

Kang Yong Electric Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 September 2020
and
Independent auditor's review report

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 September 2020; the related statements of comprehensive income for the three-month and six-month periods ended 30 September 2020, the statements of changes in equity and cash flows for the six-month period ended 30 September 2020; 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".

(Sophit Prompol)
Certified Public Accountant
Registration No. 10042

KPMG Phoomchai Audit Ltd.
Bangkok
13 November 2020

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 September 2020 (Unaudited)	31 March 2020	30 September 2020 (Unaudited)	31 March 2020
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		1,357,252	964,561	1,357,252	964,561
Other current financial assets		2,700,000	2,330,000	2,700,000	2,330,000
Trade accounts receivable	4	1,029,711	1,118,692	1,029,711	1,118,692
Value added tax refundable		18,651	28,457	18,651	28,457
Other receivables	4	24,638	32,064	24,638	32,064
Dividend receivables	4	-	171,415	-	171,415
Short-term loans to related party	4	91,887	83,911	91,887	83,911
Inventories		677,625	784,725	677,625	784,725
Other current assets		7,429	8,697	7,429	8,697
Total current assets		5,907,193	5,522,522	5,907,193	5,522,522
Non-current assets					
Other non-current financial assets	3, 13	159,987	159,008	159,987	159,008
Investment in associate	5	16,965	19,482	3,000	3,000
Investment properties		4,189	4,189	4,189	4,189
Property, plant and equipment	6	1,498,871	1,536,029	1,498,871	1,536,029
Right-of-use assets	3, 7	22,966	-	22,966	-
Intangible assets		32,044	35,394	32,044	35,394
Deferred tax assets		85,378	85,043	85,378	85,043
Other non-current assets		19,022	19,387	19,022	19,387
Total non-current assets		1,839,422	1,858,532	1,825,457	1,842,050
Total assets		7,746,615	7,381,054	7,732,650	7,364,572

The accompanying notes form an integral part of the interim 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 September	31 March	30 September	31 March
		2020	2020	2020	2020
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Liabilities and equity					
<i>Current liabilities</i>					
Trade accounts payable	4	719,454	789,304	719,454	789,304
Other payables	4	428,818	355,365	428,818	355,365
Current portion of lease liabilities	3, 9	7,633	-	7,633	-
Current income tax payable		73,575	48,953	73,575	48,953
Other current liabilities		3,879	11,337	3,879	11,337
Total current liabilities		1,233,359	1,204,959	1,233,359	1,204,959
<i>Non-current liabilities</i>					
Lease liabilities	3, 9	15,640	-	15,640	-
Provision for warranties		109,201	112,196	109,201	112,196
Non-current provisions for employee benefits		328,934	317,632	328,934	317,632
Provident funds		12,070	12,148	12,070	12,148
Total non-current liabilities		465,845	441,976	465,845	441,976
Total liabilities		1,699,204	1,646,935	1,699,204	1,646,935
<i>Equity</i>					
Share capital:					
Authorised share capital					
<i>(19,800,000 ordinary shares, par value at Baht 10 per share)</i>					
		198,000	198,000	198,000	198,000
Issued and paid-up share capital					
<i>(19,800,000 ordinary shares, par value at Baht 10 per share)</i>					
		198,000	198,000	198,000	198,000
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					
		4,683,423	4,370,914	4,669,458	4,354,432
Other component of equity					
		(2,112)	(2,895)	(2,112)	(2,895)
Total equity		6,047,411	5,734,119	6,033,446	5,717,637
Total liabilities and equity		7,746,615	7,381,054	7,732,650	7,364,572

The accompanying notes form an integral part of the interim financial statements.

