

Annual Report 2011

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KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

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20 Million
sets

Fan Celebration 2011

Financial Highlights



As at March 31

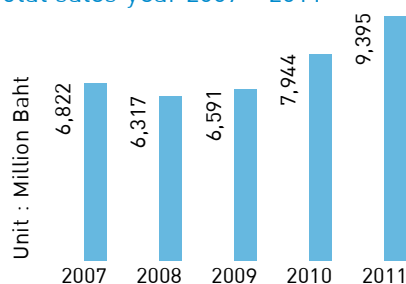
Highlights of the Consolidated Financial Statements (Million Baht)

	2010	2011	2012
Total Sales	6,591	7,944	9,395
Total Revenues	7,214	8,258	9,809
Gross Profit	1,461	1,541	1,706
Cost of Sales	5,131	6,403	7,689
Selling and Administrative Expenses	977	1,078	1,222
Net Profit	934	623	696
Total Assets	4,733	5,098	5,807
Total Liabilities	1,464	1,759	2,101
Total Shareholder's Equity	3,269	3,339	3,706

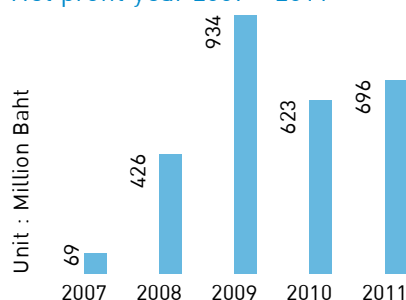
Financial Ratio

	2010	2011	2012
Net Profit Ratio (%)	12.95	7.55	7.09
Return on Equity (%)	32.15	18.86	19.75
Return on Assets (%)	22.23	12.68	12.76
Dividend pay out Ratio (%)	50.04	50.32	-
Liabilities per Equities Ratio	0.45	0.53	0.57
Earning per Share (Baht)	42.47	28.32	31.63
Dividend per Share (Baht)	21.25	14.25	-
Book value per Share (Baht)	148.59	151.75	168.48

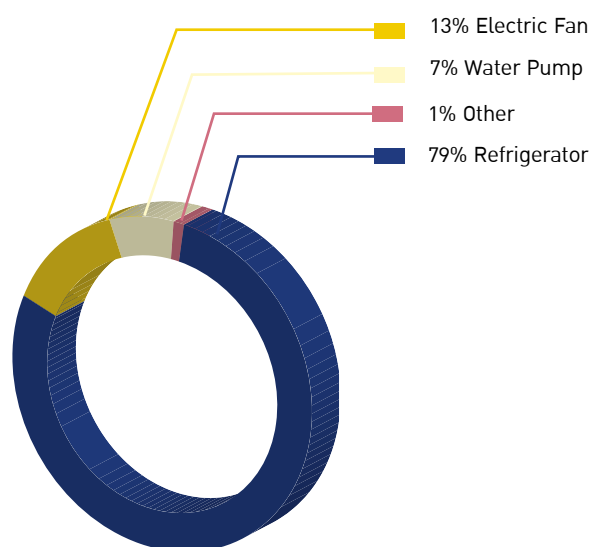
Total sales year 2007 - 2011



Net profit year 2007 - 2011



Sales by product April 2011 - March 2012



The Board of Directors' Report



In the past 2011 fiscal year although there were various situations domestically and internationally that affected the Company's business such as the earthquake and the tsunami in Japan, which was the main market of the Company. During March 2011 there was unrest in Thai politics between April - June 2011, the great flood in Thailand from October - December 2011, including the crisis in various countries. As well as there were uncertainties of the recovery in the financial situation in the U.S.A. and various European countries, and the political unrest in various countries in the Middle East, etc.

The Board of Directors and the management, including the employees of the Company have unified and solidified on implementation so the business could reach the goal and thank to the relevant persons who helped and supported our business to achievement very well.

It is another leap of success of the Company that its operation results in the past fiscal year 2011 had the total revenue of 9,395 million baht. It is considered the historic record of the Company from the operations of nearly 50 years. The turnover indeed exceeded the specified targets.

The growth rate of the total sales of the Company reached 18% against the last year and is another record of the sales of all products with the highest growth rates for all products. Especially the sales of Refrigerator and Fan had the growth rate up to 20% against with the year before. While the growth rate of the Ventilation Fan was at 7% and Water Pump 4%, this year we started a new business is the Jet Towel, which started production and delivery to the Japan and would develop other models to other markets with potential to withstand competition.

As for the sales of the products by the market, the sales growth from the main market in Japan still had the growth rate up by 23% compared with the previous year, while the growth rate from other Export markets were 17% and the Domestic market reached 12%.

On the expenditure of the Company in the past year, the cost of goods sold went higher, which was variable to the Royalty fees and Export expense and the cost increased from the Steel sheet and Copper raw materials. It included the increased expense on management due to more product developments by investing in new machinery and equipment to develop and expand the production as the goal.

The management and the employees have determined and sacrificed on the activity of improvement and development continuously, especially the activities on reducing the cost and controlling the expense on management overall are to be in the frame that are controllable with efficiency and effectiveness.

In summary, the Company has the operation results in the financial year with the total net profit of 696 million baht, which has the growth rate that was increased a little compared with the year before. However, the main factor arose from the increase of raw material cost.

As for in the fiscal year of 2012 the world's economy and Thai economic situations see the trend of recovery. Nevertheless, the Company still has to encounter and prepare to address the impacts from various important factors such as variables from natural disasters in various countries, uncertainties from political situation domestically and internationally, fluctuations of oil price, costs of raw materials and spare parts. Also the adjustment of the domestic minimum wages and the shortages of Thai labor, including the fluctuations of the Thai baht currency exchange compared with the yen and US dollar, etc.

The Company is determined to do business in such situations with the various policies on management are creation of satisfaction for the customers. By emphasizing the activities on building products that are high quality with the cost that is competitive in the market, building a strong management system and reinforcing business stability so the business can grow stably and sustainably.

The Board of Directors and the management as well as the employees would like to thank the shareholders, its patrons and the relevant persons who have given trust, participation and support to the Company very well all along, thank you at this opportunity.



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

Board of Directors

as at March 31, 2012



Mr. Staporn Kavitanon
Honorary Chairman



Mr. Praphad Phodhivorakhun
Chairman of the Board of
Directors



Mr. Sadahiro Tomita
Vice Chairman



Mr. Supachai Setasathira
Director



Mr. Akira Nakamichi
Director



Mr. Komol Vongsthongsri
Director



Mr. Chackchai Panichapat
Director



Mr. Tadashi Kawagoishi
Director



Mr. Yoshifumi Beppu
Director



Mr. Hideaki Nagatomo
Director



Mr. Yoshikatsu Nankaku
Director



Mr. Arthakrit Visudtibhan
Director



Pol. Sub. Lt. Kriengsak
Lohachala
Director



Mr. Manu Leopairote
Director



Mr. Praphon Potivorakun
Director

KYE Management Policy of 2012



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 Company Limited as at 31 March 2012, 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.

b) The Summary of Financial Statement

Financial Statement comparison for the year ended 31 March 2012, 2011 and 2010

Kang Yong Electric Public Company limited						
Statement of Financial Position						
as at 31 March 2012, 2011 and 2010						
	2012		2011		2010	
	Baht	%	Baht	%	Baht	%
Assets						
Current Assets						
Cash and cash equivalents	2,546,269,221	44	2,218,973,768	44	2,439,745,206	52
Trade accounts receivable	1,143,357,278	20	1,007,884,021	20	826,549,215	17
Others accounts receivable	61,135,219	1	37,581,373	1	46,786,219	1
Short- term loans to related party	62,436,612	1	30,434,987	1	72,033,783	2
Inventories	865,256,832	15	733,622,368	14	431,348,524	9
Others current assets	4,843,815	0	3,573,590	0	2,643,066	0
Total current assets	4,683,298,977	81	4,032,070,107	79	3,819,106,013	81
Non - current assets						
Available-for-sale investments	16,500,002	0	30,862,727	1	9,559,188	0
Investment in associate	14,800,366	0	13,446,984	0	9,501,034	0
Others long - term investments	157,361,700	3	157,361,700	3	157,361,700	3
Investment properties	11,497,734	0	14,305,380	0	17,113,027	0
Property, plant and equipment	905,011,852	16	832,670,590	16	700,575,597	15
Others non - current assets	19,054,462	0	17,137,747	0	19,500,209	0
Total non - current assets	1,124,226,116	19	1,065,785,128	21	913,610,755	19
Total assets	5,807,525,093	100	5,097,855,235	100	4,732,716,768	100

Kang Yong Electric Public Company limited
Statement of Financial Position
as at 31 March 2012, 2011 and 2010

	2012		2011		2010	
	Baht	%	Baht	%	Baht	%
Liabilities and equity						
Current liabilities						
Trade accounts payable	1,071,178,587	18	870,948,274	17	726,472,657	15
Other accounts payables	438,918,571	8	377,958,958	7	311,914,323	7
Income tax payable	61,712,467	1	24,392,492	0	94,826,571	2
Other current liabilities	7,022,923	0	13,792,616	0	10,375,458	0
Total current liabilities	1,578,832,548	27	1,287,092,340	25	1,143,589,009	24
Non - current liabilities						
Provision for warranties	384,714,016	7	340,593,071	7	297,090,667	6
Employee benefit obligations	117,084,857	2	110,271,804	2	-	-
Provident funds	20,397,958	0	21,321,449	0	23,021,948	0
Total non - current liabilities	522,196,831	9	472,186,324	9	320,112,615	7
Total liabilities	2,101,029,379	36	1,759,278,664	35	1,463,701,624	31
Equity						
Share capital						
Authorised share capital	220,000,000	4	220,000,000	4	220,000,000	5
Issued and paid - up share capital	220,000,000	4	220,000,000	4	220,000,000	5
Additional paid - in capital						
Premium on ordinary shares	726,100,000	13	726,100,000	14	726,100,000	15
Retained earnings						
Appropriated						
Legal reserve	22,000,000	0	22,000,000	0	22,000,000	0
Others	420,000,000	7	420,000,000	8	420,000,000	9
Unappropriated	2,307,161,196	40	1,924,879,328	38	1,876,621,440	40
Other component of equity						
Fair value changes in available - for sale investments	11,234,518	0	25,597,243	1	4,293,704	0
Total equity	3,706,495,714	64	3,338,576,571	65	3,269,015,144	69
Total liabilities and equity	5,807,525,093	100	5,097,855,235	100	4,732,716,768	100

Kang Yong Electric Public Company limited
Statement of comprehensive income
For the year ended 31 March 2012, 2011 and 2010

	2012		2011		2010	
	Baht	%	Baht	%	Baht	%
Income						
Revenue from sale of goods and rendering of services	9,395,189,143	96	7,943,600,461	96	6,591,241,329	91
Investment income	357,551,526	4	269,636,504	3	577,774,435	8
Net foreign exchange gain	16,323,527	0	-	-	-	-
Other income	39,875,037	0	44,288,026	1	45,296,679	1
Total income	9,808,939,233	100	8,257,524,991	100	7,214,312,443	100
Expenses						
Cost of sale of goods and rendering of services	7,689,057,278	78	6,402,619,455	78	5,130,598,376	71
Selling expenses	578,176,710	6	508,985,340	6	495,048,723	7
Administrative expenses	643,803,630	7	564,378,133	7	479,526,183	7
Net foreign exchange loss	-	-	4,912,878	0	2,237,552	0
Finance costs	9,034	0	29	0	29	0
Total expenses	8,911,046,652	91	7,480,895,835	91	6,107,410,863	85
Share of profit of associate,	1,353,382	0	3,945,950	0	535,387	0
Profit before income tax expense	899,245,963	9	780,575,106	9	1,107,436,967	15
Income tax expense	203,465,520	2	157,509,218	2	173,092,920	2
Profit for the year	695,780,443	7	623,065,888	8	934,344,047	13
Other comprehensive income						
Net change in fair value of available - for sale investments	(14,362,725)		21,303,539		6,569,630	
Other comprehensive income for the year	(14,362,725)	0	21,303,539	0	6,569,630	0
Total comprehensive income for the year	681,417,718	7	644,369,427	8	940,913,677	13
Basic earnings per share	31.63		28.32		42.47	
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 ended 31 March 2012, 2011 and 2010

	2012	2011	2010
	Baht	Baht	Baht
Unappropriated retained earnings			
Brought forward as perviously reported	1,924,879,328	1,876,621,440	1,155,676,423
Less Adjustment from charges in accounting policies		(107,310,125)	-
Brought forward as restated	1,924,879,328	1,769,311,315	1,155,676,423
Less Appropriation of prior year earnings			
Dividends	(313,498,575)	(467,497,875)	(213,399,030)
Profit for the period	695,780,443	623,065,888	934,344,047
Unappropriated retained earnings	2,307,161,196	1,924,879,328	1,876,621,440
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
Total retained earnings	2,749,161,196	2,366,879,328	2,318,621,440

Kang Yong Electric Public Company limited
Statement of Cash flows
For the year ended 31 March 2012, 2011 and 2010

