

Kang Yong Electric Public Company Limited

Interim financial statements
for the three-month period ended
30 June 2018

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 2018; the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2018; 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".

(Patamavan Vadhanakul)
Certified Public Accountant
Registration No. 9832

KPMG Phoomchai Audit Ltd.
Bangkok
8 August 2018

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		30 June	31 March	30 June	31 March
		2018	2018	2018	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		1,594,251	609,288	1,594,251	609,288
Current investments	4	2,350,000	3,300,000	2,350,000	3,300,000
Trade accounts receivable	3, 5	1,085,167	1,289,040	1,085,167	1,289,040
Other receivables	3	89,882	62,912	89,882	62,912
Short-term loan to related party	3	15,387	27,508	15,387	27,508
Inventories		1,001,719	1,046,186	1,001,719	1,046,186
Other current assets		12,153	14,277	12,153	14,277
Total current assets		6,148,559	6,349,211	6,148,559	6,349,211
Non-current assets					
Available-for-sale investments	4	6,798	7,724	6,798	7,724
Investment in associate	6	18,485	19,507	3,000	3,000
Other long-term investments	4	157,362	157,362	157,362	157,362
Investment properties		4,189	4,189	4,189	4,189
Property, plant and equipment	7	1,447,186	1,463,285	1,447,186	1,463,285
Intangible assets		43,126	44,675	43,126	44,675
Deferred tax assets		60,903	64,078	60,903	64,078
Other non-current assets		24,315	25,835	24,315	25,835
Total non-current assets		1,762,364	1,786,655	1,746,879	1,770,148
Total assets		7,910,923	8,135,866	7,895,438	8,119,359

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	30 June	31 March
		2018	2018	2018	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Liabilities and equity					
Current liabilities					
Trade accounts payable	3	800,157	894,460	800,157	894,460
Other payables	3	331,465	500,410	331,465	500,410
Income tax payable		3,028	-	3,028	-
Other current liabilities		23,347	22,088	23,347	22,088
Total current liabilities		1,157,997	1,416,958	1,157,997	1,416,958
Non-current liabilities					
Provision for warranties		106,131	108,625	106,131	108,625
Non-current provisions for employee benefits		225,490	220,420	225,490	220,420
Provident funds		14,505	14,561	14,505	14,561
Total non-current liabilities		346,126	343,606	346,126	343,606
Total liabilities		1,504,123	1,760,564	1,504,123	1,760,564
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		5,017,474	4,985,235	5,001,989	4,968,728
Other component of equity		1,226	1,967	1,226	1,967
Total equity		6,406,800	6,375,302	6,391,315	6,358,795
Total liabilities and equity		7,910,923	8,135,866	7,895,438	8,119,359

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	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Revenues					
Revenue from sales of goods and rendering of services	3	1,986,789	2,376,756	1,986,789	2,376,756
Investment income	3	18,722	20,774	18,722	20,774
Net foreign exchange gain		27,702	-	27,702	-
Other income	3	9,879	4,743	9,879	4,743
Total revenue		2,043,092	2,402,273	2,043,092	2,402,273
Expenses					
Cost of sale of goods and rendering of services	3	1,738,249	1,938,938	1,738,249	1,938,938
Distribution costs	3	88,711	105,554	88,711	105,554
Administrative expenses	3	176,147	155,693	176,147	155,693
Net foreign exchange loss		-	11,984	-	11,984
Total expenses		2,003,107	2,212,169	2,003,107	2,212,169
Share of profit (loss) of associate	6	(1,022)	637	-	-
Profit before income tax expense		38,963	190,741	39,985	190,104
Tax expense		(6,724)	(36,688)	(6,724)	(36,688)
Profit for the period		32,239	154,053	33,261	153,416
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Losses on remeasuring available-for-sale investments	4	(926)	(1,468)	(926)	(1,468)
Income tax relating to item that will be reclassified subsequently to profit or loss		185	294	185	294
Other comprehensive income for the period, net of tax		(741)	(1,174)	(741)	(1,174)
Total comprehensive income for the period		31,498	152,879	32,520	152,242
Basic earnings per share (in Baht)	9	1.47	7.00	1.51	6.97

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	Share premium on ordinary shares	Retained earnings			Other component of equity	
			Legal reserve	Other reserve	Unappropriated	Available-for-sale investments	
<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)