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

	<i>Note</i>	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		Three-month period ended 30 September		Three-month period ended 30 September	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods					
and rendering of services	4, 8	2,203,374	2,009,279	2,203,374	2,009,279
Investment income	4	330,534	137,730	330,558	137,910
Net foreign exchange gain		11,053	-	11,053	-
Other income	4	12,070	6,482	12,070	6,482
Total revenue		2,557,031	2,153,491	2,557,055	2,153,671
Expenses					
Cost of sale of goods					
and rendering of services	4	1,711,882	1,710,686	1,711,882	1,710,686
Distribution costs	4	107,669	110,160	107,669	110,160
Administrative expenses	4	160,777	187,266	160,777	187,266
Net foreign exchange loss		-	72	-	72
Total expenses		1,980,328	2,008,184	1,980,328	2,008,184
Profit from operating activities		576,703	145,307	576,727	145,487
Finance costs		(85)	-	(85)	-
Share of loss of associate	5	(320)	(156)	-	-
Profit before income tax expense		576,298	145,151	576,642	145,487
Tax expense	10	(50,590)	(3,473)	(50,590)	(3,473)
Profit for the period		525,708	141,678	526,052	142,014
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Loss on investments in equity instruments designated					
at fair value through other comprehensive income		(45)	(736)	(45)	(736)
Income tax relating to items that will not be reclassified		9	147	9	147
Other comprehensive income (expense) for the period,					
net of tax		(36)	(589)	(36)	(589)
Total comprehensive income (expense) for the period		525,672	141,089	526,016	141,425
Basic earnings per share (in Baht)	11	26.55	7.16	26.57	7.17

The accompanying notes form an integral part of the interim financial statements.

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

	<i>Note</i>	Financial statements			
		in which the equity method			
		is applied		Separate financial statements	
		Six-month period ended 30 September		Six-month period ended 30 September	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods					
and rendering of services	4, 8	4,031,814	3,875,625	4,031,814	3,875,625
Investment income	4	344,569	153,650	344,593	153,830
Other income	4	24,331	24,241	24,331	24,241
Total revenue		4,400,714	4,053,516	4,400,738	4,053,696
Expenses					
Cost of sale of goods					
and rendering of services	4	3,204,033	3,331,650	3,204,033	3,331,650
Distribution costs	4	185,911	203,583	185,911	203,583
Administrative expenses	4	306,800	362,852	306,800	362,852
Net foreign exchange loss		4,311	9,123	4,311	9,123
Total expenses		3,701,055	3,907,208	3,701,055	3,907,208
Profit from operating activities		699,659	146,308	699,683	146,488
Finance costs		(175)	-	(175)	-
Share of loss of associate	5	(2,493)	(1,643)	-	-
Profit before income tax expense		696,991	144,665	699,508	146,488
Tax expense	10	(73,622)	(2,822)	(73,622)	(2,822)
Profit for the period		623,369	141,843	625,886	143,666
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gain (loss) on investments in equity instruments designated					
at fair value through other comprehensive income		979	(999)	979	(999)
Income tax relating to items that will not be reclassified		(196)	200	(196)	200
Other comprehensive income (expense) for the period,					
 net of tax		783	(799)	783	(799)
Total comprehensive income (expense) for the period		624,152	141,044	626,669	142,867
Basic earnings per share (in Baht)	11	31.48	7.16	31.61	7.26

The accompanying notes form an integral part of the interim financial statements.

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

Financial statements in which the equity method is applied										
Retained earnings								Other component of equity		
								Loss on investments in equity instruments designated at fair value through other comprehensive income		
Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Legal reserve	Treasury shares reserve	Other reserve	Unappropriated	Total equity		
<i>(in thousand Baht)</i>										
Six-month period ended 30 September 2019										
Balance at 1 April 2019	220,000	(970,420)	726,100	22,000	970,420	420,000	3,829,422	(122)	5,217,400	
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the Company</i>										
Write-off treasury shares - reduction of ordinary shares	(22,000)	970,420	-	-	(970,420)	-	22,000	-	-	
Dividends to owners of the Company	-	-	-	-	-	-	(90,090)	-	(90,090)	
Total distributions to owners of the Company	(22,000)	970,420	-	-	(970,420)	-	(68,090)	-	(90,090)	
Total transactions with owners, recorded directly in equity	(22,000)	970,420	-	-	(970,420)	-	(68,090)	-	(90,090)	
Comprehensive income (expense) for the period										
Profit	-	-	-	-	-	-	141,843	-	141,843	
Other comprehensive income (expense)	-	-	-	-	-	-	-	(799)	(799)	
Total comprehensive income (expense) for the period	-	-	-	-	-	-	141,843	(799)	141,044	
Balance at 30 September 2019	198,000	-	726,100	22,000	-	420,000	3,903,175	(921)	5,268,354	