	2012	2011	2010
	Baht	Baht	Baht
Cash flows from operating activities			
Profit for the year	695,780,443	623,065,888	934,344,047
Adjustments for			
Depreciation	201,311,500	209,589,333	173,186,141
Amortisation	1,339,426	1,152,370	835,455
Investment income	(357,551,526)	(269,636,504)	(577,774,435)
Employee benefit obligations	9,957,123	9,679,471	-
Finance costs	9,034	29	29
Unrealised loss(gain) on exchange	713,263	998,444	709,519
Reversal of allowance for doubtful accounts	-	(88,919)	(1,244,101)
Allowance for decline in value of inventories	10,644,154	2,441,782	(2,610,364)
Provision for warranties	44,120,945	43,502,404	47,443,995
Share of loss (profit) of associate	(1,353,382)	(3,945,950)	(535,387)
Loss on disposal of equipment	761,333	4,529,308	991,889
Income tax expense	203,465,520	157,509,218	173,092,920
Profit on operating activities before changes in operating assets and liabilities	809,197,833	778,796,874	748,439,708
changes in operating assets and liabilities			
Trade accounts receivable	(135,443,833)	(183,218,957)	(59,545,710)
Other accounts receivable	(21,774,234)	14,113,145	6,285,529
Inventories	(142,278,617)	(304,715,626)	36,367,491
Other current asseats	(1,270,225)	(930,224)	5,557,353

Kang Yong Electric Public Company limited
Statement of Cash flows
For the year ended 31 March 2012, 2011 and 2010

	2012	2011	2010
	Baht	Baht	Baht
Other non - current asseats	(3,256,141)	1,210,092	4,786,127
Trade accounts payable	199,966,046	144,566,610	153,947,047
Other accounts payable	39,972,945	51,136,284	8,234,795
Other current liabilities	(6,769,693)	3,417,158	20,543,259
Employee benefit obligations paid	(3,144,070)	(6,717,792)	-
Provident fund paid	(923,491)	(1,700,499)	(1,324,806)
cash generated from operating activities	734,276,520	495,957,065	923,290,793
Income tax paid	(166,145,545)	(227,943,297)	(78,266,349)
Net cash provided by operating activities	568,130,975	268,013,768	845,024,444
Cash flows from investing activities			
Interest received	76,123,881	36,846,393	23,438,219
Dividends received	265,160,081	213,487,151	700,923,550
Rental received	14,487,951	14,483,280	14,700,177
Short - term loans to related party	(537,726,861)	(472,873,665)	(456,639,261)
Repayment of short - term loans to related party	505,725,236	514,472,461	394,892,951
Purchase of equipment	(254,157,101)	(330,361,078)	(234,525,546)
Sale of equipment	3,058,900	2,658,156	1,743,104
Net cash provided by (use in) investing activities	72,672,087	(21,287,302)	444,533,194
Cash flows from financing activities			
Finance costs paid	(9,034)	(29)	(361,277)
Dividend paid	(313,498,575)	(467,497,875)	(213,399,030)
Net cash use in financing activities	(313,507,609)	(467,497,904)	(213,760,307)
Net increase (decrease) in cash and cash equivalents	327,295,453	(220,771,438)	1,076,015,833
Cash and cash equivalents at 1 April	2,218,973,768	2,439,745,206	1,363,729,373
Cash and cash equivalents at 31 March	2,546,269,221	2,218,973,768	2,439,745,206

Non - cash transactions

During the year ended 31 March 2012, the Company acquired machinery and equipment at total cost of Baht 274.7 million (2011: Baht 346.1 million) of which Baht 254.2 million (2011: Baht 330.4 million) was made by cash payment and Baht 20.5 million (2011 : Baht 15.7 million) was outstanding as liabilities at the end of the year.

For the year ended March 31, 2012, 2011 and 2010

	2012	2011	2010
Liquidity Ratios			
Current ratios	2.97 times	3.13 times	3.34 times
Quick ratios	2.38 times	2.54 times	2.90 times
Cash flow ratios	0.40 times	0.22 times	0.85 times
Account receivable Turnover	8.73 times	8.66 times	8.26 times
Collection period	42 days	42 days	44 days
Inventories Turnover	9.62 times	10.99 times	11.45 times
Average sales period	38 days	33 days	32 days
Account payable Turnover	7.92 times	8.02 times	7.90 times
Payment period	46 days	46 days	46 days
Cash cycle	34 days	30 days	30 days
Profitability Ratios			
Gross profit margin	18.16 %	19.40 %	22.16 %
Net profit margin	7.09 %	7.55 %	12.95 %
Return on equity	19.75 %	18.86 %	32.15 %
Efficiency Ratios			
Return on total assets	12.76 %	12.68 %	22.23 %
Return on fixed assets	103.25 %	108.61 %	164.26 %
Assets turnover	1.80 times	1.68 times	1.72 times
Financial Policy Ratios			
Debt to equity	0.57 times	0.53 times	0.45 times
Fixed charges coverage ratio	2.29 times	1.35 times	3.06 times
Fixed charges coverage ratio (Cash basis)	1.00 times	0.34 times	1.89 times
Payout Ratio	- %	50.32 %	50.03 %
Shares			
Book value per share	168.48 baht	151.75 baht	148.59 baht
Earnings per share	31.63 baht	28.32 baht	42.47 baht
Dividend per share	- baht	14.25 baht	21.25 baht
Growth rate			
Total assets	13.92 %	7.72 %	28.86 %
Total liabilities	19.43 %	20.19 %	30.34 %
Sale and services	18.27 %	20.52 %	4.33 %
Management expense	13.33 %	10.39 %	0.78 %
Net profit	11.67 %	(33.32) %	119.10 %
<hr/>			
EBITDA	1,101,896,889	991,316,809	1,281,458,563
EBITDA Margin	11.71%	12.46%	19.43%

Analysis of Financial Status and Operation Results

For the year 2011 (April 1, 2011 - March 31, 2012)

Operation results

Operation results for the 2011 fiscal year ended March 31, 2012 compare with the same period of 2010 ended March 31, 2011 had net profit after taxes increasing 12% operation results changed due to:

- 1) The increase of sale amount from Baht 7,944 million of 2010 to Baht 9,395 million of 2011 or 18.3% resulting from the increase of refrigerator and electric fan exported to Japan market.
 - 2) The dividend income from investment companies increased by Baht 47 million.
 - 3) The actual cost was increased from 81% to 82% of total sales for the reason that the cost increment on raw material, particularly on plastic resin 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 increase of development fee and technician fee.
- In conclusion, the net profit after tax increased ,resulting from the increase of dividend income and revenue from sale of goods.

Financial status

Total assets

As of March 31, 2012 total assets compared with March 31, 2011 increased from baht 5,098 million to baht 5,807 million resulting from current assets increased baht 651 million, majority was cash and cash equivalents increased by baht 327 million, Trade account receivables increased baht 135 million, inventories was increased baht 132 million for export sale to Japan.

Total Liabilities

As of March 31, 2012 total liabilities compare with March 31, 2011 increased from baht 1,759 million to baht 2,101 million because of trade account payable increased baht 200 million and provision for warranties increased baht 44 million.

Equity

As of March 31, 2012 total equity compared with March 31, 2011 increased from baht 3,339 million to baht 3,706 million owing to profit for the year was baht 696 million, dividend paid baht 313.5 million and fair value changes in available for sale investment decreased baht 14 million.

Financial analysis

1.) Liquidity ratio decreased from 3.13 times in 2010 fiscal year to 2.97 times in fiscal year 2011 by a sufficiency of assets for pay off current liabilities from cash and cash equivalents amount baht 2,546 million. Moreover account receivable turnover and inventory turnover as well.

2.) Profitability was decreased by gross profit margin decreased 19.40% in 2010 fiscal year to 18.16% in 2011 fiscal year resulting from the increment on raw material.

3.) Return on fixed assets decreased from 108.61% in 2010 fiscal year to 103.25% in 2011 fiscal year, resulting from assets investment increased baht 254 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 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 financial consultant and legal consultant on reviewing

Audit Committee has engaged in executing and reviewing the activities under role and responsibility for fiscal year 2011 as follows :

Review financial statement

The quarterly and annual financial statement in year 2011 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 year 2011 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.

Review the Audit Committee Charter

The Audit Committee has reviewed the Audit Committee's 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 the Company auditor was carried out depending on auditor's qualification including audit fee for the year 2011 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 2011, the six 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.

Moreover, self- assessment on Audit Committee was made annually in year 2011 under the Requirement and Good Corporate Governance provided by SET so that all would be directed in accordance with the Good Governance and the assessment result was complete and satisfactory.

Overall, the Audit Committee performed a function covering the scope, duty and responsibility as specified in the Audit Committee's 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.



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 statements of financial position in which the equity method is applied and separate statements of financial position of Kang Yong Electric Public Company Limited as at 31 March 2012 and 2011, and the related statements of comprehensive 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 2012 and 2011 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

As explained in notes 2 and 3 to the financial statements, with effect from 1 April 2011 the Company has adopted certain new and revised financial reporting standards. The financial statements for the year ended 31 March 2011 have been restated accordingly.



(Bongkot Amsageam)

Certified Public Accountant

Registration No. 3684

KPMG Phoomchai Audit Ltd.
Bangkok
16 May 2012

Kang Yong Electric Public Company Limited

Statements of financial position

As at 31 March 2012 and 2011

(Baht)

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2012	2011 (Restated)	2012	2011 (Restated)
Current assets					
Cash and cash equivalents	6	2,546,269,221	2,218,973,768	2,546,269,221	2,218,973,768
Trade accounts receivable	5,7	1,143,357,278	1,007,884,021	1,143,357,278	1,007,884,021
Trade accounts receivable	5,8	61,135,219	37,581,373	61,135,219	37,581,373
Short-term loans to related party	5	62,436,612	30,434,987	62,436,612	30,434,987
Inventories	9	865,256,832	733,622,368	865,256,832	733,622,368
Other current assets		4,843,815	3,573,590	4,843,815	3,573,590
Total current assets		4,683,298,977	4,032,070,107	4,683,298,977	4,032,070,107
Non-current assets					
Available-for-sale investments	11	16,500,002	30,862,727	16,500,002	30,862,727
Investment in associate	10	14,800,366	13,446,984	3,000,000	3,000,000
Other long-term investments	11	157,361,700	157,361,700	157,361,700	157,361,700
Investment properties	12	11,497,734	14,305,380	11,497,734	14,305,380
Property, plant and equipment	13	905,011,852	832,670,590	905,011,852	832,670,590
Other non-current assets	14	19,054,462	17,137,747	19,054,462	17,137,747
Total non-current assets		1,124,226,116	1,065,785,128	1,112,425,750	1,055,338,144
Total assets		5,807,525,093	5,097,855,235	5,795,724,727	5,087,408,251

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

Kang Yong Electric Public Company Limited

Statements of financial position

As at 31 March 2012 and 2011

(Baht)

Liabilities and equity	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2012	2011 (Restated)	2012	2011 (Restated)
Current liabilities					
Trade accounts payable	5,15	1,071,178,587	870,948,274	1,071,178,587	870,948,274
Other accounts payable	5,16	438,918,571	377,958,958	438,918,571	377,958,958
Income tax payable		61,712,467	24,392,492	61,712,467	24,392,492
Other current liabilities		7,022,923	13,792,616	7,022,923	13,792,616
Total current liabilities		1,578,832,548	1,287,092,340	1,578,832,548	1,287,092,340
Non-current liabilities					
Provision for warranties	18	384,714,016	340,593,071	384,714,016	340,593,071
Employee benefit obligations	17	117,084,857	110,271,804	117,084,857	110,271,804
Provident funds		20,397,958	21,321,449	20,397,958	21,321,449
Total non-current liabilities		522,196,831	472,186,324	522,196,831	472,186,324
Total liabilities		2,101,029,379	1,759,278,664	2,101,029,379	1,759,278,664
Equity					
Share capital	19				
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	19				
Premium on ordinary shares		726,100,000	726,100,000	726,100,000	726,100,000
Retained earnings					
Appropriated					
Legal reserve	20	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		2,307,161,196	1,924,879,328	2,295,360,830	1,914,432,344
Other component of equity					
Fair value changes in available-for-sale investments	11	11,234,518	25,597,243	11,234,518	25,597,243
Total equity		3,706,495,714	3,338,576,571	3,694,695,348	3,328,129,587
Total liabilities and equity		5,807,525,093	5,097,855,235	5,795,724,727	5,087,408,251

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

Kang Yong Electric Public Company Limited

Statements of comprehensive income

For the years ended 31 March 2012 and 2011

(Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2012	2011 (Restated)	2012	2011 (Restated)
Income	5				
Revenue from sale of goods and rendering of services	21	9,395,189,143	7,943,600,461	9,395,189,143	7,943,600,461
Investment income	22	357,551,526	269,636,504	357,551,526	269,636,504
Net foreign exchange gain		16,323,527	-	16,323,527	-
Other income	23	39,875,037	44,288,026	39,875,037	44,288,026
Total income		9,808,939,233	8,257,524,991	9,808,939,233	8,257,524,991
Expenses	5,21				
Cost of sale of goods and rendering of services		7,689,057,278	6,402,619,455	7,689,057,278	6,402,619,455
Selling expenses	24	578,176,710	508,985,340	578,176,710	508,985,340
Administrative expenses	25	643,803,630	564,378,133	643,803,630	564,378,133
Net foreign exchange loss		-	4,912,878	-	4,912,878
Finance costs		9,034	29	9,034	29
Total expenses		8,911,046,652	7,480,895,835	8,911,046,652	7,480,895,835
Share of profit of associate	10	1,353,382	3,945,950	-	-
Profit before income tax expense		899,245,963	780,575,106	897,892,581	776,629,156
Income tax expense	28	(203,465,520)	(157,509,218)	(203,465,520)	(157,509,218)
Profit for the year		695,780,443	623,065,888	694,427,061	619,119,938
Other comprehensive income					
Net change in fair value of available-for-sale investments		(14,362,725)	21,303,539	(14,362,725)	21,303,539
Other comprehensive income for the year		(14,362,725)	21,303,539	(14,362,725)	21,303,539
Total comprehensive income for the year		681,417,718	644,369,427	680,064,336	640,423,477
Basic earnings per share	30	31.63	28.32	31.56	28.14