	Financial statements in which the equity method is applied						
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings			Other component of equity	Total equity
			Legal reserve	Other reserve	Unappropriated	Available-for-sale investments	
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2018							
Balance at 1 April 2018	220,000	726,100	22,000	420,000	4,985,235	1,967	6,375,302
Comprehensive income for the period							
Profit	-	-	-	-	32,239	-	32,239
Other comprehensive income	-	-	-	-	-	(741)	(741)
Total comprehensive income for the period	-	-	-	-	32,239	(741)	31,498
Balance at 30 June 2018	220,000	726,100	22,000	420,000	5,017,474	1,226	6,406,800

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	Share premium on ordinary shares	Separate financial statements			Other component	Total equity
			Retained earnings			of equity	
			Legal reserve	Other reserve	Unappropriated	Available-for-sale investments	
<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 changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium on ordinary shares	Separate financial statements			Other component	Total equity
			Retained earnings			of equity	
			Legal reserve	Other reserve	Unappropriated	Available-for-sale investments	
<i>(in thousand Baht)</i>							
Three month period ended 30 June 2018							
Balance at 1 April 2018	220,000	726,100	22,000	420,000	4,968,728	1,967	6,358,795
Comprehensive income for the period							
Profit	-	-	-	-	33,261	-	33,261
Other comprehensive income	-	-	-	-	-	(741)	(741)
Total comprehensive income for the period	-	-	-	-	33,261	(741)	32,520
Balance at 30 June 2018	220,000	726,100	22,000	420,000	5,001,989	1,226	6,391,315

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

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

	Financial statements			
	in which the equity method			
	is applied		Separate financial statements	
	Three-month period ended 30 June		Three-month period ended 30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	32,239	154,053	33,261	153,416
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	6,724	36,688	6,724	36,688
Depreciation	83,541	77,311	83,541	77,311
Amortisation	2,029	1,474	2,029	1,474
Provision for warranties	10,500	12,165	10,500	12,165
Non-current provisions for employee benefits	5,070	4,698	5,070	4,698
Unrealised gain on exchange	(21,370)	(5,697)	(21,370)	(5,697)
Share of (profit) loss of associate	1,022	(637)	-	-
Reversal of losses on inventories devaluation	(15,214)	(2,066)	(15,214)	(2,066)
(Gain) loss on disposal of equipment	543	(140)	543	(140)
Dividend income	(473)	(664)	(473)	(664)
Interest income	(13,955)	(15,811)	(13,955)	(15,811)
Rental income	(4,294)	(4,299)	(4,294)	(4,299)
	<u>86,362</u>	<u>257,075</u>	<u>86,362</u>	<u>257,075</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	226,740	135,398	226,740	135,398
Other receivables	(24,962)	(22,124)	(24,962)	(22,124)
Inventories	59,681	(94,478)	59,681	(94,478)
Other current assets	2,124	(935)	2,124	(935)
Other non-current assets	1,520	(1,739)	1,520	(1,739)
Trade accounts payable	(95,893)	(129,966)	(95,893)	(129,966)
Other payables	(160,472)	(123,911)	(160,472)	(123,911)
Other current liabilities	1,259	6,477	1,259	6,477
Warranties paid	(12,994)	(12,872)	(12,994)	(12,872)
Employee benefits paid	-	(330)	-	(330)
Provident fund paid	(56)	(31)	(56)	(31)
Net cash generated from operating	<u>83,309</u>	<u>12,564</u>	<u>83,309</u>	<u>12,564</u>
Taxes paid	(336)	(248)	(336)	(248)
Net cash from operating activities	<u>82,973</u>	<u>12,316</u>	<u>82,973</u>	<u>12,316</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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Decrease in current investments	950,000	-	950,000	-
Proceeds from disposal of equipment	325	140	325	140
Acquisitions of property and equipment	(76,901)	(74,405)	(76,901)	(74,405)
Acquisitions of computer software	(480)	(206)	(480)	(206)
Short-term loan to related party	(73,099)	(141,449)	(73,099)	(141,449)
Proceeds from short-term loans to related party	85,220	166,314	85,220	166,314
Dividends received	473	174,537	473	174,537
Interest received	12,131	10,736	12,131	10,736
Rental received	4,321	4,314	4,321	4,314
Net cash from investing activities	901,990	139,981	901,990	139,981
Net increase in cash and cash equivalents	984,963	152,297	984,963	152,297
Cash and cash equivalents at beginning of period	609,288	1,531,005	609,288	1,531,005
Cash and cash equivalents at ending of period	1,594,251	1,683,302	1,594,251	1,683,302
<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	(68,310)	(65,400)	(68,310)	(65,400)
Decrease in payables on purchases of property and equipment	(8,591)	(9,005)	(8,591)	(9,005)
Net purchase of property and equipment paid by cash	(76,901)	(74,405)	(76,901)	(74,405)