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Note	Financial statements in which the equity method is applied					Other component	Total equity
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated	of equity	
							Loss on investments in equity instruments designated at fair value through other comprehensive income	
<i>(in thousand Baht)</i>								
Six-month period ended 30 September 2020								
Balance at 1 April 2020		198,000	726,100	22,000	420,000	4,370,914	(2,895)	5,734,119
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	12	-	-	-	-	(310,860)	-	(310,860)
Total distributions to owners of the Company		-	-	-	-	(310,860)	-	(310,860)
Total transactions with owners, recorded directly in equity		-	-	-	-	(310,860)	-	(310,860)
Comprehensive income (expense) for the period								
Profit		-	-	-	-	623,369	-	623,369
Other comprehensive income (expense)		-	-	-	-	-	783	783
Total comprehensive income (expense) for the period		-	-	-	-	623,369	783	624,152
Balance at 30 September 2020		198,000	726,100	22,000	420,000	4,683,423	(2,112)	6,047,411

The accompanying notes form an integral part of the interim financial statements.

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

	Separate financial statements							Other component of equity	Total equity	
	Retained earnings									
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Legal reserve	Treasury shares reserve	Other reserve	Unappropriated			
	<i>Note</i>							Loss on investments in equity instruments designated at fair value through other comprehensive income		
<i>(in thousand Baht)</i>										
Six-month period ended 30 September 2019										
Balance at 1 April 2019		220,000	(970,420)	726,100	22,000	970,420	420,000	3,812,876	(122)	5,200,854
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the Company</i>										
Write-off treasury shares - reduction of ordinary shares		(22,000)	970,420	-	-	(970,420)	-	22,000	-	-
Dividends to owners of the Company	12	-	-	-	-	-	-	(90,090)	-	(90,090)
Total distributions to owners of the Company		(22,000)	970,420	-	-	(970,420)	-	(68,090)	-	(90,090)
Total transactions with owners, recorded directly in equity		(22,000)	970,420	-	-	(970,420)	-	(68,090)	-	(90,090)
Comprehensive income (expense) for the period										
Profit		-	-	-	-	-	-	143,666	-	143,666
Other comprehensive income (expense)		-	-	-	-	-	-	-	(799)	(799)
Total comprehensive income (expense) for the period		-	-	-	-	-	-	143,666	(799)	142,867
Balance at 30 September 2019		198,000	-	726,100	22,000	-	420,000	3,888,452	(921)	5,253,631

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Note	Separate financial statements				Other component of equity	Total equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Retained earnings Other reserve <i>(in thousand Baht)</i>			Unappropriated
Six-month period ended 30 September 2020								
Balance at 1 April 2020		198,000	726,100	22,000	420,000	4,354,432	(2,895)	5,717,637
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	12	-	-	-	-	(310,860)	-	(310,860)
Total distributions to owners of the Company		-	-	-	-	(310,860)	-	(310,860)
Total transactions with owners, recorded directly in equity		-	-	-	-	(310,860)	-	(310,860)
Comprehensive income (expense) for the period								
Profit		-	-	-	-	625,886	-	625,886
Other comprehensive income (expense)		-	-	-	-	-	783	783
Total comprehensive income (expense) for the period		-	-	-	-	625,886	783	626,669
Balance at 30 September 2020		198,000	726,100	22,000	420,000	4,669,458	(2,112)	6,033,446

