Other related party		
Melco Thai Capital Co., Ltd.	16	26
	<u>2,590</u>	<u>1,469</u>
Total	<u>176,463</u>	<u>155,054</u>

<i>Short-term loans to related party</i>	Financial statements in which the equity method is applied and separate financial statements			
	2017	2016	2017	2016
	<i>Interest rate</i>		<i>(in thousand Baht)</i>	
	<i>(% per annum)</i>			
Other related party				
Melco Thai Capital Co., Ltd.	0.80	1.40	<u>74,274</u>	<u>36,198</u>

Movements during the years ended 31 March 2017 and 2016 of short-term loans to related party were as follows:

<i>Short-term loans to related party</i>	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Other related party		
At 1 April	36,198	59,808
Increase	535,434	459,237
Decrease	(497,358)	(482,847)
At 31 March	<u>74,274</u>	<u>36,198</u>

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2017

Trade accounts payable to related parties

Other related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Setsuyo Astec Corporation	43,857	48,934
Kulthorn Kirby Public Company Limited	32,664	45,375
Melco Trading (Thailand) Co., Ltd.	22,582	16,845
Setsuyo Astec (Thailand) Co., Ltd.	18,834	19,806
Mitsubishi Electric Asia Pte. Ltd.	11,987	19,418
Mitsubishi Electric Trading Corp.	3,783	8,770
Thai Refrigeration Components Co., Ltd.	842	1,423
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	279	477
Others	66	129
Total	134,894	161,177

Other accounts payable to related parties

Parent

Mitsubishi Electric Corporation	294,130	293,671
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Associate

Smile Super Express Co., Ltd.	10,795	13,440
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Other related parties

Mitsubishi Electric Sales Malaysia Sdn.	7,596	14,078
Mitsubishi Electric Kang Yong Watana Co., Ltd.	7,256	-
Mitsubishi Electric Vietnam Company Limited	6,034	1,840
PT. Mitsubishi Electric Indonesia	5,625	4,702
Mitsubishi Electric (Hong Kong) Co., Ltd.	3,083	277
Mitsubishi Electric Asia (Thailand) Co., Ltd.	2,244	-
Melco Logistics (Thailand) Co., Ltd.	1,071	-
K.G.M. Services Co., Ltd.	360	-
Mitsubishi Electric Asia Pte. Ltd.	276	94
Mitsubishi Electric Trading Corp.	261	1,307
Mitsubishi Electric Australia Pty. Ltd.	-	1,522
Mitsubishi Electric Taiwan Co., Ltd.	-	324
Others	658	547
	34,464	24,691
Total	339,389	331,802

Kang Yong Electric Public Company Limited
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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.

5 Cash and cash equivalents

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - savings and current accounts	80,855	43,703
Fixed deposits	1,450,000	1,020,000
Total	<u>1,531,005</u>	<u>1,063,853</u>

Cash and cash equivalents of the Company as at 31 March 2017 and 2016 were denominated entirely in Thai Baht.

Kang Yong Electric Public Company Limited
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For the year ended 31 March 2017

6 Trade accounts receivable

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
Related parties	4	1,399,373	1,229,514
Other parties		293	43,038
Total		1,399,666	1,272,552
Bad and doubtful debts expenses for the year		-	-

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,385,733	1,210,469
Overdue		
Less than 3 months	13,640	19,045
	1,399,373	1,229,514
Other parties		
Within credit terms	279	43,038
Overdue		
Less than 3 months	12	-
3 – 6 months	2	-
	293	43,038
Total	1,399,666	1,272,552

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

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

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Thai Baht	869,328	783,484
United States Dollars (USD)	454,268	429,557
Japanese Yen (JPY)	47,560	45,317
Russian Ruble (RUB)	28,510	14,194
Total	1,399,666	1,272,552

Kang Yong Electric Public Company Limited
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For the year ended 31 March 2017

7 Other accounts receivable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
Accrued dividend income	4	173,873	153,585
Value added tax receivable		37,341	65,277
Prepaid expenses		8,365	6,236
Accrued interest income		7,997	6,548
Other receivables		1,842	3,560
Others		2,469	595
Total		231,887	235,801

Other accounts receivable of the Company as at 31 March 2017 and 2016 were denominated entirely in Thai Baht.

