



# Annual Report 2010



บริษัท กันยงอีเลคทริก จำกัด (มหาชน)  
**KANG YONG ELECTRIC  
PUBLIC COMPANY LIMITED**



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# Financial Highlights

## Highlights of the Consolidated Financial Statements (Million Baht)

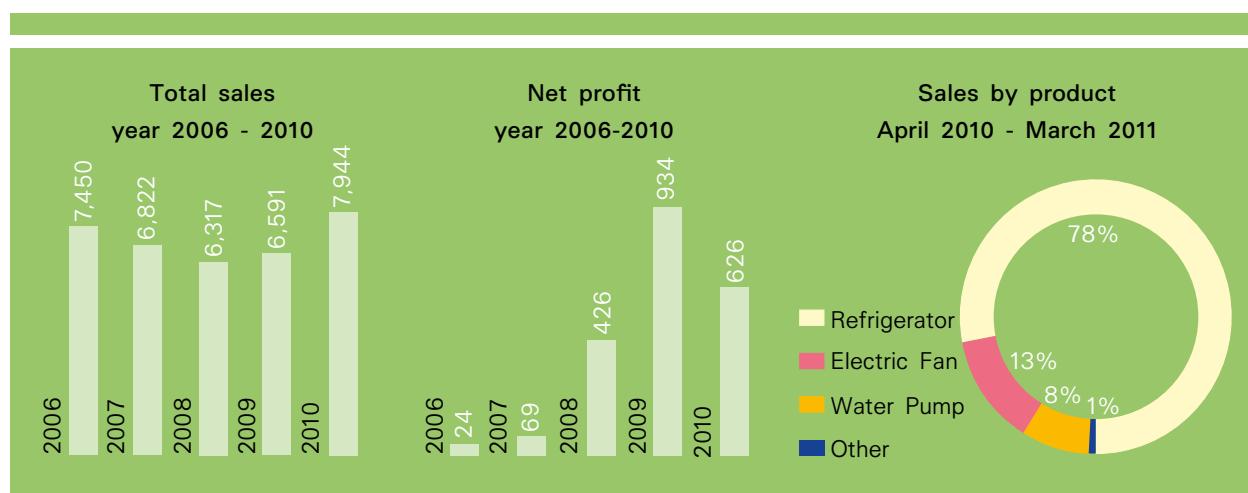
As at March 31

	2011	2010	2009
Total Sales	7,944	6,591	6,317
Total Revenues	8,258	7,214	6,789
Gross Profit	1,544	1,461	924
Cost of Sales	6,400	5,131	5,393
Selling and Administrative Expenses	1,078	977	969
Net Profit	626	934	426
Total Assets	5,098	4,733	3,673
Total Liabilities	1,649	1,464	1,131
Total Shareholder's Equity	3,449	3,269	2,542

## Financial Ratio

As at March 31

	2011	2010	2009
Net Profit Ratio (%)	7.58	12.95	6.28
Return on Equity (%)	18.64	32.16	18.16
Return on Assets (%)	12.74	22.23	12.04
Dividend pay out Ratio (%)	-	50.04	50.04
Liabilities per Equities Ratio	0.48	0.45	0.45
Earning per Share (Baht)	28.46	42.47	19.38
Dividend per Share (Baht)	-	21.25	9.70
Book value per Share (Baht)	156.77	148.59	115.52
Total Staff (persons)	1,163	1,103	1,109



# The Board of Directors' Report



The results of sales performance for 2010 fiscal year was counted to the highest record of company, this results of sales was over achieved as target , by accounted totally sales was 7,944 million baht in 2010 fiscal year.

Overall sales of products have been growth in 21% against the previous year, the sales of all products was over achieved target, especially the sales of refrigerator has been growth 24% against the previous year. For the growth of electric fan sales was in 6%, the ventilator sales was in 14% and the water pump sales was in 14%.

For the sales of all products categorized by each market, sales growth from Japan 38% against the previous year. From other overseas market was growth in 23%, and the domestic sales was slight growth.

Regarding the previous year of company expenditures, cost of goods sold has been increased. This was caused from the variable cost of sales as royalty on sales and export expenses, and the cost of material has been increased especially the steel sheet and copper, and including the increased administrative expenses from development fees. However, the management and employees have attended to operate activities of work improvement and development by continuously, especially cost reduction activities. This was also an one of record in totally operating control in the target.

In summary, as on income and expenses mentioned above, and including the dividend from other company that was decreased against the previous year, the net profit was 626 million baht that decreased from the previous year. The main factors were from material cost increased and the decrease of dividend income.

In the fiscal year 2011, the trend of the World and Thai economic are recovering direction. However, the Company has to face the effect of important factors such as fluctuation of natural disacters in many countries, uncertain of Thai political situations, the fluctuation in oil price and the material and part price, and currency exchange rate of Baht and US dollars.

The Company intended to operate the business to fight against the varies of obstacle by operating management policies;

- To enhance the activities for creation in customer satisfaction by focus in high quality and lower cost for product developments,
- To strenghten in management system,
- To strenghten in sustainable growth and stable business.

The Board of Directors and member of managements hereby would gratefully thank all of Shareholders, Stakeholders, concerned persons for entrustment, participation, and constant supporting to the Company.

(Mr.Praphad Phodhivorakhun)  
Chairman of the Board of Directors

# The Board of Directors

as at March 31, 2011



Mr. Staporn Kavitanon  
Honorary Chairman



Mr. Praphad Phodhivorakhun  
Chairman of the Board of  
Directors



Mr. Sadahiro Tomita  
Vice Chairman



Mr. Supachai Setasathira  
Director



Mr. Hiroshi Ito  
Director



Mr. Komol Vongsthongsri  
Director



Mr. Chackchai Panichapat  
Director



Mr. Hideaki Nagatomo  
Director



Mr. Tadashi Kawagoishi  
Director



Mr. Yoshifumi Beppu  
Director



Mr. Akira Nakamichi  
Director



Pol. Sub. Lt. Kriengsak  
Lohachala  
Director



Mrs. Tipvimol Saengsuphan  
Director



Mr. Arthakrit Visudtibhan  
Director



Mr. Manu Leopairote  
Director

# Management Policy of 2011

## 1. Customer satisfaction

Q : Let's manufacture high quality products

D : Let's produce goods just to respond to WHEN, WHAT and HOW MANY as customer needs

C : Let's provide goods with reasonable cost & price

## 2. Making stronger structure

- Let's make better cooperation among marketing and production
- Let's develop more attractive goods to win against competitors
- Let's reduce cost drastically
- Let's motivate continual improvement company wide
- Let's diversify new business for sustainable growth

## 3. Making steady our climate

- Let's strengthen basic company management system (Quality, Environment, Safety, Compliance, Ethics, CG, CSR and others)
- Let's encourage our employees competence
- Let's strengthen labor - relations management
- Let's strengthen good relation and harmony for all stakeholders (Employees, Customer, Suppliers, Shareholders, Social and Government)



# Financial Status and Operation Results

## Financial Statement

### a) The Summary of Audit Report

The Audit Report of previous 3 fiscal years, audited by KPMG Phoomchai Audit Ltd. In the auditor opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Kang Yong Electric Public Company Limited as at 31 March 2009, 2010, and 2011 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

### b) The Summary of Financial Statement

Financial Statement comparison for the year ended 31 March 2009, 2010 and 2011

Kang Yong Electric Public Company limited						
Balance Sheet						
As at 31 March 2009, 2010 and 2011						
	2009		2010		2011	
	Baht	%	Baht	%	Baht	%
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	1,363,729,373	37	2,439,745,206	52	2,218,973,768	44
Trade accounts receivable	769,851,773	21	826,549,215	17	1,007,884,021	20
Others receivable and short - term loans to related parties	190,253,087	5	85,280,358	2	43,718,856	1
Inventories	465,105,651	13	431,348,524	9	733,622,368	14
<b>Others current assets</b>	<b>40,578,737</b>	<b>1</b>	<b>36,182,710</b>	<b>1</b>	<b>27,871,094</b>	<b>1</b>
<b>Total current assets</b>	<b>2,829,518,621</b>	<b>77</b>	<b>3,819,106,013</b>	<b>81</b>	<b>4,032,070,107</b>	<b>79</b>
<b>Non - current assets</b>						
Investment in associate	8,965,647	0	9,501,034	0	13,446,984	0
Others long - term investments	160,351,258	4	166,920,888	4	188,224,427	4
Property, plant and equipment	647,938,359	18	717,688,624	15	846,975,970	17
Others non - current assets	26,111,519	1	19,500,209	0	17,137,747	0
<b>Total non - current assets</b>	<b>843,366,783</b>	<b>23</b>	<b>913,610,755</b>	<b>19</b>	<b>1,065,785,128</b>	<b>21</b>
<b>Total assets</b>	<b>3,672,885,404</b>	<b>100</b>	<b>4,732,716,768</b>	<b>100</b>	<b>5,097,855,235</b>	<b>100</b>

## Kang Yong Electric Public Company limited

## Balance Sheet

As at 31 March 2009, 2010 and 2011

	2009		2010		2011	
	Baht	%	Baht	%	Baht	%
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Trade accounts payable	573,082,479	16	726,472,657	15	870,948,274	17
Other payables to related parties	237,835,356	6	244,127,023	5	294,736,819	6
<b>Other current liabilities</b>						
Accrued expenses	38,103,705	1	67,787,300	1	83,222,140	2
Income tax payable	-	0	94,826,571	2	24,392,492	0
Others	8,369,941	0	10,375,458	0	13,792,615	0
<b>Total Other current liabilities</b>	<b>46,473,646</b>	<b>1</b>	<b>172,989,329</b>	<b>4</b>	<b>121,407,247</b>	<b>2</b>
<b>Total current liabilities</b>	<b>857,391,481</b>	<b>23</b>	<b>1,143,589,009</b>	<b>24</b>	<b>1,287,092,340</b>	<b>25</b>
Provision for warranties	249,646,672	7	297,090,667	6	340,593,071	7
Provident funds	24,346,754	1	23,021,948	0	21,321,449	0
<b>Total non - current liabilities</b>	<b>273,993,426</b>	<b>7</b>	<b>320,112,615</b>	<b>7</b>	<b>361,914,520</b>	<b>7</b>
<b>Total liabilities</b>	<b>1,131,384,907</b>	<b>31</b>	<b>1,463,701,624</b>	<b>31</b>	<b>1,649,006,860</b>	<b>32</b>
<b>Equity</b>						
Share capital						
Authorised share capital	220,000,000	6	220,000,000	5	220,000,000	4
Issued and paid- up share capital	220,000,000	6	220,000,000	5	220,000,000	4
Additional paid - in capital						
Premium on ordinary shares	726,100,000	20	726,100,000	15	726,100,000	14
Unrealised surpluses						
Fair value changes on investments	(2,275,926)	0	4,293,704	0	25,597,243	1
Retained earnings						
Appropriated						
Legal reserve	22,000,000	1	22,000,000	0	22,000,000	0
Others	420,000,000	11	420,000,000	9	420,000,000	8
<b>Unappropriated</b>	<b>1,155,676,423</b>	<b>31</b>	<b>1,876,621,440</b>	<b>40</b>	<b>2,035,151,132</b>	<b>40</b>
<b>Total equity</b>	<b>2,541,500,497</b>	<b>69</b>	<b>3,269,015,144</b>	<b>69</b>	<b>3,448,848,375</b>	<b>68</b>
<b>Total liabilities and equity</b>	<b>3,672,885,404</b>	<b>100</b>	<b>4,732,716,768</b>	<b>100</b>	<b>5,097,855,235</b>	<b>100</b>



Kang Yong Electric Public Company limited  
Statement of Income  
For the year as at 31 March 2009, 2010 and 2011

	2009		2010		2011	
	Baht	%	Baht	%	Baht	%
<b>Income</b>						
Revenue from sale of goods and rendering of services	6,317,434,280	93	6,591,241,329	91	7,943,600,461	96
Dividend income	338,745,015	5	539,542,910	7	218,298,551	3
Gain on exchange rate	2,633,241			-		
Other income	130,442,898	2	83,528,204	1	95,625,979	1
<b>Total income</b>	<b>6,789,255,434</b>	<b>100</b>	<b>7,214,312,443</b>	<b>100</b>	<b>8,257,524,991</b>	<b>100</b>
<b>Expenses</b>						
Cost of sale of goods and rendering of services	5,393,243,208	79	5,130,598,376	71	6,399,657,777	78
Selling expenses	556,664,150	8	495,048,723	7	508,985,339	6
Administrative expenses	374,888,913		436,870,033	6	516,388,344	6
Management benefit expenses	37,332,792		42,656,150	1	47,989,789	1
Net foreign exchange loss	-	-	2,237,552	0	4,912,878	0
<b>Total expenses</b>	<b>6,362,129,063</b>	<b>94</b>	<b>6,107,410,834</b>	<b>85</b>	<b>7,477,934,127</b>	<b>91</b>
Share of profit of associate, net of income tax	(326,302)		535,387		3,945,950	
<b>Profit before finance costs and income tax expense</b>	<b>426,800,069</b>	<b>6</b>	<b>1,107,436,996</b>	<b>15</b>	<b>783,536,814</b>	<b>9</b>
Finance costs	(362,373)	0	(29)	0	(29)	0
Income tax expense	-	-	173,092,920	2	157,509,218	2
<b>Profit for the year</b>	<b>426,437,696</b>	<b>6</b>	<b>934,344,047</b>	<b>13</b>	<b>626,027,567</b>	<b>8</b>
Basic earnings per share	19.38		42.47		28.46	
Common shares (shares)	22,000,000		22,000,000		22,000,000	

Kang Yong Electric Public Company limited  
Statement of Retained Earnings  
For the year as at 31 March 2009, 2010 and 2011

	2009	2010	2011
	Baht	Baht	Baht
Unappropriated retained earnings			
Brought forward as perviously reported	764,438,567	1,155,676,423	1,876,621,440
<u>Less</u> Adjustment from charges in accounting policies	-	-	-
Brought forward as restated	764,438,567	1,155,676,423	1,876,621,440
<u>Less</u> Appropriation of prior year earnings			
Dividends	(35,199,840)	(213,399,030)	(467,497,875)
Profit for the period	426,437,696	934,344,047	626,027,567
Balance at 31 March	1,155,676,423	1,876,621,440	2,035,151,132
Appropriated retained earnings			
Legal reserve	22,000,000	22,000,000	22,000,000
Others	420,000,000	420,000,000	420,000,000
Total appropriated retained earnings	442,000,000	442,000,000	442,000,000
<b>Total retained earnings</b>	<b>1,597,676,423</b>	<b>2,318,621,440</b>	<b>2,477,151,132</b>

Kang Yong Electric Public Company limited  
Statement of Cash flows  
For the year as at 31 March 2009, 2010 and 2011

	2009	2010	2011
	Baht	Baht	Baht
<b>Cash flow from operating activities</b>			
Profit for the year	426,437,696	934,344,047	626,027,567
<b>Adjustments for</b>			
Depreciation and amortisation	201,103,019	174,021,596	210,741,703
Interest income	(34,232,961)	(23,704,745)	(36,854,673)
Dividend income	(338,745,015)	(539,542,910)	(218,298,551)
Finance costs	362,373	29	29
Unrealised loss(gain) on exchange	(2,279,074)	709,519	998,444
Reversal of allowance for doubtful accounts	(120,000)	(1,244,101)	(88,919)
Allowance for obsolete inventories (reversal)	(3,399,123)	(2,610,364)	2,441,782
Loss on impairment fixed asset (reversal)	(21,700,531)	-	-
Provision for warranties	99,890,229	47,443,995	43,502,404
Share of loss (profit) of associate	326,302	(535,387)	(3,945,950)
Loss on disposal of equipment	10,451,101	991,889	4,529,308
Income tax expense	-	173,092,920	157,509,218

Kang Yong Electric Public Company limited  
Statement of Cash flows  
For the year as at 31 March 2009, 2010 and 2011

	2009	2010	2011
	Baht	Baht	Baht
Profit on operating activities before changes in operating assets and liabilities	338,094,016	762,966,488	786,562,362
<b>changes in operating assets and liabilities</b>			
Trade accounts receivable	126,519,007	(59,545,710)	(183,218,957)
Other receivables from related parties	(10,559,732)	5,687,700	4,774,106
Inventories	97,062,224	36,367,491	(304,715,626)
Other current asseats	11,675,228	5,557,353	8,408,815
Other non-current asseats	8,691,876	5,775,855	1,210,092
Trade accounts payable	(218,693,655)	153,947,047	144,566,610
Other payables to related parties	4,844,882	8,234,795	51,240,196
Other current liabilities	(8,232,583)	20,543,259	3,313,246
Provident fund paid	(1,045,594)	(1,324,806)	(1,700,499)
Income tax paid	(1,068,577)	(78,266,349)	(227,943,297)
<b>Net cash provided by operating activities</b>	<b>347,287,092</b>	<b>859,943,123</b>	<b>282,497,048</b>
<b>Cash flows from investing activities</b>			
Interest received	34,361,783	23,438,219	36,846,393
Dividends received	334,805,895	700,923,550	213,487,151
Purchase of other long - term investment	(1,103,444)	-	-
Short - term loans to related party	(303,250,292)	(456,639,261)	(472,873,665)
Repayment of short - term loans to related party	309,513,355	394,892,951	514,472,461
Purchase of equipment	(75,892,544)	(234,525,546)	(330,361,078)
Sale of equipment	3,451,858	1,743,104	2,658,156
<b>Net cash provided by (use in) investing activities</b>	<b>301,886,611</b>	<b>429,833,017</b>	<b>(35,770,582)</b>
<b>Cash flows from financing activities</b>			
Finance costs paid	(416,792)	(361,277)	(29)
Dividend paid	(35,199,840)	(213,399,030)	(467,497,875)
<b>Net cash use in financing activities</b>	<b>(35,616,632)</b>	<b>(213,760,307)</b>	<b>(467,497,904)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>613,557,071</b>	<b>1,076,015,833</b>	<b>(220,771,438)</b>
Cash and cash equivalents at beginning of year	750,172,302	1,363,729,373	2,439,745,206
<b>Cash and cash equivalents at end of year</b>	<b>1,363,729,373</b>	<b>2,439,745,206</b>	<b>2,218,973,768</b>

**Non - cash transactions**

During the year ended 31 March 2011, the Company acquired machinery and equipment at total cost of Baht 346.1 million (2010 : Baht 245.7 million) of which Baht 330.4 million (2010 : Baht 234.5 million) was made by cash payment and Baht 15.7 million (2010 : Baht 11.2 million) was outstanding as liabilities at the end of the year.