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 2018 (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 2018 (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 Board of Directors on 8 August 2018.

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 (40.81% shareholding), which was incorporated in Japan.

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 2017) *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 2018. 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 2018.

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 2018 except that the Company has adopted all the revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

In addition to the above revised TFRS, the FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard in preparing these interim financial statements.

Kang Yong Electric Public Company Limited
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TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces TAS 18 (revised 2017) *Revenue*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the financial statements.

(b) *Functional and presentation currency*

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(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 2018.

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's Audit Committee.

When measuring the fair value of an asset, the Company uses observable market 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.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset that are not based on observable market data (unobservable inputs).

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month period ended 30 June 2018 (Unaudited)

If the inputs used to measure the fair value of an asset 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.

Further information about the assumptions made in measuring fair values is included in note 10 - financial instruments.

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 associate was described in note 6. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
<i>Parent</i>		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
<i>Associate</i>		
Smile Super Express Co., Ltd.	Thailand	Associate, 27.12% shareholding
<i>Key management personnel</i>		
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.
<i>Other related parties</i>		
Thai Refrigeration Components Co., Ltd.	Thailand	Common directors
Kulthorn Kirby Public Company Limited	Thailand	Common directors
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	A subsidiary of the Company's parent and common directors
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent and common directors
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

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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
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 directors

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 a 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.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
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- 9 The Company entered into an agreement with various companies in the Mitsubishi Group, to manage total funding of the Group by the use of pooling accounts. The Company may earn or pay interest, which is based on the surplus funds or the funds used, at the interest rate of average deposit and loan interest rates offered by the bank.
- 10 Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
- 11 Product warranty expense is based on actual amount claims.
- 12 Key management personnel compensation is defined by the Nomination and Remuneration Committee and the Company's policy.
- 13 Dividend income as declared amount.

Significant transactions for the three-month period ended 30 June 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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	760,908	1,135,385	760,908	1,135,385
Other income	18	10	18	10
Royalty fee	44,487	54,073	44,487	54,073
Product development fee	56,059	68,183	56,059	68,183
Product warranty expense	11,913	12,569	11,913	12,569
Technical assistance fee	2,667	2,767	2,667	2,767
Distribution costs and administrative expenses	3,895	724	3,895	724
Associate				
Rental income	4,294	4,294	4,294	4,294
Other income	156	182	156	182
Inventory management service fee	20,004	21,579	20,004	21,579
Distribution costs and administrative expenses	1,531	2,106	1,531	2,106
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	20,793	19,176	20,793	19,176
Post-employment benefits	261	292	261	292
Other long-term benefits	2	3	2	3
Total key management personnel compensation	<u>21,056</u>	<u>19,471</u>	<u>21,056</u>	<u>19,471</u>

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<i>Three-month period ended 30 June</i>	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other related parties				
Revenue from sale of goods	1,224,887	1,240,432	1,224,887	1,240,432
Purchases of raw material	269,576	306,262	269,576	306,262
Purchases of equipment	1,048	1,348	1,048	1,348
Dividend income	458	650	458	650
Interest income	47	75	47	75
Other income	314	-	314	-
Product warranty expense	174	303	174	303
Distribution costs and administrative expenses	10,761	7,464	10,761	7,464

Balances as at 30 June 2018 and 31 March 2018 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	31 March
	2018	2018
	<i>(in thousand Baht)</i>	
Parent	340,854	293,365
Other related parties	743,968	995,493
Total	1,084,822	1,288,858

<i>Other receivables - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June	31 March
	2018	2018
	<i>(in thousand Baht)</i>	
Associate	1,484	1,679
Other related parties	10	4,088
Total	1,494	5,767