8 Inventories

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Finished goods	396,174	466,563
Work in process	195,433	195,634
Raw materials and factory supplies	291,452	338,279
Goods in transit	15,764	18,088
	898,823	1,018,564
<i>Less allowance for decline in value of inventories</i>	<i>(20,596)</i>	<i>(16,865)</i>
Net	878,227	1,001,699

9 Investment in an associate

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 April	17,315	18,584	3,000	3,000
Share of profit (loss) of investment - equity method	1,198	(269)	-	-
Dividend income	-	(1,000)	-	-
At 31 March	18,513	17,315	3,000	3,000

During the years ended 31 March 2017 and 2016, there was no acquisition and disposal of investment in an associate.

Kang Yong Electric Public Company Limited
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For the year ended 31 March 2017

Investment in an associate as at 31 March 2017 and 2016 and dividend income from the investment for the years then ended were as follows:

Investee	Type of business	Ownership interest		Financial statements in which the equity method is applied						Dividend income			
		2017	2016	Paid-up capital		Cost		Equity		2017	2016		
		(%)		2017	2016	2017	2016	2017	2016	2017	2016		
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>18,513</u>	<u>17,315</u>	<u>-</u>	<u>1,000</u>		
				Separate financial statements									
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income					
		2017	2016	2017	2016	2017	2016	2017	2016				
		(%)						<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>1,000</u>				

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

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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.	
	2017	2016
	<i>(in thousand Baht)</i>	
Revenue	158,484	154,774
Profit (loss) from continuing operations	3,595	(808)
Total comprehensive income (100%)	<u>3,595</u>	<u>(808)</u>
% hold	<u>33.33</u>	<u>33.33</u>
Company's share of total comprehensive income	<u>1,198</u>	<u>(269)</u>
Current assets	62,066	50,481
Non-current assets	14,463	17,697
Current liabilities	(15,344)	(11,286)
Non-current liabilities	(5,646)	(4,948)
Net assets (100%)	<u>55,539</u>	<u>51,944</u>
% hold	<u>33.33</u>	<u>33.33</u>
Company's share of net assets	<u>18,513</u>	<u>17,315</u>
Carrying amount of interest in associate	<u>18,513</u>	<u>17,315</u>

10 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	<u>2,500,000</u>	<u>2,200,000</u>
	<u>2,500,000</u>	<u>2,200,000</u>
<i>Other long-term investments</i>		
Equity securities available-for-sale	11,032	13,666
Other non-marketable equity securities	<u>157,362</u>	<u>157,362</u>
	<u>168,394</u>	<u>171,028</u>
Total	<u>2,668,394</u>	<u>2,371,028</u>

Short-term deposits at financial institutions amounted to Baht 2,500 million as at 31 March 2017 (2016 : 2,200 million), which have period of maturity within 5 months to 12 months, have annual interest rates ranging from 1.55% to 1.75% (2016 : 1.83% to 2.05%).

Current investments and other long-term investments of the Company as at 31 March 2017 and 2016 were denominated entirely in Thai Baht.