## Financial Ratio

For the year ended March 31, 2009, 2010 and 2011						
	March 31, 2009		March 31, 2010		March 31, 2011	
<b>Liquidity Ratios</b>						
Current ratios	3.30	times	3.34	times	3.13	times
Quick ratios	2.71	times	2.93	times	2.54	times
Cash flow ratios	0.36	times	0.86	times	0.23	times
Account receivable Turnover	7.59	times	8.26	times	8.66	times
Collection period	47	days	44	days	42	days
Inventories Turnover	10.54	times	11.45	times	10.99	times
Average sales period	34	days	31	days	33	days
Account payable Turnover	7.91	times	7.90	times	8.01	times
Payment period	46	days	46	days	45	days
Cash cycle	36	days	29	days	29	days
<b>Profitability Ratios</b>						
Gross profit margin	14.63	%	22.16	%	19.44	%
Net profit margin	6.28	%	12.95	%	7.58	%
Return on equity	18.16	%	32.16	%	18.64	%
<b>Efficiency Ratios</b>						
Return on total assets	12.04	%	22.23	%	12.74	%
Return on fixed assets	88.75	%	162.20	%	106.81	%
Assets turnover	1.92	times	1.72	times	1.68	times
<b>Financial Policy Ratios</b>						
Debt to equity	0.45	times	0.45	times	0.48	times
Fixed charges coverage ratio	1.73	times	1.34	times	0.65	times
Fixed charges coverage ratio (Cash basis)	9.78	times	4.03	times	0.60	times
Payout Ratio	50.04	%	50.03	%	-	%
<b>Shares</b>						
Book value per share	115.52	Baht	148.59	Baht	156.77	baht
Earnings per share	19.38	Baht	42.47	Baht	28.46	baht
Dividend per share	9.70	Baht	21.25	Baht	-	baht
<b>Growth rate</b>						
Total assets	7.72	%	28.86	%	7.72	%
Total liabilities	(9.89)	%	29.37	%	12.66	%
Sale and services	(7.39)	%	4.33	%	20.52	%
Management expense	5.01	%	0.82	%	10.39	%
Net profit	515.88	%	119.10	%	(33.00)	%
EBITDA	627,903,088		1,281,458,592		994,278,517	
EBITDA Margin	9.94%		19.44%		12.52%	

## Analysis of Financial Status and Operation Results

For the year 2010 (April 1, 2010 - March 1, 2011)

### Operation results

Operation results for the 2010 fiscal year ended March 31, 2011 compare with the same period of 2009 ended March 31, 2010 had net profit after taxes decreasing 33% operation results changed due to:

- 1) The increase of sale amount from Baht 6,591 million of 2009 to Baht 7,944 million of 2010 or 20.5% resulting from the increase of refrigerator exported to Japan by 44%
- 2) The dividend income from investment companies decreased by Baht 321.2 million
- 3) The actual cost was increased from 78% to 81% of total sales for the reason that the cost increment on raw material, particularly on steel plate and copper.
- 4) Selling expense was increased, resulting from the increase of royalty sales and export charge which be altered by increase of sale amount.
- 5) Administrative expense was increased resulting from the decrease of development fee. In conclusion, the net profit after tax decreased, resulting from the decrease of dividend income

### Financial status

#### **Total assets**

As of March 31, 2011 total assets compared with March 31, 2010 increased from baht 4,733 million to baht 5,098 million resulting from current assets increased baht 213 million, majority was inventory increased baht 302 million from the influence of Tsunami disaster on postponed export sale to Japan. Trade account receivables increased baht 181 million while cash and cash equivalents was decreased by baht 221 million.

#### **Total Liabilities**

As of March 31, 2011 total liabilities compared with March 31, 2010 increased from baht 1,464 million to baht 1,649 million because of trade account payable increased baht 145 million and provision for warranties increased baht 44 million.

#### **Equity**

As of March 31, 2011 total equity compared with March 31, 2010 increased from baht 3,269 million to baht 3,449 million owing to profit for the year was baht 626 million, dividend paid baht 467.5 million and surpluses fair value changes on investments baht 21.3 million.

#### **Financial analysis**

1.) Liquidity ratio decreased from 3.34 times in 2009 fiscal year to 3.13 times in fiscal year 2010 by a sufficiency of assets for pay off current liabilities from cash amount baht 2,219 million. Moreover account receivable turnover and inventory turnover as well.

2.) Profitability was decreased by gross profit margin decreased 22.16% in 2009 fiscal year to 19.44% in 2010 fiscal year resulting from the volatile of exchange rate including the increment on raw material.

3.) Return on fixed assets decreased from 162% in 2009 fiscal year to 107% in 2010 fiscal year, resulting from assets investment increased baht 330 million, it could not generated income by some fixed assets.

# Report on the Board of Directors' Responsibilities for Financial Statement

The Board of Directors is responsible for the financial statement of the Company, which have been prepared in accordance with generally accepted accounting standards in Thailand. The Board of Directors has considered the accounting policies pursued to be appropriated, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has audited the financial statements and expressed an opinion in the auditor's report.

The Board of Directors has appointed an Audit Committee consisting of independent directors who are reposed to review effective and efficient oversight of the financial statements, internal control system, and internal audit to the Company for ensuring in the correctness, completeness of information presented in financial statements by adequate and on time. The Audit Committee's views are reported in its report in the Company's Annual Report year 2011.

The Board of Directors is confident that the internal control system and the internal audit of Kang Yong Electric Public Company Limited represent the financial position, results of operations, and cash flow that were significant in accuracy.



(Mr. Praphad Phodhivorakhun)  
Chairman



(Mr. Sadahiro Tomita)  
President

# The Audit Committee's Report

The Audit Committee appointed by the Board of Directors, is comprised of three independent directors as Mr.Komol Vongsthongsri, Audit Committee Chairman, Mr.Chackchai Panichapat and Mr.Arthakrit Visudtibhan, Audit Committee. In addition, Mr.Komol Vongsthongsri was appointed on March 30, 2009 by the Board of Directors meeting resolution as his proper competency and adequate experience are considered to perform duty in auditing the creditability of the Company's financial statement. Along with the Company's Audit Committee and financial consultant and legal consultant on reviewing.

Audit Committee has engaged in executing and reviewing the activities under role and responsibility for year 2010 (April 2010 – March 2011) as follows :

## Review financial statement

The quarterly and annual financial statement in 2010 fiscal year was reviewed. Enquiry and acknowledgement of the financial statement was executed with auditor to consider if such financial statement was correct and accurate creditably in accordance with the general accounting standard.

In addition, the Audit Committee acknowledged the significant and preparation associated with the operation due to changes in accounting standards associated.

## Review internal control

Performance and internal control review was conducted to evaluate its propriety and adequacy. Internal control review was conducted on quarterly basis under the fiscal year 2010 audit plan and approved by the Executive Directors and Audit Committee. As considered whereof it indicated that the Company provided the effective internal control properly. In addition neither improper business operation nor disobedience nor breach of the regulations and rules stipulated by the Stock Exchange of Thailand (SET) Act and Requirement nor other business-related laws nor business risk causing loss to Company's business operation issue were found. Nonetheless it is suggested and commented that the Company should improve the internal control performance to become more effectively and productively.

### Review the Audit Committee Charter

The Audit Committee has reviewed the Audit Committee Charter and accepted the Internal Audit Charter of Internal Audit Section. In addition, the Audit Committee acknowledged the operation improvement of Internal Audit system for ensuring in effectiveness for internal control system of the Company.

## Auditor Nomination

Selection and advise the appointment of auditor was carried out depending on auditor's qualification including audit fee for fiscal year 2010 based on reasonable consideration. Including held the meeting with auditors (no member of managements) an once time per year.

## Consideration of related transaction and conflict of interest

Review and comment was made in respect to the related transaction that might cause the conflict against the Company's interest. In previous year, the following issues were taken into consideration in connected transaction, of the Company which have been considered as accurate operation in approval under the SET or SEC requirement, and have been reasonable and benefit for the Company.

## Audit Committee's Meeting

In 2010, the five Audit Committee's Meetings were held. Of them, one was convened with management, another without the management was convened with the Company's auditor, However, all Audit Committee member attended every meeting.

Overall, the Audit Committee performed a function covering the scope, duty and responsibility as specified in the Audit Committee Charter, and has been assigned by the Board of Directors. The Audit Committee attended the meeting with top executives, Internal Audit Manager, and certified auditor under related agenda to review the financial statement appropriately in accordance the general accounting standard. In addition, the Audit Committee reviewed the Company's internal control whether it was effective or not. Significant mistake was not found. Risk management was carried out in accordance with the Company's policy. The Committee also reviewed the related transaction that might cause the conflict of commercial interest, that is considered as normal business, the Company has conducted reasonably and beneficial to the maximum benefit to the Company. Substantial unusual transaction was not found. There was a presence of compliance with law and related regulations.

Moreover, self-assessment on Audit Committee was made annually in year 2010 under the Requirement and Good Corporate Governance provided by SET so that all would be directed in accordance with the Good Corporate Governance. And the assessment result was complete and satisfactory.



(Mr. Komol Vongsthongsri)  
Chairman of Audit Committee



# Audit Report of Certified Public Accountant

To the Shareholders of Kang Yong Electric Public Company Limited

I have audited the accompanying balance sheets in which the equity method is applied and separate balance sheets of Kang Yong Electric Public Company Limited as at 31 March 2011 and 2010, and the related statements of income, changes in equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Kang Yong Electric Public Company Limited as at 31 March 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



(Bongkot Amsageam)

Certified Public Accountant

Registration No. 3684

KPMG Phoomchai Audit Ltd.

Bangkok

11 May 2011

# Balance sheets

## Kang Yong Electric Public Company Limited

As at 31 March 2011 and 2010

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2011	2010	2011	2010
<i>(in Baht)</i>					
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents	5	2,218,973,768	2,439,745,206	2,218,973,768	2,439,745,206
Trade accounts receivable	4,6	1,007,884,021	826,549,215	1,007,884,021	826,549,215
Other receivables from related parties	4	13,283,869	13,246,575	13,283,869	13,246,575
Short-term loans to related parties	4	30,434,987	72,033,783	30,434,987	72,033,783
Inventories	7	733,622,368	431,348,524	733,622,368	431,348,524
Other current assets	8	27,871,094	36,182,710	27,871,094	36,182,710
<b>Total current assets</b>		<b>4,032,070,107</b>	<b>3,819,106,013</b>	<b>4,032,070,107</b>	<b>3,819,106,013</b>
<i>Non-current assets</i>					
Investment in associate	9	13,446,984	9,501,034	3,000,000	3,000,000
Other long-term investments	10	188,224,427	166,920,888	188,224,427	166,920,888
Property, plant and equipment	11	846,975,970	717,688,624	846,975,970	717,688,624
Other non-current assets	12	17,137,747	19,500,209	17,137,747	19,500,209
<b>Total non-current assets</b>		<b>1,065,785,128</b>	<b>913,610,755</b>	<b>1,055,338,144</b>	<b>907,109,721</b>
<b>Total assets</b>		<b>5,097,855,235</b>	<b>4,732,716,768</b>	<b>5,087,408,251</b>	<b>4,726,215,734</b>

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

# Balance sheets

## Kang Yong Electric Public Company Limited

As at 31 March 2011 and 2010

		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2011	2010	2011	2010
<i>(in Baht)</i>					
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable	4,13	870,948,274	726,472,657	870,948,274	726,472,657
Other payables to related parties	4	294,736,819	244,127,023	294,736,819	244,127,023
Income tax payable		24,392,492	94,826,571	24,392,492	94,826,571
Other current liabilities		97,014,755	78,162,758	97,014,755	78,162,758
<b>Total current liabilities</b>		<b>1,287,092,340</b>	<b>1,143,589,009</b>	<b>1,287,092,340</b>	<b>1,143,589,009</b>
<b>Non-current liabilities</b>					
Provision for warranties		340,593,071	297,090,667	340,593,071	297,090,667
Provident funds	20	21,321,449	23,021,948	21,321,449	23,021,948
<b>Total non-current liabilities</b>		<b>361,914,520</b>	<b>320,112,615</b>	<b>361,914,520</b>	<b>320,112,615</b>
<b>Total liabilities</b>		<b>1,649,006,860</b>	<b>1,463,701,624</b>	<b>1,649,006,860</b>	<b>1,463,701,624</b>
<b>Equity</b>					
Share capital	14				
Authorised share capital		220,000,000	220,000,000	220,000,000	220,000,000
Issued and paid-up share capital		220,000,000	220,000,000	220,000,000	220,000,000
Additional paid-in capital	15				
Premium on ordinary shares					
Unrealised surpluses		726,100,000	726,100,000	726,100,000	726,100,000
Fair value changes on investments	10	25,597,243	4,293,704	25,597,243	4,293,704
Retained earnings					
Appropriated					
Legal reserve	15	22,000,000	22,000,000	22,000,000	22,000,000
Others		420,000,000	420,000,000	420,000,000	420,000,000
Unappropriated		2,035,151,132	1,876,621,440	2,024,704,148	1,870,120,406
<b>Total equity</b>		<b>3,448,848,375</b>	<b>3,269,015,144</b>	<b>3,438,401,391</b>	<b>3,262,514,110</b>
<b>Total liabilities and equity</b>		<b>5,097,855,235</b>	<b>4,732,716,768</b>	<b>5,087,408,251</b>	<b>4,726,215,734</b>

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

# Statements of income

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2011	2010	2011	2010
<i>(in Baht)</i>					
<b>Income</b>	<b>4</b>				
Revenue from sale of goods and rendering of services	16	7,943,600,461	6,591,241,329	7,943,600,461	6,591,241,329
Dividend income		218,298,551	539,542,910	218,298,551	539,542,910
Other income	17	95,625,979	83,528,204	95,625,979	83,528,204
<b>Total income</b>		<b>8,257,524,991</b>	<b>7,214,312,443</b>	<b>8,257,524,991</b>	<b>7,214,312,443</b>
<b>Expenses</b>	<b>4,21</b>				
Cost of sale of goods and rendering of services		6,399,657,777	5,130,598,376	6,399,657,777	5,130,598,376
Selling expenses	18	508,985,339	495,048,723	508,985,339	495,048,723
Administrative expenses	19	516,388,344	436,870,033	516,388,344	436,870,033
Management benefit expenses	20	47,989,789	42,656,150	47,989,789	42,656,150
Net foreign exchange loss		4,912,878	2,237,552	4,912,878	2,237,552
<b>Total expenses</b>		<b>7,477,934,127</b>	<b>6,107,410,834</b>	<b>7,477,934,127</b>	<b>6,107,410,834</b>
Share of profit of associate, net of income tax	9	3,945,950	535,387	-	-
<b>Profit before finance costs and income tax expense</b>		<b>783,536,814</b>	<b>1,107,436,996</b>	<b>779,590,864</b>	<b>1,106,901,609</b>
Finance costs		(29)	(29)	(29)	(29)
<b>Profit before income tax expense</b>		<b>783,536,785</b>	<b>1,107,436,967</b>	<b>779,590,835</b>	<b>1,106,901,580</b>
Income tax expense	22	(157,509,218)	(173,092,920)	(157,509,218)	(173,092,920)
<b>Profit for the year</b>		<b>626,027,567</b>	<b>934,344,047</b>	<b>622,081,617</b>	<b>933,808,660</b>
<b>Basic earnings per share</b>	<b>24</b>	<b>28.46</b>	<b>42.47</b>	<b>28.28</b>	<b>42.45</b>