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

Kang Yong Electric Public Company Limited

Statements of changes in equity

For the years ended 31 March 2012 and 2011

(Baht)

Note	Financial statements in which the equity method is applied					Other component	Total equity	
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other reserve	Unappropriated	of equity Fair value changes in available-for-sale investments		
Balance at 1 April 2010 - as reported	220,000,000	726,100,000	22,000,000	420,000,000	1,876,621,440	4,293,704	3,269,015,144	
Impact of changes in accounting policies	3	-	-	-	(107,310,125)	-	(107,310,125)	
Balance at 1 April 2010 - restated	220,000,000	726,100,000	22,000,000	420,000,000	1,769,311,315	4,293,704	3,161,705,019	
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	(467,497,875)	-	(467,497,875)	
Total distributions to owners of the Company		-	-	-	(467,497,875)	-	(467,497,875)	
Comprehensive income for the year								
Profit		-	-	-	623,065,888	-	623,065,888	
Other comprehensive income		-	-	-	-	21,303,539	21,303,539	
Total comprehensive income for the year		-	-	-	623,065,888	21,303,539	644,369,427	
Balance at 31 March 2011		220,000,000	726,100,000	22,000,000	420,000,000	1,924,879,328	25,597,243	3,338,576,571

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

Kang Yong Electric Public Company Limited

Statements of changes in equity

For the years ended 31 March 2012 and 2011

(Baht)

Financial statements in which the equity method is applied

	Note	Retained earnings				Unappropriated	Other component of equity	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other reserve		Fair value changes in available-for-sale investments	
Balance at 1 April 2011 - as reported		220,000,000	726,100,000	22,000,000	420,000,000	2,035,151,132	25,597,243	3,448,848,375
Impact of changes in accounting policies	3	-	-	-	-	(110,271,804)	-	(110,271,804)
Balance at 1 April 2011 - restated		220,000,000	726,100,000	22,000,000	420,000,000	1,924,879,328	25,597,243	3,338,576,571
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(313,498,575)	-	(313,498,575)
Total distributions to owners of the Company		-	-	-	-	(313,498,575)	-	(313,498,575)
Comprehensive income for the year								
Profit		-	-	-	-	695,780,443	-	695,780,443
Other comprehensive income		-	-	-	-	-	(14,362,725)	(14,362,725)
Total comprehensive income for the year		-	-	-	-	695,780,443	(14,362,725)	681,417,718
Balance at 31 March 2012		220,000,000	726,100,000	22,000,000	420,000,000	2,307,161,196	11,234,518	3,706,495,714

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

Kang Yong Electric Public Company Limited

Statements of changes in equity

For the years ended 31 March 2012 and 2011

(Baht)

	Separate financial statements						Other component of equity	Total equity
	Note	Retained earnings				Fair value changes in available-for-sale investments		
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other reserve			
Balance at 1 April 2010 - as reported		220,000,000	726,100,000	22,000,000	420,000,000	1,870,120,406	4,293,704	3,262,514,110
Impact of changes in accounting policies	3	-	-	-	-	(107,310,125)	-	(107,310,125)
Balance at 1 April 2010 - restated		220,000,000	726,100,000	22,000,000	420,000,000	1,762,810,281	4,293,704	3,155,203,985
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(467,497,875)	-	(467,497,875)
Total distributions to owners of the Company		-	-	-	-	(467,497,875)	-	(467,497,875)
Comprehensive income for the year								
Profit		-	-	-	-	619,119,938	-	619,119,938
Other comprehensive income		-	-	-	-	-	21,303,539	21,303,539
Total comprehensive income for the year		-	-	-	-	619,119,938	21,303,539	640,423,477
Balance at 31 March 2011		220,000,000	726,100,000	22,000,000	420,000,000	1,914,432,344	25,597,243	3,328,129,587

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

Kang Yong Electric Public Company Limited

Statements of changes in equity

For the years ended 31 March 2012 and 2011

(Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	Total equity
			Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
Balance at 1 April 2010 - as reported	220,000,000	726,100,000	22,000,000	420,000,000	2,024,704,148	25,597,243	3,438,401,391
Impact of changes in accounting policies	-	-	-	-	(110,271,804)	-	(110,271,804)
Balance at 1 April 2010 - restated	220,000,000	726,100,000	22,000,000	420,000,000	1,914,432,344	25,597,243	3,328,129,587
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	-	-	-	-	(313,498,575)	-	(313,498,575)
Total distributions to owners of the Company	-	-	-	-	(313,498,575)	-	(313,498,575)
Comprehensive income for the year							
Profit	-	-	-	-	694,427,061	-	694,427,061
Other comprehensive income	-	-	-	-	-	(14,362,725)	(14,362,725)
Total comprehensive income for the year	-	-	-	-	694,427,061	(14,362,725)	681,064,336
Balance at 31 March 2011	220,000,000	726,100,000	22,000,000	420,000,000	2,295,360,830	11,234,518	3,694,695,348

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

Kang Yong Electric Public Company Limited

Statements of cash flows

For the years ended 31 March 2012 and 2011

(Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011 (Restated)	2012	2011 (Restated)
<i>Cash flows from operating activities</i>				
Profit for the year	695,780,443	623,065,888	694,427,061	619,119,938
<i>Adjustments for</i>				
Depreciation	201,311,500	209,589,333	201,311,500	209,589,333
Amortisation	1,339,426	1,152,370	1,339,426	1,152,370
Investment income	(357,551,526)	(269,636,504)	(357,551,526)	(269,636,504)
Employee benefit obligations	9,957,123	9,679,471	9,957,123	9,679,471
Finance costs	9,034	29	9,034	29
Unrealised loss on exchange	713,263	998,444	713,263	998,444
Reversal of allowance for doubtful accounts	-	(88,919)	-	(88,919)
Allowance for decline in value of inventories	10,644,154	2,441,782	10,644,154	2,441,782
Provision for warranties	44,120,945	43,502,404	44,120,945	43,502,404
Share of profit of associate	(1,353,382)	(3,945,950)	-	-
Loss on disposal of equipment	761,333	4,529,308	761,333	4,529,308
Income tax expense	203,465,520	157,509,218	203,465,520	157,509,218
	809,197,833	778,796,874	809,197,833	778,796,874
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(135,443,833)	(183,218,957)	(135,443,833)	(183,218,957)
Other accounts receivable	(21,774,234)	14,113,145	(21,774,234)	14,113,145
Inventories	(142,278,617)	(304,715,626)	(142,278,617)	(304,715,626)
Other current assets	(1,270,225)	(930,224)	(1,270,225)	(930,224)
Other non-current assets	(3,256,141)	1,210,092	(3,256,141)	1,210,092
Trade accounts payable	199,966,046	144,566,610	199,966,046	144,566,610
Other accounts payable	39,972,945	51,136,284	39,972,945	51,136,284
Other current liabilities	(6,769,693)	3,417,158	(6,769,693)	3,417,158
Employee benefit obligations paid	(3,144,070)	(6,717,792)	(3,144,070)	(6,717,792)
Provident fund paid	(923,491)	(1,700,499)	(923,491)	(1,700,499)
Cash generated from operating activities	734,276,520	495,957,065	734,276,520	495,957,065
Income tax paid	(166,145,545)	(227,943,297)	(166,145,545)	(227,943,297)
Net cash provided by operating activities	568,130,975	268,013,768	568,130,975	268,013,768

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

Kang Yong Electric Public Company Limited

Statements of cash flows

For the years ended 31 March 2012 and 2011

(Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011 (Restated)	2012	2011 (Restated)
Cash flows from investing activities				
Interest received	76,123,881	36,846,393	76,123,881	36,846,393
Dividends received	265,160,081	213,487,151	265,160,081	213,487,151
Rental received	14,487,951	14,483,280	14,487,951	14,483,280
Short-term loans to related party	(537,726,861)	(472,873,665)	(537,726,861)	(472,873,665)
Repayment of short-term loans to related party	505,725,236	514,472,461	505,725,236	514,472,461
Purchases of equipment	(254,157,101)	(330,361,078)	(254,157,101)	(330,361,078)
Sale of equipment	3,058,900	2,658,156	3,058,900	2,658,156
Net cash provided by (used in) investing activities	72,672,087	(21,287,302)	72,672,087	(21,287,302)
Cash flows from financing activities				
Finance costs paid	(9,034)	(29)	(9,034)	(29)
Dividend paid	(313,498,575)	(467,497,875)	(313,498,575)	(467,497,875)
Net cash used in financing activities	(313,507,609)	(467,497,904)	(313,507,609)	(467,497,904)
Net increase (decrease) in cash and cash equivalents	327,295,453	(220,771,438)	327,295,453	(220,771,438)
Cash and cash equivalents at 1 April	2,218,973,768	2,439,745,206	2,218,973,768	2,439,745,206
Cash and cash equivalents at 31 March	2,546,269,221	2,218,973,768	2,546,269,221	2,218,973,768

Non-cash transactions

During the year ended 31 March 2012, the Company acquired machinery and equipment at total cost of Baht 274.7 million (2011: Baht 346.1 million) of which Baht 254.2 million (2011: Baht 330.4 million) was made by cash payment and Baht 20.5 million (2011: Baht 15.7 million) was outstanding as liabilities at the end of the year.

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

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the years ended 31 March 2012 and 2011

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Kang Yong Electric Public Company Limited

Notes to the financial statements

For the years ended 31 March 2012 and 2011

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Directors on 16 May 2012.

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

(a) Statement of compliance

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

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Company’s operations and effective for accounting periods beginning on or after 1 January 2011.

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting

TFRS	Topic
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets

The adoption of these new and revised TFRS has resulted in changes in the Company's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 34.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- available-for-sale financial assets are measured at fair value.

(c) Presentation currency

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.

(d) Use of estimates and judgements

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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 12	Valuation of investment properties
Note 17	Measurement of defined benefit obligations
Note 32	Valuation of financial instruments

3. Changes in accounting policies

(a) Overview

From 1 April 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements

- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for employee benefits

Details of the new accounting policies adopted by the Company and the impact of the changes on the financial statements are included in notes 3(b) to 3(e) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Company. The impact of the changes on the financial statements for the years ended 31 March 2012 and 2011 is summarized as follows:

<i>For the year ended 31 March 2011</i>	Note	Financial statement in which the equity method is applied	Separate financial statements
<i>(in thousand Baht)</i>			
Statement of financial position			
Equity at 1 April 2010 - as reported		3,269,015	3,262,514
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	3(e)	(107,310)	(107,310)
Equity at 1 April 2010 - restated		3,161,705	3,155,204
Equity at 31 March 2011 - as reported		3,448,848	3,438,401
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	3(e)	(110,272)	(110,272)
Equity at 31 March 2011 - restated		3,338,576	3,328,129
Statement of comprehensive income for the year ended 31 March 2011			
Profit - as reported		626,028	622,082
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	3(e)	(2,962)	(2,962)
Profit - restated		623,066	619,120
Decrease in Basic earnings per share (in Baht)		0.13	0.13

<i>For the year ended 31 March 2012</i>	Note	Financial statement in which the equity method is applied	Separate financial statements
<i>(in thousand Baht)</i>			
Statement of comprehensive income for the year ended 31 March 2012			
Increase (decrease) in profit a result of the adoption of			
TAS 16 Property, plant and equipment	3(c)	6,292	6,292
TAS 19 Employee Benefits	3(e)	(9,957)	(9,957)
Decrease in profit		(3,665)	(3,665)
Decrease in Basic earnings per share (in Baht)		0.17	0.17

(b) Presentation of financial statements

The Company has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows and;
- Notes to the financial statements.

As a result, the Company presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for property, plant and equipment

The Company has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of 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 changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The following impact on the 2012 and 2011 financial statements:

Financial statements in which the equity method is applied		Separate financial statements	
2012	2011	2012	2011

(in thousand Baht)

**Statement of comprehensive income for the
year ended 31 March**

Decrease in depreciation charge			
resulting in decrease in cost of sale	6,292	-	6,292
Increase in profit	6,292	-	-
Increase in Basic earnings per share (in Baht)	0.29	-	-

(d) Accounting for investment properties

The Company has adopted TAS 40 (revised 2009) Investment Property.

Under the revised standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment and measured using either the cost model or the fair value model, with changes in fair value being recognised in profit or loss.

Previously, investment properties were included in property, plant and equipment and measured using the cost model.