Kang Yong Electric Public Company Limited
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For the year ended 31 March 2017

Equity securities available-for-sale as at 31 March 2017 and 2016 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	2017		2016	
	Cost	Fair value <i>(in thousand Baht)</i>	Cost	Fair value
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	10,582	4,965	13,208
City Sports and Recreation Public Co., Ltd.	300	450	300	458
	5,265	11,032	5,265	13,666
<i>Add revaluation</i>	5,767	-	8,401	-
Total	11,032	11,032	13,666	13,666

Kang Yong Electric Public Company Limited
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Other non-marketable equity securities as at 31 March 2017 and 2016, and dividend income from those investments for the years then ended were as follows:

Investee	Type of business	Financial statements in which the equity method is applied and separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		<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	772,416	547,620
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	45,869	23,415
Total						<u>157,362</u>	<u>157,362</u>	<u>-</u>	<u>-</u>	<u>157,362</u>	<u>157,362</u>	<u>818,549</u>	<u>571,299</u>

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11 Investment properties

	Financial statements in which the equity method is applied and separate financial statements		
	Land	Buildings	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 April 2015	10,360	91,436	101,796
At 31 March 2016 and 1 April 2016	10,360	91,436	101,796
Disposals	(782)	-	(782)
At 31 March 2017	9,578	91,436	101,014
<i>Accumulated depreciation and impairment losses</i>			
At 1 April 2015	5,389	91,436	96,825
At 31 March 2016 and 1 April 2016	5,389	91,436	96,825
At 31 March 2017	5,389	91,436	96,825
<i>Net book value</i>			
At 1 April 2015	4,971	-	4,971
At 31 March 2016 and 1 April 2016	4,971	-	4,971
At 31 March 2017	4,189	-	4,189

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 2017, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 77.04 million (2016: Baht 137.4 million). In December 2016, partial plots of land that is not used in operations with a cost of Baht 0.78 million was sold for a price of Baht 64.74 million. A gain on sale net of related expenses of Baht 58.58 million was recorded.

Measurement of fair value

Fair value hierarchy

The fair value measurement for investment properties of Baht 77.04 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
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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"> • Market rental rate • Expected market rental growth rate • Estimated useful lives of buildings that are leased • Void periods • Weighted average cost of capital discount rate 	<p>The estimated fair value increase (decrease) if:</p> <ul style="list-style-type: none"> • Market rental rate were higher (lower) than rate used for determining fair value; • Expected market rental growth rate were higher (lower); • Void periods were shorter (longer); • Weighted average cost of capital discount rate were lower (higher).

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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	
<i>Cost</i>								
At 1 April 2015	164,911	671,250	1,453,729	2,645,662	92,152	1,101	81,726	5,110,531
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)
At 31 March 2016 and 1 April 2016	164,911	696,088	1,542,738	2,861,478	98,195	1,101	42,885	5,407,396
Additions	-	1,788	14,348	71,530	24,709	107	328,005	440,487
Transfers	-	18,462	27,817	160,765	8,675	-	(215,719)	-
Disposals	(942)	(55)	(7,441)	(62,398)	(6,108)	(41)	-	(76,985)
At 31 March 2017	163,969	716,283	1,577,462	3,031,375	125,471	1,167	155,171	5,770,898
<i>Accumulated depreciation</i>								
At 1 April 2015	34,471	584,525	1,003,664	2,210,725	68,358	1,052	-	3,902,795
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)
At 31 March 2016 and 1 April 2016	34,471	608,265	1,050,977	2,370,217	74,277	1,080	-	4,139,287
Depreciation charge for the year	-	25,154	67,655	237,463	10,667	28	-	340,967
Disposals	-	(55)	(7,308)	(62,107)	(5,762)	(40)	-	(75,272)
At 31 March 2017	34,471	633,364	1,111,324	2,545,573	79,182	1,068	-	4,404,982

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	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>									
At 1 April 2015	130,440	86,725	450,065	434,937	23,794	49	81,726	1,207,736	
At 31 March 2016 and 1 April 2016	130,440	87,823	491,761	491,261	23,918	21	42,885	1,268,109	
At 31 March 2017	129,498	82,919	466,138	485,802	46,289	99	155,171	1,365,916	

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2017 amounted to Baht 2,856.6 million (2016: Baht 2,077.0 million).