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

# Statements of changes in equity

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

Financial statements in which the equity method is applied

	Notes	Issued and paid-up share capital	Additional paid-in capital		Unrealised surplus (deficit)	Retained earnings			Total equity
			Share premium	Fair value changes		Legal reserve	Other reserve	Unappropriated	
<i>(in Baht)</i>									
<b>Balance at 1 April 2009</b>		220,000,000	726,100,000	(2,275,926)	22,000,000	420,000,000	1,155,676,423	2,541,500,497	
Unrealised gains									
Available for sale investments				6,569,630	-	-	-	6,569,630	
Net change in fair value recognised in equity									
Profit for the period							934,344,047	934,344,047	
Dividends	25						(213,399,030)	(213,399,030)	
<b>Balance at 31 March 2010</b>		220,000,000	726,100,000	4,293,704	22,000,000	420,000,000	1,876,621,440	3,269,015,144	
Unrealised gains									
Available for sale investments				21,303,539				21,303,539	
Net change in fair value recognised in equity									
Profit for the period							626,027,567	626,027,567	
Dividends	25						(467,497,875)	(467,497,875)	
<b>Balance at 31 March 2011</b>		220,000,000	726,100,000	25,597,243	22,000,000	420,000,000	2,035,151,132	3,448,848,375	

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

# Statements of changes in equity

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

### Separate financial statements

	Notes	Issued and paid-up share capital	Additional paid-in capital		Unrealised surplus (deficit)	Retained earnings			Total equity
			Share premium	Share premium		Fair value changes	Legal reserve	Other reserve	
<i>(in Baht)</i>									
<b>Balance at 1 April 2009</b>		220,000,000	726,100,000	(2,275,926)	22,000,000	420,000,000	1,149,710,776	2,535,534,850	
Unrealised gains									
Available for sale investments									
Net change in fair value recognised in equity		-	-	6,569,630	-	-	-	6,569,630	
Profit for the period		-	-	-	-	-	933,808,660	933,808,660	
Dividends	25	-	-	-	-	-	(213,399,030)	(213,399,030)	
<b>Balance at 31 March 2010</b>		220,000,000	726,100,000	4,293,704	22,000,000	420,000,000	1,870,120,406	3,262,514,110	
Unrealised gains									
Available for sale investments									
Net change in fair value recognised in equity		-	-	21,303,539	-	-	-	21,303,539	
Profit for the period		-	-	-	-	-	622,081,617	622,081,617	
Dividends	25	-	-	-	-	-	(467,497,875)	(467,497,875)	
<b>Balance at 31 March 2011</b>		220,000,000	726,100,000	25,597,243	22,000,000	420,000,000	2,024,704,148	3,438,401,391	

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

# Statements of Cash Flows

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

	Financial statements in which the equity method is applied		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	626,027,567	934,344,047	622,081,617	933,808,660
<i>Adjustments for</i>				
Depreciation and amortisation	210,741,703	174,021,596	210,741,703	174,021,596
Interest income	(36,854,673)	(23,704,745)	(36,854,673)	(23,704,745)
Dividend income	(218,298,551)	(539,542,910)	(218,298,551)	(539,542,910)
Finance costs	29	29	29	29
Unrealised loss on exchange	998,444	709,519	998,444	709,519
Reversal of allowance for doubtful accounts	(88,919)	(1,244,101)	(88,919)	(1,244,101)
Allowance for obsolete inventories (reversal)	2,441,782	(2,610,364)	2,441,782	(2,610,364)
Provision for warranties	43,502,404	47,443,995	43,502,404	47,443,995
Share of profit of associates	(3,945,950)	(535,387)	-	-
Loss on disposal of equipment	4,529,308	991,889	4,529,308	991,889
Income tax expense	157,509,218	173,092,920	157,509,218	173,092,920
	786,562,362	762,966,488	786,562,362	762,966,488
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(183,218,957)	(59,545,710)	(183,218,957)	(59,545,710)
Other receivables from related parties	4,774,106	5,687,700	4,774,106	5,687,700
Inventories	(304,715,626)	36,367,491	(304,715,626)	36,367,491
Other current assets	8,408,815	5,557,353	8,408,815	5,557,353
Other non-current assets	1,210,092	5,775,855	1,210,092	5,775,855
Trade accounts payable	144,566,610	153,947,047	144,566,610	153,947,047
Other payables to related parties	51,240,196	8,234,795	51,240,196	8,234,795
Other current liabilities	3,313,246	20,543,259	3,313,246	20,543,259
Provident fund paid	(1,700,499)	(1,324,806)	(1,700,499)	(1,324,806)
Income tax paid	(227,943,297)	(78,266,349)	(227,943,297)	(78,266,349)
<b>Net cash provided by operating activities</b>	<b>282,497,048</b>	<b>859,943,123</b>	<b>282,497,048</b>	<b>859,943,123</b>

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

# Statements of Cash Flows

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

	Financial statements in which the equity method is applied		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	36,846,393	23,438,219	36,846,393	23,438,219
Dividends received	213,487,151	700,923,550	213,487,151	700,923,550
Short-term loans to related party	(472,873,665)	(456,639,261)	(472,873,665)	(456,639,261)
Repayment of short-term loans to related party	514,472,461	394,892,951	514,472,461	394,892,951
Purchases of equipment	(330,361,078)	(234,525,546)	(330,361,078)	(234,525,546)
Sale of equipment	2,658,156	1,743,104	2,658,156	1,743,104
<b>Net cash provided by (used in) investing activities</b>	<b>(35,770,582)</b>	<b>429,833,017</b>	<b>(35,770,582)</b>	<b>429,833,017</b>
<b><i>Cash flows from financing activities</i></b>				
Finance costs paid	(29)	(361,277)	(29)	(361,277)
Dividend paid	(467,497,875)	(213,399,030)	(467,497,875)	(213,399,030)
<b>Net cash used in financing activities</b>	<b>(467,497,904)</b>	<b>(213,760,307)</b>	<b>(467,497,904)</b>	<b>(213,760,307)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<b>(220,771,438)</b>	<b>1,076,015,833</b>	<b>(220,771,438)</b>	<b>1,076,015,833</b>
Cash and cash equivalents at beginning of year	2,439,745,206	1,363,729,373	2,439,745,206	1,363,729,373
<b>Cash and cash equivalents at end of year</b>	<b>2,218,973,768</b>	<b>2,439,745,206</b>	<b>2,218,973,768</b>	<b>2,439,745,206</b>

### Non-cash transactions

During the year ended 31 March 2011, the Company acquired machinery and equipment at total cost of Baht 346.1 million (2010 : Baht 245.7 million) of which Baht 330.4 million (2010 : Baht 234.5 million) was made by cash payment and Baht 15.7 million (2010 : Baht 11.2 million) was outstanding as liabilities at the end of the year.

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



# Notes to the Financial Statements

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

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# Notes to the Financial Statements

## Kang Yong Electric Public Company Limited

For the years ended 31 March 2011 and 2010

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 11 May 2011.

### 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 is Mitsubishi Electric Corporation, incorporated in Japan (40.81% shareholding).

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

### 2. Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”) applicable rules and regulations of Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS:

<u>Former no.</u>	<u>Revised no</u>	<u>Topic</u>
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting for Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Company has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the Company's financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 28.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

### 3. Significant accounting policies

#### *(a) Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

#### *(b) Cash and cash equivalents*

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

#### *(c) Trade and other accounts receivable*

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

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

#### *(d) Inventories*

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**(e) Investments***Investment in associate*

Investment in associate in the separate financial statements of the Company is accounted for using the cost method. Investment in associate in the financial statements in which the equity method is applied is accounted for using the equity method.

*Other long-term investments*

Other long-term investments in marketable equity securities classified as available-for-sale securities are stated at fair value with any resultant gain or loss being recognised directly to equity.

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

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

*Disposal of investments*

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

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

**(f) Property, plant and equipment***Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is charged to the statement of income on a straight-line basis (except factory equipment - mould and jig using the double declining balance method) over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 years
Building and improvements	20 and 5 years
Machinery and equipment	10 years
Factory equipment	5 years
Office equipment	5 years
Vehicles	5 years

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

**(g) Impairment**

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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

**(h) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(i) Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

*Provision for warranties*

A provision for goods warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

**(j) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and rendering of services*

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Interest and dividend income*

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Company's right to receive payments is established.

Other income is recognised in the statement of income as it accrues.

**(k) Expenses***Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

*Finance costs*

Interest expense and similar costs are charged to the statement of income for the period in which they are incurred.

**(l) Income tax**

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

**4. Related party transactions and balances**

Related parties are those parties linked to the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company were as follows:

<u>Name of entities</u>	<u>Country of corporation</u>	<u>Nature of relationships</u>
<b>Parent</b>		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
<b>Associate</b>		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding
<b>Other related parties</b>		
Thai Refrigeration Components Co., Ltd.	Thailand	Common director
D.S. Development Co., Ltd.	Thailand	Common director
Kulthorn Kirby Public Company Limited	Thailand	Common director
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director

<u>Name of entities</u>	<u>Country of corporation</u>	<u>Nature of relationships</u>
Mitsubishi Electric Consumer products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Life Network Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Home Appliance Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	A subsidiary of the Company's parent
Mitsubishi Electric Asia Pte. Ltd.	Singapore	A subsidiary of the Company's parent
Mitsubishi Electric Australia Pty. Ltd.	Australia	A subsidiary of the Company's parent
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	Hongkong	A subsidiary of the Company's parent
Melco Sales Malaysia Sdn. Bhd.	Malaysia	A subsidiary of the Company's parent
Setsuyo Astec Corporation	Japan	An affiliate of the Company's parent
Ryoden International Co., Ltd.	Hongkong	A subsidiary of the Company's parent
Melco Thai Capital Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Information Network	Japan	A subsidiary of the Company's parent
Melco Travel Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric (H.K.) Ltd.	Hongkong	A subsidiary of the Company's parent
Mitsubishi Electric Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
K.G.M. Services Co., Ltd.	Thailand	A subsidiary of the Company's parent
Melco Logistics (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Trading Corp.	Japan	A subsidiary of the Company's parent
Melco Trading (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent

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 for all products plus margin not less than 20% or not less than 10%, which will be unanimously approved by the product pricing committee.
  - Export sales price is dependent on market and competitive conditions of the particular country.
2. Royalty fee is payable annually at a proportion of sales.
3. Product development fee is payable based on actual amount.
4. Technical service fee chargeable under technical service agreement with 5 years term and automatic rollover period of 5 years.
5. The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
6. The Company has inventory management service fee with an associate. The service fee is based on the area used.
7. 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.

8. Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
9. Product warranty expense is based on actual amount claims.

Significant transactions for the years ended 31 March 2011 and 2010 with related parties were as follows:

	Financial statements in which the equity method is applied		Separate financial Statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Revenue from sale of goods	3,841,207	2,730,302	3,841,207	2,730,302
Other income	255	4,698	255	4,698
Royalty fee	183,250	152,225	183,250	152,225
Development fee	226,183	154,554	226,183	154,554
Product warranty expense	154,966	195,555	154,966	195,555
Technical assistance fee	12,594	10,224	12,594	10,224
Other selling and administrative expenses	2,883	4,635	2,883	4,635
<b>Associate</b>				
Revenue from sale of good	65	66	65	66
Rental income	14,465	14,527	14,465	14,527
Other income	817	707	817	707
Rental expense	57,682	45,842	57,682	45,842
Other selling and administrative expenses	1,744	1,194	1,744	1,194
<b>Other related parties</b>				
Revenue from sale of goods	3,827,123	3,676,207	3,827,123	3,676,207
Dividend income	218,284	539,529	218,284	539,529
Other income	2,469	801	2,469	801
Product warranty expense	2,068	1,699	2,068	1,699
Other selling and administrative expenses	39,434	27,094	39,434	27,094
Director remuneration	5,551	5,322	5,551	5,322

Balances as at 31 March 2011 and 2010 with related parties were as follows:

**Trade accounts receivable**

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Mitsubishi Electric Corporation	408,479	246,004
<b>Other related parties</b>		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	351,886	379,843
Mitsubishi Electric Asia Pte. Ltd.	84,071	68,958



	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	43,256	55,283
Mitsubishi Electric Australia Pty. Ltd.	38,419	8,508
Melco Sales Malaysia Sdn. Bhd.	29,652	20,707
Mitsubishi Electric Life Network Co., Ltd.	12,459	13,857
Others	1,974	1,546
<b>Total</b>	<b>970,196</b>	<b>794,706</b>
Bad and doubtful debts expenses for the year	-	-

*Other receivables*

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
<i>Accrued dividend income</i>		
<b>Other related party</b>		
Siam Compressor Industry Co., Ltd	11,547	11,547
	<b>11,547</b>	<b>6,736</b>
<i>Others</i>		
<b>Parent</b>		
Mitsubishi Electric Corporation	-	4,875
<b>Associates</b>		
Smile Super Express Co., Ltd.	1,290	1,286
<b>Other related parties</b>		
Melco Trading (Thailand) Co., Ltd.	230	-
Mitsubishi Electric Kang Yong Watana Co., Ltd.	124	350
Others	93	-
	<b>1,737</b>	<b>6,511</b>
<b>Total</b>	<b>13,284</b>	<b>13,247</b>

## Financial statements in which the equity method is applied and Separate financial statements

	2011	2010	2011	2010
	<i>interest rate</i>		<i>(in thousand Baht)</i>	
	<i>(% per annum)</i>			
<b>Short-term loans</b>				
<b>Other related party</b>				
Melco Thai Capital Co., Ltd.	1.87	0.82	30,435	72,034

Movements during the years ended 31 March 2011 and 2010 of loans to related parties were as follows:

## Financial statements in which the equity method is applied and Separate financial statements

	2011	2010
	<i>(in thousand Baht)</i>	
<b>Short-term loans to</b>		
<b>Other related party</b>		
At 1 April	72,034	10,287
Increase	472,873	456,640
Decrease	(514,472)	(394,893)
<b>At 31 March</b>	<b>30,435</b>	<b>72,034</b>

**Trade accounts payable**

## Financial statements in which the equity method is applied and Separate financial statements

	2011	2010
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Mitsubishi Electric Corporation	-	1,376
<b>Other related parties</b>		
Kulthorn Kirby Public Company Limited	31,283	33,235
Melco Trading (Thailand) Co., Ltd.	15,946	-
Mitsubishi Electric Automation (Thailand) Co., Ltd	15,139	15,609
Setsuyo Astec Corporation	8,581	6,865
Mitsubishi Electric Asia Pte. Ltd.	5,292	5,283
Thai Refrigeration Components Co., Ltd.	982	1,498
Others	1,163	216
<b>Total</b>	<b>78,386</b>	<b>64,082</b>

**Other payables**

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Mitsubishi Electric Corporation	281,728	236,277
<b>Associate</b>		
Smile Super Express Co., Ltd.	6,828	4,344
<b>Other related parties</b>		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	3,788	2,324
Others	2,393	1,182
<b>Total</b>	<b>294,737</b>	<b>244,127</b>

**Significant agreements with related parties**

*Technical assistance agreement*

The Company entered into agreements 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 agreements were for a period of five years and are 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 agreements.

*Building rental agreement*

The Company entered into a building rental agreement for its warehouse for finished goods with Smile Super Express Co., Ltd. for a period of two years expired on 31 July 2001 with rental rate as specified in the agreement. This agreement is renewed by either party notification in writing to the other party at least sixty days before expiration of this agreement. In July 2009, the Company notified to renew such agreement for a period of two years expiring on 31 July 2011.

*Thai Baht Pooling Service Agreement*

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

## 5. Cash and cash equivalents

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - savings and current accounts	28,824	39,595
Short-term investments - bill of exchange	2,190,000	2,400,000
<b>Total</b>	<b>2,218,974</b>	<b>2,439,745</b>

Cash and cash equivalents of the Company as at 31 March 2011 and 2010 were denominated entirely in Thai Baht.

## 6. Trade accounts receivable

		Financial statements in which the equity method is applied and Separate financial statements	
	Note	2011	2010
		<i>(in thousand Baht)</i>	
Related parties	4	970,196	794,706
Other parties		37,688	31,843
<b>Total</b>		<b>1,007,884</b>	<b>826,549</b>
Bad and doubtful debts expenses for the year		-	-

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
Within credit terms	970,196	794,706
Overdue		
Less than 3 months	10,148	1,427
3 - 6 months	-	2,809
	<b>970,196</b>	<b>794,706</b>

Financial statements in which the equity method is applied and Separate financial statements		
	2011	2010
<i>(in thousand Baht)</i>		
<b>Other parties</b>		
Within credit terms	37,688	31,797
Overdue		
Over 12 months	-	46
	<b>37,688</b>	<b>31,843</b>
<b>Total</b>	<b>1,007,884</b>	<b>826,549</b>

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

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

Financial statements in which the equity method is applied and Separate financial statements		
	2011	2010
<i>(in thousand Baht)</i>		
Thai Baht	756,378	625,183
United States Dollars (USD)	239,047	187,509
Japanese Yen (JPY)	12,459	13,857
<b>Total</b>	<b>1,007,884</b>	<b>826,549</b>

## 7. Inventories

Financial statements in which the equity method is applied and Separate financial statements		
	2011	2010
<i>(in thousand Baht)</i>		
Finished goods	356,771	140,603
Work in process	72,935	131,040
Raw materials and factory supplies	200,252	160,390
Goods in transit	11,556	4,766
	<b>741,514</b>	<b>436,799</b>
Less allowance for obsolete inventories	(7,892)	(5,450)
<b>Net</b>	<b>733,622</b>	<b>431,349</b>

**8. Other current assets**

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
Value added tax receivable	17,184	19,204
Other accounts receivable	4,235	11,419
Others	6,452	5,649
	27,871	36,272
Less allowance for doubtful accounts	-	(89)
<b>Net</b>	<b>27,871</b>	<b>36,183</b>
Reversal of bad and doubtful debts expenses for the year	(89)	(120)

**9. Investments in associate**

	Financial statements in which the equity method is applied		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
At 1 April	9,501	8,966	3,000	3,000
Share of profit of investment - equity method	3,946	535	-	-
<b>At 31 March</b>	<b>13,447</b>	<b>9,501</b>	<b>3,000</b>	<b>3,000</b>

As at 31 March 2011 and 2010, the financial statements in which the equity method is applied included the investments in shares of Smile Super Express Co., Ltd. accounted for using the equity method, which were computed based on the financial statements of such company for the years ended 31 March 2011 and 2010 which were audited by another auditor.