The Company has selected the cost model for accounting for its investment properties under the revised standard. The change in accounting policy has been applied retrospectively and the financial statements for the year ended 31 March 2011, which are included in the Company's 2012 financial statements for comparative purposes, have been adjusted to reclassify investment properties from 'Property, plant and equipment' to a separate account, 'Investment properties'. The cost and accumulated depreciation as at 1 April 2010 and 31 March 2011 of the Company's investment properties previously included in property, plant and equipment, have been reclassified to a separate account, 'Investment properties'. Apart from this reclassification, the change in policy has no material impact on the 2011 financial statements. From 1 April 2011, the depreciable amount and useful life of the investment property have been reassessed in accordance with the requirements of TAS 16 (Revised 2009) - see note 3(c). The changes in accounting policy in this regard have been applied prospectively in accordance with the transitional provisions of TAS 16 (Revised 2009), except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had the following impact on the 2012 and 2011 financial statements.

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Statement of financial position at 31 March		
Decrease in property, plant and equipment	(11,498)	(14,305)
Increase in investment properties	11,498	14,305
Increase (decrease) in retained earnings	-	-

(e) Accounting for employee benefits

The Company has adopted TAS 19 Employee Benefits.

Under the new policy, the Company's liability for post-employment benefits and other long-term benefit obligations is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The change in accounting policy has been applied retrospectively and the Company's 2011 financial statements, which are included in the Company's 2012 financial statements for comparative purposes, have been restated accordingly. The impact on the 2012 and 2011 financial statements was as follows:

	Financial statement in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Statement of financial position at 31 March				
Increase in employee benefit obligations	117,085	110,272	117,085	110,272
Decrease in retained earnings	117,085	110,272	117,085	110,272

	Financial statement in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Statement of comprehensive income for the year ended 31 March				
Increase in employee expenses				
resulting in:				
Increase in cost of sales	7,739	2,962	7,739	2,962
Increase in selling expenses	393	-	393	-
Increase in administrative expenses	1,825	-	1,825	-
Decrease in profit	9,957	2,962	9,957	2,962
Decrease in Basic earnings per share <i>(in Baht)</i>	0.45	0.13	0.45	0.13

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all period presented in these financial statements except as explained in note 3 which addresses changes in accounting policies.

(a) Foreign currencies

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 profit or loss.

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) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Attributable transaction costs of derivatives are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows 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.

(d) 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.

(e) 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.

(f) 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.

Investments in other equity securities

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

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 profit or loss.

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.

(g) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Building	20 years
----------	----------

No depreciation is provided on freehold land.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Land improvements	5	years
Building and improvements	5 - 20	years
Machinery and equipment	5 - 25	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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) 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 if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the 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 that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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 in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(k) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date Government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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.

(m) 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.

Investments

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

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

Interest income

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

Other income

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

(n) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in profit or loss.

(o) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(p) Income tax

Income tax on the profit or loss for the year comprises current tax. 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.

In determining the amount of current tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(q) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

5. Related party transactions and balances

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

Relationships with related parties were as follows:

Name of entities	Country of corporation	Nature of relationships
Parent		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
Associate		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding
Key Management personnel		
Key Management personnel	Japan, Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Other related parties		
Thai Refrigeration Components Co., Ltd.	Thailand	Common director
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
Mitsubishi Electric Consumer products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
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	An affiliate of the Company's parent
Setsuyo Astec Corporation	Japan	A subsidiary 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
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	China	A subsidiary of the Company's parent
Mitsubishi Electric Vietnam Co., Ltd.	Vietnam	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 plus margin for all products.
 - 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.
10. Key management personnel compensation is defined by the Nomination and Remuneration Committee and the Company's policy.

Significant transactions for the years ended 31 March 2012 and 2011 with related parties were as follows:

	Financial statements in which the equity method is applied			
	Separate financial Statements		Separate financial Statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	4,590,969	3,841,207	4,509,969	3,841,207
Other income	871	255	871	255
Royalty fee	217,647	183,250	217,647	183,250
Product development fee	275,248	226,183	275,248	226,183
Product warranty expense	183,845	154,966	183,845	154,966
Technical assistance fee	15,846	12,594	15,846	12,594
Other selling and administrative expenses	3,085	2,883	3,085	2,883
Associate				
Revenue from sale of goods	185	65	185	65
Rental income	14,465	14,465	14,465	14,465
Other income	802	817	802	817
Product management and storage expenses	69,312	57,682	69,312	57,682
Other selling and administrative expenses	4,680	1,744	4,680	1,744

Financial statements in which the equity method is applied		Separate financial Statements	
2012	2011	2012	2011

(in thousand Baht)

Key management personnel

Key management personnel compensation

Short-term employee benefits	63,051	53,740	63,051	53,740
Post-employment benefits	810	760	810	760
Other long-term benefits	11	14	11	14
Total key management personnel compensation	63,872	54,514	63,872	54,514

Other related parties

Revenue from sale of goods	4,548,380	3,827,123	4,548,380	3,827,123
Dividend income	265,467	218,284	265,467	218,284
Other income	1,848	2,469	1,848	2,469
Product warranty expense	3,164	2,068	3,164	2,068
Other selling and administrative expenses	40,628	39,434	40,628	39,434

Balances as at 31 March 2012 and 2011 with related parties were as follows:

Trade accounts receivable

Financial statements in which the equity method is applied and Separate financial statements	
2012	2011

(in thousand Baht)

Parent

Mitsubishi Electric Corporation	394,440	408,479
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Associates

Smile Super Express Co., Ltd.	35	-
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Other related parties

Mitsubishi Electric Kang Yong Watana Co., Ltd.	418,382	351,886
Mitsubishi Electric Asia Pte. Ltd.	45,440	84,071
Mitsubishi Electric Vietnam Co., Ltd.	56,590	-
Mitsubishi Electric Ryoden Air - Conditioning & Visual Information Systems (Hong Kong) Ltd.	55,816	43,256

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Mitsubishi Electric Australia Pty. Ltd.	51,554	38,419
Melco Sales Malaysia Sdn. Bhd.	42,530	29,652
Mitsubishi Electric Life Network Co., Ltd.	19,373	12,459
Others	194	1,974
Total	1,084,354	970,196
Bad and doubtful debts expenses for the year	-	-

Other accounts receivables

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
<i>Accrued dividend income</i>		
Other related party	11,868	11,547
Siam Compressor Industry Co., Ltd.	11,868	11,547
<i>Others</i>		
Parent		
Mitsubishi Electric Corporation	16	-
Associates		
Smile Super Express Co., Ltd.	1,285	1,290
Other related parties		
Mitsubishi Electric Life Network Co., Ltd.	3,537	-
Melco Trading (Thailand) Co., Ltd.	1,585	230
Mitsubishi Electric Kang Yong Watana Co., Ltd.	-	124
Others	51	93
	6,474	1,737
Total	18,342	13,284

	Financial statements in which the equity method is applied and Separate financial statements			
	2012	2011	2012	2011
<i>Short-term loans to</i>	<i>interest rate (% per annum)</i>		<i>(in thousand Baht)</i>	
Other related party				
Melco Thai Capital Co., Ltd.	2.00	1.87	62,437	30,435

Movements during the years ended 31 March 2012 and 2011 of loans to related parties were as follows:

Short-term loans to

Other related party

At 1 April

Increase

Decrease

At 31 March

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

2012

2011

(in thousand Baht)

30,435

72,034

537,727

472,873

(505,725)

(514,472)

62,437

30,435

Trade accounts payable

Other related parties

Kulthorn Kirby Public Company Limited

Melco Trading (Thailand) Co., Ltd.

Mitsubishi Electric Automation (Thailand) Co., Ltd

Setsuyo Astec Corporation

Mitsubishi Electric Asia Pte. Ltd.

Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.

Mitsubishi Electric Trading Corp.

Thai Refrigeration Components Co., Ltd.

Others

Total

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

2012

2011

(in thousand Baht)

47,410

31,283

16,780

15,946

15,457

15,139

10,815

8,581

20,659

5,292

5,798

-

3,458

-

2,097

982

46

1,163

122,520

78,386

Other accounts payables

Parent

Mitsubishi Electric Corporation

Associate

Smile Super Express Co., Ltd.

Other related parties

Mitsubishi Electric Trading Corp.

Mitsubishi Electric Kang Yong Watana Co., Ltd.

Others

Total

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

2012

2011

(in thousand Baht)

313,544

281,728

8,061

6,828

7,386

-

5,683

3,788

1,392

2,393

336,066

294,737

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 May 2011, the Company notified to renew such agreement for a period of two years expiring on 31 July 2013.

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.

6. Cash and cash equivalents

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - savings and current accounts	46,119	28,824
Short-term investments - bill of exchange	2,500,000	2,190,000
Total	2,546,269	2,218,974

Cash and cash equivalents of the Company as at 31 March 2012 and 2011 were denominated entirely in Thai Baht.

7. Trade accounts receivable

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

	Note	2012	2011
		<i>(in thousand Baht)</i>	
Related parties	5	1,084,354	970,196
Other parties		59,003	37,688
Total		1,143,357	1,007,884
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

	2012	2011
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,077,087	960,048
Overdue	7,267	10,148
Less than 3 months	1,084,354	970,196
Other parties		
Within credit terms	59,003	37,688
	59,003	37,688
Total	1,143,357	1,007,884

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

	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht	807,420	756,378
United States Dollars (USD)	316,564	239,047
Japanese Yen (JPY)	19,373	12,459
Total	1,143,357	1,007,884

8. Other accounts receivable

Financial statements in which the equity method is applied and Separate financial statements			
Note	2012	2011	
<i>(in thousand Baht)</i>			
Value added tax receivable	33,382	17,184	
Accrued dividend income	5	11,547	
Other receivables	8,881	5,972	
Others	7,004	2,878	
Total	61,135	37,581	
Reversal of bad and doubtful debts expenses for the year	-	(89)	

Other accounts receivable of the Company as at 31 March 2012 and 2011 were denominated entirely in Thai Baht.

9. Inventories

Financial statements in which the equity method is applied and Separate financial statements			
		2012	2011
<i>(in thousand Baht)</i>			
Finished goods		415,994	356,771
Work in process		216,982	172,935
Raw materials and factory supplies		242,547	200,252
Goods in transit		8,270	11,556
		883,793	741,514
Less allowance for decline in value of inventories		(18,536)	(7,892)
Net		865,257	733,622

10. Investments in associate

	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
At 1 April	13,447	9,501	3,000	3,000
Share of profit of investment - equity method	1,353	3,946	-	-
At 31 March	14,800	13,447	3,000	3,000

As at 31 March 2012 and 2011, 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 2012 and 2011 which were audited by another auditor.

Investment in associate as at 31 March 2012 and 2011 were as follows:

Investee	Type of business	Financial statements in which the equity method is applied							
		Ownership interest		Paid-up capital		Cost method		Equity method	
		2012	2011	2012	2011	2012	2011	2012	2011
		(%)				(in thousand Baht)			
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000	14,800	13,447

Investee	Type of business	Separate financial statements					
		Ownership interest		Paid-up capital		Cost method	
		2012	2011	2012	2011	2012	2011
		(%)				(in thousand Baht)	
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	3,000	3,000

The following summarised financial information on associated company which has been accounted for using the equity method is not adjusted for the percentage of ownership held by the Company:

	Reporting date	Ownership interest	Total assets	Total liabilities	Total revenues	Net profit
2012		(%)	(in thousand Baht)			
Smile Super Express Co., Ltd.	31 March	33.33	59,432	15,031	114,665	8,591
Total			59,432	15,031	114,665	8,591
2011						
Smile Super Express Co., Ltd.	31 March	33.33	51,398	11,057	96,495	11,838
Total			51,398	11,057	96,495	11,838

11. Other long-term investments

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Equity securities available for sale	16,500	30,862
Other non-marketable equity securities	157,362	157,362
Total	173,862	188,224

Other long-term investments of the Company as at 31 March 2012 and 2011 were denominated entirely in Thai Baht

Equity securities available for sale as at 31 March 2012 and 2011 were as follows:

	Financial statements in which the equity method is applied and Separate financial statements			
	2012		2011	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
Marketable Securities - Available-for-Sale Securities				
Kulthorn Kirby Public Co., Ltd.	4,965	16,221	4,965	30,510
City Sports and Recreation Public Co., Ltd.	300	279	300	352
	5,265	16,500	5,265	30,862
Add Revaluation	11,235	-	25,597	-
Total	16,500	16,500	30,862	30,862

Other non-marketable equity securities as at 31 March 2012 and 2011, and dividend income from those investments for the years then ended were as follows:

Investee	Type of business	Financial statements in which the equity method is applied and Separate financial statements											
		Ownership interest		Paid-up capital		Cost method		Impairment		At Cost - net		Dividend income	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		(%)				(in thousand Baht)							
Thai Refrigeration Components Co.Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	528	528
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	10.00	1,200,000	1,200,000	120,000	120,000	-	-	120,000	120,000	244,600	198,700
Siam Compressor Industry Co., Ltd.	Manufacturing of compressors for air conditioners	2.00	2.00	1,603,800	1,603,800	32,076	32,076	-	-	32,076	32,076	19,566	18,283
D.S. Development Co., Ltd.	Real estate	18.18	18.18	55,000	55,000	-	10,000	-	(10,000)	-	-	-	-
Total						157,362	167,362	-	(10,000)	157,362	157,362	264,694	217,511

12. Investment properties

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

Cost

At 1 April 2010	101,796
At 31 March 2011 and 1 April 2011	101,796
At 31 March 2012	101,796

Accumulated depreciation

At 1 April 2010	84,683
Depreciation charge for the year	2,808
At 31 March 2011 and 1 April 2011	87,491
Depreciation charge for the year	2,807
At 31 March 2012	90,298

Net book value

At 1 April 2010	17,113
At 31 March 2011 and 1 April 2011	14,305
At 31 March 2012	11,498

Investment properties comprise land and building that are leased to third party and plots of land that are not used in operation. Fair value of land and building that are leased to third party was computed by the Company's management under the Discounted Cash Flow Analysis method by using key assumptions of discount rates and EBITDA margins including the review of the estimated useful lives of buildings that are leased to third party. Fair value of land not used in operation was considered by appraisal value of Treasury Department. As at 31 March 2012, fair value of land and building that are leased to third party and land not used in operation totaled approximately Baht 239.5 million (2011 : Baht 241.8 million).