In September 2016, the Company has donated partial plots of land that was under land servitude with a cost of Baht 0.94 million for public use. As at 31 March 2017, the Company's land which has cost approximately Baht 9.30 million is partially under land servitude.

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13 Intangible assets

	Financial statements in which the equity method is applied and separate financial statements				Total
	Software licences	Other computer software	Golf course membership	Software under installation	
	<i>(in thousand Baht)</i>				
Cost					
At 1 April 2015	-	11,388	-	-	11,388
Additions	-	2,670	962	-	3,632
Disposals	-	(1,304)	-	-	(1,304)
At 31 March 2016 and 1 April 2016	-	12,754	962	-	13,716
Additions	17,900	6,945	-	8,400	33,245
Disposals	-	(462)	-	-	(462)
At 31 March 2017	17,900	19,237	962	8,400	46,499
Accumulated amortisation					
At 1 April 2015	-	4,077	-	-	4,077
Amortisation for the year	-	2,450	42	-	2,492
Disposals	-	(1,304)	-	-	(1,304)
At 31 March 2016 and 1 April 2016	-	5,223	42	-	5,265
Amortisation for the year	1,044	2,890	192	-	4,126
Disposals	-	(462)	-	-	(462)
At 31 March 2017	1,044	7,651	234	-	8,929
Net book value					
At 1 April 2015	-	7,311	-	-	7,311
At 31 March 2016 and 1 April 2016	-	7,531	920	-	8,451
At 31 March 2017	16,856	11,586	728	8,400	37,570

14 Deferred tax

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

	Financial statements in which the equity method is applied and separate financial statements			
	Assets		Liabilities	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	<i>(in thousand Baht)</i>			
Total	76,537	81,170	(12,999)	(10,888)
Set off of tax	(12,999)	(10,888)	12,999	10,888
Net deferred tax assets	63,538	70,282	-	-

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

	Financial statements in which the equity method is applied and separate financial statements			At 31 March 2017
	At 1 April 2016	(Charged) / Credited to :		
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Inventories				
<i>(allowance for decline in value)</i>	3,373	746	-	4,119
Provision for warranties	36,988	(8,766)	-	28,222
Employee benefit obligations	36,558	3,313	226	40,097
Provident funds	3,173	(152)	-	3,021
Impairment losses on land not used in operations	1,078	-	-	1,078
Total	81,170	(4,859)	226	76,537
<i>Deferred tax liabilities</i>				
Available-for-sale securities				
<i>(revaluation)</i>	(1,680)	-	527	(1,153)
Property, plant and equipment				
<i>(depreciation difference)</i>	(9,208)	(2,638)	-	(11,846)
Total	(10,888)	(2,638)	527	(12,999)
Net	70,282	(7,497)	753	63,538

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	Financial statements in which the equity method is applied and separate financial statements			At 31 March 2016
	(Charged) / Credited to :			
	At 1 April 2015	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
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
Total	93,131	(13,322)	1,361	81,170
<i>Deferred tax liabilities</i>				
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)
Total	(8,432)	(1,989)	(467)	(10,888)
Net	84,699	(15,311)	894	70,282

15 Other non-current assets

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Refundable import duty	10,085	17,879
Loans to employees	2,753	2,103
Others	737	856
Total	13,575	20,838

16 Trade accounts payable

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
Related parties	4	134,894	161,177
Other parties		943,774	917,017
Total		1,078,668	1,078,194

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

	2017	2016
	<i>(in thousand Baht)</i>	
Thai Baht	1,008,645	992,268
United States Dollars (USD)	62,304	72,489
Japanese Yen (JPY)	7,719	13,437
Total	<u>1,078,668</u>	<u>1,078,194</u>

17 Other accounts payable

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Royalty fee and development fee payables	4	280,891	281,281
Accrued employee benefits		86,103	85,242
Payables on purchases of property and equipment		13,467	7,667
Others		87,258	91,244
Total		<u>467,719</u>	<u>465,434</u>