Investment in associate as at 31 March 2011 and 2010 were as follows:

Investee	Type of business	Financial statements in which the equity method is applied							
		Ownership interest		Paid-up capital		Cost method			
		2011	2010	2011	2010	2011	2010		
		(in thousand Baht)							
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	13,447	9,501

Investee	Type of business	Separate financial statements							
		Ownership interest		Paid-up capital		Cost method			
		2011	2010	2011	2010	2011	2010		
		(in thousand Baht)							
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000		

## 10. Other long-term investments

	Financial statements in which the equity method is applied	
	2011	2010
	<i>(in thousand Baht)</i>	
Equity securities available for sale	30,862	9,559
Other non-marketable equity securities	157,362	157,362
<b>Total</b>	<b>188,224</b>	<b>166,921</b>

Other long-term investments of the Company as at 31 March 2011 and 2010 were denominated entirely in Thai Baht

Equity securities available for sale as at 31 March 2011 and 2010 were as follows:

	Financial statements in which the equity method is applied and Separate financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<b><i>Marketable Securities - Available-for-Sale Securities</i></b>				
Kulthorn Kirby Public Co., Ltd.	4,965	30,510	4,965	9,192
City Sports and Recreation Public Co., Ltd.	300	352	300	367
	5,265	30,862	5,265	9,559
Add Revaluation	25,597	-	4,294	-
<b>Total</b>	<b>30,862</b>	<b>30,862</b>	<b>9,559</b>	<b>9,559</b>





## 11. Property, plant and equipment

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

	Land and improvement	Building and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
	<i>(in thousand Baht)</i>							
<i>Cost</i>								
At 1 April 2009	163,173	671,088	1,069,480	1,967,854	79,472	4,001	13,894	3,968,962
Additions	-	425	7,350	22,488	7,643	60	207,705	245,671
Transfers	12,098	10,142	22,232	130,305	2,713	-	(177,490)	-
Disposals	-	-	(6,612)	(64,073)	(9,217)	(1,527)	-	(81,429)
<b>At 31 March 2010 and 1 April 2010</b>	<b>175,271</b>	<b>681,655</b>	<b>1,092,450</b>	<b>2,056,574</b>	<b>80,611</b>	<b>2,534</b>	<b>44,109</b>	<b>4,133,204</b>
Additions	-	77	14,746	31,789	3,619	-	295,833	346,064
Transfers	-	1,225	167,776	145,128	273	-	(314,402)	-
Disposals	-	(45)	(23,208)	(24,851)	(5,938)	(945)	-	(54,987)
<b>At 31 March 2011</b>	<b>175,271</b>	<b>682,912</b>	<b>1,251,764</b>	<b>2,208,640</b>	<b>78,565</b>	<b>1,589</b>	<b>25,540</b>	<b>4,424,28</b>

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

	Land and improvement	Building and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
	<i>(in thousand Baht)</i>							
<b>Accumulated depreciation</b>								
At 1 April 2009	19,805	552,470	919,030	1,763,475	62,730	3,514	-	3,321,024
Depreciation charge for the year	2,346	25,500	37,563	100,761	6,714	302	-	173,186
Disposals	-	-	(5,705)	(62,573)	(8,889)	(1,528)	-	(78,695)
<b>At 31 March 2010 and 1 April 2010</b>	<b>22,151</b>	<b>577,970</b>	<b>950,888</b>	<b>1,801,663</b>	<b>60,555</b>	<b>2,288</b>	<b>-</b>	<b>3,415,515</b>
Depreciation charge for the year	2,952	24,861	38,582	136,035	6,992	168	-	209,590
Disposals	-	(45)	(17,669)	(23,541)	(5,600)	(945)	-	(47,800)
<b>At 31 March 2011</b>	<b>25,103</b>	<b>602,786</b>	<b>971,801</b>	<b>1,914,157</b>	<b>61,947</b>	<b>1,511</b>	<b>-</b>	<b>3,577,305</b>
<b>Net book value</b>								
At 1 April 2009	143,368	118,618	150,450	204,379	16,742	487	13,894	647,938
At 31 March 2010 and 1 April 2010	153,120	103,685	141,562	254,911	20,056	246	44,109	717,689
At 31 March 2011	150,168	80,126	279,963	294,483	16,618	78	25,540	846,976

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2011 amounted to Baht 2,809.8 million (2010 : Baht 2,563.7 million).

**12. Other non-current assets**

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
Refundable import duty	6,397	6,219
Loan to employees	5,816	3,758
Refundable prepaid corporate income tax	-	4,750
Others	4,925	4,773
<b>Total</b>	<b>17,138</b>	<b>19,500</b>

**13. Trade accounts payable**

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2011	2010
		<i>(in thousand Baht)</i>	
Related parties	4	78,386	64,082
Other parties		792,562	662,391
<b>Total</b>		<b>870,948</b>	<b>726,473</b>

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

	2011	2010
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	848,353	705,666
Japanese Yen (JPY)	14,117	7,979
United States Dollars (USD)	8,445	12,778
Others	33	50
<b>Total</b>	<b>870,948</b>	<b>726,473</b>

## 14. Share capital

	2011		2010		
	Par value per share (Baht)	Number (in thousand shares / in thousand Baht)	Baht	Number Baht	
<b>Authorised</b>					
At 1 April					
- Ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- Ordinary shares	10	22,000	220,000	22,000	220,000
<b>Issued and fully paid-up</b>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	22,000	220,000	22,000	220,000

## 15. Additional paid-in capital and reserves

### Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### Fair value changes

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 16. Segment information

The Company operates in a single line of business, namely the manufacturing and selling of household electrical appliances, which is an integrated line of product. The Company's operations are carried on entirely in Thailand. Revenue and gross profit for the years ended 31 March were derived from the following markets:

Financial statements in which the equity method is applied and Separate financial statements		
	2011	2010
<i>(in thousand Baht)</i>		
<b>Segment revenue</b>		
Domestic	2,744,677	2,719,994
Export	5,198,923	3,871,247
<b>Total</b>	<b>7,943,600</b>	<b>6,591,241</b>
<b>Segment results (gross profit)</b>		
Domestic	478,556	489,793
Export	1,065,387	970,850
<b>Total</b>	<b>1,543,943</b>	<b>1,460,643</b>

## 17. Other income

Financial statements in which the equity method is applied and Separate financial statements		
	2011	2010
<i>(in thousand Baht)</i>		
Interest income	36,855	23,705
Revenue from scrap sales	31,817	27,961
Revenue from building rental	14,483	14,527
Others	12,471	17,335
<b>Total</b>	<b>95,626</b>	<b>83,528</b>

## 18. Selling expenses

Financial statements in which the equity method is applied and Separate financial statements			
	Note	2011	2010
<i>(in thousand Baht)</i>			
Product warranty expense	4	201,900	246,635
Royalty fee	4	183,250	152,225
Transportation expenses		74,724	54,984
Advertising and sales promotion expenses		21,038	19,511
Employee benefit expenses		14,855	13,456
Others		13,218	8,238
<b>Total</b>		<b>508,985</b>	<b>495,049</b>

## 19. Administrative expenses

Financial statements in which the equity method is applied and Separate financial statements			
	Note	2011	2010
<i>(in thousand Baht)</i>			
Product development fee	4	226,197	154,664
Employee benefit expenses		101,194	88,867
Warehouse rental charge	4	59,633	47,306
Tax and duty		20,242	38,025
Technical assistance fee	4	12,983	11,415
Allowance for obsolete inventory		9,019	18,614
Others		87,120	77,979
<b>Total</b>		<b>516,388</b>	<b>436,870</b>

## 20. Employee benefit expenses

Financial statements in which the equity method is applied and Separate financial statements			
	2011	2010	
<i>(in thousand Baht)</i>			
<b>Management</b>			
Salaries and others	47,990	42,656	
	<b>47,990</b>	<b>42,656</b>	
<b>Other employees</b>			
Wages and salaries	360,547	320,816	
Provident fund	12,132	11,398	
Others	115,953	86,169	
	<b>488,632</b>	<b>418,383</b>	
<b>Total</b>	<b>536,622</b>	<b>461,039</b>	

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

Since 2001, the defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate of 3% of their basic salaries and by the Company at rates from 5% to 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

## 21. Expenses by nature

		Financial statements in which the equity method is applied and Separate financial statements	
	Note	2011	2010
<i>(in thousand Baht)</i>			
<b><i>Included in cost of sales of goods:</i></b>			
Changes in inventories of finished goods and work in process		(258,063)	(12,224)
Raw materials and consumables used		5,700,628	4,361,063
Employee benefit expenses		372,583	316,060
Depreciation of property, plant and equipment		198,118	162,088
<b><i>Included in selling expenses:</i></b>			
Product warranty expense	18	201,900	246,635
Royalty fee	18	183,250	152,225
Depreciation of property, plant and equipment		439	567
<b><i>Included in administrative expenses:</i></b>			
Product development fee	19	226,197	154,664
Employee benefit expenses	19	101,194	88,867
Depreciation of property, plant and equipment		11,033	10,531

## 22. Income tax

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
<i>(in thousand Baht)</i>		
<b>Current tax expense</b>	<b>157,509</b>	<b>173,093</b>

The current tax expense in the statement of income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) The different treatment for accounting and taxation purposes of certain items of income and expense in particular, the dividend income and product warranty expense are recognised in the statement of income.
- (b) Income tax reduction  
Royal Decree No. 475 B.E. 2551 dated 29 July 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.



## 23. Promotional privileges

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

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

## 24. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2011 and 2010 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to equity holder of the Company (Basic)	626,028	934,344	622,082	933,809
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	28.46	42.47	28.28	42.45

## 25. Dividends

At the annual general meeting of the shareholders of the Company held on 28 July 2010, the shareholders approved the appropriation of dividends of Baht 21.25 per share, amounting to Baht 467.5 million. The dividend was paid to shareholders during 2010.

At the annual general meeting of the shareholders of the Company held on 23 July 2009, the shareholders approved the appropriation of dividends of Baht 9.7 per share, amounting to Baht 213.4 million. The dividend was paid to shareholders during 2009.

## 26. Financial instruments

### *Financial risk management policies*

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

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

**Capital management**

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

**Interest rate risk**

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

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

	Effective interest rate	Financial statements in which the equity method is applied and Separate financial statements
	(% per annum)	Within 1 year (in thousand Baht)
<b>2011</b>		
Deposits at financial institutions - saving accounts	0.50	28,824
Short-term investments - bill of exchange	2.37	2,190,000
Short-term loans to related party	1.87	30,435
Deposits at financial institutions - saving accounts	0.25	39,595
Short-term investments - bill of exchange	1.16	2,400,000
Short-term loans to related party	0.82	72,034

**Foreign currency risk**

The Company is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 March, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

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

	Note	2011	2010
<i>(in thousand Baht)</i>			
<b><i>United States Dollars</i></b>			
Trade accounts receivable	6	239,047	187,509
Trade accounts payable	13	8,445	12,778
Other payables to related parties		471	1,059
<b><i>Japanese Yen</i></b>			
Trade accounts receivable	6	12,459	13,857
Trade accounts payable	13	14,117	7,979
Other payables to related parties		99,318	83,042
<b><i>Others</i></b>			
Trade accounts payable	13	33	50
Other payables to related parties		1,112	1,087
<b>Gross balance sheet exposure</b>		<b>375,002</b>	<b>307,361</b>
Currency forwards		(75,822)	-
<b>Net exposure</b>		<b>299,180</b>	<b>307,361</b>

At 31 March 2011, the Company had selling forward exchange contracts amounting to USD 2.5 million equivalent to Baht 75.8 million

#### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, management does not anticipate material losses from its debt collection.

#### ***Liquidity risk***

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### ***Determination of fair values***

A number of Company's accounting policies and disclosures require the determination of fair value for both financial and non financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that assets or liability.

The fair value of cash and cash equivalents, trade accounts receivable, other receivables from related parties, loans to related parties, other long-term investments representing non-marketable equity securities, trade accounts payable and payables to related parties approximates their carrying value presented in the balance sheet.

The fair value of other long-term investments representing available-for-sale securities is market value.

The fair value of investment in associate accounted for using the equity method is the net book value of the underlying net assets.

## 27. Commitments with non-related parties and others

	Financial statements in which the equity method is applied and Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
<b>Capital commitments</b>		
Contracted but not provided for Acquisition of fixed assets	16,837	24,611
<b>Operating lease commitments</b>		
Within one year	6,266	2,027
After one year but within five years	12,031	1,502
<b>Total</b>	<b>18,297</b>	<b>3,529</b>

(a) The Company entered into several long-term lease agreements covering vehicles and has four year terms which will expire in various periods up to the year 2014. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

(b) At 31 March 2011, the Company had sales forward exchange contracts amounting to USD 2.5 million equivalent to Baht 75.8 million.

## 28. Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

<u>TAS</u>	<u>Topic</u>	<u>Year effective</u>
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows.	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income tax	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011

<u>TAS</u>	<u>Topic</u>	<u>Year effective</u>
TAS 21 (revised 2009)	The Effects of Change in Foreign Exchange Rates	2013
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

***TAS 16 (revised 2009) - Property, plant and equipment***

The principal changes introduced by the revised TAS 16 and affecting the Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

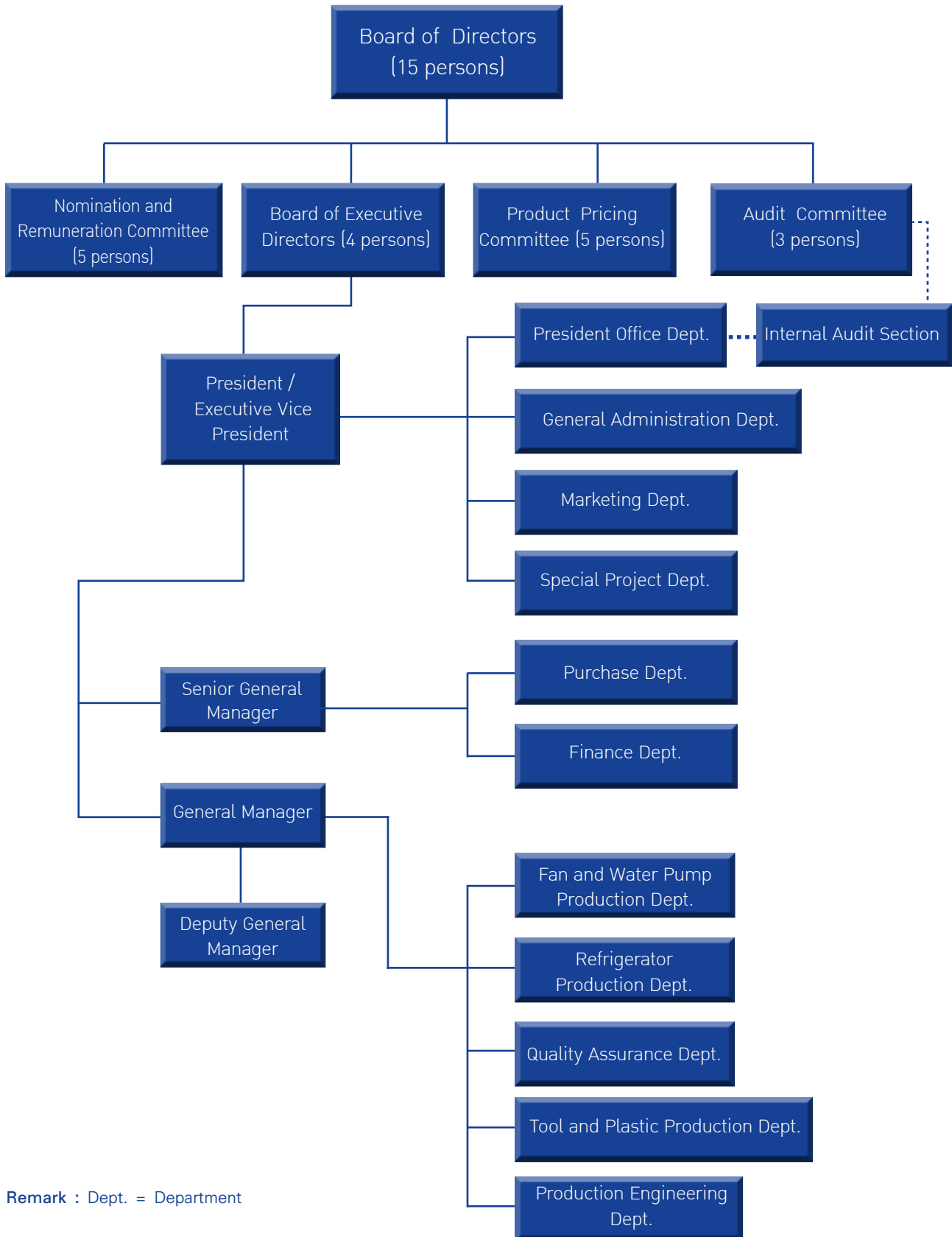
The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 April 2011 has no impact on the financial statements for the year ended 31 March 2011 or prior years. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 16 from 1 April 2011.