13. 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>							
Cost								
At 1 April 2010	164,911	590,219	1,092,450	2,056,574	80,611	2,534	44,109	4,031,408
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)
At 31 March 2011 and 1 April 2011	164,911	591,476	1,251,764	2,208,640	78,565	1,589	25,540	4,322,485
Additions	-	813	19,760	32,862	4,722	114	216,394	274,665
Transfers	-	18,782	84,839	61,678	1,830	-	(167,129)	-
Disposals	-	(1,751)	(63,464)	(103,355)	(4,496)	-	-	(173,066)
At 31 March 2012	164,911	609,320	1,292,899	2,199,825	80,621	1,703	74,805	4,424,084

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>Accumulated depreciation</i>								
<i>At 1 April 2010</i>	22,151	490,479	950,888	1,801,663	60,555	2,288	-	3,328,024
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)
At 31 March 2011 and 1 April 2011	25,103	515,295	971,801	1,914,157	61,947	1,511	-	3,489,814
Depreciation charge for the year	2,952	22,529	49,144	120,414	6,219	54	-	201,312
Disposals	-	(4,559)	(63,401)	(99,973)	(4,121)	-	-	(172,054)
At 31 March 2012	28,055	533,265	957,544	1,934,598	64,045	1,565	-	3,519,072
<i>Net book value</i>								
At 1 April 2010	142,760	99,740	141,562	254,911	20,056	246	44,109	703,384
At 31 March 2011 and 1 April 2011	139,808	76,181	279,963	294,483	16,618	78	25,540	832,671
At 31 March 2012	136,856	76,055	335,355	265,227	16,576	138	74,805	905,012

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2012 amounted to Baht 2,815.2 million(2011: Baht 2,809.8 million).

14. Other non-current assets

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Refundable import duty	8,383	6,397
Loan to employees	6,426	5,816
Others	4,245	4,925
Total	19,054	17,138

15. Trade accounts payable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2012	2011
		<i>(in thousand Baht)</i>	
Related parties	5	122,520	78,386
Other parties		948,659	792,562
Total		1,071,179	870,948

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

	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	1,025,958	848,353
Japanese Yen (JPY)	10,565	14,117
United States Dollars (USD)	34,531	8,445
Others	125	33
Total	1,071,179	870,948

16. Other accounts payable

	Note	Financial statements in which the equity method is applied and Separate financial statements	
		2012	2011
		<i>(in thousand Baht)</i>	
Related parties	5	336,066	294,737
Other parties		102,853	83,222
Total		438,919	377,959

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

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	326,781	265,555
Japanese Yen (JPY)	103,433	110,630
United States Dollars (USD)	8,084	662
Others	621	1,112
Total	438,919	377,959

17. Employee benefit obligations

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	104,738	97,748
Other long-term employee benefits	12,347	12,524
Total	117,085	110,272
<i>For the year ended 31 March</i>		
Statement of comprehensive income Recognised in profit or loss:		
Post-employment benefits	8,992	8,692
Other long-term employee benefits	965	988
Total	9,957	9,680

The Company adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3 (e). As stated in note 3 (e), the Company has opted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

The Company operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) and the Company's policy to provide retirement benefits to employees based on pensionable remuneration and length of service and long-service award based on the Company's policy.

Movement in the present value of the defined benefit obligations:

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 April	110,272	107,310
Benefits paid by the plan	(3,144)	(6,718)
Current service costs and interest	9,957	9,680
Defined benefit obligations at 31 March	117,085	110,272

Expense recognised in profit or loss

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Current service costs	6,081	5,848
Interest on obligation	3,876	3,832
Total	9,957	9,680

The expense is recognised in the following line items in the statement of comprehensive income

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Cost of sales	7,739	7,424
Selling expenses	393	371
Administrative expenses	1,825	1,885
Total	9,957	9,680

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	Financial statements in which the equity method is applied and Separate financial statements	
	2012	2011
	(%)	
Discount rate	3.5	3.5
Future salary increases	5.0	5.0

Assumptions regarding future mortality are based on published statistics and Thai Mortality tables 2008 (TMO2008).

18. Provision for warranties

	Financial statement in which the equity method is applied and Separate financial statements Warranties (in thousand Baht)
At 1 April 2010	297,091
Provisions made	201,899
Provisions used	(158,397)
At 31 March 2011 and 1 April 2011	340,593
Provisions made	233,402
Provisions used	(189,281)
At 31 March 2012	384,714

19. Share capital

Par value per share (in Baht)	2012		2011		
	Number	Amount	Number	Amount	
	(in thousand shares/ in thousand Baht)				
<i>Authorised</i>					
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
<i>Issued and fully paid-up</i>					
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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

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.

20. Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

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.

Other components of equity

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.

21. 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 statement in which the equity method is applied and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
<i>Segment revenue</i>		
Domestic	3,061,723	2,744,677
Export	6,333,466	5,198,923
Total	9,395,189	7,943,600
<i>Segment results (gross profit)</i>		
Domestic	362,020	477,510
Export	1,344,112	1,063,471
Total	1,706,132	1,540,981

22. Investment income

	Financial statement in which the equity method is applied and Separate financial statements Warranties		
Note	2012	2011	
	<i>(in thousand Baht)</i>		
<i>Rental income</i>			
Operating lease rental income	14,483	14,483	
Investment properties	14,483	14,483	
<i>Dividend income</i>			
Other related parties	5	265,467	218,284
Other parties		14	15
		265,481	218,299
<i>Interest income</i>			
Other related parties		812	559
Other parties		76,776	36,296
		77,588	36,855
Total		375,552	269,637

23. Other income

Revenue from scrap sales
Others
Total

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

2012	2011
<i>(in thousand Baht)</i>	
32,092	31,817
7,783	12,471
39,875	44,288

24. Selling expenses

Product warranty expense
Royalty fee
Transportation expenses
Advertising and sales promotion expenses
Employee benefit expenses
Others
Total

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

Note	2012	2011
<i>(in thousand Baht)</i>		
5	233,402	201,900
5	217,647	183,250
	80,477	74,724
	16,212	21,038
26	15,687	14,855
	14,752	13,218
	578,177	508,985

25. Administrative expenses

Product development fee
Employee benefit expenses
Warehouse rental charge
Tax and duty
Technical assistance fee
Allowance for decline in value of inventories
Others
Total

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

Note	2012	2011
<i>(in thousand Baht)</i>		
5	276,176	226,197
26	148,699	149,184
5	71,263	59,633
	21,450	20,242
5	16,792	12,983
	13,710	9,019
	95,714	87,120
	643,804	564,378

26. Employee benefit expenses

Management
Salaries and others
Others

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

2012	2011
<i>(in thousand Baht)</i>	
63,051	53,740
821	774
63,872	54,514

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

	2012	2011
	<i>(in thousand Baht)</i>	
Other employees		
Wages and salaries	392,850	354,022
Provident fund	12,945	12,133
Others	123,005	118,915
Total	528,800	485,070
	592,672	539,584

Defined benefit plans

Details of the defined benefit plans are given in the note 17.

Defined contribution plans

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.

27. Expenses by nature

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

	Note	2012	2011
		<i>(in thousand Baht)</i>	
Included in cost of sales of goods:			
Changes in inventories of finished goods and work in process		(103,270)	(258,063)
Raw materials and consumables used		6,748,606	5,700,628
Employee benefit expenses		428,286	375,545
Depreciation of plant and equipment		191,240	198,118
Included in selling expenses:			
Product warranty expense	24	233,402	201,900
Royalty fee	24	217,647	183,250
Depreciation of plant and equipment		193	439
Included in administrative expenses:			
Product development fee	25	276,176	226,197
Employee benefit expenses	25	148,699	149,184
Depreciation of plant and equipment		9,879	11,033

28. Income tax

Current tax expense

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

2012 2011

(in thousand Baht)

203,466 157,509

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 comprehensive income.
- (b) Income tax reduction

Royal Decree No. 475 B.E. 2551 dated 6 August 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.

29. 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.

30. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders 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	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company (Basic)	695,780	623,066	694,427	619,120
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	31.63	28.32	31.56	28.14

31. Dividends

At the annual general meeting of the shareholders of the Company held on 27 July 2011, the shareholders approved the appropriation of dividends of Baht 14.25 per share, amounting to Baht 313.5 million. The dividend was paid to shareholders during 2011.

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.

32. 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. 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. Hence, the Company has no hedging agreements to protect against such risk.

The effective interest rates of deposits at financial institutions, short-term 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:

	Financial statements in which the equity method is applied and Separate financial statements	
	Effective interest rate (% per annum)	Within 1 year (in thousand Baht)
2012		
Deposits at financial institutions - saving accounts	0.50	46,119
Short-term investments - bill of exchange	2.64	2,500,000
Short-term loans to related party	2.00	62,437

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

	Effective interest rate	Within 1 year
	(% per annum)	(in thousand Baht)
2011		
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

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 or sales, denominated in foreign currencies, for the current and 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	2012	2011
(in thousand Baht)			
United States Dollars			
Trade accounts receivable	7	316,564	239,047
Trade accounts payable	15	34,351	8,445
Other accounts payable	16	8,084	662
Japanese Yen			
Trade accounts receivable	7	19,373	12,459
Trade accounts payable	15	10,565	14,117
Other accounts payable	16	103,433	110,630
Others			
Trade accounts payable	15	125	33
Other accounts payable	16	621	1,112
Gross statements of financial position exposure		493,116	386,505
Currency forwards		(67,196)	(75,822)
Net exposure		425,920	310,683

At 31 March 2012, the Company had selling forward exchange contracts amounting to USD 2.2 million equivalent to Baht 67.2 million. (2554: 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 statements of financial position. 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 accounts receivable, short-term loans to related party, other long-term investments representing non-marketable equity securities, trade accounts payable and other accounts payable approximates their carrying value presented in the statements of financial position.

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.

33. Commitments with non-related parties

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

2012	2011
------	------

(in thousand Baht)

Capital commitments

Contracted but not provided for

Acquisition of property, plant and equipment

16,145	16,837
--------	--------

Operating lease commitments

Within one year

5,298	6,266
-------	-------

After one year but within five years

6,733	12,031
-------	--------

Total

12,031	18,297
---------------	---------------

- (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 2012, the Company had sales forward exchange contracts amounting to USD 2.2 million equivalent to Baht 67.2 million. (2554: USD 2.5 million equivalent to Baht 75.8 million.)

34. 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.

TAS	Topic	Year effective
TAS 12	Income tax	2013
TAS 21 (revised 2009)	The Effects of Change in Foreign Exchange Rates	2013

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 12 – Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

Company will adopt TAS 12 with effect from 1 April 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 March 2012 will be adjusted accordingly. Management is currently in the process of estimation the impact on the financial statements of the Company.

