

Kang Yong Electric Public Company Limited

Interim financial statements
for the three-month period ended
30 June 2017

and

Independent auditor's report
on review of interim financial information

Independent Auditor’s Report on Review of Interim Financial Information

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

I have reviewed the accompanying statement of financial position in which the equity method is applied and separate statement of financial position of Kang Yong Electric Public Company Limited as at 30 June 2017; the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2017; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
9 August 2017

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		30 June	31 March
		30 June	31 March	30 June	31 March
		2017	2017	2017	2017
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		1,683,302	1,531,005	1,683,302	1,531,005
Current investments	6	2,500,000	2,500,000	2,500,000	2,500,000
Trade accounts receivable	3, 4	1,270,346	1,399,666	1,270,346	1,399,666
Other current receivables	3	85,198	231,887	85,198	231,887
Short-term loans to related party	3	49,409	74,274	49,409	74,274
Inventories		974,771	878,227	974,771	878,227
Other current assets		11,210	10,275	11,210	10,275
Total current assets		6,574,236	6,625,334	6,574,236	6,625,334
Non-current assets					
Investments held as available for sale	6	9,564	11,032	9,564	11,032
Investment in an associate	5	19,150	18,513	3,000	3,000
Other long-term investments	6	157,362	157,362	157,362	157,362
Investment properties	7	4,189	4,189	4,189	4,189
Property, plant and equipment	8	1,354,005	1,365,916	1,354,005	1,365,916
Intangible assets		36,302	37,570	36,302	37,570
Deferred tax assets		63,542	63,537	63,542	63,537
Other non-current assets		15,314	13,575	15,314	13,575
Total non-current assets		1,659,428	1,671,694	1,643,278	1,656,181
Total assets		8,233,664	8,297,028	8,217,514	8,281,515

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		30 June	31 March
Liabilities and equity		30 June 2017 (Unaudited)	31 March 2017 (Unaudited)	30 June 2017 (Unaudited)	31 March 2017 (Unaudited)
<i>(in thousand Baht)</i>					
Current liabilities					
Trade accounts payable	3	948,959	1,078,668	948,959	1,078,668
Other current payables	3	334,927	467,719	334,927	467,719
Income tax payable		81,467	45,316	81,467	45,316
Other current liabilities		22,493	16,016	22,493	16,016
Total current liabilities		1,387,846	1,607,719	1,387,846	1,607,719
Non-current liabilities					
Provision for warranties		140,405	141,112	140,405	141,112
Non-current provisions for employee benefit		204,853	200,485	204,853	200,485
Provident funds		15,069	15,100	15,069	15,100
Total non-current liabilities		360,327	356,697	360,327	356,697
Total liabilities		1,748,173	1,964,416	1,748,173	1,964,416
Equity					
Share capital :					
Authorised share capital		220,000	220,000	220,000	220,000
Issued and paid-up share capital		220,000	220,000	220,000	220,000
Share premium:					
Share premium on ordinary shares		726,100	726,100	726,100	726,100
Retained earnings					
Appropriated					
Legal reserve		22,000	22,000	22,000	22,000
Other reserve		420,000	420,000	420,000	420,000
Unappropriated		5,093,952	4,939,899	5,077,802	4,924,386
Other component of equity		3,439	4,613	3,439	4,613
Total equity		6,485,491	6,332,612	6,469,341	6,317,099
Total liabilities and equity		8,233,664	8,297,028	8,217,514	8,281,515

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

Kang Yong Electric Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		Three-month period ended 30 June		Three-month period ended 30 June	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Revenues					
Revenue from sales and services	3	2,376,756	2,640,441	2,376,756	2,640,441
Interest and dividend income	3	16,475	15,629	16,475	15,629
Other income	3	9,042	8,576	9,042	8,576
Total revenues		2,402,273	2,664,646	2,402,273	2,664,646
Expenses					
Cost of sale of goods and rendering of services		1,938,938	2,116,111	1,938,938	2,116,111
Distribution costs	3	105,554	107,332	105,554	107,332
Administrative expenses	3	155,693	165,612	155,693	165,612
Net foreign exchange loss		11,984	5,779	11,984	5,779
Total expenses		2,212,169	2,394,834	2,212,169	2,394,834
Share of profit of an associate	3, 5	637	554	-	-
Profit before income tax expense		190,741	270,366	190,104	269,812
Income tax expense		(36,688)	(53,861)	(36,688)	(53,861)
Profit for the period		154,053	216,505	153,416	215,951
Other comprehensive income					
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>					
Losses on remeasurement investments held as available for sale		(1,468)	(1,013)	(1,468)	(1,013)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		294	203	294	203
Other comprehensive income for the period, net of tax		(1,174)	(810)	(1,174)	(810)
Total comprehensive income for the period		152,879	215,695	152,242	215,141
Basic earnings per share (in Baht)	10	7.00	9.84	6.97	9.82