The accompanying notes form an integral part of the interim 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	
	Six-month period ended		Six-month period ended	
30 September		30 September		
2020	2019	2020	2019	
<i>(in thousand Baht)</i>				
<i>Cash flows from operating activities</i>				
Profit for the period	623,369	141,843	625,886	143,666
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	73,622	2,822	73,622	2,822
Finance costs	175	-	175	-
Depreciation	187,202	166,416	187,202	166,416
Amortisation	4,104	4,187	4,104	4,187
Provision for warranties	32,859	44,179	32,859	44,179
Non-current provisions for employee benefits	12,529	70,543	12,529	70,543
Unrealised loss on exchange	8,685	5,284	8,685	5,284
Share of loss of associate	2,493	1,643	-	-
Reversal of losses on inventories devaluation	(5,739)	(5,554)	(5,739)	(5,554)
Gain on disposal of plant and equipment	(200)	(4)	(200)	(4)
Dividend income	(317,796)	(121,530)	(317,820)	(121,710)
Interest income	(18,184)	(23,532)	(18,184)	(23,532)
Rental income	(8,589)	(8,589)	(8,589)	(8,589)
	594,530	277,708	594,530	277,708
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	76,955	422,706	76,955	422,706
Value added tax receivable	9,806	17,606	9,806	17,606
Other receivables	12,311	(5,268)	12,311	(5,268)
Inventories	112,839	105,115	112,839	105,115
Other current assets	1,268	(192)	1,268	(192)
Other non-current assets	365	(239)	365	(239)
Trade accounts payable	(69,224)	(219,681)	(69,224)	(219,681)
Other payables	84,705	(44,960)	84,705	(44,960)
Other current liabilities	(7,458)	16,417	(7,458)	16,417
Warranties paid	(35,854)	(39,354)	(35,854)	(39,354)
Employee benefits paid	(1,227)	(2,228)	(1,227)	(2,228)
Provident fund paid	(78)	(235)	(78)	(235)
Net cash generated from operating	778,938	527,395	778,938	527,395
Taxes paid	(49,530)	(725)	(49,530)	(725)
Net cash from operating activities	729,408	526,670	729,408	526,670

The accompanying notes form an integral part of the interim 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	
	Six-month period ended 30 September		Six-month period ended 30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Net cash outflow of other current financial assets	(370,000)	200,000	(370,000)	200,000
Proceeds from disposal of plant and equipment	324	62	324	62
Acquisitions of plant and equipment	(157,507)	(227,872)	(157,507)	(227,872)
Acquisitions of intangible assets	(754)	(379)	(754)	(379)
Short-term loans to related party	(119,192)	(154,957)	(119,192)	(154,957)
Proceeds from short-term loans to related party	111,216	152,617	111,216	152,617
Dividends received	489,235	121,710	489,235	121,710
Interest received	13,293	26,276	13,293	26,276
Rental received	8,595	8,605	8,595	8,605
Net cash from (used in) investing activities	(24,790)	126,062	(24,790)	126,062
<i>Cash flows from financing activities</i>				
Payment of lease liabilities	(3,716)	-	(3,716)	-
Dividends paid to owners of the Company	(310,860)	(90,090)	(310,860)	(90,090)
Net cash used in financing activities	(314,576)	(90,090)	(314,576)	(90,090)
Net increase in cash and cash equivalents, before effect of exchange rates	390,042	562,642	390,042	562,642
Effect of exchange rate changes on cash and cash equivalents	2,649	(2,660)	2,649	(2,660)
Net increase in cash and cash equivalents	392,691	559,982	392,691	559,982
Cash and cash equivalents at 1 April	964,561	789,953	964,561	789,953
Cash and cash equivalents at 30 September	1,357,252	1,349,935	1,357,252	1,349,935
<i>Non-cash transactions</i>				
Plant and equipment purchased during the period are detailed as follows:				
Plant and equipment purchased during the period	(146,320)	(207,824)	(146,320)	(207,824)
Decrease in payables on purchases of plant and equipment	(11,187)	(20,048)	(11,187)	(20,048)
Net purchase of plant and equipment paid by cash	(157,507)	(227,872)	(157,507)	(227,872)

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 September 2020 (Unaudited)

Note	Contents	Page
1	General information	13
2	Basis of preparation of the interim financial statements	13
3	Changes in accounting policies	13
4	Related parties	16
5	Investment in associate	20
6	Property, plant and equipment	21
7	Right-of-use assets	21
8	Segment information and disaggregation of revenue	21
9	Leases	25
10	Income tax expense	25
11	Basic earnings per share	25
12	Dividends	26
13	Financial instruments	27
14	Commitments with non-related parties	28

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (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 financial statements and were approved and authorised for issue by the Board of Directors on 13 November 2020.

1 General information

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 condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements 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 2020.

The Company has initially applied TFRS - Financial instruments standards and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Company has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements.

(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 March 2020.

3 Changes in accounting policies

From 1 April 2020, the Company has initially applied TFRS - Financial instruments standards and TFRS 16.

A. TFRS - Financial instruments standards

The Company has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other components of equity on 1 April 2020. Therefore, the Company did not adjust the information presented for 2019. However, there was no impact to be adjusted on retained earnings as at 1 April 2020.