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

	2017	2016
	<i>(in thousand Baht)</i>	
Thai Baht	351,006	341,114
Japanese Yen (JPY)	93,018	99,734
United States Dollars (USD)	23,486	24,310
Others	209	276
Total	<u>467,719</u>	<u>465,434</u>

18 Employee benefit obligations

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	184,276	166,453
Other long-term employee benefits	16,209	16,336
Total	<u>200,485</u>	<u>182,789</u>
 <i>Statement of comprehensive income for the year ended 31 March</i>		
Recognised in profit or loss:		
Post-employment benefits	21,423	13,879
Other long-term employee benefits	1,357	8,008
Total	<u>22,780</u>	<u>21,887</u>
 Recognised in other comprehensive income:		
Actuarial losses recognised in the year	<u>1,131</u>	<u>6,804</u>

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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:

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 April	182,789	161,942
Included in profit or loss:		
Current service cost	12,088	10,545
Past service cost	6,263	7,080
Interest on obligations	4,429	4,262
	<u>22,780</u>	<u>21,887</u>
Included in other comprehensive income:		
Actuarial losses	1,131	6,804
Other		
Benefit paid	(6,215)	(7,844)
Defined benefit obligations at 31 March	<u>200,485</u>	<u>182,789</u>

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

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Financial assumptions	(4,331)	3,986
Experience adjustment	5,462	2,818
Total	<u>1,131</u>	<u>6,804</u>

Actuarial assumptions

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

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	%	
Discount rate	2.75	2.50
Future salary increases	5.00	5.00

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Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 March 2017, the weighted-average duration of the defined benefit obligations was 9 years (2016 : 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:

	Financial statements in which the equity method is applied and separate financial statements <i>(in thousand Baht)</i>	
	Increase	Decrease
Defined benefit obligations as at 31 March 2017		
Discount rate (0.50% movement)	(8,714)	9,360
Future salary increases (1.00% movement)	14,953	(13,139)
Defined benefit obligations as at 31 March 2016		
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.

19 Provision for warranties

	Financial statements in which the equity method is applied and separate financial statements <i>(in thousand Baht)</i>
At 1 April 2015	236,295
Provisions made	18,703
Provisions used	(70,056)
At 31 March 2016 and 1 April 2016	184,942
Provisions made	22,467
Provisions used	(66,297)
At 31 March 2017	141,112

A provision for product 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. Management estimates the provision for warranties by estimation from the proportion of actual warranty claimed and total sales of products during average claimed years.

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20 Share capital

	Par value per share (in Baht)	2017 Number Amount (in thousand shares/ in thousand Baht)		2016 Number Amount	
<i>Authorised</i>					
At 1 April					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
At 31 March					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
<i>Issued and fully paid-up</i>					
At 1 April					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
At 31 March					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</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.

21 Reserves

Reserves comprise of 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.

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22 Segment information

The Company operates in a single line of business, namely the manufacturing and selling of household electrical appliances, which is an integrated line of product. The Company sales goods in domestic and oversea. The chief operating decision maker (CODM) determines operating segment on a geographical basis as follows:

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

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

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

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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 2017 and 2016 was as follows:

<i>Year ended 31 March</i>	Domestic		Financial statements in which the equity method is applied				Total	
	2017	2016	Overseas		2017	2016	2017	2016
			Japan	Others				
			2017	2016	2017	2016	2017	2016
			<i>(in thousand Baht)</i>					
Revenue from sale of goods and rendering of services	3,268,950	3,167,355	3,840,678	3,628,309	1,945,721	2,009,540	9,055,349	8,805,204
Segment profit	515,881	531,876	613,240	163,159	201,390	295,204	1,330,511	990,239
Unallocated expenses							(863,371)	(788,911)
Investment income							895,394	650,026
Net foreign exchange gain							9,962	32,594
Gain on sale of investment properties							58,580	-
Other income							30,065	23,403
Share of profit (loss) of an associate							1,198	(269)
Profit before income tax expense							1,462,339	907,082
Income tax expense							(126,538)	(65,232)
Profit for the year							1,335,801	841,850
Segment assets as at 31 March							8,297,028	7,376,134
Segment liabilities as at 31 March							1,964,416	1,955,232

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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 6,924 million (2016: Baht 6,641 million) of the Company's total revenues.