<i>Short-term loan to related party</i>	Financial statements in which the equity method is applied and separate financial statements			
	Interest rate		and separate financial statements	
	30 June	31 March	30 June	31 March
	2018	2018	2018	2018
	(% per annum)			
Other related party				
Melco Thai Capital Co., Ltd.	0.75	0.80	15,387	27,508

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Movements during the three-month period ended 30 June of short-term loan to related party were as follows:

<i>Short-term loan to related party</i>	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Other related party		
At 1 April	27,508	74,274
Increase	73,099	141,449
Decrease	(85,220)	(166,314)
At 30 June	15,387	49,409

<i>Trade accounts payable - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2018	31 March 2018
	<i>(in thousand Baht)</i>	
Other related parties	118,121	115,615

<i>Other payables - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2018	31 March 2018
	<i>(in thousand Baht)</i>	
Parent	114,495	278,086
Associate	7,803	8,769
Other related parties	4,514	39,257
Total	126,812	326,112

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.

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Building rental agreement

The Company entered into a building rental agreement with Smile Super Express Co., Ltd., an associate, whereby the Company will provide building rental to the associate for use as a warehouse for its finished goods. The agreement was 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 May 2017, the Company notified to renew such agreement for a period of two years expiring on 31 July 2019.

Inventory management service agreement

The Company entered into an inventory management service agreement with Smile Super Express Co., Ltd., an associate. Under the term of the agreement, the Company agrees to pay an inventory management service fee in an amount and a condition as specified in the agreement. The agreement has a term of one year and shall be automatically extended for successive 1 year term unless terminated by either party.

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 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2018	31 March 2018
	<i>(in thousand Baht)</i>	
<i>Current investment</i>		
Short-term deposits at financial institutions	2,350,000	3,300,000
	2,350,000	3,300,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	6,798	7,724
Other non-marketable equity securities	157,362	157,362
	164,160	165,086
Total	2,514,160	3,465,086

Short-term deposits at financial institutions amounted to Baht 2,350 million as at 30 June 2018 (31 March 2018: Baht 3,300 million), which have period of maturity within 7 months to 12 months, have annual interest rates ranging from 1.25% to 1.60% (31 March 2018: 1.25% to 1.60%).

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Equity securities available-for-sale as at 30 June 2018 and 31 March 2018 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	30 June 2018		31 March 2018	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
Marketable securities - Available-for-sale securities				
Kulthorn Kirby Public Co., Ltd.	4,965	6,295	4,965	7,222
City Sports and Recreation Public Co., Ltd.	300	503	300	502
	<u>5,265</u>	<u>6,798</u>	<u>5,265</u>	<u>7,724</u>
<i>Add</i> valuation adjustment	1,533	-	2,459	-
Total	<u>6,798</u>	<u>6,798</u>	<u>7,724</u>	<u>7,724</u>

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Other non-marketable equity securities as at 30 June 2018 and 31 March 2018, and dividend income from those investments for the three-month period ended 30 June 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	31	30	31	30	31	30	31	30	31	30	30
		June	March	June	March	June	March	June	March	June	March	June	June
		2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2017
		(%)		(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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5 Trade accounts receivable

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	30 June 2018	31 March 2018
		<i>(in thousand Baht)</i>	
Related parties	3	1,084,822	1,288,858
Other parties		345	182
Total		<u>1,085,167</u>	<u>1,289,040</u>
		2018	2017
		<i>(in thousand Baht)</i>	
Bad and doubtful debts expense for the three-month periods ended 30 June		<u>-</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

		Financial statements in which the equity method is applied and separate financial statements	
		30 June 2018	31 March 2018
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		1,055,197	1,287,589
Overdue			
Less than 3 months		29,625	1,269
		<u>1,084,822</u>	<u>1,288,858</u>
Other parties			
Within credit terms		345	182
Total		<u>1,085,167</u>	<u>1,289,040</u>

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

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6 Investment in associate

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
At 1 April	19,507	18,513	3,000	3,000
Share of profit (loss) of associate	<u>(1,022)</u>	<u>637</u>	<u>-</u>	<u>-</u>
At 30 June	<u>18,485</u>	<u>19,150</u>	<u>3,000</u>	<u>3,000</u>

During the three-month period ended 30 June 2018, there was no acquisition and disposal of investment in associate.