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

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

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Premium on ordinary shares	Financial statements in which the equity method is applied			Other component of equity Investments held as available for sale	Total equity
			Retained earnings				
			Legal reserve	Other reserve	Unappropriated		
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2017							
Balance at 1 April 2017	220,000	726,100	22,000	420,000	4,939,899	4,613	6,332,612
Comprehensive income for the period							
Profit	-	-	-	-	154,053	-	154,053
Other comprehensive income	-	-	-	-	-	(1,174)	(1,174)
Total comprehensive income for the period	-	-	-	-	154,053	(1,174)	152,879
Balance at 30 June 2017	220,000	726,100	22,000	420,000	5,093,952	3,439	6,485,491

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Premium on ordinary shares	Separate financial statements			Other component	Total equity
			Retained earnings			of equity	
			Legal reserve	Other reserve	Unappropriated	Investments held as available for sale	
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2016							
Balance at 1 April 2016	220,000	726,100	22,000	420,000	4,011,767	6,720	5,406,587
Comprehensive income for the period							
Profit	-	-	-	-	215,951	-	215,951
Other comprehensive income	-	-	-	-	-	(810)	(810)
Total comprehensive income for the period	-	-	-	-	215,951	(810)	215,141
Balance at 30 June 2016	220,000	726,100	22,000	420,000	4,227,718	5,910	5,621,728

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Separate financial statements					Other component of equity	Total equity	
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings					Investments held as available for sale
			Legal reserve	Other reserve	Unappropriated			
<i>(in thousand Baht)</i>								
Three month period ended 30 June 2017								
Balance at 1 April 2017	220,000	726,100	22,000	420,000	4,924,386	4,613	6,317,099	
Comprehensive income for the period								
Profit	-	-	-	-	153,416	-	153,416	
Other comprehensive income	-	-	-	-	-	(1,174)	(1,174)	
Total comprehensive income for the period	-	-	-	-	153,416	(1,174)	152,242	
Balance at 30 June 2017	220,000	726,100	22,000	420,000	5,077,802	3,439	6,469,341	

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

Kang Yong Electric Public Company Limited

Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Three-month period ended 30 June		Three-month period ended 30 June	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	154,053	216,505	153,416	215,951
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Income tax expense	36,688	53,861	36,688	53,861
Depreciation	77,311	79,678	77,311	79,678
Amortisation	1,474	670	1,474	670
Provisions for employee benefit	4,698	4,129	4,698	4,129
Provision for warranties	12,165	10,155	12,165	10,155
Unrealised (gain) loss on exchange rate	(5,697)	9,600	(5,697)	9,600
Share of profit of an associate	(637)	(554)	-	-
Reversal of losses on inventories devaluation	(2,066)	(4,318)	(2,066)	(4,318)
(Gain) loss on disposal of equipment	(140)	186	(140)	186
Dividend income	(664)	(859)	(664)	(859)
Interest income	(15,811)	(14,770)	(15,811)	(14,770)
Rental income	(4,299)	(4,299)	(4,299)	(4,299)
	<u>257,075</u>	<u>349,984</u>	<u>257,075</u>	<u>349,984</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	135,398	(19,783)	135,398	(19,783)
Other current receivables	(22,124)	8,499	(22,124)	8,499
Inventories	(94,478)	108,557	(94,478)	108,557
Other current assets	(935)	1,104	(935)	1,104
Other non-current assets	(1,739)	(2,190)	(1,739)	(2,190)
Trade accounts payable	(129,966)	(123,814)	(129,966)	(123,814)
Other current payables	(123,911)	(55,685)	(123,911)	(55,685)
Other current liabilities	6,477	(1,500)	6,477	(1,500)
Product warranties paid	(12,872)	(12,995)	(12,872)	(12,995)
Employee benefits paid	(330)	(374)	(330)	(374)
Provident fund paid	(31)	(7)	(31)	(7)
Net cash generated from operating	<u>12,564</u>	<u>251,796</u>	<u>12,564</u>	<u>251,796</u>
Taxes paid	(248)	(271)	(248)	(271)
Net cash from operating activities	<u>12,316</u>	<u>251,525</u>	<u>12,316</u>	<u>251,525</u>