TAS 21 (revised 2009) – The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 April 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

35. Reclassification of accounts

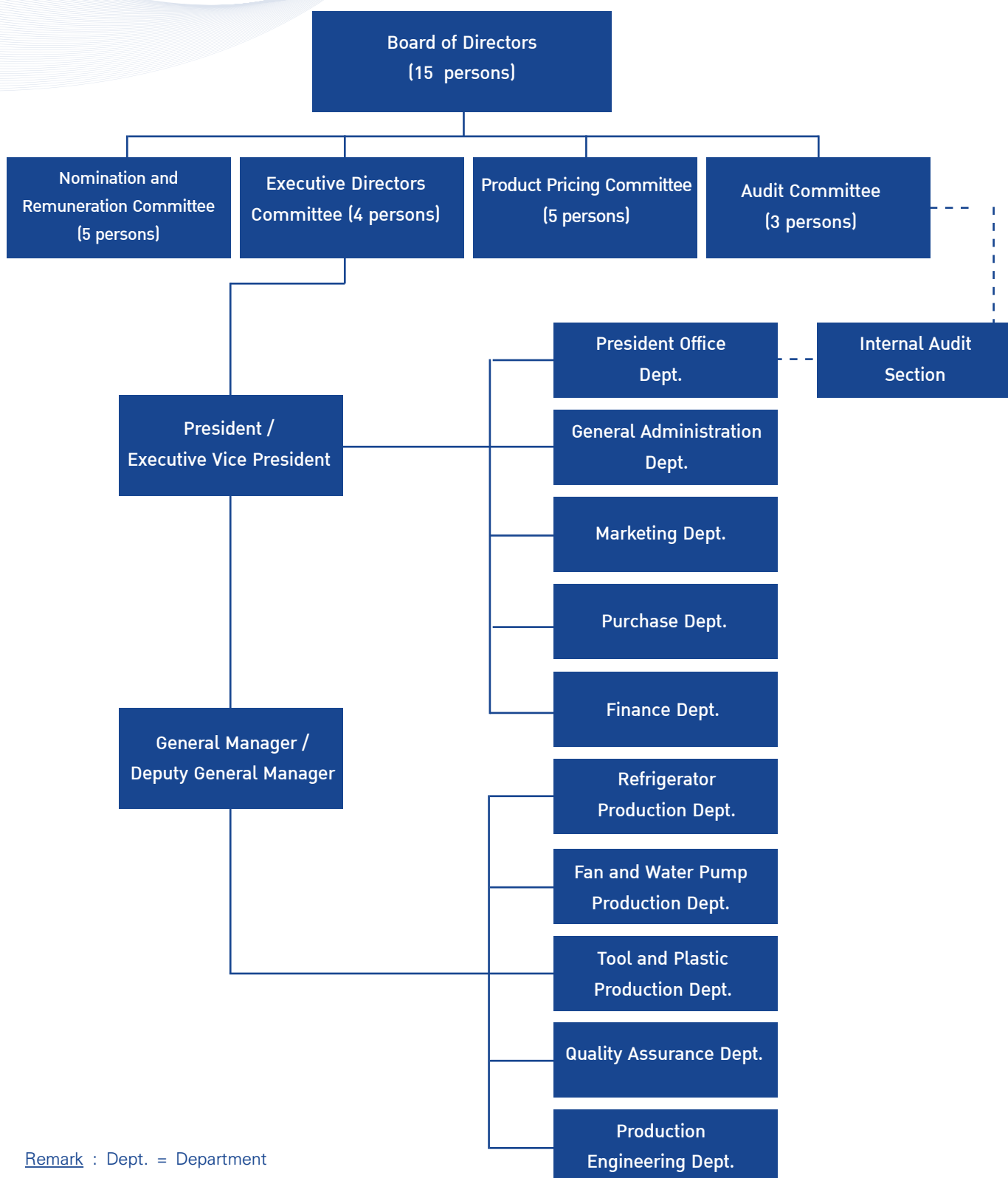
Certain accounts in the 2011 financial statements have been reclassified to conform to the presentation in the 2012 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new or revised TFRS as disclosed in note 3. Other significant reclassifications were as follows:

	2011		
	Financial statements in which the equity method is applied and Separate financial statements		
	Before reclassification	Reclassification	After reclassification
<i>Statement of financial position</i>			
<i>at 31 March</i>			
Other accounts receivable	-	37,581	37,581
Other receivables from related parties	13,284	(13,284)	-
Other current asset	27,871	(24,297)	3,574
Available-for-sale investments	-	30,862	30,862
Other long-term investments	188,224	(30,862)	157,362
Other accounts payable	-	377,959	377,959
Other payables to related parties	294,737	(294,737)	-
Other current liabilities	97,015	(83,222)	13,793
		<u>-</u>	
		<u>-</u>	
<i>Statement of comprehensive income</i>			
<i>for the year ended 31 March</i>			
Dividend income	218,299	(218,299)	-
Other revenue	95,626	(51,338)	44,288
Investment income	-	269,637	269,637
Administrative expense	516,388	47,990	564,378
Management benefit expenses	47,990	(47,990)	-
		<u>-</u>	
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business and to comply with the notification of the Department of Business Development "The Brief Particulars in the financial statements B.E. 2554" dated 28 September 2011.

Management

Management Structure (as at March 31, 2012)



Remark : Dept. = Department

The Company has 1 group of director committee and 4 committees detailed as follows:

Board of Directors			Executive Directors Committee		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's Committee
2.	Mr.Praphad Phodhivorakhun	Chairman of the Board of Directors	2.	Mr.Sadahiro Tomita	Vice Chairman of Executive Directors	2.	Mr.Chackchai Panichapat	Audit Committee's member	2.	Mr.Praphad Phodhivorakhun	Nomination and Remuneration's member	2.	Mr.Sadahiro Tomita	Product Pricing's member
3.	Mr.Sadahiro Tomita	Vice Chairman	3.	Mr.Supachai Setasathira	Executive Director	3.	Mr.Arthakrit Visudtibhan	Audit Committee's member	3.	Mr.Sadahiro Tomita	Nomination and Remuneration's member	3.	Mr.Akira Nakamichi	Product Pricing's member
4.	Mr.Komol Vongsthongsri	Independent Director	4.	Mr.Akira Nakamichi	Executive Director				4.	Mr.Komol Vongsthongsri	Nomination and Remuneration's member	4.	Pol.Sub.Lt. Kriengsak Lohachala	Product Pricing's member
5.	Mr.Tadashi Kawagoishi	Director							5.	Mr.Manu Leopairote	Nomination and Remuneration's member	5.	Mr.Manu Leopairote	Product Pricing's member
6.	Mr.Supachai Setasathira	Director												
7.	Mr.Yoshikatsu Nankaku	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.	Mr.Praphon Potivorakun	Director												
13.	Mr.Chackchai Panichapat	Independent Director												
14.	Mr.Arthakrit Visudtibhan	Independent Director												
15.	Mr.Manu Leopairote	Independent Director												

Remarks

1. Mr.Staporn Kavitanon passed away on February 2, 2012
2. Mr.Praphon Potivorakun was appointed as a director since May 26, 2011, replacing Mrs.Tipvimol Saengsuphan
3. Mr.Yoshikatsu Nankaku was appointed as a director since November 9, 2011, replacing Mrs.Hiroshi Ito
4. The Board of Directors appointed 5 independent directors on May 24, 2010

The Board of Directors consists of 15 directors as written below :

1. Mr.Staporn Kavitanon (Passed away on February 2, 2012)

Position	Honorary Chairman	
Certification	M.A. (Econ) Vanderbilt University, U.S.A.	
Experience	1991 - 2001	- Secretary General, Office of the Board of Investment (BOI) Office of the Board of Investment (BOI)
	2001 - Feb. 2, 2012	- Honorary Chairman, Kang Yong Electric Public Company Limited

2. Mr.Praphad Phodhivorakhun

Position	Chairman of Board of Directors / Chairman of Executive Directors Committee / Member of Nomination and Remuneration Committee	
Certification	- Business Management Sheffield College of Technology, England - Master Degree in Public Administration (MPA) and Master degree in Business Administration (MBA) Ramkhamhaeng University - Honorary Doctorate Degree in Business Administration Rajabhat University of Lamphang	
Experience	Jun. 1994 - Present	- Director, Kulthorn Kirby Public Company Limited
	Nov. 1995 - Present	- Chairman of the Board of Directors, Mitsubishi Electric Kang Yong Watana Company Limited
	Jul. 1996 - Present	- Chairman of the Board of Directors, Yokohama Rubbers (Thailand) Company Limited
	Oct. 1999 - Present	- Chairman & Chairman of Executive Directors Committee, Kang Yong Electric Public Company Limited
	2004 - Present	- Independent Director, Polyplex (Thailand) Public Company Limited
	May. 2005 - Present	- Chairman of the Board of Directors, Siam City Leasing and Factoring Public Company Limited
	Aug. 2008 - Present	- Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited

3. Mr.Sadahiro Tomita

Position	Vice Chairman of Board of Directors / Vice Chairman of Board of Executive Directors / President / Member of Product Pricing Committee / Member of Nomination and Remuneration Committee	
Certification	M.B.A. in Engineering, Tohoku University, Japan	
Experience	Dec. 2006 - Jan. 2009	- Department Manager, Manufacturing Department, Ryoden Asahi Technica Co., Ltd.
	Feb. 2009 - Mar. 2009	- Manager, Works Manager Room, Mitsubishi Electric Corporation, Shizuoka Works
	Mar. 2009 - Present	- Vice Chairman of Board of Directors / President / Vice Chairman of Executive Directors Committee, Kang Yong Electric Public Company Limited
	Mar. 2009 - Present	- Member of Product Pricing Committee, Kang Yong Electric Public Company Limited
	Nov. 2010 - Present	- Member of Nomination and Remuneration Committee Kang Yong Electric Public Company Limited

4. Mr.Komol Vongsthongstri

Position	Independent Director / Chairman of Audit Committee / Member of Nomination and Remuneration Committee	
Certification	Mechanical Engineering (Dipl. - Ing.) Germany	
Experience	1999 - 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 / 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

Position	Director	
Certification	B.A. in Commerce, Hitotsubashi University, Japan	
Experience	2008 - 2009	- Deputy General Manager, Corporate Accounting Division, Mitsubishi Electric Coporation
	2009 - Present	- General Manager, Planning & Administration Dept., Living Environment & Digital Media Equipment Group, Mitsubishi Electric Coporation
	2010 - Present	- Director, Kang Yong Electric Public Company Limited

6. Mr.Supachai Setasathira

Position	Executive Director / Executive Vice President	
Certification	- Bachelor of Engineering Kasetsart University - Master of Business Administration, National Institute of Development Administration (NIDA)	
Experience	Jan. 2001 - Dec. 2002	- General Manager / Refrigerator Production Department Kang Yong Electric Public Company Limited
	Jan. 2003 - Mar. 2003	- General Manager, Kang Yong Elecctric Public Company Limited
	Apr. 2003 - Present	- Executive Director / Executive Vice President, Kang Yong Electric Public Company Limited

7. Mr.Akira Nakamichi

Position	Executive Director / General Manager / Member of Product Pricing Committee	
Certification	B.A. in Engineering, Tokyo Metropolitan University, Japan	
Experience	Oct. 2005 - Sep. 2008	- Deputy Manager, Refrigerator Department Mitsubishi Electric Corporation, Shizuoka Works
	Feb. 2009 - May 2012	- Director / General Manager, Kang Yong Electric Public Company Limited
	Nov. 2011 - May 2012	- Executive Director / Member of Product Pricing Committee, Kang Yong Electric Public Company Limited

8. Mr.Yoshifumi Beppu

Position	Director	
Certification	B.A. in Economics Keio University, Japan	
Experience	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

9. Mr.Hideaki Nagatomo

Position	Director
Certification	B.A. in Engineering, Kyushu University, Japan
Experience	2005 - 2010 - Managing Director, Shangling Air-Conditioner and Electric Appliance Co., Ltd. 2010 - Present - General Manager, Mitsubishi Electric Corporation, Shizuoka works Mar. 2010 - Present - Director, Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. May 2010 - Present - Director, Kang Yong Electric Public Company Limited

10. Pol.Sub.Lt. Kriengsak Lohachala

Position	Independent Director / Member of Product Pricing Committee
Certification	Master of Public Administration, Kent State University, U.S.A.
Experience	2000 - 2002 - Permanent Secretary of Bangkok, Bangkok Metropolitan 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 Present - Chairman of Rajamangala University of Technology Tawan-ok Present - Chairman of Masterad Public Company Limited

11. Mr.Praphon Potivorakun

Position	Director
Certification	Bachelor of Electrical Engineering, Meisei University, Japan
Experience	1982 - 1987 - Director / Sales Department Manager, Kang Yong Watana Co., Ltd. 1987 - 2004 - Deputy Managing Director, Kang Yong Watana Co., Ltd. 2004 - Present - Deputy Managing Director, Mitsubishi Electric Kang Yong Watana Co., Ltd. May. 2011 - Present - Director, Kang Yong Electric Public Company Limited

12. Mr.Chackchai Panichapat

Position	Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee
Certification	Master Degree in Electrical Engineering, University of Texas Austin, Texas, USA.
Experience	Dec. 1999 - Present - Chairman of Audit Committee / Member of Nomination and Remuneration Committee City Sports and Recreation Public Company Limited 2001 - Present - Member of Audit Committee / Independent Director, Kang Yong Electric Public Company Limited 2002 - Present - Independent Director / Audit Committee / Chairman of Nomination and Remuneration Committee Central Pattana Public Company Limited 2003 - Present - Director / Executive Director, Amata Corporation Public Company Limited Oct. 2003 - Present - Independent Director, City Sports and Recreation Public Company Limited Dec. 2004 - Present - Independent Director / Advisory Board Member, Saha Union Public Company Limited 2006 - Present - Chairman of Board of Directors, Magnecomp Precision Technology Public Company Limited Feb. 2007 - Present - Chairman of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited

13. Mr.Arthakrit Visudtibhan

Position	Independent Director / Member of Audit Committee / Chairman of Product Pricing Committee
Certification	Master of Public Administration, University of Southern California, U.S.A.
Experience	Apr. 1998 - Oct. 2003 - Human Resources Director, Standard Charter Bank, Standard Charter Nakorn-thon Bank Dec. 1999 - Present - Member of Audit Committee, Kang Yong Electric Public Company Limited Nov. 2003 - Present - Human Resources Director, Serm Suk Public Company Limited Feb. 2009 - Present - Chairman of Product Pricing Committee, Kang Yong Electric Public Company Limited

14. Mr.Manu Leopairote

Position	Independent Director / Member of Nomination and Remuneration / Member of Product Pricing Committee
Certification	- B.Sc. (Honors.), Thammasat University - M.Sc.(Econ.), University of Kentucky, USA.
Experience	2000 - 2009 - Chairman, Thai Oli Power Co., Ltd 2003 - Present - Chairman, Polyplex (Thailand) Public Company Limited 2004 - Present - Chairman of Audit Committee, Khon Kaen Sugar Public Company Limited May 2010 - Present - Independent Director / Member of Product Pricing Committee / Member of Nomination and Remuneration Committee, Kang Yong Electric Public Company Limited Present - Chairman of Audit Committee, Thai Oli Public Company Limited

15. Mr.Yoshikatsu Nankaku

Position	Director / Deputy General Manager
Certification	Master of Mechanical Engineering, Doshisha University, Japan
Experience	Oct. 2003 - Apr. 2009 - Manager, Residential Ventilation Engineering Sec., Mitsubishi Electric Corporation, Nakatsugawa Works Apr. 2009 - Nov. 2010 - Manager, Quality Control Sect.,Residential Ventilation Manufacturing Dept., Mitsubishi Electric Corporation, Nakatsugawa Works Nov. 2010 - Jul. 2011 - Manager, Photovoltaic Power Dept.B, Mitsubishi Electric Corporation, Nakatsugawa Works Jul. 2011 - Oct. 2011 - Department Manager, Residential Ventilation Manufacturing, Department Mitsubishi Electric Corporation, Nakatsugawa Works Oct. 2011 - Present - Deputy General Manager, Kang Yong Electric Public Company Limited Nov. 2011 - Present - Director, Kang Yong Electric Public Company Limited

Management Structure

The Company has one group of the Board of Directors and 4 committees 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 committees.