23 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Rental income					
Operating lease rental income					
Investment properties		17,196	14,483	17,196	14,483
		17,196	14,483	17,196	14,483
Dividend income					
Associated company	4, 9	-	-	-	1,000
Other related parties	4, 10	819,128	571,299	819,128	571,299
Other parties		15	16	15	16
		819,143	571,315	819,143	572,315
Interest income					
Other related parties	4	378	478	378	478
Financial institutions		58,677	63,750	58,677	63,750
		59,055	64,228	59,055	64,228
Total		895,394	650,026	895,394	651,026

24 Other income

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
<i>(in thousand Baht)</i>		
Revenue from scrap sales	12,512	11,768
Product development income	4,824	-
Others	12,729	11,635
Total	30,065	23,403

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25 Selling expenses

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Royalty fee	4	201,663	195,372
Transportation expenses		87,519	95,187
Advertising and sales promotion expenses		59,007	50,853
Product warranty expense		22,467	18,703
Employee benefit expenses	27	20,363	18,651
Others		20,506	16,834
Total		411,525	395,600

26 Administrative expenses

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Product development fee	4	305,733	282,330
Employee benefit expenses	27	188,344	183,237
Warehouse rental charge		84,047	78,866
Tax and duty		20,368	17,389
Technical assistance fee	4	16,367	22,841
Professional fee		11,691	11,928
Maintenance expenses		10,919	5,346
Travelling expenses		8,936	8,461
Insurance premium		7,490	7,150
Rental expense		6,762	6,554
Others		80,370	59,768
Total		741,027	683,870

27 Employee benefit expenses

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Wages and salaries		674,619	685,625
Contributions to provident fund		21,588	19,040
Defined benefit plan expenses	18	22,780	21,887
Others		183,024	145,067
Total		902,011	871,619

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Defined benefit plans

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

Contribution plans

The provident fund presented under non-current liabilities includes a provident fund which the Company had established prior to 2000. Contributions were made by employees' voluntarily at 3% of their monthly salaries and by the Company at rates ranging from 5% to 7% of salaries depending on length of service of the employees.

Since 2001, the defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate of 3% of their basic salaries and by the Company at rates 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.

28 Expenses by nature

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>			
Changes in inventories of finished goods and work in process		70,590	14,518
Raw materials and consumables used		5,788,005	6,063,774
Employee benefit expenses		693,305	669,731
Depreciation		329,588	280,501
<i>Included in selling expenses:</i>			
Royalty fee	4, 25	201,663	195,372
Transportation expenses	25	87,519	95,187
Advertising and sales promotion expenses	25	59,007	50,853
<i>Included in administrative expenses:</i>			
Product development fee	4, 26	305,733	282,330
Employee benefit expenses	26	188,344	183,237
Warehouse rental charge	26	84,047	78,866

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29 Income tax expense

Income tax recognised in profit or loss

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
Current tax expense			
Current year		116,808	49,921
Under provided in prior years		2,233	-
		199,041	49,921
Deferred tax expense			
Movements in temporary differences	14	7,497	15,311
Total income tax expense		126,538	65,232

Income tax recognised in other comprehensive income

	Financial statements in which the equity method is applied and separate financial statements					
	2017	2016	2017	2016	2017	2016
	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)	(2,634)	527	(2,107)	2,334	(467)	1,867
Defined benefit plan actuarial losses	(1,131)	226	(905)	(6,804)	1,361	(5,443)
Total	(3,765)	753	(3,012)	(4,470)	894	(3,576)