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

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

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Three-month period ended 30 June		Three-month period ended 30 June	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Proceeds from sale of equipment	140	78	140	78
Acquisitions of property and equipment	(74,405)	(77,586)	(74,405)	(77,586)
Acquisitions of computer software	(206)	(1,374)	(206)	(1,374)
Short-term loans to related party	(141,449)	(136,675)	(141,449)	(136,675)
Proceeds from short-term loans to related party	166,314	126,734	166,314	126,734
Dividends received	174,537	859	174,537	859
Interest received	10,736	10,196	10,736	10,196
Rental received	4,314	4,104	4,314	4,104
Increase in current investments	-	(200,000)	-	(200,000)
Net cash from (used in) investing activities	139,981	(273,664)	139,981	(273,664)
Net increase (decrease) in cash and cash equivalents	152,297	(22,139)	152,297	(22,139)
Cash and cash equivalents at beginning of period	1,531,005	1,063,853	1,531,005	1,063,853
Cash and cash equivalents at ending of period	1,683,302	1,041,714	1,683,302	1,041,714
<i>Supplemental disclosure of cash flows information</i>				
Property and equipment purchased during the period are detailed as follows:				
Property and equipment purchased during the period	(65,400)	(73,751)	(65,400)	(73,751)
Increase (decrease) in payables on purchases of property and equipment	(9,005)	(3,835)	(9,005)	(3,835)
Net purchase of property and equipment paid by cash	(74,405)	(77,586)	(74,405)	(77,586)

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2017 (Unaudited)

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Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2017 (Unaudited)

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

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

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2016) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 March 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 March 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2017 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

(b) Functional and presentation currency

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2017 (Unaudited)

(c) Use of judgements and estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2017.

Measurement of fair values

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).

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 7	Investment properties
Note 11	Financial instruments

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2017 (Unaudited)

3 Related parties

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

Relationship with an associate was described in note 5. Relationships with key management and other 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
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.	Hong Kong	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.	Hong Kong	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.	Hong Kong	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

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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.
- 4 Royalty fee is payable annually at a proportion of sales.
- 5 Product development fee is payable based on actual amount.
- 6 Technical assistance fee chargeable under technical service agreement with 5 years term and automatic rollover period of 5 years.
- 7 The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
- 8 The Company has inventory management service fee with an associate. The service fee is based on the area used.
- 9 The Company entered into an agreement with various companies in the Mitsubishi Group, to manage total funding of the Group by the use of pooling accounts. The Company may earn or pay interest, which is based on the surplus funds or the funds used, at the interest rate of average deposit and loan interest rates offered by the bank.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2017 (Unaudited)

- 10 Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
- 11 Product warranty expense is based on actual amount claims.
- 12 Key management personnel compensation is defined by the Nomination and Remuneration Committee and the Company's policy.

Significant transactions for the three-month periods ended 30 June 2017 and 2016 with related parties were as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	1,135,385	1,089,704	1,135,385	1,089,704
Other income	10	27	10	27
Royalty fee	54,073	59,296	54,073	59,296
Product development fee	68,183	75,094	68,183	75,094
Product warranties paid	12,569	12,534	12,569	12,534
Technical assistance fee	2,767	2,555	2,767	2,555
Other selling and administrative expenses	724	106	724	106
Associate				
Revenue from sale of goods	-	5	-	5
Rental income	4,294	4,294	4,294	4,294
Other income	182	204	182	204
Inventory management service fee	21,579	22,783	21,579	22,783
Other selling and administrative expenses	2,106	2,177	2,106	2,177
Share of profit	637	554	-	-
Key management personnel				
Key management personnel compensation				
Short-term benefits	19,176	17,993	19,176	17,993
Post-employment benefits	292	237	292	237
Other long-term benefits	3	3	3	3
Total key management personnel compensation	<u>19,471</u>	<u>18,233</u>	<u>19,471</u>	<u>18,233</u>
Other related parties				
Revenue from sale of goods	1,240,432	1,549,315	1,240,432	1,549,315
Dividend income	650	844	650	844
Interest income	75	111	75	111
Purchases of raw materials	306,262	324,600	306,262	324,600
Purchases of equipment	1,348	3,285	1,348	3,285
Product warranties paid	303	417	303	417
Other selling and administrative expenses	7,464	12,501	7,464	12,501

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Balances as at 30 June 2017 and 31 March 2017 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2017	31 March 2017
	<i>(in thousand Baht)</i>	
Parent	516,964	353,458
Associate	-	8
Other related parties	753,237	1,045,907
Total	<u>1,270,201</u>	<u>1,399,373</u>