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

2. **Executive Directors Committee** 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.Akira Nakamichi also seal the Company stamp.

The duties and responsibility of Executive Directors Committee 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 11, 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. The committee will be positioned as term of service of director.

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, all committees. 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 directors, executive directors, and committees and propose to the board of directors for approval.

3. Shall consider an appropriate composition of the Board, executive directors, and committees 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 Committee 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 directors.

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 in 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%.

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 management* officers compose of 16 persons (as of 31 Mar.2012) as follow:

1.	Mr. Praphad	Phodhivorakhun	Chairman and Chairman of Executvie Director Committee
2.	Mr. Sadahiro	Tomita	Vice Chairman of Executive Director Committee and President
3.	Mr. Supachai	Setasathira	Executive Director and Executive Vice President
4.	Mr. Akira	Nakamichi	Executvie Director and General Manager
5.	Mr. Yoshikatsu	Nankaku	Director and Deputy General Manager
6.	Mr. Mongkol	Kuratana	Deputy General Manager
7.	Mr. Anucha	Pralongkij	General Administration Department Manager
8.	Mr. Hitoshi	Otake	Purchase Department Manager
9.	Mr. Kritsana	Chatchaivorawong	President Office Department Manager
10.	Mr. Shojiro	Sega	Marketing Department Manager
11.	Ms. Pojana	Tinnaworn	Finance Department Manager
12.	Mr. Atakrit	Siwasarit	Fan and Water Pump Production Department Manager
13.	Mr. Sinchai	Kowitwatanapaisal	Refrigerator Production Department Manager
14.	Mr. Mongkol	Thadtayatikom	Quality Assurance Department Manager
15.	Mr. Vinij	Phomma	Tool and Plastic Production, Department Manager
16.	Mr. Pensak	Plavuthithothai	Production Engineering Department Manager

(*The management means Directors, Executives or the department manager as the Company's organization chart as at March 31, 2012.)

● **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 the board of directors' meeting and an annual report of the Company;

1.3 A notice calling shareholders 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 rotation, 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-fourth 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 Executive Directors Committee

- The Board of Directors shall have the power to appoint 4 directors as members of the Executive Directors Committee who has the power and obligation to manage the company on behalf of the Board of Directors.
- The Executive Directors Committee 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 at least 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 years period.
- The Audit Committee comprises 1 Chairman, and 2 members, one of member who has adequate expertise and experience to review creditability of the financial reports. The President Office Department Manager who response for the internal audit is a secretary of the Audit committee.

The Selection of Nomination and Remuneration Committee

- The Board of Directors appoints 5 directors, (3 independent directors and 2 Executive 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 as term of service of director.
- The Nomination and Remuneration Committee comprises 1 Chairman who is Independent director, and 4 members.

The secretary of the Committee is Finance Department Manager.

The Selection of Product Pricing Committee

- The Board of Directors appoints 5 directors as members of Product Pricing Committee. The committee will be position for 3 years period. 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 secretary of the committee is Finance Department Manager.

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, sibling 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 of 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 Directors and Executives

Directors' remunerations

During April 2011 - March 2012, details of the directors' remunerations are as follow :

Directors	Position	Committee					Remuneration 2011 (Baht)
		BOD	EDC	A/C	P/P	N/R	
1. Mr. Staporn Kavitanon	Honorary Chairman	✓					150,000
2. Mr. Praphad Phodhivorakhun	Chairman of the Board of Directors	✓	✓			✓	504,000
3. Mr. Sadahiro Tomita	Vice Chairman	✓	✓		✓	✓	510,000
4. Mr. Komol Vongsthongsri	Independent Director	✓		✓		✓	804,000
5. Mr. Tadashi Kawagoishi	Director	✓					192,000
6. Mr. Supachai Setasathira	Director	✓	✓				264,000
7. Mr. Yoshikatsu Nankaku	Director	✓					98,000
8. Mr. Akira Nakamichi	Director	✓	✓		✓		308,000
9. Mr. Hideaki Nagatomo	Director	✓					168,000
10. Mr. Yoshifumi Beppu	Director	✓					216,000
11. Pol.Sub.Lt. Kriengsak Lohachala	Independent Director	✓			✓		286,000
12. Mr. Praphon Potivorakun	Director	✓					206,000
13. Mr. Chackchai Panichapat	Independent Director	✓		✓		✓	714,000
14. Mr. Arthakrit Visudtibhan	Independent Director	✓		✓	✓		651,000
15. Mr. Manu Leopairote	Independent Director	✓			✓	✓	392,000
@ Mr. Hiroshi Ito	Director	✓	✓		✓		178,000
Total							5,641,000

Remark : 1. @ means Mr.Yoshikatsu Nankaku, the director No.7, was appointed as the director on November 9, 2011 by the resolution of the Board of Directors, replacing Mr.Hiroshi Ito, who was resigned.

2. The meaning of meeting of each committee

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

Executives' Remuneration

During April 2011 - March 2012, the remunerations of 6 Executive (Executive directors and Executives managers) for remunerations (i.e. salary and bonus) are 20,256,594 baht.

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 Internal 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 director 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 (SCP straight through) 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 2011, the Company conducted a shareholder's meeting on Wednesday 27th July, 2011 to let the shareholder consider, express and vote in the meeting properly. In the meeting, there were the audit committees, all committee, 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 shareholders' rights especially when it allow minor shareholders to propose the agendas and director candidate of the AGM 2011 and the AGM 2012 in advance, a practice considered an equal treatment to all shareholders. For the AGM 2011, the Company allowed minor shareholders to propose agendas / director candidate in advance between 15 March - 5 April 2011 and notified shareholders through the Stock Exchange of Thailand (SET) before posting it on its website at www.mitsubishi-kye.com in which clear and transparent procedures were indicated. At the AGM 2011, no shareholder proposed any agenda/director candidate.

For the year 2012 meeting, the Company already arranged for shareholders to propose the meeting's agendas / director candidate in advance during March 19 - April 9, 2012. It also notified shareholders through the SET and its website at 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, ranking from clients, shareholders, employees, 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 staffs.
5. Perform strictly according to the laws and regulations related to employee.

Customers

1. To deliver quality products as 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 Competitors

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

Trading partner and / or Creditor

1. Perform equitably and fairly 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 partners and / or 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, connected transaction approval, etc. through the SCP Client of the Stock Exchange of Thailand after completion of any meeting of the Board of Director or any meeting of shareholders, and has been already publicized in the Annual Report (TYPE 56-2) and Annual Transaction Manifestation 2011 (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

In 2011, the Company has attended the activity in "Opportunity Day" with SET. on February 24, 2012.

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 directors is designated greater than 5 executive committees in order that the directors 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 2011, the company conducted 6 meeting of the Board of Directors, and other sub-meetings, for examples, 6 meeting of the Audit Committees, 2 meeting of the Nomination and Remuneration committee and 3 meeting of the Product Pricing Committee. The Executive Directors Committee have convened 2 meeting monthly to ensure the company's effective performance. Majority of the committees have joined the meeting regularly.

The details of individual committee's attendance are as follows:

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

- Remark
1. @ means Mr.Hiroshi Ito resigned as a director on November 9,2011
 2. * means Non-resident director who support the Company's businesss in technology and oversea marketing, so they will be attendance at sometimes.
 3. The meaning of meeting of each committee

BOD	=	The Board of Directors
A/C	=	Audit Committee
P/P	=	Product Pricing Committee
N/R	=	Nomination and Remuneration 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 who are 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 2012, the company has 1,162 permanent employees detailed as follows:

Permanent manpower at production	879 persons
Permanent manpower at administration and supports production	283 persons

Remuneration for Employee

In the fiscal year 2011, the total remuneration was 592.67 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.

The Risk Factors

1. Marketing and Competition Risks

1.1 The risk on the raw material prices in the world markets having the trend to increase continuously, especially the important raw materials used in product manufacturing such as Plastic, Copper, Aluminum. Moreover, the factor on the oil prices having fluctuations in the world market that has effects on the retail prices in the country and has impact on the cost and expense on production of each product that is increased as well. These factors have effects on the ability to compete inevitably in the domestic and export markets.

1.2 The risk from impact on natural disasters from domestic and overseas, and may have impact on the supply chain system of the manufacturers of parts and raw materials used in manufacturing products. For instance, in the great flood in October 2011 in Thailand wreaked havoc on several parts makers who could not do business and affected heavily on our production system. Moreover, the natural disaster also caused reduction of income of the farmers and affected the spending of the people or consumers as well. The Company has adjusted the strategy for production and sales to be able to deliver the goods as planned, while it adjusted some business plans to turn the crisis into opportunity to increase the turnover.

1.3 The risk from the domestic economy and politics. In the past political circumstances caused fluctuations in the business, delivery of raw materials and components, including production process, logistics and a lack of confidence until there was a slowdown of spending by the consumers. It is considered as a particular risk for selling domestic goods during the past.

2. Financial risks

2.1 **Foreign currency risk** The Company is exposed to foreign currency risk relating to sales of goods, payment for goods material machinery and equipment which are denominated in foreign currencies. The Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies

2.2 **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 from the floating interest rate. 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. Hence, the Company has no hedging agreements to protect against such risk.

2.3 **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. 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

Thailand has confronted with labour shortages in all sectors due to the rates of population increase are very low and the agricultural products have good prices due to the policy of the public sector. So the labour was lured back to work on the agricultural sector with better income, and the people liked to study up to the higher education leaving less workers to the labour sector.

Therefore, there was a competition for labour by offering better remuneration and fringe benefits to entice the workers. Our Company used multiple measures and forms, as well as competitive compensation and fringe benefits to attract them so it can find labour to work continuously.

4. Legal Risks

During 2011 Thailand passed new laws and requirements such as adjustment of the corporate income tax according to the accounting cycle, the minimum wages according to the labour skills standard, the environmental law, safety and vocational health, energy conservation and industrial product standards, etc. The Company has a responsible unit to follow up on the enforcement of the laws and requirements and is ready to report to the senior management for acknowledgement and order to comply with the requirements in all aspects.

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 and the management in every level will identify the Company's annual policy, objective, and 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 ranking from weekly, monthly, quarterly, and semiannually meeting. Such meeting is operational report and explanation, and received a recommendation 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 Executives and, directly, to the Audit committee for information and consideration. In addition, the section 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.

The Audit Committee will review in quarterly and yearly financial statement that have already been proposed to the Company's management after audited by the auditor, reviewing the internal control system, the compliant, consider the appointment of auditors and audit Fees, including reviewing in connected transactions. Then 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 same every year 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).

However, in the previous year, the effect of such measures does not appear to have notified any the risks or occurred damage to the Company in anyway.

