

Kang Yong Electric Public Company Limited

Condensed interim financial statements
for the three-month period ended
30 June 2022
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 June 2022; the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2022; 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
5 August 2022

Kang Yong Electric Public Company Limited

Statement of financial position

		Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		30 June	31 March	30 June	31 March
Assets	<i>Note</i>	2022	2022	2022	2022
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<i>Current assets</i>					
Cash and cash equivalents		429,115	739,262	429,115	739,262
Trade accounts receivables	3	950,758	1,202,341	950,758	1,202,341
Value added tax refundable		80,379	54,568	80,379	54,568
Other receivables	3	30,233	28,508	30,233	28,508
Short-term loan to related party	3	98,948	98,247	98,948	98,247
Inventories		1,289,659	1,180,547	1,289,659	1,180,547
Other current financial assets		3,280,000	3,030,000	3,280,000	3,030,000
Other current assets		19,823	17,873	19,823	17,873
Total current assets		6,178,915	6,351,346	6,178,915	6,351,346
<i>Non-current assets</i>					
Other non-current financial assets	6	2,219,655	2,328,411	2,219,655	2,328,411
Investment in associate		21,397	21,665	3,000	3,000
Investment properties		3,908	3,908	3,908	3,908
Property, plant and equipment	4	1,470,472	1,491,219	1,470,472	1,491,219
Right-of-use assets		15,529	17,692	15,529	17,692
Intangible assets		27,440	27,187	27,440	27,187
Other non-current assets		8,958	11,755	8,958	11,755
Total non-current assets		3,767,359	3,901,837	3,748,962	3,883,172
Total assets		9,946,274	10,253,183	9,927,877	10,234,518

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 June	31 March	30 June	31 March
		2022	2022	2022	2022
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Liabilities and equity					
<i>Current liabilities</i>					
Trade accounts payables	3	980,538	1,147,050	980,538	1,147,050
Other payables	3	364,486	362,505	364,486	362,505
Current portion of lease liabilities		7,218	7,893	7,218	7,893
Other current liabilities		7,658	10,739	7,658	10,739
Total current liabilities		1,359,900	1,528,187	1,359,900	1,528,187
<i>Non-current liabilities</i>					
Lease liabilities		8,937	10,465	8,937	10,465
Deferred tax liabilities		305,682	333,709	305,682	333,709
Provision for warranties		84,296	85,000	84,296	85,000
Non-current provisions for employee benefits		282,476	276,204	282,476	276,204
Provident funds		7,796	7,796	7,796	7,796
Total non-current liabilities		689,187	713,174	689,187	713,174
Total liabilities		2,049,087	2,241,361	2,049,087	2,241,361
<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					
		4,885,465	4,913,095	4,867,068	4,894,430
Other component of equity					
		1,645,622	1,732,627	1,645,622	1,732,627
Total equity		7,897,187	8,011,822	7,878,790	7,993,157
Total liabilities and equity		9,946,274	10,253,183	9,927,877	10,234,518

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		Three-month period ended	
		30 June		30 June	
		2022	2021	2022	2021
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods and rendering of services	3, 5	2,250,022	2,279,363	2,250,022	2,279,363
Investment income	3	9,676	11,618	9,676	11,618
Net foreign exchange gain		30,216	14,907	30,216	14,907
Other income	3	16,813	17,723	16,813	17,723
Total revenue		2,306,727	2,323,611	2,306,727	2,323,611
Expenses					
Cost of sale of goods and rendering of services	3	2,049,322	1,875,322	2,049,322	1,875,322
Distribution costs	3	134,807	118,660	134,807	118,660
Administrative expenses	3	156,170	150,800	156,170	150,800
Total expenses		2,340,299	2,144,782	2,340,299	2,144,782
Profit (loss) from operating activities		(33,572)	178,829	(33,572)	178,829
Finance costs		(66)	(69)	(66)	(69)
Share of (loss) profit of associate		(268)	475	-	-
Profit (loss) before income tax expense		(33,906)	179,235	(33,638)	178,760
Tax income (expense)		6,276	(34,471)	6,276	(34,471)
Profit (loss) for the period		(27,630)	144,764	(27,362)	144,289
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on investments in equity instruments designated at FVOCI		(108,756)	(92,100)	(108,756)	(92,100)
Income tax relating to items that will not be reclassified		21,751	18,420	21,751	18,420
Total items that will not be reclassified subsequently to profit or loss		(87,005)	(73,680)	(87,005)	(73,680)
Other comprehensive income (expense) for the period, net of tax		(87,005)	(73,680)	(87,005)	(73,680)
Total comprehensive income (expense) for the period		(114,635)	71,084	(114,367)	70,609
Basic earnings (loss) per share (in Baht)		(1.40)	7.31	(1.38)	7.29