<i>Other current receivables - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2017	31 March 2017
	<i>(in thousand Baht)</i>	
Accrued dividend income		
Other related parties		
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	-	164,892
Siam Compressor Industry Co., Ltd.	-	8,981
	<u>-</u>	<u>173,873</u>
Others		
Parent	-	1,061
Associate	1,498	1,513
Other related party	23	16
	<u>1,521</u>	<u>2,590</u>
Total	<u>1,521</u>	<u>176,463</u>

<i>Short-term loans to related party</i>	Financial statements in which the equity method is applied and separate financial statements			
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
	<i>Interest rate</i>		<i>(in thousand Baht)</i>	
	<i>(% per annum)</i>			
Other related party				
Melco Thai Capital Co., Ltd.	0.80	0.80	<u>49,409</u>	<u>74,274</u>

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Movements during the three-month periods ended 30 June 2017 and 2016 of short-term loans to related party were as follows:

Short-term loans to related party

	Financial statements in which the equity method is applied and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Other related party		
At 1 April	74,274	36,198
Increase	141,449	136,675
Decrease	(166,314)	(126,734)
At 30 June	49,409	46,139

Trade accounts payable - related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2017	31 March 2017
	<i>(in thousand Baht)</i>	
Other related parties	130,718	134,894

Other current payables - related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2017	31 March 2017
	<i>(in thousand Baht)</i>	
Parent	124,950	294,130
Associate	9,263	10,795
Other related parties	3,342	34,464
Total	137,555	339,389

Significant agreements with related parties

Technical assistance agreement

The Company entered into agreement with Mitsubishi Electric Corporation (MELCO) whereby such company agreed to provide the Company the technical information and know-how of production. In consideration thereof, the Company agreed to pay royalty fee, development fee and technical assistance fee computed based on agreed formula to MELCO. The term of the agreement was for a period of five years and is automatically extended for a successive period of five years each unless either party notifies in writing to the other party any intention of termination at least six months prior to expiration of the agreement.

Building rental agreement

The Company entered into a building rental agreement for its warehouse for finished goods with Smile Super Express Co., Ltd. for a period of two years with rental rate as specified in the agreement. This agreement is renewed by either party notification in writing to the other party at least sixty days before expiration of this agreement. In July 2015, the Company notified to renew such agreement for a period

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of two years expiring on 31 July 2017. In March 2016, the counter parties agreed to amend rental rate which was effective from April 2016.

Thai Baht pooling service agreement

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

4 Trade accounts receivable

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	30 June 2017	31 March 2017
		<i>(in thousand Baht)</i>	
Related parties	3	1,270,201	1,399,373
Other parties		145	293
Total		<u>1,270,346</u>	<u>1,399,666</u>
		2017	2016
		<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 June		-	-

Aging analyses for trade accounts receivable were as follows:

		Financial statements in which the equity method is applied and separate financial statements	
		30 June 2017	31 March 2017
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		1,245,137	1,385,733
Overdue			
Less than 3 months		25,064	13,640
		<u>1,270,201</u>	<u>1,399,373</u>
Other parties			
Within credit terms		145	279
Overdue			
Less than 3 months		-	12
3 – 6 months		-	2
		<u>145</u>	<u>293</u>
Total		<u>1,270,346</u>	<u>1,399,666</u>

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

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5 Investment in an associate

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
		<i>(in thousand Baht)</i>		
At 1 April	18,513	17,315	3,000	3,000
Share of profit of investment - equity method	637	554	-	-
At 30 June	<u>19,150</u>	<u>17,869</u>	<u>3,000</u>	<u>3,000</u>

During the three-month ended 30 June 2017, there was no acquisition and disposal of investment in an associate.

As at 30 June 2017 and 31 March 2017, the financial statements in which the equity method is applied included the investment in shares of Smile Super Express Co., Ltd. accounted for using the equity method, which was computed based on the financial statements reviewed/audited by another auditor.

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Investment in an associate as at 30 June 2017 and 31 March 2017 and dividend income from the investment for the three-month period ended 30 June 2017 and 2016 were as follows:

Financial statements in which the equity method is applied											
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the three-month periods ended	
		30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	30 June 2016
		(%)				(in thousand Baht)					
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>19,150</u>	<u>18,513</u>	-	-

Separate financial statements									
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income for the three-month periods ended	
		30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	30 June 2016
		(%)				(in thousand Baht)			
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>

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

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6 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2017	31 March 2017
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	2,500,000	2,500,000
	2,500,000	2,500,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	9,564	11,032
Other non-marketable equity securities	157,362	157,362
	166,926	168,394
Total	2,666,926	2,668,394