Reconciliation of effective tax rate

	Financial statements in which the equity method is applied			
	2017	2016	2017	2016
	Rate (%)	Rate (%)	(in thousand Baht)	(in thousand Baht)
Profit before income tax expense			1,462,340	907,082
Income tax using the Thai corporation tax rate	20.00	20.00	292,468	181,416
Income not subject to tax			(163,828)	(114,263)
Additional deduction expenses for tax purposes			(5,106)	(2,321)
Expenses not deductible for tax purposes			771	400
Under provided in prior years			2,233	-
Total	8.65	7.19	126,538	65,232

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	Separate financial statements			
	2017		2016	
	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>Baht)</i>
Profit before income tax expense		1,461,141		908,352
Income tax using the Thai corporation tax rate	20.00	292,228	20.00	181,670
Income not subject to tax		(163,828)		(114,463)
Additional deduction expenses for tax purposes		(5,106)		(2,321)
Expenses not deductible for tax purposes		1,011		346
Under provided in prior years		2,233		-
Total	8.66	126,538	7.18	65,232

Income tax reduction

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.

30 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotional Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to exemption from payment of import duty on imported raw material.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

31 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2017 and 2016 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:

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company (Basic)	1,335,801	841,850	1,334,603	843,120
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	60.72	38.27	60.66	38.32

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32 Dividends

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

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.

33 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total equity and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. However, the management believes that the Company has no material interest rate risk because the Company has insignificant borrowing and the maturity of deposits and other financial assets is short-term and interest is based on market rates. Hence, the Company has no hedging agreements to protect against such risk.

The effective interest rates of deposits at financial institutions, short-term investments and short-term loans to as at 31 March and the periods in which the term of mature or re-price were as follows:

	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Within 1 year (in thousand Baht)
2017		
Current		
Deposits at financial institutions	0.50 - 1.30	1,530,855
Short-term investments - fixed deposits	1.55 - 1.75	2,500,000
Short-term loans to related party	0.80 - 1.25	74,274

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	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Within 1 year (in thousand Baht)
2016		
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

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 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 2017 2016 (in thousand Baht)	
United States Dollars			
Trade accounts receivable	6	454,268	429,557
Trade accounts payable	16	(62,304)	(72,489)
Other accounts payable	17	(23,486)	(24,310)
Net exposure		368,478	332,758
Japanese Yen			
Trade accounts receivable	6	47,560	45,317
Trade accounts payable	16	(7,719)	(13,437)
Other accounts payable	17	(93,018)	(99,734)
Net exposure		(53,177)	(67,854)
Russian Ruble			
Trade accounts receivable	6	28,510	14,194
Net exposure		28,510	14,194
Other currencies			
Other accounts payable	17	(209)	(276)
Net exposure		(209)	(276)
Net		343,602	278,822

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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.

Carrying amount 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>					
31 March 2017					
Equity securities available-for-sale	11,032	10,582	-	450	11,032
31 March 2016					
Equity securities available-for-sale	13,666	13,208	-	458	13,666

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.

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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.

34 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Capital commitments		
<i>Contracted but not provided for</i>		
Acquisition of property, plant and equipment	<u>49,617</u>	<u>20,377</u>
Future minimum lease payments under non-cancellable operating leases		
Within one year	6,644	6,149
After one year but within five years	<u>5,879</u>	<u>7,535</u>
Total	<u>12,523</u>	<u>13,684</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.

35 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 2017, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets

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TFRS	Topic
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TFRS 8 (revised 2016)	Operating Segments
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2016)	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.

36 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016		
	Financial statements in which the equity method is applied and separate financial statements		
	Before reclass.	Reclass. <i>(in thousand Baht)</i>	After reclass.
<i>Statement of financial position</i>			
Intangible assets	-	8,451	8,451
Non-current assets	29,289	<u>(8,451)</u>	20,838
		<u> -</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.