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

The following table shows measurement categories under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Company's financial assets and financial liabilities as at 1 April 2020.

Financial statements in which the equity method is applied and separate financial statements				
Classification under previous standards at 31 March 2020		Classification under TFRS 9 at 1 April 2020		
	Carrying amounts	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net
		<i>(in thousand Baht)</i>		
Cash and cash equivalents	964,561	-	-	964,561
Trade accounts receivable	1,118,692	-	-	1,118,692
Other receivables	32,064	-	-	32,064
Short-term loans to related party	83,911	-	-	83,911
Other financial assets				
- Deposits at financial institutions	2,330,000	-	-	2,330,000
- Equity instruments available for sale	1,647	-	1,647	-
- Other non-marketable equity instruments	157,361	-	157,361	-
Total other financial assets	2,489,008	-	159,008	2,330,000
Total	4,688,236	-	159,008	4,529,228
Trade accounts payable	789,304	-	-	789,304
Other payables	355,365	-	-	355,365
Total	1,144,669	-	-	1,144,669

The Company intends to hold non-marketable equity securities amounted of Baht 157.36 million for the long-term strategic purposes. The Company has designated them as measured at FVOCI. The accumulated gain (loss) on measurement of these investments will not be reclassified to profit or loss.

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

(2) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Company estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, lease receivables, except for investments in equity instruments. The Company has determined that the application of TFRS 9's impairment requirements at 1 April 2020 results in no allowance for impairment loss.

B. TFRS 16 Leases

From 1 April 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 April 2020, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Company also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

<i>Impact from the adoption of TFRS 16</i>	Financial statements in which the equity method is applied	Separate financial statements
	<i>(in thousand Baht)</i>	
<i>At 1 April 2020</i>		
Increase in right-of-use assets	26,241	26,241
Increase in lease liabilities	(26,241)	(26,241)

The operating lease commitments as at 31 March 2020 was discounted using the incremental borrowing rate and exemption for short-term leases. Therefore, the Company have recognised lease liabilities as at 1 April 2020 amounted to Baht 26.24 million. Incremental borrowing rate was 1.40% per annum.

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

4 Related parties

Relationships with an associate is described in note 5. For other related parties, there was no material changes in relationships.

Pricing policies have no material changes during the six-month period ended 30 September 2020.

Significant transactions for the three-month and six-month periods ended 30 September with related parties were as follows:

<i>Three-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	829,885	905,758	829,885	905,758
Other income	-	11	-	11
Royalty fee	47,455	43,747	47,455	43,747
Product development fee	64,508	76,831	65,508	76,831
Product warranty expense	19,641	15,929	19,641	15,929
Technical assistance fee	-	5,640	-	5,640
Distribution costs and administrative expenses	2,641	2,330	2,641	2,330
Associate				
Revenue from sale of goods	17	25	17	25
Rental income	4,295	4,295	4,295	4,295
Dividend income	-	-	24	180
Other income	122	137	122	137
Inventory management service fee	14,899	17,736	14,899	17,736
Distribution costs and administrative expenses	1,480	1,538	1,480	1,538
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	18,089	21,257	18,089	21,257
Post-employment benefits	362	406	362	406
Other long-term benefits	2	3	2	3
Total key management personnel compensation	<u>18,453</u>	<u>21,666</u>	<u>18,453</u>	<u>21,666</u>
Other related parties				
Revenue from sale of goods	1,373,056	1,102,831	1,373,056	1,102,831
Purchases of raw material	222,197	243,424	222,197	243,424
Purchases of equipment	21,592	-	21,592	-
Dividend income	317,520	121,253	317,520	121,253
Interest income	301	90	301	90
Other income	2	135	2	135
Product warranty expense	814	3,334	814	3,334
Distribution costs and administrative expenses	17,564	21,800	17,564	21,800