***TAS 19 - Employee benefits***

There was previously no Thai accounting standard covering employee benefits and the Company does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways; (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date. Management has determined that the transitional liability as at 1 April 2011 for post-employment benefits is Baht 98.8 million for the Company. Management intends to adopt transitional provision 1 to recognise and account for this liability.

# Management

## Management Structure (end of March 31, 2011)



**The company has 1 group of director committee and 4 subcommittees detailed as follows:**

Board of Directors	Board of Executive Directors	Audit Committee	Nomination and Remuneration Committee	Product Pricing Committee
1. Mr.Staporn Kavitanon Honorary Chairman	1. Mr.Praphad Phodhivorakhun Chairman of Executive Directors	1. Mr.Komol Vongsthongsri Chairman of Audit Committee	1. Mr.Chackchai Panichapat Chairman of Nomination and Remuneration Committee	1. Mr.Arthakrit Visudtibhan Chairman of Product Pricing Committee
2. Mr.Praphad Phodhivorakhun Chairman of Board of Directors	2. Mr.Sadahiro Tomita Vice Chairman of Executive Directors	2. Mr.Chackchai Panichapat Audit Committee	2. Mr.Praphad Phodhivorakhun Nomination and Remuneration Committee	2. Mr.Sadahiro Tomita Product Pricing Committee
3. Mr.Sadahiro Tomita Vice Chairman	3. Mr.Supachai Setasathira Executive Director	3. Mr.Arthakrit Visudtibhan Audit Committee	3. Mr.Sadahiro Tomita Nomination and Remuneration Committee	3. Mr.Hitoshi Ito Product Pricing Committee
4. Mr.Komol Vongsthongsri Independent Director	4. Mr.Hiroshi Ito Executive Director		4. Mr.Komol Vongsthongsri Nomination and Remuneration Committee	4. Pol.Sub.Lt.Kriengsak Lohachala Product Pricing Committee
5. Mr.Tadashi Kawagoishi Director			5. Mr.Manu Leopairote Nomination and Remuneration Committee	5. Mr.Manu Leopairote Product Pricing Committee
6. Mr. Supachai Setasathira Director				
7. Mr.Hiroshi Ito Director				
8. Mr.Akira Nakamichi Director				
9. Mr.Yoshifumi Beppu Director				
10. Mr.Hideaki Nagatomo Director				
11. Pol.Sub.Lt.Kriengsak Lohachala Independent Director				
12. Mrs.Tipvimol Saengsuphan Director				
13. Mr.Chackchai Panichapat Independent Director				
14. Mr.Arthakrit Visudtibhan Independent Director				
15. Mr.Manu Leopairote Independent Director				

## The Board of Directors have 15 persons

- |  |  |
|--|--|
| <p>1. Mr.Staporn Kavitanon</p> <p><b>Certification</b></p> <p><b>Experience</b><br/>in the last 5 years</p>      | <p><b>Honorary Chairman</b></p> <ul style="list-style-type: none"> <li>● M.A (Econ) Vanderbilt University, U.S.A</li> </ul> <p>1991 - Jul 2001      Secretary General, Office of the Board of Investment (BOI)</p> <p>Nov 2001 - Present      Honorary Chairman<br/>Kang Yong Electric Public Company Limited</p>  |
| <p>2. Mr.Praphad Phodhivorakhun</p> <p><b>Certification</b></p> <p><b>Experience</b><br/>in the last 5 years</p> | <p><b>Chairman of the Board of Directors / Chairman of the Board of Executive Directors / Member of Nomination and Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>● Business Management Sheffield College of Technology, England</li> <li>● Master Degree in Public Administration (MPA) and Master degree in Business Administration (MBA) Ramkhamhang University</li> <li>● Honorary Doctorate Degree in Business Administration Rajabhat University of Lampang</li> </ul> <p>Jun 1994 - Present      Director, Kulthorn Kirby Public Company Limited</p> <p>Nov 1995 - Present      Chairman of the Board of Directors,<br/>Mitsubishi Electric Kang Yong Watana Company Limited</p> <p>Jul 1996 - Present      Chairman of the Board of Directors,<br/>Yokohama Rubbers (Thailand) Company Limited</p> <p>Oct 1999 - Present      Chairman &amp; Chairman of Executive Directors,<br/>Kang Yong Electric Public Company Limited</p> <p>2004 - Present      Independent Director, Polyplex (Thailand) Public Company Limited</p> <p>May 2005 - Present      Chairman of the Board of Directors,<br/>Siam City Leasing and Factoring Public Company Limited</p> <p>Aug 2008 - Present      Member of Nomination and Remuneration Committee,<br/>Kang Yong Electric Public Company Limited</p> |
| <p>3. Mr.Sadahiro Tomita</p> <p><b>Certification</b></p> <p><b>Experience</b><br/>in the last 5 years</p>        | <p><b>Vice Chairman of the Board of Directors / Vice Chairman of the Board of Executive Directors / President / Member of Product Pricing Committee / Member of Nomination and Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>● M.B.A. in Engineering, Tohoku University, Japan</li> </ul> <p>Apr 2004 - Mar 2005      Deputy Dept. Manager, Engineering Dept., Air-conditioning &amp; Refrigeration, Mitsubishi Electric Corporation</p> <p>Apr 2005 - Oct 2005      Deputy Department Manager, Engineering Department, Living Digital Media Administration Division, Mitsubishi Electric Corporation</p> <p>Oct 2005 - Jan 2006      Department Manager, Manufacturing Department, Ryoden Asahi Technology Technica Co., Ltd.</p> <p>Feb 2009 - Mar 2009      Manager. Works Manager Room,<br/>Mitsubishi Electric Corporation</p> <p>Mar 2009 - Present      Vice Chairman of the Board of Directors / President / Vice Chairman of the Board of Executive Directors,<br/>Kang Yong Electric Public Company Limited</p> <p>Mar 2009 - Present      Member of Product Pricing Committee,<br/>Kang Yong Electric Public Company Limited</p> <p>Nov 2010 - Present      Member of Nomination and Remuneration Committee<br/>Kang Yong Electric Public Company Limited</p>                       |



- 4. Mr.Komol Vongsthongsri**      **Independent Director / Chairman of Audit Committee / Member of Nomination and Remuneration Committee**
- Certification**
- Mechanical Engineering (Dipl. - Ing.) Germany
- Experience in the last 5 years**
- Oct 1999 - Mar 2003      Executive Director / Executive Vice President, Kang Yong Electric Public Company Limited
- 1995 - 2005      Director, Kang Yong Electric Public Company Limited
- Feb 2005 - Present      Independent Director, Kang Yong Electric Public Company Limited
- Feb 2005 - Present      Chairman of Audit Committee, Kang Yong Electric Public Company Limited
- Feb 2005 - Feb 2009      Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited
- Feb 2009 - Jul 2010      Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
- Feb 2007 - Present      Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited
- 5. Mr.Tadashi Kawagoishi**      **Director**
- Certification**
- B.A. in Commerce, Hitotsubashi University, Japan
- Experience in the last 5 years**
- 2008 - 2009      Deputy General Manager, Corporate Accounting Division, Mitsubishi Electric Corporation
- 2009 - Present      General Manager, Planning & Administration Dept., Living Environment & Digital Media Equipment Group, Mitsubishi Electric Corporation
- May 2010 - Present      Director, Kang Yong Electric Public Company Limited
- 6. Mr.Supachai Setasathira**      **Executive Director / Executive Vice President**
- Certification**
- Bachelor of Engineering Kasetsart University
  - Master of Business Administration, National Institute of Development Administration (NIDA)
- Experience in the last 5 years**
- Jan 2001 - Oct 2002      Production Refrigerator Dept. / General Manager, Kang Yong Electric Public Company Limited
- Jan 2003 - Mar 2003      General Manager / Production Division, Kang Yong Electric Public Company
- Apr 2003 - Present      Executive Director / Executive Vice President, Kang Yong Electric Public Company Limited
- 7. Mr.Hiroshi Ito**      **Executive Director / Senior General Manager**
- Certification**
- Economics, Takasaki City University, Japan
- Experience in the last 5 years**
- Nov 1998 - Sep 2001      Planning & Control Section Manager, Accounting Dept., Mitsubishi Electric Corporation
- Oct 2001 - Sep 2009      Director and Finance Department Manager, Siam Compressor Co., Ltd.
- Sep 2009 - Feb 2010      General Manager, Finance Dept., Purchase Dept.
- Feb 2010 - Present      Executive Director & Senior General Manager, Kang Yong Electric Public Company Limited
- Feb 2010 - Present      Member of Product Pricing Committee, Kang Yong Electric Public Company Limited

8. **Mr.Akira Nakamichi**  
Certification  
Experience  
in the last 5 years
- Director / General Manager**
- B.A. in Engineering Tokyo Metropolitan University, Japan
  - Sep 2000 - Sep 2004 Section Manager, Quality Control Section Refrigerator  
Manufactural Dept., Mitsubishi Electric Corporation
  - Oct 2004 - Sep 2005 Section Manager, Manufacturing Control,  
Mitsubishi Electric Corporation
  - Oct 2005 - Sep 2008 Deputy Manager, Refrigerator Dept.,  
Mitsubishi Electric Corporation
  - Feb 2009 - Present Director/ General Manager,  
Kang Yong Electric Public Company Limited
9. **Mr.Hideaki Nagatomo**  
Certification  
Experience  
in the last 5 years
- Director**
- B.A. in Engineering, Kyushu University, Japan
  - 2005 - 2010 Managing Director, Shangling Air-Conditioner and  
Electric Appliance Co., Ltd.
  - 2010 - Present General Manager,  
Mitsubishi Electric Corporation Shizuoka works
  - May 2010 - Present Director, Kang Yong Electric Public Company Limited
  - Mar 2010 - Present Director, Mitsubishi Electric Consumer Products  
(Thailand) Co.Ltd.
10. **Mr.Yoshifumi Beppu**  
Certification  
Experience  
in the last 5 years
- Director**
- B.A. in Economics Keio University, Japan
  - Jun 2003 - Mar 2008 Deputy General Manager Global Strategic Marketing &  
Operation Division, Mitsubishi Electric Corporation
  - Apr 2008 - Present Managing Director, Mitsubishi Electric Asia Pte. Ltd.
  - May 2008 - Present Director, Kang Yong Electric Public Company Limited
11. **Pol.Sub.Lt.Kriengsak Lohachala**  
Certification  
Experience  
in the last 5 years
- Independent Director / Member of Product Pricing Committee**
- Master of Public Administration Kent State University, U.S.A.
  - Feb 2005 - Present Director, Kang Yong Electric Public Company Limited
  - Feb 2009 - Present Member of Product Pricing Committee,  
Kang Yong Electric Public Company Limited
  - Present Consultant Bureau of the Crown Property
  - Feb 2009 - Present Chairman of Rajamangala University of Technology  
Tawan-ok
  - Present Chairman of Masterad Public Company Limited
12. **Mrs.Tipvimol Saengsuphan**  
Certification  
Experience  
in the last 5 years
- Director**
- Bachelor of Accounting, Thammasat University
  - 1992 - Present Administration Department Manager,  
Kang Yong Co., Ltd.
  - 1995 - Present Director, Nitto Seiko Co., Ltd.
  - Sep 2004 - Present Director, Kang Yong Electric Public Company Limited

<b>13. Mr.Chackchai Panichapat</b>	<b>Independent Director / member of Audit Committee / Chairman of Nomination and Remuneration Committee</b>
<b>Certification</b>	<ul style="list-style-type: none"> <li>● Master Degree in Electrical Engineering University of Texas, Austin Texas, U.S.A.</li> </ul>
<b>Experience in the last 5 years</b>	<p>Dec 1999 - Present    Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee City Sports and Recreation Public Company Limited</p> <p>Oct 2003 - Present    Independent Director, City Sports and Recreation Public Company Limited</p> <p>Jul 2002 - Present    Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee, Central Pattana Public Company Limited</p> <p>Jul 2003 - Present    Director / Executive Director, Amata Corporation Public Company Limited</p> <p>Oct 2004 - Present    Independent Director / Advisory Board Member, Saha Union Public Company Limited</p> <p>2006 - Present        Chairman of the Board of Directors, Magnecomp Precision Technology Public Company Limited</p> <p>2001 - Present        Audit Committee / Independent Director, Kang Yong Electric Public Company Limited</p> <p>Feb 2007 - Present    Chairman of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited</p>
<b>14. Mr.Arthakrit Visudtibhan</b>	<b>Independent Director / member of Audit Committee / Chairman of Product Pricing Committee</b>
<b>Certification</b>	<ul style="list-style-type: none"> <li>● Master of Public Administration University of Southern California, U.S.A</li> </ul>
<b>Experience in the last 5 years</b>	<p>Apr 1998 - Oct 2003    Head of Human Resources, Standard Charter Nakornthon Bank (Plc.)</p> <p>Nov 2003 - Present    Human Resources Director, Serm suk Public Company Limited</p> <p>Oct 1999 - Present    Audit Committee / Independent Director Kang Yong Electric Public Company Limited</p> <p>Feb 2009 - Present    Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited</p>
<b>15. Mr.Manu Leopairote</b>	<b>Independent Director / member of Nomination and Remuneration / member of Product Pricing Committee</b>
<b>Certification</b>	<ul style="list-style-type: none"> <li>● Faculty of Economics, Thammasat University</li> <li>● M.Sc. (Econ.), University of Kentucky, U.S.A.</li> </ul>
<b>Experience in the last 5 years</b>	<p>2003 - Present        Chairman, Polyplex (Thailand) Public Company Limited</p> <p>Present                Chairman of Audit Committee, Thai Oil Public Company Limited</p> <p>2010 - Present        Chairman, Khon Kaen Sugar Public Company Limited</p> <p>2010 - Present        Independent Director, Kang Yong Electric Public Company Limited</p> <p>2010 - Present        Member of Product Pricing Committee, Kang Yong Electric Public Company Limited</p> <p>2010 - Present        Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited</p>

## Management Structure

The Company has one group of the director committee and 4 subcommittees detailed as follows:

1. **The Board of Directors** There are 15 directors, were appointed by the resolution of the shareholders's meeting. The 5 directors were independent directors.

### **The duties and responsibility of the Board of Directors**

The Board of Directors had the power and obligation to manage the Company in accordance with objectives, article of association, resolution of the shareholders' meeting, and appoint the subcommittees.

Remarks : The Board of Director appointed 5 independent directors on May 24, 2010

2. **The Board of Executive Directors** There are 4 directors, were appointed by the Board of Directors

The Executive Committee that has the authority to sign the name for the Company is Mr.Praphad Phodhivorakhun or Mr.Supachai Setasathira accompanying with Mr.Sadahiro Tomita or Mr.Hiroshi Ito also seal the Company stamp.

**The duties and responsibility** of the Board of Executive Directors has the power and obligation to manage the Company, supervise the management's actions to be in line with Company policy and report to the Board of Directors.

3. **Audit Committee** There are 3 independent directors, were appointed by the Board of Directors

**The duties and responsibility of Audit Committee** has the power of reviewing the sufficiency of the internal control system and the risk management system specified by the management, reviewing financial data, reviewing the compliance with laws, rules and regulations relevant to the Company to ensure the Good Corporate Governance and appropriate management for achievement the best efficiency and effectiveness, as defined in the Audit Committee's Charter. The Audit Committee shall report to the Board of Directors

4. **Nomination and Remuneration Committee** There are 5 directors, were appointed by the Board of Directors.

The resolution of the Board of Directors 4/2010 on February 9, 2011, reviewed the charter

1. The committee consists of at least 5 directors of the Company, independent director 3 members and executive director 2 members and Chairman of the committee shall be independent director.

2. In accordance with term of service of the Board of Directors.

### **The duties and responsibility of Nomination and Remuneration Committee**

1. Shall determine the policy, criteria, and mean relevant to the nomination, remuneration, and other benefits for the Board, Executive Directors, and Subcommittees. The criteria shall be clear and transparent that be proposed to the board for approval.

2. Shall nominate the qualified candidate to sit on any positions such as the Board of Director, Executive Director, and Subcommittees and propose to the Board of Director for approval.

3. Shall consider an appropriate composition of the Board, Executive Director, and Subcommittees in accordance with the regulation of SET and SEC and the business circumstance for determination of the proper remuneration to duties and responsibilities that will be proposed to the Board for approval.

4. Shall report the performance of the Nomination and Remuneration Subcommittee and review its charter in accordance with the regulation of SET and SEC.

5. Shall perform any other assignments of the Board involving the nomination and remuneration of director.

**5. Product Pricing Committee** There are 5 persons, the detail is as following:-

Group 1 Representative of interest parties from KYE and Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY) 2 persons.

Group 2 Independent Director 3 persons.

**The duties and responsibility of Product Pricing Committee**

1) To supervise the management, pricing the product sold to MKY being line with Company's product pricing policy and the SET's and SEC's request, which result in average mark up rate on cost of NOT LESS THAN 20% mean that:

2) For the selling price changes, which results in an average mark up on cost

Below the agreed mark rates on cost of 20% but NOT LESS THAN 10% the Product Pricing Committee is responsible for approving the selling price change request submitted by the Company, The decision must be unanimous.