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 2010 and 2011 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
				31-Mar-11	31-Mar-12	
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	4,590.97	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 director was Mr.Praphad Phodhivorakhun and Mr.Praphon Potivorakun (MELCO was MKY 48.5% shareholding)		2,733.93	3,052.16	
	1.3) Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company's parent Country of corporation: Japan		155.73	342.45	
	1.4) Mitsubishi Electric Taiwan Co.,Ltd. (MSB.Taiwan)	A subsidiary of the Company's parent Country of corporation: Taiwan		7.70	-	
	1.5) Mitsubishi Electric Asia Pte. Ltd (MEAP)	A subsidiary of the Company's parent Country of corporation: Singapore		357.12	344.55	
	1.6) Mitsubishi Electric Australia Pty. Ltd. (MSB.Australia)	A subsidiary of the Company's parent Country of corporation: Australia		138.54	190.93	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31-Mar-11	31-Mar-12	
	1.7) Mitsubishi Electric Ryoden - Air Conditioning & Visual Information System	A subsidiary of the Company's parent Country of corporation: Hong Kong	KYE sell electric home appliance products such as electric fans,exhaust fans,refrigerators, water pump and spare part to related parties company	261.30	308.57	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.
	1.8) Melco Sales Malaysia Sdn. Bhd. (Formerly Antah Melco Sales&Services Sdn Bhd)	A subsidiary of the Company's parent Country of corporation: Malaysia		155.24	165.52	
	1.9) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan		12.10	8.59	
	1.10) Melco Trading (Thailand) Co., Ltd. (MT-T)	A subsidiary of the Company's parent		5.48	4.22	
	1.11) Mitsubishi Electric Vietnam Co., Ltd.	A subsidiary of the Company's parent Country of corporation: Vietnam		-	131.38	
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	-	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	88.88	
	2.3) Setsuyo Astec Corporation	A subsidiary of the Company's parent		179.90	50.67	
	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	31.87	
	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	142.05	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31-Mar-11	31-Mar-12	
	2.6) Kulthorn Kirby Public Company Limited (KKC)	Common director was Mr.Praphad Phodhivorakhun	KYE itself compressor used for assembly refrigerator	170.20	196.99	
	2.7) Mitsubishi Electric Trading Corporation (MT)	A subsidiary of the Company's parent Country of corporation: Japan	KYE itself procures electronic parts used for assembly refrigerator	8.25	21.66	
	2.8) MelcoTrading (Thailand) Co., Ltd. (MT-T)	A subsidiary of the Company's parent		118.88	204.20	
	2.9) Mitsubishi Electric H.K. Ltd.	A subsidiary of the Company's parent Country of corporation: Hong Kong		-	0.24	
	2.10) Mitsubishi Electric & Electronics (Shanghai)	A subsidiary of the Company's parent Country of corporation: China	KYE itself procures aluminium tap for assembly refrigerator	-	19.77	
	2.11) Setsuyo Astec (Thailand) Co., Ltd.	A subsidiary of the Company's parent Country of corporation: Thailand	KYE itself procures steel plate for assembly refrigerator	-	535.89	
3	3.1) Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)	A subsidiary of the Company's parent, 48.50% shareholding and common director was Mr.Praphad Phodhivorakhun and Mr.Praphon Potivorakun	<u>Complementing Fee</u> Advertising support	8.45	10.39	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	0.66	

No.	Name of entities	Relationship	Type of the connected transaction	Value of the transaction (Million Baht)		Reasonableness of the transaction
				31-Mar-11	31-Mar-12	
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	0.43	
3.4)	Mitsubishi Electric Life Network Co., Ltd. (MSB.LN)	A subsidiary of the Company's parent Country of corporation: Japan		0.01	2.34	
3.5)	Melco Logistic (Thailand) Co., Ltd. (MELT)	A subsidiary of the Company's parent	Logistic Fee	26.85	28.16	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	420.42	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
				31-Mar-11	31-Mar-12	
			Development fee (in accordance with Technical Assistance Agreement)	226.18	275.25	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. and common director was Mr.Supachai Setasathira	Storage, Handling & Transportation Charge.	59.40	73.99	
4	4.1) Melco Thai Capital Co., Ltd. (MTC)	A subsidiary of the Company's parent Parent, 99.99% shareholding	<u>Giving or receiving of financial assistance</u> - Loan Receivable to MTC by interest rate of deposit 1.91% - 3.1% / Year - Loan Receivable - Interest Received	30.43 0.43	62.44 0.81	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
				31-Mar-11	31-Mar-12	
5	5.1) Smile Super Express Co., Ltd. (SSE)	Associate, 33.33% shareholding. and common director was Mr.Supachai Setasathira	<u>Lease or lease out of real estate for not over 3 years</u> SSE has rented land and 2 buildings from KYE Including water charge and electric charge.	15.28	15.27	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 Automation (Thailand) Co;Ltd. (MEATH)	A subsidiary of the Company's parent Country of corporation: Thailand	<u>Procurement of asset</u> KYE purchased machine that used in mold (plastic parts) process	-	2.95	Purchasing of machine from MEATH, the Company can get the benefits of increasing productivity and reduction loss on process with comparable price.
	6.2) Mitsubishi Electric Corporation (Nakatsugawa => MELNAKA)	The Company's parent - Nakatsugawa works Country of corporation: Japan	KYE purchased the Die for production in propeller part of ventilating fans 3 size	-	7.99	The Company will benefit from the development of new ventilation fan design. It is to deliver high quality products and to expand sales of new products to the market, we need to buy the mold with the coordination and quality control of MELNAKA, mold designer.

Connected Transaction

Balance as at 31 March 2012 and 31 March 2011 with related parties were as follows:

Amount : Million Baht

Name of entities	Trade Accounts Receivable		Other Receivables		Trade Accounts Payables		Other Payables	
	31 March'11	31 March'12	31 March'11	31 March'12	31 March'11	31 March'12	31 March'11	31 March'12
• Melco Thai Capital Co., Ltd.	-	-	30.43	62.49	-	-	-	-
• Smile Super Express Co., Ltd.	0.02	0.04	1.29	1.28	-	-	6.83	8.06
• Mitsubishi Electric Corporation	408.48	394.44	-	0.02	0.98	2.09	281.73	320.93
• Thai Refrigeration Components Co., Ltd.	-	-	-	-	-	-	-	-
• Mitsubishi Electric Kang Yong Watana Co., Ltd.	351.89	418.38	-	-	-	-	3.79	5.68
• Mitsubishi Electric Life Network Co., Ltd.	12.46	19.37	-	3.54	-	-	0.06	0.64
• Mitsubishi Electric Asia Pte. Ltd	84.07	45.44	-	-	5.29	20.66	0.86	0.61
• Mitsubishi Electric Australia Pty. Ltd.	38.42	51.55	-	-	-	-	-	-
• Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd.	-	-	-	-	-	-	-	-
• Mitsubishi Electric Ryoden Air - Conditioning & Visual Information System (Hong Kong) Ltd.	43.26	55.82	-	-	-	-	0.33	0.02
• Melco Sales Malaysia Sdn. Bhd.	29.65	42.53	-	-	-	-	0.02	0.06
• Setsuyo Astec Corporation	-	-	-	-	8.58	10.81	-	-
• Mitsubishi Electric & Electronic China Co., Ltd.	-	-	-	-	-	5.80	-	-
• Mitsubishi Electric Automation (Thailand) Co., Ltd.	-	-	-	-	15.14	15.46	0.02	0.07
• Kulthorn Kirby Public Company Limited	-	-	-	-	31.28	47.41	-	-
• Mitsubishi Electric Trading Corporation	-	-	-	-	1.12	3.46	1.06	-
• Melco Trading (Thailand) Co., Ltd.	1.97	0.19	-	1.58	15.95	16.78	-	-
• Mitsubishi Electric H.K. Ltd.	-	-	-	-	0.04	0.05	-	-
• Melco Travel Co., Ltd.	-	-	-	-	-	-	0.04	-
• Siam Compressor Industry Co., Ltd.	-	-	-	11.87	-	-	-	-
• Mitsubishi Electric Vietnam Co., Ltd.	-	56.59	-	-	-	-	-	-
Total	970.22	1,084.35	31.72	80.78	78.38	122.52	294.74	336.07

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 more 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 Refrigerator, Electric Fan, Ventilating Fan, Water Pump and Jet Towel. 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

Shareholder Structure consists of 1) Mitsubishi Electric Corporation group 41.15% 2) Phodhivorakhun family group 24.65% and 3) Other shareholders 34.20%. Mitsubishi Electric Corporation is the major shareholder 40.81%.

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 overseas markets, the company distributes products through more than 20 countries of Mitsubishi Electric representatives by distributing products to the markets through distributors & dealers in each market 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, 2012, 2011 and 2010 are as follows;

Unit : Million Baht

Products	Mar.31, 2012		Mar.31, 2011		Mar.31, 2010	
	Million Baht	% per Total sales	Million Baht	% per Total sales	Million Baht	% per Total sales
Domestic and Export Sales						
Electric Fan & Ventilating	1,229.07	13.08	1,042.86	13.13	970.24	14.72
Refrigerator	7,424.89	79.02	6,205.35	78.12	5,012.82	76.05
Water Pump	667.62	7.11	645.03	8.12	564.99	8.57
Jet Towel	24.25	0.26				
Others	49.35	0.53	50.36	0.63	43.20	0.66
Grand Total	9,395.18	100.00	7,943.60	100.00	6,591.25	100.00

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 31,2012: 905 million baht, the detail assets are Land improvement 136.86 million baht, Building improvement 76.05 million baht, Machinery and equipments 335.35 million baht, Factory equipments 265.23 million baht , Office equipment and vehicles 16.71 million baht and Assets under construction 74.80 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, water pump and jet towel, 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

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 new 2 colors of my windy model as purple and orange make up 7 days 7 colors, 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 a 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 6 inches propeller in concept of Aerodynamics which control variance ventilation and less annoy sound. In addition, development of all ventilating product comply with safety standard and energy saving including using materials as comply with RoHS regulation.

This 2011 year was control to the one of successful year that total fan production of Company would be recorded 20 million units in May 2011. This is proud for all management and employees for sustainable growth.

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.

Hand Drier (Jet Towel)

Hand Drier/Jet Towel, the Company started production of the hand drier the first time in September 2011, in which it was trusted by Mitsubishi Electric Corporation as the production base for the mini (Jet Towel Mini). We started from producing components up to assembly to become the finished product, including using stringent quality control in all procedures. The outstanding of the hand drier is focused on convenience on installation, ease of use, cleaning and care as well as friendly to the environment.

1. Easy to install
 - The product is compact and saves on the installation area.
 - The electrical cord is as long as 1.5 m with an outlet to reduce unnecessary wiring.
 - It has a built-in circuit breaker that need not be installed a switch outside.
2. Convenient to use
 - It has blowing channels that can dry hands within 5-9 seconds by high-speed air.
 - It can adjust the air speed in several levels, including can choose to turn on-off the hot air system.
 - It is quieter by developing a new design of the air delivery.
3. Reduces the cleaning time and maintenance
 - It has a wastewater tank inside the device, so no water stain on the wall or the restroom floor.
 - Its housing is made of one-piece plastic and uses antimicrobial resin, and it is difficult to cause dirty stain and ease of cleaning.
4. Promotes good hygiene and is friendly to the environment
 - It dries hands, gives comfortable feeling and does not generate excess water on the hands.
 - It reduces the use of water or hand towels with lower long-term expense.
 - It saves on energy and reduces power consumption compared with the previous models by 15%.
 - All its components complied with the RoHS compliance.



Market and Competition

Our business has operated 3 major markets : Domestic, Japan, and Other export market. In 2011, was 32 : 53 : 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 overseas 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 2011 was over achieved than target and had growth against last year. All products were a good sales performance, especially Refrigerator and Electric fan products which are still leader position both middle and high-end level in market. For Refrigerator - 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 2011 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 2011, 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 2011 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 2011 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, Water Pump and Jet Towel.

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 since Mar.2001. 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 and Business Operation

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.

Shareholders Structure

Group of 10 Major Shareholders as of March 30, 2012 consists of:

Name	Shares	% of Total Shares
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. Mr.Chayanind Phodhivorakhun	271,483	1.23
10. Mr.Suthipong Weswarut	179,600	0.82

The shareholder group as of March 30, 2012 as follows :

	Total	Total shares	%
1. Mitsubishi Electric Group* ¹	3	9,053,020	41.15
2. Phodhivorakhun Group* ²	9	5,422,406	24.65
3. Other shareholders	2,782	7,524,574	34.20
Grand Total	2,794	22,000,000	100.00

Remark : - The company has Thai Shareholders 2,764 names or 57.79% of total shares and Foreign Shareholders 30 names or 42.21% of total shares.

*1. Mitsubishi Electric Group consist of :

- Mitsubishi Electric Corporation	8,978,020	40.81
- Mitsubishi Electric Asia Pte. Ltd.	70,000	0.32
- Setsuyo Astec Corporation Co., Ltd.	5,000	0.02

*2. Phodhivorakhun group consist of :

- Kang Yong Co., Ltd.	697,324	3.170
- K.Y.Intertrade Co., Ltd.	1,773,024	8.059
- Phodhivorakhun Co., Ltd.	1,960,024	8.909
- Mrs.Kamolwan Phodhivorakhun	683,879	3.109
- Mr.Chayanind Phodhivorakhun	271,483	1.230
- Mrs.Wattanee Phodhivorakhun	30,672	0.140
- Ms.Lapaslada Phodhivorakhun	4,000	0.020
- Mr.Vorapas Phodhivorakhun	1,000	0.004
- Ms.Bussakorn Phodhivorakhun	1,000	0.004

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

Name in English : KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

Registered No. : 0107536001257

Main Business : Manufacturer and exporter of Electric Home Appliance such as refrigerator, Electric Fan, Ventilating Fan, Water Pump under and Jet Towel
"Mitsubishi Electric" trademark

Office and Factory : 67 Moo 11 Bangna - Trad Rd. Km.20, T.Bangchalong, A. Bangplee, Samutprakarn 10540 Tel. : 0-2337-2900 (auto)
Fax : 0-2337-2349-40

Registered Capital : As at March 31,2012 : 220 million baht

Home Page : www.mitsubishi-kye.com

Company's Co-ordinator : President Office Department
Fax : 0-2337-2439-40
E-mail address : information@kye.meap.com

Reference

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62 The Stock Exchange of Thailand Building
Ratchadapisek Rd., Klongteoy, Bangkok 10110
Tel. : 0-2229-2800
Fax : 0-2654-5599

Certified Public Accountant : 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.
22nd Ampire Tower, 195 South Sathorn Rd.,
Bangkok 10120
Tel : 0-2677-2000
Fax : 0-2677-2222
www.kpmg.com

Company's Secretary : 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



7 Days
Colour





KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

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