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						Other component of equity	Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated	Retained earnings		
<i>(in thousand Baht)</i>								
Three-month period ended 30 June 2021								
Balance at 1 April 2021	198,000	726,100	22,000	420,000	5,069,114	1,955,614	8,390,828	
Comprehensive income (expense) for the period								
Profit	-	-	-	-	144,764	-	144,764	
Other comprehensive income (expense)	-	-	-	-	-	(73,680)	(73,680)	
Total comprehensive income (expense) for the period	-	-	-	-	144,764	(73,680)	71,084	
Balance at 30 June 2021	198,000	726,100	22,000	420,000	5,213,878	1,881,934	8,461,912	

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Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	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	
						Gain (loss) on investments in equity instruments designated at FVOCI	
<i>(in thousand Baht)</i>							
Three-month period ended 30 June 2022							
Balance at 1 April 2022	198,000	726,100	22,000	420,000	4,913,095	1,732,627	8,011,822
Comprehensive income (expense) for the period							
Loss	-	-	-	-	(27,630)	-	(27,630)
Other comprehensive income (expense)	-	-	-	-	-	(87,005)	(87,005)
Total comprehensive income (expense) for the period	-	-	-	-	(27,630)	(87,005)	(114,635)
Balance at 30 June 2022	198,000	726,100	22,000	420,000	4,885,465	1,645,622	7,897,187

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
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated		
<i>(in thousand Baht)</i>							
Three-month period ended 30 June 2021							
Balance at 1 April 2021	198,000	726,100	22,000	420,000	5,052,633	1,955,614	8,374,347
Comprehensive income (expense) for the period							
Profit	-	-	-	-	144,289	-	144,289
Other comprehensive income (expense)	-	-	-	-	-	(73,680)	(73,680)
Total comprehensive income (expense) for the period	-	-	-	-	144,289	(73,680)	70,609
Balance at 30 June 2021	198,000	726,100	22,000	420,000	5,196,922	1,881,934	8,444,956

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
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated		
	Retained earnings						
	(in thousand Baht)						
Three-month period ended 30 June 2022							
Balance at 1 April 2022	198,000	726,100	22,000	420,000	4,894,430	1,732,627	7,993,157
Comprehensive income (expense) for the period							
Loss	-	-	-	-	(27,362)	-	(27,362)
Other comprehensive income (expense)	-	-	-	-	-	(87,005)	(87,005)
Total comprehensive income (expense) for the period	-	-	-	-	(27,362)	(87,005)	(114,367)
Balance at 30 June 2022	198,000	726,100	22,000	420,000	4,867,068	1,645,622	7,878,790

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		Separate financial statements	
	is applied			
	Three-month period ended		Three-month period ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the period	(27,630)	144,764	(27,362)	144,289
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax (income) expense	(6,276)	34,471	(6,276)	34,471
Finance costs	66	69	66	69
Depreciation	81,831	88,885	81,831	88,885
Amortisation	2,006	1,953	2,006	1,953
Provision for warranties	13,344	17,871	13,344	17,871
Non-current provisions for employee benefits	6,272	6,292	6,272	6,292
Unrealised (gain) loss on exchange	(10,673)	4,475	(10,673)	4,475
Share of loss (profit) of associate	268	(475)	-	-
(Reversal of) loss on inventories devaluation	17,832	(751)	17,832	(751)
(Gain) loss on disposal of equipment	(254)	649	(254)	649
Dividend income	(269)	(269)	(269)	(269)
Interest income	(5,112)	(7,055)	(5,112)	(7,055)
Rental income	(4,294)	(4,294)	(4,294)	(4,294)
	<u>67,111</u>	<u>286,585</u>	<u>67,111</u>	<u>286,585</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	261,676	64,719	261,676	64,719
Value added tax refundable	(25,811)	(7,280)	(25,811)	(7,280)
Other receivables	399	(4,389)	399	(4,389)
Inventories	(126,944)	(5,388)	(126,944)	(5,388)
Other current assets	(1,950)	(5,167)	(1,950)	(5,167)
Other non-current assets	2,797	(192)	2,797	(192)
Trade accounts payable	(167,041)	(42,816)	(167,041)	(42,816)
Other payables	39,675	158	39,675	158
Other current liabilities	(3,081)	(538)	(3,081)	(538)
Warranties paid	(14,048)	(16,458)	(14,048)	(16,458)
Employee benefits paid	-	(187)	-	(187)
Provident fund paid	-	(57)	-	(57)
Net cash generated from operating	<u>32,783</u>	<u>268,990</u>	<u>32,783</u>	<u>268,990</u>
Taxes paid	-	(258)	-	(258)
Net cash from operating activities	<u>32,783</u>	<u>268,732</u>	<u>32,783</u>	<u>268,732</u>