3) The aforesaid, the product pricing policy the Company's management in good faith and assert carefully of Company.

**The top management\* officers compose of 22 persons (as of 31 Mar. 2011) as follow:**

1. Mr.Praphad	Phodhivorakhun	Chairman
2. Mr.Sadahiro	Tomita	Vice Chairman and President
3. Mr.Supachai	Setasathira	Executive Director and Executive Vice President
4. Mr.Hiroshi	Ito	Executive Director and Senior General Manager
5. Mr.Akira	Nakamichi	General Manager
6. Mr.Mongkol	Kuratana	Deputy General Manager
7. Mr.Anucha	Pralongkij	General Administration Department Manager
8. Mr.Somboon	Choonhavan	General Administration, Deputy Department Manager
9. Mr.Hitoshi	Otake	Purchase Department Manager
10. Mr.Nirundorn	Pangma	Deputy Purchase Department Manager
11. Mr.Kritsana	Chatchaivorawong	President Office Department Manager
12. Mr.Toshiyuki	Iizuka	Marketing Department Manager
13. Ms.Pojana	Tinnaworn	Finance Department Manager
14. Mr.Aniwat	Saelim	Finance, Deputy Department Manager
15. Mr.Suppasak	Hirunpornpithak	Special Project Department Manager
16. Mr.Atakrit	Siwasarit	Fan and Water Pump Production Department Manager
17. Mr.Artit	Manubrud	Fan and Water Pump Production Deputy Department Manager
18. Mr.Sinchai	Kowitwatanapaisal	Refrigerator Production Department Manager
19. Mr.Pornthep	Subromyen	Refrigerator Production, Deputy Department Manager
20. Mr.Mongkol	Thadtayatikom	Quality Assurance Department Manager
21. Mr.Vinij	Phromma	Tool and Plastic Production, Deputy Department Manager
22. Mr.Pensak	Plavuthithothai	Production Engineering Department Manager

(\*Executive means the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.)

● **The Company Secretary** The Board of Directors appointed Mr.Kritsana Chatchaivorawong as a Company Secretary since August 8, 2008

### The duties and responsibility of the Company Secretary

1. Preparing and keeping the following documents:
  - 1.1 A register of directors;
  - 1.2 A notice calling director meeting, a minute of meeting of the Board of Directors and an annual report of the Company
  - 1.3 A notice calling shareholder meeting and a minute of shareholders' meeting;
2. Keeping a report on interest filed by a director or an executive
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board
4. Conducted in various mission as assigned by the Board of Directors

## The Selection of the Board of Directors and Management

1. The director shall be elected by the resolution of the shareholders' meeting according to criteria and procedures as follows:

(1) One shareholder has one vote per share hold by him.

(2) The voting in the election of directors may be done on the basis of either one person after another or several persons altogether to the total number of directors to be elected on that occasion according the meeting' resolution. In voting, whether the election is one for one person after another or several persons altogether, each person voted for by a shareholder will receive the votes from the shareholder according to the total number of votes of the shareholder according (1). The said shareholder is not permitted to divide however many or few of his/ her votes for any person.

(3) The persons receiving the highest number of votes in a descending order are elected directors in the same number as that of directors that should be available or elected on that occasion. In the case that persons elected in the descending order have equal votes, exceeding the number of directors that should be available or elected on that occasion, the Chairman shall use the casting vote.

2. In case any vacancy occurs for any reasons further than by the retirement of the Directors by notation, the Board of Directors shall elect a person who possesses qualification and is not disqualified under Section 68 of the Public Company Limited act of 1992 as amended in 2001 to fill in such vacancy and be the director in the next meeting of the Board of Directors.

A resolution of the Board of Directors shall be supported by not less than three-fourths of remaining directors' votes. Accordingly, the selection of the persons qualifying to be the Company's directors shall be approved by the Nomination and Remuneration Committee prior to proposing to the meeting.

### The Selection of Board of Executive Directors

- The Board of Directors shall have the power to appoint 4 directors as members of the Board of Executive Directors who has the power and obligation to manage the Company on behalf of the Board of Directors.

- The Board of Executive Directors consists of 1 Chairman, 1 Vice Chairman, and 2 members.

### The Selection of Audit Committee

- The Board of Directors shall have the power to appoint 3 independent directors as members of the audit committee. This committee has a duty, specified in the charter of the audit committee, to ensure the Good Corporate Governance. The committee will be positioned for the 3 year period.

- The Audit Committee comprises 1 Chairman, who has adequate expertise and experience to review creditability of the financial reports and 2 members. The President Office Department Manager responsible for the internal audit is a secretary of the committee.

#### **The Selection of Nomination and Remuneration Committee**

● The Board of Directors appoints 5 directors, who have knowledge, experience and understanding regarding the payroll and remuneration systems, as members of the Nomination and Remuneration Committee. The Committee will be positioned for the 3 year period. The secretary of the Committee is the Finance Department Manager.

- The Nomination and Remuneration Committee comprises 1 Chairman, and 4 members.

#### **The Selection of Product Pricing Committee**

● The Board of Directors appoints 5 directors as members of Product Pricing Committee. This Committee has a duty to approve the price setting between the Company and Mitsubishi Electric Kang Yong Watana Co., Ltd. the major domestic distributor. The members are the representatives of 2 shareholder groups as follows:

- 2 directors representing the interested parties in Kang Yong Electric PCL., and Mitsubishi Electric Kang Yong Watana Co., Ltd.

- 3 independent directors

The Product Pricing Committee comprises 1 Chairman, and 4 members.

#### **The Selection of Independent Director**

The Company considers the qualification of independent directors by taking account of Stock Exchange of Thailand's regulation involving independent director qualification as follows:-

1. Holding shares not more than 1% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.

2. Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company independent director.

3. Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, siblings and child as well as children spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.

4. Having no current or previous business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons which may interfere his/her independent discretion, and not being or having previously been a major shareholder or controlling person of the Company which has a business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the Company independent director.

5. Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the Company independent director.

6. Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the Company independent director.

7. Not being a director appointed as a representative of the Company directors, major shareholder or a shareholder who is related to the Company major shareholder.

8. Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other Company who operates same business and significantly competes with the Company and its subsidiaries.

9. Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

## Remuneration for Management

The Company has 15 directors and 22 management persons. 5 of management persons are the Company's directors. The Company pay the remunerations as follows:

### Directors' remunerations

During April 2010 -March 2011, details of the directors' remunerations are as follow:

Directors	Position	Committee					Remuneration 2010 (Baht)
		BOD	EDC	A/C	P/P	N/R	
1. Mr.Staporn Kavitanon	Honorary Chairman	✓					180,000
2. Mr.Praphad Phodhivorakhun	Chairman of the Board of Directors	✓	✓			✓	540,000
3. Mr.Sadahiro Tomita	Vice Chairman	✓	✓		✓	✓	432,000
4. Mr.Komol Vongsthongsri	Independent Director	✓		✓		✓	820,000
5. Mr.Tadashi Kawagoishi	Director	✓					148,000
6. Mr.Supachai Setasathira	Director	✓	✓				264,000
7. Mr.Hiroshi Ito	Director	✓	✓		✓		330,000
8. Mr.Akira Nakamichi	Director	✓					264,000
9. Mr.Hideaki Nagatomo	Director	✓					148,000
10. Mr.Yoshifumi Beppu	Director	✓					192,000
11. Pol.Sub.Lt.Kriengsak Lohachala	Independent Director	✓			✓		330,000
12. Mrs.Tipvimol Saengsuphan	Director	✓					240,000
13. Mr.Chackchai Panichapat	Independent Director	✓		✓		✓	716,000
14. Mr.Arthakrit Visudtibhan	Independent Director	✓		✓	✓		599,000
15. Mr.Manu Leopairote	Independent Director	✓			✓	✓	318,000
<b>Total</b>							<b>5,521,000</b>

Remark : 1. - Mr.Tadashi Matsumoto, who has resigned from the Board of Directors since May 6, 2010  
 - Mr.Taketoshi Arikawa, who has resigned from the Board of Directors since May 6, 2010  
 - Mr.Shoichiro Hara, who has resigned from the Board of Directors since May 6, 2010

2. The meaning of meeting of each committee

BOD	=	The Board of Directors
EDC	=	The Board of Executive Directors
A/C	=	Audit Committee
P/P	=	Product Pricing Committee
N/R	=	Nomination and Remuneration Committee



## Management's Remuneration

During April 2010 - March 2011, the remunerations for 22 managements are as follow :

### Remuneration for the Management

Item	No.	Baht
- Remunerations i.e. salary, bonus and Provident funds	4	15,616,000

### Remuneration for the Board of Directors

Item	No.	Baht
- Remunerations i.e. salary and bonus	18	28,239,067

## Report on Good Corporate Governance

The Company has truly committed to operate the business on fair, transparent, and verifiable basis under the surveillance of the Board of Directors. The Company has policy and direction in performance that has focused on the control and internal audit, regulated the administrative party to undertake the activities to achieve the Company's objectives and goals effectively under the provision of law and the Code of Conduct. In 2011, the Company has proceeded on regulating the Company as follows;

### 1. Right of Shareholders

The Company is aware of the right of the shareholders in access to the Company's information adequately, timely and equitably. To achieve this, the Company has provided the meeting so that all shareholders can participate in the meeting and exercise their right equitably. In case that any shareholder is unable to attend the meeting by himself, he can assign other or independent committee as his proxy to attend the meeting and passing the resolution in his place. In addition, the Company's information has been publicized through a channel of SCP Client of the Stock Exchange of Thailand (SET).

The meeting notice and an adequate amount of information enclosed have been mailed by the Company to the shareholders in advance as required by law. It also contains the important information on topic presented, reasons and necessity, and the Board's consent. In 2010, the Company conducted a shareholder's meeting on Wednesday 28th July, 2010 to let the shareholder consider, express and vote in the meeting properly. In the meeting, there were the Audit Committees, Subcommittee, certified auditors, and Company's executive joining the meeting to respond the questions and enquires raised by shareholders equitably.

### 2. Equitable treatment of Shareholders

The Company fully complied with the best practices in regard to shareholder's rights especially when it allowed minor shareholders to propose the agendas and director candidate of the AGM 2010 and the AGM 2011 in advance, a practice considered an equal treatment to all shareholders. For the AGM 2010, the Company allowed minor shareholders to propose agendas / director candidate in advance between 15 March – 5 April 2010 and notified shareholders through the Stock Exchange of Thailand (SET) before posting it on its website at [www.mitsubishi-kye.com](http://www.mitsubishi-kye.com) in which clear and transparent procedures were indicated. At the AGM 2010, no shareholder proposed any agenda/ director candidate.

For the 2011 meeting, the Company already arranged for shareholders to propose the meeting's agendas / director candidate in advance during March 15 - April 5, 2011. It also notified shareholders through the SET and its website at [www.mitsubishi-kye.com](http://www.mitsubishi-kye.com) or facsimile or registered mail to the Company.

### 3. Stakeholder's role and responsibility

The Company is aware of the significance of all the shareholders and stakeholders' right internally and externally, ranging from clients, shareholder, employee, and social and public environment under the Good Corporate Governance which has been applied as guideline by the Company to perform the operation and regarded as the most crucial concern for all. The meetings held by the Company included shareholder meeting, client meeting, vendor meeting. This is to build the good relationship in fair negotiation. Also, the Company jointed the meeting with Corporate Labor Union so that the stakeholders and other concerned people shall be treated fairly as well building goodwill relation and benefit with all interest groups.

#### Shareholders

The Company is aware of the significant of all the shareholders in Good Corporate Governance as refer in the section rights of Shareholder and Equitable treatment of Shareholders

#### Employees

1. The Company provides appropriate welfare and fairly remuneration for employees as follow:
  - Transportation arrangement covering employees residences
  - On-site canteen offering clean food at reasonable price
  - Scholarship at various levels for public institutions
  - Several welfare as wedding allowance, maternity benefits, financial aid in the event of death or welfare in the event of death of family member, provident fund which provide saving for employees, annual health check up and co-operatives
2. Ensure and maintain working environment for life and asset safety of the employees.
3. Appoint, transfer, reward or punish any employee by based on the appropriateness, knowledge and capability of such employee.
4. Consistently focus on staff development for knowledge, capability and skill and provide extensively opportunity for all staff
5. Perform strictly according to the laws and regulations related to employee

#### Customers

1. Deliver quality products per customer request or higher than customer expectation under the fair conditions.
2. Provide correct, sufficient and updated information related to the product and service to the customers so that they have sufficient information for decision making without misrepresentation on quality, quantity or any conditions of products and services.
3. Keep for all customers' confidential information and shall not illegally utilize such information for the interests of the Company or related parties.
4. Respond to customer demand promptly and provide efficient system and channel for customer to complain about the quality of product and service

#### Trading Partner

1. Perform under the rules of fair competition.
2. Not unethically or inappropriately seek its partners confidential information.
3. Not destroy partners reputation by negative accusing

#### **Creditor**

1. Perform equitably and fairly to creditors and be based on fair benefit for both parties.
2. Perform according to the agreement or other conditions as agreed. If the Company could not meet any condition, the Company has to inform partner and/ or creditor in advance in order to find the solution together.
3. Under business negotiation, the Company shall avoid requesting, receiving or hiring for any dishonest benefits.
4. If there is any requesting, receiving or hiring for any dishonest benefits, the Company shall disclose to creditors and find out fair and rapid solution together.
5. Regularly report correct, complete and on-time financial statements to the creditors.

#### **The Society and Community Responsibility**

1. Encourage the Company's staff to have consciousness and responsibility for its society and environment under environment management (ISO 14001).
2. Be responsible for and assure that the environment and local tradition where the organization located shall be maintained.
3. Consistently arrange or participate in society, community and environment activities in order to improve the community and the quality of life by the Company's itself as well as cooperation with government and community.
4. Prevent accident and control waste at the better level than the accepted standard.
5. Promptly and efficiently respond to the incident that affects the environment and community caused from the Company's operation providing full cooperation with government staff and related parties.

#### **4. Disclosure and Transparency**

The Company's disclosure policy has been carried out in accordance with the Stock Exchange of Thailand Requirement, for examples, financial reporting, change in the committees, inter-transaction approval, etc. through the SCP Client of the Stock Exchange of Thailand after completion of any meeting of the Board of Directors or any meeting of shareholders, and has been already publicized in the Annual Report (TYPE 56-2) and Annual Transaction Manifestation 2010 (TYPE 56-1). Further information can be obtained by contacting the Company's investor relation at 02-337-2900 ext.510 or E-mail : [information@kye.meap.com](mailto:information@kye.meap.com)

In 2010, the Company attend the "Opportunity Day" with SET. on August 23, 2010 and Company visit on August 30,2010.

#### **5. Board of Directors' Responsibility**

The Company's Code of Conduct has abided the philosophy on business operation criteria where the corporate social responsibility has been emphasized crucially by encouraging the members of the Board, Executive and all employees perform their function and duty under eight sections of the Code of Conduct, for examples; compliance with law, respect for human right, social benefit creation, community unity building, participation in environment problem-solving, and conscious awareness of the operator's responsibility, promote the liaison among the stakeholders, conflict of interest management, provide the strict control and proceed on operating transparently and fairly.

Of fifteen members of the Board, the Company currently has five independent directors in accordance with the Good Corporate Governance. At least one third of the Board of Directors are the independent directors, it can ensure that the right and benefits shall be overseen thoroughly to protect the Company's interest fully. In addition, internal

tradeoff in the Board structure, namely, 10 non-executive committees is designated greater than 5 executive committees in order that the non-executive committees can express their opinion independently and contemplate other matters in the meeting of the Board of Director fully.

The Company has separately divided power and duty and authority of the individuals between Chairman and Managing Director to allow the tradeoff each other. The Company has also set up the Executive Committees to consider the important matters thoughtfully to maximize the Company's benefits.

In 2010, Company conducted 6 meeting of the Board of Directors, and other sub-meetings, for examples, 5 meeting of the Audit Committees, 4 meeting of the Nomination and Remuneration Committee and 3 meeting of the Product Pricing Committee. The Board of Executive Directors have convened 2 meeting monthly to ensure the Company's effective performance. Majority of the committees have joined the meeting regularly. Below is detail on individual committee's attendance.