As at 30 June 2018 and 2017, the financial statements in which the equity method is applied included an investment in Smile Super Express Co., Ltd., an associate, which is accounted for using the equity method based on the reviewed financial statements by another auditor.

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Investment in associate as at 30 June 2018 and 31 March 2018, and dividend income from the investment for the three-month period ended 30 June were as follows:

Financial statements in which the equity method is applied													
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the three-month periods ended			
		30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	30 June 2017		
		(%)						(in thousand Baht)					
<i>Associate</i>													
Smile Super Express Co., Ltd.	Logistic	27.12	27.12	11,060	11,060	<u>3,000</u>	<u>3,000</u>	<u>18,485</u>	<u>19,507</u>	<u>-</u>	<u>-</u>		
Separate financial statements													
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month periods ended	
		30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	31 March 2018	30 June 2018	30 June 2017
		(%)								(in thousand Baht)			
<i>Associate</i>													
Smile Super Express Co.,		27.12	27.12	11,060	11,060	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>

None of the Company's associate is publicly listed and consequently does not have published price quotation.

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7 Property, plant and equipment

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

<i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied and separate financial statements			
	2018		2017	
	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	905	-	954	-
Machinery and equipment	14,677	622	24,391	-
Factory equipment	9,761	199	76,280	-
Office equipment	2,284	47	4,159	-
Vehicles	1,457	-	-	-
Assets under construction and installation	57,776	18,550	42,605	82,989
Total	86,860	19,418	148,389	82,989

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8 Segment information

The Company's operations mainly involve business segments in manufacturing and selling of household electrical appliances in Thailand and sale goods in both domestic and oversea (Japan and other countries). Financial information of the Company by operating segments on a geographical basis for the three-month period ended 30 June was as follows:

Information about reportable segments

<i>Three-month period ended 30 June</i>	Domestic		Oversea				Total	
	2018	2017	2018	2017	2018	2017	2018	2017
					<i>(in thousand Baht)</i>			
Revenue from sales of goods and rendering of services	707,552	651,349	850,824	1,240,528	428,413	484,879	1,986,789	2,376,756
Segment profit before income tax	79,537	87,065	99,186	223,609	196	44,572	178,919	355,246
Unallocated expenses							(195,237)	(178,675)
Investment income							18,722	20,774
Net foreign exchange gain (loss)							27,702	(11,984)
Other income							9,879	4,743
Share of profit (loss) of associate							(1,022)	637
Profit before income tax expense							38,963	190,741
Tax expense							(6,724)	(36,688)
Profit for the period							32,239	154,053
Segment assets as at								
30 June 2018 / 31 March 2018							7,910,923	8,135,866
Segment liabilities as at								
30 June 2018 / 31 March 2018							1,504,123	1,760,564

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9 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 30 June 2018 and 2017 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	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>32,239</u>	<u>154,053</u>	<u>33,261</u>	<u>153,416</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>1.47</u>	<u>7.00</u>	<u>1.51</u>	<u>6.97</u>

10 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 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 2018					
<i>Financial assets measured at fair value</i>					
Equity securities available-for- sale	6,798	6,295	-	503	6,798
31 March 2018					
<i>Financial assets measured at fair value</i>					
Equity securities available-for- sale	7,724	7,222	-	502	7,724

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

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11 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2018	31 March 2018
	<i>(in thousand Baht)</i>	
Capital commitment		
<i>Contracted but not provided for</i>		
Buildings and equipment	<u>38,111</u>	<u>38,980</u>
Future minimum lease payments under non-cancellable operating leases		
Within one year	3,955	4,010
After one year but within five years	<u>4,252</u>	<u>4,915</u>
Total	<u>8,207</u>	<u>8,925</u>

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

12 Event after the reporting period

At the annual general meeting of shareholders of the Company held on 25 July 2018, the shareholders approved the appropriation of dividend of 16.35 Baht per share, amounting to Baht 359.7 million. The dividend will be paid to the shareholders in August 2018.

13 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the three-month period ended 30 June 2017, which are included in the 2018 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2018 interim financial statements as follows:

	2018		
	Financial statements in which the equity method is applied and separate financial statements		
	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>		
Statement of comprehensive income			
- Three-month period ended 30 June 2017			
Investment income	16,475	4,299	20,774
Other income	9,042	<u>(4,299)</u>	4,743
		<u>-</u>	

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