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		Separate financial statements	
	is applied			
	Three-month period ended		Three-month period ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Net cash outflow of other current financial assets	(250,000)	(370,000)	(250,000)	(370,000)
Proceeds from disposal of plant and equipment	452	1,060	452	1,060
Acquisitions of plant and equipment	(97,393)	(57,267)	(97,393)	(57,267)
Acquisitions of intangible assets	(2,259)	-	(2,259)	-
Short-term loans to related party	(36,188)	(75,731)	(36,188)	(75,731)
Proceeds from short-term loans to related party	35,487	75,259	35,487	75,259
Dividends received	269	269	269	269
Interest received	2,989	4,351	2,989	4,351
Rental received	4,294	4,373	4,294	4,373
Net cash used in investing activities	(342,349)	(417,686)	(342,349)	(417,686)
<i>Cash flows from financing activity</i>				
Payment of lease liabilities	(2,270)	(2,022)	(2,270)	(2,022)
Net cash used in financing activity	(2,270)	(2,022)	(2,270)	(2,022)
Net decrease in cash and cash equivalents, before effect of exchange rates	(311,836)	(150,976)	(311,836)	(150,976)
Effect of exchange rate changes on cash and cash equivalents	1,689	1,084	1,689	1,084
Net decrease in cash and cash equivalents	(310,147)	(149,892)	(310,147)	(149,892)
Cash and cash equivalents at 1 April	739,262	755,521	739,262	755,521
Cash and cash equivalents at 30 June	429,115	605,629	429,115	605,629
<i>Non-cash transactions</i>				
Plant and equipment purchased during the period are detailed as follows:				
Plant and equipment purchased during the period	(59,119)	(54,755)	(59,119)	(54,755)
Decrease in payables on purchases of plant and equipment	(38,274)	(2,512)	(38,274)	(2,512)
Net purchase of plant and equipment paid by cash	(97,393)	(57,267)	(97,393)	(57,267)

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 period ended 30 June 2022 (Unaudited)

Note	Contents	Page
1	General information	12
2	Basis of preparation of the interim financial statements	12
3	Related parties	12
4	Property, plant and equipment	14
5	Segment information and disaggregation of revenue	14
6	Financial instruments	16
7	Commitments with non-related parties	17
8	Event after the reporting period	17

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2022 (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 5 August 2022.

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

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 focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 March 2022.

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 2022.

3 Related parties

For relationships with related parties, there was no material changes in relationships.

Pricing policies have no material changes during the three-month period ended 30 June 2022.

<i>Significant transactions with related parties</i> <i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied and separate financial statements	
	2022	2021
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	1,078,737	1,104,235
Other income	-	6
Purchases of equipment	1,033	1,350
Royalty fee	48,655	49,842
Product development fee	45,098	52,731
Product warranty expense	12,877	14,253
Distribution costs and administrative expenses	4,076	3,985

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2022 (Unaudited)

<i>Balances with related parties as at</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2022	31 March 2022
	<i>(in thousand Baht)</i>	
Trade accounts payables		
Other related parties	143,989	176,830
Other payables		
Parent	99,252	117,078
Associate	7,939	7,985
Other related parties	6,486	9,365
Total	113,677	134,428

4 Property, plant and equipment

<i>For the three-month period ended 30 June 2022</i>	Financial statements in which the equity method is applied and separate financial statements	
	<i>(in thousand Baht)</i>	
Acquisitions - at cost		59,119
Disposals - net book value		(198)

5 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

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 periods ended 30 June 2022 (Unaudited)

6 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, but does not include fair value information for financial assets and financial liabilities measured at amortised cost 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	
	Financial instruments measured at FVOCI	Total	Level 1	Level 2	Level 3	Total		
<i>At 30 June 2022</i>								
Financial assets								
Other financial assets:								
Equity instruments	2,219,655	2,219,655	3,032	-	2,216,623	2,219,655		
Total other financial assets	2,219,655	2,219,655						
<i>At 31 March 2022</i>								
Financial assets								
Other financial assets:								
Equity instruments	2,328,411	2,328,411	3,885	-	2,324,526	2,328,411		
Total other financial assets	2,328,411	2,328,411						

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month periods ended 30 June 2022 (Unaudited)

Financial instruments measured at fair value

The Company determined Level 3 fair values for investments in equity instruments which is not actively traded in market. The fair value of the investment was then determined using a valuation technique that used significantly unobservable input such as dividend discounted model, and market comparison technique.

Sensitivity analysis

For the fair values of financial assets measured at fair value Level 3, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects;

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Dividend discounted model	Discount rate	The estimated fair value would increase (decrease) if the discount rate was lower (higher)
Market comparison technique	Adjusted market multiple	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower)

Reconciliation of Level 3 fair values

Equity securities

At 1 April 2022	2,324,526
Net change in fair value (including unrealised transactions) - recognised in OCI	(107,903)
At 30 June 2022	2,216,623

Financial statements in which the equity method is applied and separate financial statements
(in thousand Baht)

7 Commitments with non-related parties

At 30 June 2022

Capital commitments

Plant and equipment	37,523
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Other commitments

Bank guarantees	13,000
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8 Event after the reporting period

At the annual general meeting of the Shareholders of the Company held on 26 July 2022, the Shareholders approved the appropriation of dividends from net profit of Baht 8.55 per share, amounting to Baht 169.3 million. The dividend will be paid to shareholders in August 2022.