Director		Number of attendance / Total number of Meeting					Total
		BOD	SPC.BOD	A/C	P/P	N/R	
1.	Mr.Staporn Kavitanon	0/4	0/2				0/6
2.	Mr.Praphad Phodhivorakhun	4/4	2/2			4/4	10/10
3.	Mr.Sadahiro Tomita	4/4	2/2		3/3	1/1	10/10
4.	Mr.Komol Vongsthongsri	4/4	2/2	5/5	1/1	4/4	16/16
5.	Mr.Tadashi Kawagoishi*	2/4	0/2				2/6
6.	Mr.Supachai Setasathira	4/4	2/2				6/6
7.	Mr.Hiroshi Ito	4/4	2/2		3/3		9/9
8.	Mr.Akira Nakamichi	4/4	2/2				6/6
9.	Mr.Hideaki Nagatomo*	2/4	0/2				2/6
10.	Mr.Yoshifumi Beppu*	2/4	1/2				3/6
11.	Pol.Sub.Lt. Kriengsak Lohachala	4/4	2/2		3/3		9/9
12.	Mrs.Tipvimol Saengsuphan	3/4	2/2				5/6
13.	Mr.Chackchai Panichapat	3/4	2/2	5/5		4/4	14/15
14.	Mr.Arthakrit Visudtibhan	3/4	2/2	5/5	3/3		13/14
15.	Mr.Manu Leoparote	3/4	2/2		2/2	1/1	8/9

**Remark** 1. \* means the director who resides in foreign countries.

2. The meaning of meeting of each committee

BOD = The Board of Directors

SPC.BOD = Special meeting of the Board of Directors

A/C = Audit Committee

P/P = Nomination and Remuneration Committee

N/R = Product Pricing Committee

## Internal Data Usage

The Company has set up security measures to protect internal secured information related to the Company business, not only confidential data but also other important data relevant, and prevent the management or any section obtaining internal data not to disclose such data to external parties or persons not involving with the Company's business, except the authorized top management. Such measures can protect a person who seeks for his/her own benefits or relative's benefits from internal data usage.

## Manpower

As of 31 March 2011, the Company has 1,163 permanent employees detailed as follows:

Permanent manpower at production	969 persons
Permanent manpower at administration and supports production	194 persons

### Remuneration for Employee

In the fiscal year 2010, the total remuneration was 488.63 million baht that included salary, wages, overtime and bonus. In addition, the Company has provided welfare for employees such as provident funds, medical expenses, traveling expenses and lunch expenses, etc

### Employee Development Policy

The Company Policy to emphasize employee development by set up training to all employees both of internal and external. The Processing of Training level would be more and continues. Starting from survey to all Departments and Management for which items they need and then separated for Company total views. After that, explained to each priority group of current and future job administration. We have checked from last year training record for most prefer because of we need to develop internal training plan and set up trainer who will suitable to join the training.

The External training course, Company will assign to be suitable person under the condition of budget in each department. All of these we need to improve total views to be stable training system. Many projects we need to start for get the target efficiency of organization.

# Risk Factor

## 1. Marketing and Competition Situation Risks

1.1 Because of the risk on price fluctuation in raw materials, the trend of Plastic and Copper and Aluminum price has been increased, and fuel price has negatively affected the increased production cost, resulting in the price competition into the domestic market and export market.

1.2 Risks from the effects of natural disasters such as floods caused by heavy coverage to 39 provinces in Thailand which is heaviest in the last several decades. Because of heavy rains in many areas during October - November 2010, and particularly in the 12 southern provinces. Cause severe damage to both life and properties in many areas. These risks are affected to the transportation and trade.

It also caused a severe earthquake and tsunami waves in Japan during in March 2011 affect imports and export to Japan in short term.

The Company has the contingency plan for responding with risks so as to continue the production and delivery in normal as soon as possible.

1.3 The previous time of domestic political and economic have been emerging, adversely resulting in fluctuations in the business, delivery of raw materials and components, including production processes, delivery process and the slowdown in consumer spending which affect the risk of selling in domestic market.

## 2. Financial Risks

### 2.1 Foreign currency risk

The Company is exposed to foreign currency risk relating to sales and purchasing of goods, raw materials, machines and equipments which are denominated in foreign currencies. The Company utilizes for forward exchange contracts which have maturities of less than one year, in order to hedge such financial liabilities denominated in foreign currencies.

### 2.2 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because interest rates are floating. However, the management believes that the Company has no significant risk for interest rate because the Company has insignificant borrowing and the maturity of deposits and other financial assets is short-term and interest is based on market rates

### 2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. However, management does not anticipate material losses from its debt collection.

### 2.4 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

### **3. Labour Risks**

During the previous year, in the industry has fluctuations in labour migration to the source of higher income. Including the minimum wage is trendy to increase in 2011, that may result to cost up and caused a temporary short-age conditions occur. Especially during the season of production increases, the Company has managed the recruitment other source for replacement in order to keep operations by continuously.

### **4. Legal Risks**

During the previous year, there was a number of newly established that has been enacted, for example, Related Environment Law, Energy Conservation, Product Standard Requirement and so on. The Company provides the responsible work units to monitor and follow up the compliance, including that reporting has been forwarded to the Executives, as well as an action in accordance with laws and regulations have been responded.

# Internal Control

The Company realizes the management roles, the supervision of internal control system, and risk management at the same time so the Company's operations or performance will be efficient and effective according to the Company's Board of Directors and shareholders' policy, regulation, and resolution. In addition, the Company also strictly complies with related laws, notifications, and rules.

Regarding the Company's internal control, the Executive Board and the management in every level will identify the Company's annual policy, objective, and financial target for departmental level. Such aforementioned will be explained to the employee so they can apply and help the Company's achieve its goals. The Company also has the monitoring system under the format of various levels of meetings ranging from weekly, monthly, quarterly, and semiannually meeting. Such meeting is operational report and explanation, or order from executives in order for the Company's operations to achieve its goals and objectives.

The Company has the section responsible for internal audit. Such section is independent and responsible for auditing and monitoring the performance of other sections regarding the internal control system, the compliance with related laws and regulations. The section will follow the annual Audit plan, the corrective action plan after auditing, and the special audit plan approved by the Audit Committee. The audit report will be proposed to the Executive Board and, directly, to the Audit Committee for information and consideration. In addition, the unit also acts as the secretarial section of the Audit Committee by reporting the emergency cases to the Audit Committee and the Committee will give some opinions and recommendation for the change or modification to the Company or management further. Moreover, the section will also proposes the Company's performance report and the audit report in significant issues such as financial statement and connected transactions occurred during that period to the board of directors' meeting quarterly for information and consideration. Therefore, it is confident that the Company possesses sufficient internal control system according to the good corporate governance policy.

In the last year, Internal Audit Section has been established. Internal Audit Charter which has been approved by the President and Audit Committee. The Charter has defined the mission, the scope of internal audit job, authority and responsibility, performance standards, independence including internal audit reports in order to create confidence and efficiency, effectiveness of operations in accordance with the policies and goals of the Company.

The Audit Committee will audit quarterly and monthly financial statement and connected transactions that have already been proposed to the Company's management after audited by the auditor. In addition, the report from the Audit Committee will be reported in the Board of Directors' meeting quarterly for information and consideration.

The Company has established Risk Management Committee which has the President to be leader of committee and composed of members from managers of all departments coverage in all of Company.

Risk Management Committee has settled the policy and Risks Management system for indicating risks and risks level, evaluating risks, measures in risks management including monitoring system in all risks that may be effected to the Company. The objective of committee is engaged to manage all Company risks in the same systematic managing in avoid reduction, transfer of accept the risks by efficiency and appropriately.

In previous year, Risk Management Committee has reviewed Risks identify and evaluation including measures in risks, and follow up risks management activities. And report to Audit Committee and The Board of Directors for information and consideration.



In addition, the Company identifies the methods to open the opportunity for the Company's stakeholders to inform the hint or clue witnessed from the incident or behaviors that may result in the violation of laws, regulations, rules and / or conflict with the moral principles and ethics, and such aforementioned will lead to the overall Company's damage. The Company identifies and publicly informs the guidelines as follows :

The witness of the aforementioned incident or behaviors should collect the information, hint, clue, and evidence to confirm the fact as much as possible, and inform the Company directly by sending the documents to the following address.

To The Chairman of the Board of Directors or The President  
Kang Yong Electric Public Company Limited  
P.O. Box 49, Bangna Tower 10541

The Chairman of the Board of Directors or President will receive such information directly and will regard it as the strictly confidential information in order to protect the impact on the witness, and will fairly perform by referring to the information received and the proof for further decision and proper management.

In order to demonstrate the sincerity of the witness and to verify that such information is true, the witness should mention his or her name, surname, and address so the Company may request for some additional information (if necessary).

The Company is confident that from various measures above mentioned, the Company should possess good and efficient internal control system according to the Good Corporate Governance policy.

# Connected Transaction

Relationships with related parties of 2009 and 2010 fiscal year were as follows:

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				Mar 31, 2011	Mar 31, 2010	
1	1.1) Mitsubishi Electric Corporation (MELCO)	Parent, 40.81% shareholding Country of corporation: Japan	<u>Sale of Product and Spare part</u> KYE sell electric home appliance products such as electric fans, exhaust fans, refrigerators, water pump and spare part to related parties company	3,841.21	2,730.30	As a producer of the "Mitsubishi Electric" electrical products with MELCO as a major shareholder, KYE is obliged to follow the market segmentation and distribution policies definitely set out by MELCO. KYE has adopted such distribution policy has relatively experienced successive sales growth. Though made to its connected parties, is considered a reasonable transaction.
	1.2) Mitsubishi Electric Kang Yong Watana Co.,Ltd. (MKY)	A subsidiary of the Company's parent and common direct was Mr.Praphad Phodhivorakkhun and Mrs. Tipvimol Saengsuphan (MELCO was MKY 48.5% shareholding)		2,733.93	2,709.39	
	1.3) Mitsubishi Electric Life Network Co., Ltd. (MSB. LN)	A subsidiary of the Company's parent Country of corporation: Japan		155.73	162.34	
	1.4) Mitsubishi Electric Taiwan Co., Ltd. (MSB. Taiwan)	A subsidiary of the Company's parent Country of corporation: Taiwan		7.70	8.58	
	1.5) Mitsubishi Electric Asia Pte. Ltd (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore		357.12	346.00	
	1.6) Mitsubishi Electric Australia Pty. Ltd. (MSB. Australia)	A subsidiary of the Company's parent Country of corporation: Australia		138.54	71.75	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction	
				Mar 31, 2011	Mar 31, 2010		
	1.7) Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd. (MLH)	A subsidiary of the Company's parent Country of corporation: Hong Kong			261.30	252.67	
	1.8) Melco Sales Malaysia Sdn.Bhd.	A subsidiary of the Company's parent Country of corporation: Malaysia			155.24	108.76	
	1.9) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan			12.10	11.87	
	1.10) Melco Trading (Thailand) Co., Ltd.	A subsidiary of the Company's parent			5.48	4.85	
2.	2.1) Mitsubishi Electric Corporation (MELCO)	Parent, 40.81 % shareholding Country of corporation: Japan	<u>Procurement parts and raw materials</u> KYE itself procures electronic parts used for the production of its product such as electric fans and refrigerators.		1.83	12.21	The Company has to buy parts and raw materials from MELCO's subsidiaries in massive quantity which helps to bring its production cost down and enable KYE to achieve good quality control.
	2.2) Mitsubishi Electric Asia Pte. Ltd. (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore			22.12	35.91	
	2.3) Setsuyo Astec Corporation	A subsidiary of the Company's parent			179.90	155.50	
	2.4) Thai Refrigeration Components Co., Ltd. (TRC)	Common director was Mr.Praphad Phodhivorakhun	KYE itself procures roll- bond Evaporators used for assembly refrigerator		28.78	31.02	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				Mar 31, 2011	Mar 31, 2010	
	2.5) Mitsubishi Electric Automation (Thailand) Co., Ltd.	A subsidiary of the Company's parent	KYE itself procures electronic parts used for assembly water pump.	138.49	117.57	
	2.6) Kulthorn Kirby Public Company Limited (KKC)	Common director was Mr.Praphad Phodhivorakhun	KYE itself compressor used for assembly refrigerator	170.20	182.34	
	2.7) Mitsubishi Electric Trading (MT)	A subsidiary of the Company's parent Country of corporation: Japan	KYE itself procures electronic parts used for assembly refrigerator.	8.25	-	
	2.8) Melco Trading (Thailand) Co., Ltd. (MT-T)	A subsidiary of the Company's parent	KYE itself procures electronic parts used for assembly refrigerator.	118.88	-	
3.	3.1) Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	A subsidiary of the Company's parent, 48.50% shareholding and common director	<u>Complementing Fee</u> Advertising support	8.45	6.62	The financial support for sales promotion is one of the strategies to run a business the use of just a sum of money in change for sales boost is reasonable and necessary but under a clear - cut scope and criteria.
	3.2) Mitsubishi Electric Asia Pte. Ltd. (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore		0.86	2.96	
	3.3) Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd. (MLH)	A subsidiary of the Company's parent Country of corporation: Hong Kong		0.78	1.14	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				Mar 31, 2011	Mar 31, 2010	
3.4)	Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company's parent Country of corporation: Japan		0.01	1.66	
3.5)	Melco Logistic(Thailand) Co., Ltd. (MELT)	A subsidiary of the Company's parent	Logistic Fee	26.85	16.03	KYE has been dealing with this company in order to smoothen the operation progress of export shipment. Besides,KYE has also had contracts with other companies,who are not related to MELCO as well,upon to destination of each market.
3.6)	Mitsubishi Electric Corporation (MELCO)	Parent, 40.81% shareholding	Royalty sale, afterservice and Technician fee	350.81	410.1	KYE entered into Technical Assistant Agreement with MELCO under this agreement, KYE has obtained technical Know - how and marketing assistance from MELCO including product technology and equipment useful training,it is a reasonable transaction for the company to pay the expense to MELCO in return.

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				Mar 31, 2011	Mar 31, 2010	
			Development fee (in accordance with Technical Assistance Agreement)	226.18	154.55	Research & Development is important parts of KYE's continuity KYE need to have the supporting in research & development of KYE products and manufacturing products in "Mitsubishi" for improving competitiveness, quality, creating product value and products comply with market required condition.
	3.7) Smile Super Express Co., Ltd. (SSE)	Associate, 33.33% shareholding.	Storage, Handling & Transportation Charge.	59.43	47.04	
4.	4.1) Melco Thai Capital Co., Ltd. (MTC)	A subsidiary of the Company's parent Parent, 192,994 shares or 99.99% shareholding	<u>Giving or receiving of financial assistance</u> - Loan Receivable to MTC by interest rate of deposit - Loan Receivable - Interest Received	30.43 0.43	72.03 0.23	Audit Committee Opinion: In sympathy with the company accesses connected transaction with MTC operates loan service business and cash management system assistance. This assessment affects company's cash flow being better and lower financial cost. Furthermore interest rate is also reasonable and able to anticipate the lower interest rate than bank interest and higher interest than it would be from a bank deposit which manage cash flow effectively.

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)			Reasonableness of the transaction
				Mar 31, 2011	Mar 31, 2010		
5.	5.1) Smile Super Express Co., Ltd. (SSE)	Associate, 33.33% shareholding.	<u>Lease or lease out of real estate for not over 3 years</u> SSE has rented land and 2 buildings from KYE	15.28	15.23	KYE let SSE rent buildings to be asset for performing business, it is reasonable transaction. Finally, KYE outsources SSE to manage and store products by use of the land and buildings as finished goods warehouse. Outsourcing to SSE result in reduction of administration cost in warehouse less than other companies.	
6.	6.1) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan	<u>The purchase of asset</u> KYE purchase mold for refrigerator model MR-CU33/37R KYE purchase mold for refrigerator model MR-15/17 KYE purchase function checker	- 1.50 1.41	1.06 - -	Audit Committee Opinion: Purchasing of mold from MELCO through MT has clear calculation method. Mold purchase are unique. KYE cannot seek for machine appraiser. Therefore, the company import mold from Japan.	

Balance as at 31 March 2011 and 31 March 2010 with related parties were as follows:

Name of entities	Trade Accounts Receivable		Other Receivables		Trade Accounts Payables		Other Payables	
	31 March'11	31 March'10	31 March'11	31 March'10	31 March'11	31 March'10	31 March'11	31 March'10
● Melco Thai Capital Co., Ltd.			30.43	72.03				
● Smile Super Express Co., Ltd.		0.02	1.29	1.27			6.83	4.34
● Mitsubishi Electric Corporation	408.48	246.00			-	1.38	281.73	236.24
● Thai Refrigeration Components Co., Ltd.					0.98	1.50		
● Mitsubishi Electric Kang Yong Watana Co.,Ltd.	351.89	379.84					3.79	2.33
● Mitsubishi Electric Life Network Co., Ltd.	12.46	13.87					0.06	0.08
● Mitsubishi Electric Asia Pre.Ltd	84.07	68.96			5.29	5.28	0.86	0.45
● Mitsubishi Electric Australia Pty. Ltd.	38.42	8.51						
● iMitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd.	43.26	55.28				0.06	0.33	0.64
● Melco Sales Malaysia Sdn.Bhd.	29.65	20.71					0.02	
● Setsuyo Astec Corporation					8.58	6.86		
● Mitsubishi Electric Automation (Thailand) Co., Ltd.					15.14	15.61	0.02	
● Kulthorn Kirby Public Company Limited					31.28	33.24		
● itsubishi Electric Trading Corporation		0.71			1.12		1.06	0.16
● Melco Trading (Thailand) Co., Ltd.	1.97	0.82			15.95	0.16		
● Mitsubishi Electric (H.K) Ltd.					0.04			
● Melco Travel Co., Ltd.							0.04	
<b>Total</b>	<b>970.20</b>	<b>794.72</b>	<b>31.72</b>	<b>73.30</b>	<b>78.38</b>	<b>64.09</b>	<b>294.74</b>	<b>244.24</b>



# Company's General Information

## Business & Operation

Kang Yong Electric Public Company Limited was established in 1964 previous namely "Kang Yong Electric Manufacturing Co.,Ltd." under a jointed venture between Phodhivorakhun family group and Mitsubishi Electric Corporation, Japan in order to manufacture and distribute "Mitsubishi Electric" brand of home electrical appliances.