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	1,690,084	1,647,202	1,690,084	1,647,202
Other income	-	17	-	17
Royalty fee	87,849	84,398	87,849	84,398
Product development fee	120,234	134,840	120,234	134,840
Product warranty expense	31,507	29,096	31,507	29,096
Technical assistance fee	-	8,632	-	8,632
Distribution costs and administrative expenses	3,724	6,220	3,724	6,220
Associate				
Revenue from sale of goods	29	45	29	45
Rental income	8,589	8,589	8,589	8,589
Dividend income	-	-	24	180
Other income	292	294	292	294
Inventory management service fee	26,848	36,204	26,848	36,204
Distribution costs and administrative expenses	2,275	3,262	2,275	3,262
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	36,280	43,038	36,280	43,038
Post-employment benefits	723	811	723	811
Other long-term benefits	5	7	5	7
Total key management personnel compensation	<u>37,008</u>	<u>43,856</u>	<u>37,008</u>	<u>43,856</u>
Other related parties				
Revenue from sale of goods	2,340,751	2,227,161	2,340,751	2,227,161
Purchases of raw material	491,327	489,957	491,327	489,957
Purchases of equipment	22,367	4,422	22,367	4,422
Dividend income	317,520	121,253	317,520	121,253
Interest income	607	160	607	160
Other income	303	234	303	234
Product warranty expense	1,910	5,769	1,910	5,769
Distribution costs and administrative expenses	30,145	31,588	30,145	31,588

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

Balances as at 30 September 2020 and 31 March 2020 with related parties were as follows:

Trade accounts receivable

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2020	31 March 2020
	<i>(in thousand Baht)</i>	
Parent	244,948	345,082
Associate	3	5
Other related parties	784,542	773,459
	1,029,493	1,118,546
<i>Less allowance for impairment</i>	-	-
Net	1,029,493	1,118,546
	2020	2019
	<i>(in thousand Baht)</i>	
Impairment losses for the Three-month period ended 30 September	-	-
Six-month period ended 30 September	-	-

Other receivables

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2020	31 March 2020
	<i>(in thousand Baht)</i>	
Parent	357	1,232
Associate	1,479	1,485
Other related parties	811	1,446
	2,647	4,163
<i>Less allowance for impairment</i>	-	-
Net	2,647	4,163
	2020	2019
	<i>(in thousand Baht)</i>	
Impairment losses for the Three-month period ended 30 September	-	-
Six-month period ended 30 September	-	-

Dividend receivables

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2020	31 March 2020
	<i>(in thousand Baht)</i>	
Other related parties	-	171,415

Kang Yong Electric Public Company Limited

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 September 2020 (Unaudited)

Movements during the six-month period ended 30 September 2020 of short-term loans to related party were as follows:

	Interest rate		Financial statements in which the equity method is applied and separate financial statements			
	31 March 2020	30 September 2020	31 March 2020	Increase	Decrease	30 September 2020
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Other related party	0.60 - 1.56	0.22 - 1.56	83,911	119,192	(111,216)	91,887
Less allowance for impairment			-	-	-	-
Net			83,911			91,887

Trade accounts payable

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2020	31 March 2020
	<i>(in thousand Baht)</i>	
Other related parties	91,917	104,500

Other payables

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2020	31 March 2020
	<i>(in thousand Baht)</i>	
Parent	127,048	139,413
Associate	6,215	6,905
Other related parties	24,616	25,998
Total	157,879	172,316

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the six-month period ended 30 September 2020 were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>	
Land improvements	960	-
Buildings improvements	4,616	-
Machinery and equipment	13,775	-
Factory equipment	45,668	(88)
Office equipment	4,463	(36)
Assets under construction and installation	120,465	(43,627)
Total	189,947	(43,751)

7 Right-of-use assets

Movement of right-of-use assets categorised by lease assets is as follows:

<i>Right-of-use assets</i>	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements		
		Land	Vehicles <i>(in thousand Baht)</i>	Total
At 1 April 2020	3(B)	12,481	13,760	26,241
Additions		-	574	574
Less depreciation		(1,252)	(2,597)	(3,849)
At 30 September 2020		11,229	11,737	22,966

8 Segment information and disaggregation of revenue

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 overseas. 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

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

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.