Equity securities available-for-sale as at 30 June 2017 and 31 March 2017 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	30 June 2017		31 March 2017	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	9,114	4,965	10,582
City Sports and Recreation Public Co., Ltd.	300	450	300	450
	5,265	9,564	5,265	11,032
Add revaluation	4,299	-	5,767	-
Total	9,564	9,564	11,032	11,032

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Other non-marketable equity securities as at 30 June 2017 and 31 March 2017, and dividend income from those investments for the three-month periods ended 30 June 2017 and 2016 were as follows:

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

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month periods ended	
		30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	31 March 2017	30 June 2017	30 June 2016
		(%)						(in thousand Baht)					
Thai Refrigeration Components Co., Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	264	264
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	10.00	1,200,000	1,200,000	120,000	120,000	-	-	120,000	120,000	-	-
Siam Compressor Industry Co., Ltd.	Manufacturing of compressors for air conditioners	2.00	2.00	1,603,800	1,603,800	32,076	32,076	-	-	32,076	32,076	-	-
Total						<u>157,362</u>	<u>157,362</u>	<u>-</u>	<u>-</u>	<u>157,362</u>	<u>157,362</u>	<u>264</u>	<u>264</u>

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7 Investment properties

Investment properties comprise land and buildings that are leased to an associate and plots of land that are not used in operations. Fair value of land and buildings that are leased to its associate was computed by the Company's management under the Discounted Cash Flow Analysis method by using key assumptions of discount rates and net cash inflow from rental income including the review of the estimated useful lives of buildings that are leased to its associate. Fair value of land not used in operations was considered by appraisal value of Treasury Department. As at 30 June 2017, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 77.95 million (31 March 2017: Baht 77.04 million).

8 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 30 June 2017 and 2016 were as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied and separate financial statements			
	2017		2016	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and improvements	954	-	281	-
Machinery and equipment	24,391	-	3,578	602
Factory equipment	76,280	-	81,678	654
Office equipment	4,159	-	3,907	208
Vehicles	-	-	28	-
Assets under construction and installation	42,605	82,989	51,652	67,373
Total	148,389	82,989	141,124	68,837

The Company's land which has cost approximately Baht 9.30 million is partially under land servitude.

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9 Segment information

The Company's operations mainly involve business segments in product goods in Thailand and sale in both local and overseas market (Japan and other countries). Financial information of the Company by operating segments for the three-month periods ended 30 June 2017 and 2016 was as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied							
	Domestic		Overseas				Total	
	2017	2016	Japan 2017	2016	Others 2017	2016	2017	2016
	<i>(in thousand Baht)</i>							
Revenue from sales of goods and rendering of services	651,349	865,798	1,240,528	1,203,203	484,879	571,440	2,376,756	2,640,441
Segment profit	87,065	156,047	223,609	188,369	44,572	94,371	355,246	438,787
Unallocated expenses							(178,675)	(187,401)
Interest and dividend income							16,475	15,629
Other income							9,042	8,576
Net foreign exchange loss							(11,984)	(5,779)
Share of profit of an associate							637	554
Profit before income tax expense							190,741	270,366
Income tax expense							(36,688)	(53,861)
Profit for the period							154,053	216,505
Segment assets as at 30 June 2017 / 31 March 2017							8,233,664	8,297,028
Segment liabilities as at 30 June 2017 / 31 March 2017							1,748,173	1,964,416

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10 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 30 June 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (Basic)	<u>154,053</u>	<u>216,505</u>	<u>153,416</u>	<u>215,951</u>
Number of ordinary shares outstanding	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Earnings per share (Basic) (in Baht)	<u>7.00</u>	<u>9.84</u>	<u>6.97</u>	<u>9.82</u>

11 Financial instruments

Carrying amounts and fair values

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

	Carrying amount	Financial statements in which the equity method is applied and separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2017					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	9,564	9,114	-	450	9,564
31 March 2017					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	11,032	10,582	-	450	11,032

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

Trade and other accounts receivable, short-term loans to related party, trade and other accounts payable; the carrying amounts of these financial assets and liabilities approximate to the fair values due to the relative short-term maturity of these financial instruments.

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12 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2017	31 March 2017
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisitions of building, equipment and computer software	56,993	49,617
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	6,868	6,644
After one year but within five years	6,408	5,879
Total	13,276	12,523

The Company entered into several long-term lease agreements covering vehicles and have four and five year terms which will expire in various periods up to the year 2021. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

13 Event after the reporting period

At the annual general meeting of shareholders of the Company held on 26 July 2017, the shareholders approved the appropriation of dividend of 30.36 Baht per share, totalling of Baht 667.9 million. The dividend will be paid to the shareholders in August 2017.