Presently, our office and factory are located in an area of 72 Rai on Bangna-trad Road Km.20 in Samutprakarn Province. The Company is manufacturer and seller in "Mitsubishi Electric" brand of home electrical appliances of Refrigerators, Electric Fan, Ventilating Fan and Water Pump. The Company products have the license and production technology from our joint-ventured Mitsubishi Electric Corporation, Japan.

The Company had registered as listed Company in The Stock Exchange of Thailand (SET) in 1993 by registered and paid up capital 220 million baht. The Par value is at 10 baht with totally 22 million shares of common stock.

Shareholder Structure consists of 1) Mitsubishi Electric Corporation group 41.15% 2) Phodhivorakhun family group 24.59% and 3) Other shareholders 34.26%. Mitsubishi Electric Corporation is the major shareholder.

Our aim is to improve our organization by employing 3 main operational policies in order to meet all consumer needs and to satisfy other requirements that include modern Technology, Quality control and Safety and Environmental friendly. Under our business concept is "We Balance for The Best"

The Company has certified in the Quality system as ISO 9001 standard for Electric Fan, Ventilating Fan and Water Pump and Refrigerator, and certified in Environment management as ISO14001 standard. These are ensure that every units have complied in quality standard and environment care.

The Company has been constantly attentive in safety for users on applying the products. All products have been developed products under the Premium Safety standard of Mitsubishi Electric Quality (MEQ). It increases prevention from flammability of the product which the Company contributes the use of inflammable materials and safety equipments. In addition, production system and products have been implied continuous on Environment Management policy such as reducing of usage in Hazardous Substances which may have impacted to human or environment. Including reducing usage in 6 hazardous substances (Lead, Mercury, Cadmium, Chromium, Hexa-valence, Polybrominated Biphenyl (PBB), and Polybrominated diphenyl ethers (PBDE)) in Electrical and Electronic equipment as standard of RoHS (Restriction of the use of certain hazardous substances in electrical & electronic equipment)

The Company distributes home electrical appliances under "Mitsubishi Electric" brand such as Refrigerator, Electric Fan, Ventilating Fan and Water Pump both domestic and oversea markets.

For the domestic market, all products have been distributed through our one domestic representative namely Mitsubishi Electric Kang Yong Watana Co., Ltd. which distribute to all domestic dealers.

For oversea markets, the Company distributes products through more 20 countries of Mitsubishi Electric representatives by distribution products to the markets through distributors & dealers in each markets such as Japan, Hong Kong, Taiwan, Oceania (Australia & New Zealand), South East Asia, Central Asia and Middle East countries.

Income structure of Company of the fiscal year ended March 31, 2009, 2010 and 2011 are as follows;

Unit : Million Baht

Products	Mar. 31, 2009		Mar. 31, 2010		Mar. 31, 2011	
	Million Baht	% per	Million Baht	% per	Million Baht	% per
		Total sales		Total sales		Total sales
<b>Domestic and Export Sales</b>						
Electric Fan & Ventilating	860.66	13.62	970.24	14.72	1,042.86	13.13
Refrigerator	4,856.78	76.88	5,012.82	76.05	6,205.35	78.12
Water Pump	565.83	8.96	564.99	8.57	645.03	8.12
Others	34.16	0.54	43.20	0.66	50.36	0.63
<b>Grand Total</b>	<b>6,317.43</b>	<b>100.00</b>	<b>6,591.25</b>	<b>100.00</b>	<b>7,943.60</b>	<b>100.00</b>

## Business Assets

The Company has assets : Land, Buildings, Machines and equipments, factory appliances, office supplies, vehicles, and work in process jobs, book valued as of March 31,2011: 846.98 million baht, the detail assets are Land 150.17 million baht, Machines and equipments 279.96 million baht, Factory appliances 294.48 million baht, Office equipment and vehicles 16.70 million baht and Assets under construction 25.54 million baht and factory and building 80.13 million baht.

The Company had an investment in Smile Super Express Co., Ltd. total 3,000,000 baht or one third of all capital. The investment has been divided equally for those 3 concerned companies are Kang Yong Electric Public Company Limited, Mitsubishi Electric Kang Yong Watana Co., Ltd. and Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. by Smile Super Express Co., Ltd. for the logistics operation to domestic market to be efficient and economic the Company does not emphasize on profits because the Company doesn't deliver products to general companies.

# Products Line Operation

## Character of Products or Service

The Company is a manufacturer of refrigerator, electric fan, ventilating fan and water pump, with cooperation and advice in relation to production and design development technology from Mitsubishi Electric Corporation, Japan. The Company has emphasized on quality, safety and advanced technology, in order to manufacture products to meet the consumers' need and competitive market potential.

Refrigerator is one of major products in production and sales. Our developing concept for response to all lifestyles as following

- 1) **Unique Design** New outlook design is outstanding, apparent, differentiated looking, beauty color, looking like furnitures which decorated inside living house. New design of 1door and 2 door of 3D vivid, 2 tone colour in layer style. Slim "no handle" profile and unique style.
- 2) **Easy to Use** Convenience to use. Perfect interior design for easy usage even varies size of refrigerators.
- 3) **Healthy Technology** Having good technology for food preserving and clean space for storage such as
  - Nano Titanium filter with V-LED for reduction odour in 12 times,
  - Anti-Bacteria Inner compartments composed with anti-bacteria in order to restrain growth of inside Bacteria.
  - Keeping longer life of green vegetable by technology from orange light (LED) in vegetable compartment.
  - Cooling distributing system (Multi airflow) with minus-ion – to keep fresh foods and moisture inner compartments.
- 4) **High quality** Making confidence in high quality standard, saving energy and environmental friendly.

All products have been developed products under the Premium Safety standard of Mitsubishi Electric Quality (MEQ). It increases prevention from flammability of the product which the Company contributes the use of inflammable materials and safety equipments.

In addition, production system and products have been implied continuous on Environment Management policy such as reducing of usage in Hazardous Substances which may have impacted to human or environment. Including reducing usage in 6 hazardous substances (Lead, Mercury, Cadmium, Chromium, Hexa-valence, Polybrominated Biphenyl (PBB), and Polybrominated diphenyl ethers (PBDE)) in Electrical and Electronic equipment as standard of RoHS (Restriction of the use of certain hazardous substances in electrical & electronic equipment)

At present, the Company produces various types of refrigerators such as 1-door, 2-doors, 3-doors and freezer. Individual production line is corresponded to the market need both domestic and oversea market. In addition, new development which make differentiated product launched into the markets.

## Electric Fan and Ventilating Fan

Fan is the first product which started manufacture since 1964, then, in Ventilating Fan has manufactured and launched in 1966. The design and development in products will be meet facilitate value of ventilating and utilization. The motor of fan is durable and safety. The design is good sharp and colorful, and product development comply with safety standard and energy saving including using materials as comply with RoHS regulation.

The Company has carried out design and development for various kinds of electric fan in order to meet many usages such as Desk fan, Floor stand fan, Tatami fan, Wall fan, Cycle fan and Ceiling fan. Each types of Fan is assembled properly in propeller size. In addition, there is an development in closing type of motor which has high efficiently and protecting any strange things through inside.

The Company has produced the Ventilating Fan in various aspects that meet the utilization and installation for facility, building, houses and rooms. They include wall-installed ventilator, glass-installed ventilator, and build-in ventilator with/without ventilating pipe for energy-saving purpose. Development will be focused on high pressure in ventilation and facility in using. Extra propeller in concept of Aerodynamics which control variance ventilation and less annoy sound.

## Water Pump

The Company has produced Water Pump in pressure type of sucking and high level dispatching, which design and development technology from Japan. Water Pump product comply with safety standard including using materials as comply with RoHS regulation.

The Company has produced various types fixed to satisfy the multi-users' need such as sucking type from well or water tank, type of automatic pump as on water tap (on-off), Constant pressure pump, and latest type of Inverter control – saving energy (energy using related with water using). There are various types fixed to size or motor power depend on usage.

## Market and Competition

Our business has operated 3 major markets : Domestic, Japan, and Other export market. In 2010, was 34 : 51 : 15 respectively. For the domestic market, all products have been distributed through our one domestic representative namely Mitsubishi Electric Kang Yong Watana Co., Ltd. which distribute to all region in Thailand.

**For oversea markets**, the Company distributes products through Mitsubishi Electric representative around the world such as Asia markets, Oceania and Middle East countries

**For domestic market**, the result of sales for fiscal year 2010 was over achieved than target and had growth against last year. All products were a good sales performance, especially Refrigerators and Electric fan products which are still leader position both middle and high-end level in market. For Refrigerators – good response from market because of good design in beauty outlook, modern style and facility to easy use. New model of 1 and 2 door in 3D Vivid and 2 tone colour in 2 layer style. For real estate and construction business would rather move slowly, our sales both Ventilators and Water Pump in 2010 were same direction as those business. However, the result of sales were keep achievement as plan as from some kind activities of sales promotion and some effect of government's measure in economic stimulation.

**For Japan market**, the competition in electric appliances remains severe competition. The consumers have been careful expensed or slow purchasing. In 2010, government has a project "Eco-Point System" for stimulation in economic by promotion in purchasing green products from consumers. This will be affected in positive for Air conditioner or Refrigerators. For our 2010 sales results in this market was over achieved as target because of success in launched new model, marketing activities both strategies and sales promotions, and including consistency of planning, production, delivery and sales.

**For other export markets**, there was severe competition both pricing and development including other regulations such as standard, energy saving. As economic was recession, the Company has adopted marketing strategy in each markets by focus on strengthen cost and competition including development in new models of products. The sales result of other export markets in 2010 was achieved nearly target.

In previous year, hot climate was higher and longer period against last year, trading of cooling appliance was good sales. Both production and sales quantities of Electric Fan and Ventilator were reach over 1 million sets. This is the second consecutive year from a year earlier and likely to increase in the future.

## Production Process and Service

The Company's factory is located at 67 Moo 11, Bangna-Trad Km.20, Bang-chalong, Bangplee, Samutprakarn 10540 being employed production site for such products as Refrigerator, Electric Fan, Ventilator and Water Pump.

### A) Production Process

The Company's factory production process started from production development process which has been given cooperation and liaison from the Mitsubishi Electric Corporation, Japan in area of new products development and design and manufacturing technology. Examination and market survey was conducted so that it's individualized to customer's need. The Just-in-Time (JIT) production approach has been implemented to improve the production performance and to accommodate the expansion.

The character of production process was mass production process. The process starts from receiving the customer's order, then the production planning and procurement process; purchasing the raw materials, components and part, necessary production plan of each individual production line. Also the other important sub-process includes the components production, manufacturing equipment preparation, assembly, and packaging, etc.

In production process, the Company is always conscious of the best quality of the product by providing the product quality inspection at each production process. This is to ensure of the best quality of the product prior to delivery to customer's hand.

### B) Product's Service of the Company

The Company has set up a specific business unit that takes accountability on product/service assurance and work in cooperating with both Company's domestic and foreign distributors to provide the technical information on products, and training for new products, analysis and problem solving, consultation and installation advice and product applications, procurement for parts and components and after sales service equipment, timely cooperative working with the distributors in quality problem resolution, as well.

## Environmental Effect

The Company has realized to environmental effects from production process or service. Therefore, the Company has formulated the environmental policy. With an awareness of the locally and globally balanced environment creation, the Company has implemented and applied the Environmental Management System in accordance with the ISO 14001. Last year there were many activities as follows;

- Activities for production by reducing or restrict using hazardous materials, and produce products comply with RoHS regulation.
- Reduction in the use of refrigerant substance which affected to atmosphere and replacing by CFC free substance. In order as protect or reduce decreasing the temperature of the world.
- New product development that meet the energy saving requirement in both domestic and oversea markets.
- Activities for conservative in energy using such as decreasing on usage of Air Compressor, reducing Watt power for fluorescent, and reducing electric power on machines.
- Disposing and controlling the industrial wastes that cause the pollution environmentally and local socially, and following the environmental law and related regulations.

The Company has published the environmental policy to all employees, subsidiaries, and concerned organizations through the training and public relation activities. The Company also has established the environmental working team to monitor and develop the Environment Management System and carry out the operations according to the policy and continuous improvement.

**Outstanding Work**

- None -

**Legal Disputation**

- None -

# Shareholders Structure

Group of 10 Major Shareholders as of March 31, 2011 consists of:

Name	Total	%
1. Mitsubishi Electric Corporation	8,978,020	40.81
2. Phodhivorakhun Company Limited	1,960,024	8.91
3. K.Y. Intertrade Company Limited	1,773,024	8.06
4. Kang Yong Company Limited	697,324	3.17
5. Mrs.Kamolwan Phodhivorakhun	683,879	3.11
6. Mr.Somjin Leelakate	610,000	2.77
7. Mr.Supachai Suthipongchai	510,000	2.32
8. Mrs.Penchantra Visudtibhan	479,089	2.18
9. Thai NVDR Co., Ltd.	398,100	1.81
10. Mr.Suthipong Weswarut	276,100	1.26

The Company has a registered and paid up capital 220 million baht, number of ordinary shares 22 million shares from a par value of 10 baht per share. Mitsubishi Electric Corporation is the main shareholder. The shareholder group as of March 31, 2011 as follows :

	Total	Shares	% of Total shares
1. Mitsubishi Electric Group* <sup>1</sup>	3	9,053,020	41.15
2. Phodhivorakhun Group* <sup>2</sup>	7	5,410,006	24.59
3. Other shareholders	2,411	7,536,974	34.26
<b>Grand Total</b>	<b>2,761</b>	<b>22,000,000</b>	<b>100.00</b>

Remark : - The Company has Thai Shareholders 2,733 names or 57.70% of total shares and Foreign Shareholders 28 names or 42.30% of total shares.

*1. Mitsubishi Electric Group consist of :		
- Mitsubishi Electric Corporation	8,978,020	40.81
- Mitsubishi Electric Asia Pte. Ltd.	70,000	0.31
- Setsuyo Astec Corporation Co., Ltd	5,000	0.02
*2. Phodhivorakhun group consist of		
- Kang Yong Co., Ltd.	697,324	3.17
- K.Y. Intertrade Co., Ltd.	1,773,024	8.06
- Phodhivorakhun Co., Ltd.	1,960,024	8.91
- Mrs.Kamolwan Phodhivorakhun	683,879	3.11
- Mr.Chayanind Phodhivorakhun	262,083	1.19
- Mrs.Wattanee Phodhivorakhun	30,672	0.14
- Ms.Saowapak Phodhivorakhun	3,000	0.01

### Dividend payment policy :

The Company has a payment policy to pay dividend approximately 50% of net profit after tax which upon the Company's operating results and economics situation.



# The Equity and Securities' Company

<b>Name in English</b>	: KANG YONG ELECTRIC PUBLIC COMPANY LIMITED
<b>Registered No.</b>	: 0107536001257
<b>Main Business</b>	: Manufacturer and exporter of Electric Home Appliance such as Refrigerator, Electric Fan, Ventilating Fan, and Water Pump under "Mitsubishi Electric" trademark
<b>Office and Factory</b>	: 67 Moo11 Bangna-Trad Rd,Km.20, T.Bangchalong, A. Bangplee, Samutprakarn 10540 Tel. : 0-2337-2900 (auto) Fax : 0-2337-2349-40
<b>Registered Capital</b>	: As at March 31,2011 : 220 million baht
<b>Home Page</b>	: <a href="http://www.mitsubishi-kye.com">www. mitsubishi-kye.com</a>
<b>Company's Co-ordinator</b>	: President Office Department Fax : 0-2337-2439-40 E-mail address : <a href="mailto:information@kye.meap.com">information@kye.meap.com</a>

## Reference

<b>Registrar</b>	: Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building Ratchadapisek Rd., Klongteoy, Bangkok 10110 Tel : 0-2229-2800 Fax : 0-2654-5599
<b>Certified Public Accountant</b>	: Ms.Bongkot Amsageam Registration No. 3684 and/or Ms.Orawan Sirirattanawong Registration No. 3757 and /or Ms.Nittaya Chetchotiros Registration No. 4439 and/or Mr.Thanit Osathalert Registration No. 5155  KPMG Phoomchai Audit Ltd. 22 <sup>nd</sup> Ampire Tower, 195 South Sathorn Rd., Bangkok 10120 Tel : 0-2677-2000 Fax : 0-2677-2222 <a href="http://www.kpmg.com">www.kpmg.com</a>
<b>Legal Consultant</b>	: Mr.Nakorn Kusolsri Narongrit Lawyer Office 678/3 Rama V Rd., Bangkok 10300 Tel : 0-2668-6876
<b>Company's Secretary</b>	: Mr.Kritsana Chatchaivorawong Kang Yong Electric Public Company Limited 67 Moo 11 Bangna-Trad Rd., Km.20, Bangchalong, Bangplee , Samutprakarn 10540 Tel : 0-2337-2900 ext. 510 Fax : 0-2337-2439-40



บริษัท กันยงอิเล็กทริก จำกัด (มหาชน)  
KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

เลขที่ 67 หมู่ 11 ถนน บางนา-ตราด กม.20  
ตำบลบางโฉลง อำเภอบางพลี  
จังหวัดสมุทรปราการ 10540  
โทรศัพท์ 0-2337-2900 (อัตโนมัติ),  
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