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

<i>Six-month period ended 30 September</i>	Domestic		Overseas				Total	
	2020	2019	Japan		Others		2020	2019
			2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>							
Revenue from sales of goods and rendering of services	1,546,072	1,456,867	1,770,468	1,732,681	715,274	686,077	4,031,814	3,875,625
Segment profit (loss)	270,777	195,289	373,279	235,388	49,800	(16,723)	693,856	413,954
Unallocated expenses							(358,786)	(436,414)
Investment income							344,569	153,650
Net foreign exchange loss							(4,311)	(9,123)
Other income							24,331	24,241
Finance costs							(175)	-
Share of loss of associate							(2,493)	(1,643)
Profit before income tax expense							696,991	144,665
Tax expense							(73,622)	(2,822)
Profit for the period							623,369	141,843
<i>Disaggregation of revenue</i>								
Timing of revenue recognition								
At a point in time	1,546,072	1,456,867	1,770,468	1,732,681	715,274	686,077	4,031,814	3,875,625
Over time	-	-	-	-	-	-	-	-
Total revenue	1,546,072	1,456,867	1,770,468	1,732,681	715,274	686,077	4,031,814	3,875,625
Segment assets as at 30 September 2020 / 31 March 2020							7,746,615	7,381,054
Segment liabilities as at 30 September 2020 / 31 March 2020							1,699,204	1,646,935

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

9 Leases

	Financial statements in which the equity method is applied	Separate financial statements
	<i>(in thousand Baht)</i>	
<i>Three-month period ended 30 September 2020</i>		
<i>Recognised in profit or loss</i>		
Interest on lease liabilities	85	85
Expenses relating to short-term leases	222	222
<i>Six-month period ended 30 September 2020</i>		
<i>Recognised in profit or loss</i>		
Interest on lease liabilities	175	175
Expenses relating to short-term leases	512	512

Total cash outflow for leases presented in the statement of cash flows in which the equity method is applied and separate statement of cash flows for the six-month period ended 30 September 2020 were Baht 3.72 million.

10 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Company's effective tax rate in respect of continuing operations for the six-month period ended 30 September 2020 was 10.56% (31 March 2020: 7.34%). This change in effective tax rate was caused mainly by the different treatment for accounting and taxation purposes of certain items of income and expenses, especially dividend income.

11 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 September 2020 and 2019 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:

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
<i>Three-month period ended 30 September</i>	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>525,708</u>	<u>141,678</u>	<u>526,052</u>	<u>142,014</u>
Number of ordinary shares outstanding	<u>19,800</u>	<u>19,800</u>	<u>19,800</u>	<u>19,800</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>26.55</u>	<u>7.16</u>	<u>26.57</u>	<u>7.17</u>

Kang Yong Electric Public Company Limited

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 September 2020 (Unaudited)

<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	623,369	141,843	625,886	143,666
Number of ordinary shares outstanding	19,800	19,800	19,800	19,800
Earnings per share (basic) <i>(in Baht)</i>	31.48	7.16	31.61	7.26

12 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share <i>(Baht)</i>	Amount <i>(in million Baht)</i>
<i>2020</i>				
Annual dividend	23 July 2020	August 2020	15.70	310.86
<i>2019</i>				
Annual dividend	25 July 2019	August 2019	4.55	90.10

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

13 Financial instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, 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.

	Financial statements in which the equity method is applied and separate financial statements						
	Carrying amount			Fair value			
<i>At 30 September 2020</i>	Fair value through other comprehensive income	Amortised cost - net	Total	Level 1 <i>(in thousand Baht)</i>	Level 2	Level 3	Total
Financial assets							
Other financial assets							
Equity instruments	159,987	-	159,987	2,086	-	157,901	159,987
Total other financial assets	159,987	-	159,987				

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 September 2020 (Unaudited)

	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>					
At 31 March 2020					
Financial assets measured at fair value					
Equity securities available-for-sale	1,647	1,120	-	527	1,647

Financial instruments measured at fair value

The Company determines Level 3 fair values for equity securities classified as financial assets measured at FVOCI using a valuation technique that used significantly unobservable input because the shares were not listed on Stock Exchange, and there were no recent observable arm's length transactions in the shares.

Impairment loss

Impairment on cash and cash equivalents was measured on a 12-month ECLs. The Company considers that cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Allowance for impairment loss for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

14 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements <i>(in thousand Baht)</i>
At 30 September 2020	
Capital commitments	
<i>Contracted but not provided for</i>	
Plant and equipment	<u>57,341</u>
Future minimum lease payments under non-cancellable operating leases	
Within 1 year	<u>402</u>

As at 30 September 2020, the Company had a letter of guarantee issued by a local bank to the Metropolitan Electricity Authority amounting to Baht 15.77 million.