



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



ANNUAL REPORT 2018

ONE KYE FOR OUR CUSTOMERS

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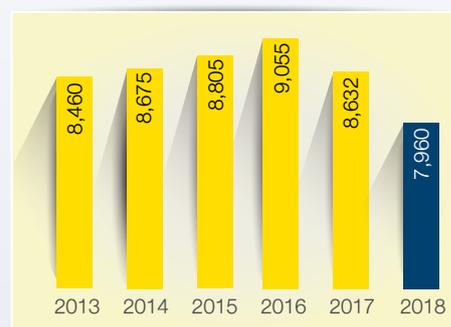
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FINANCIAL HIGHLIGHTS

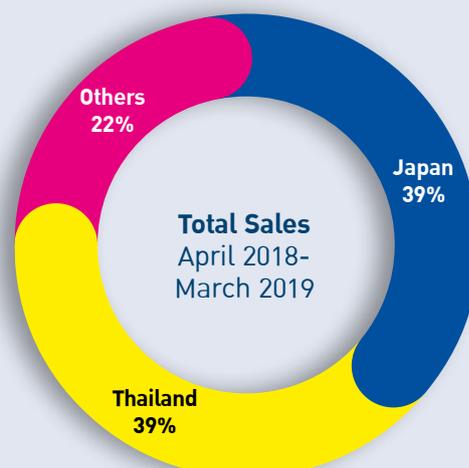
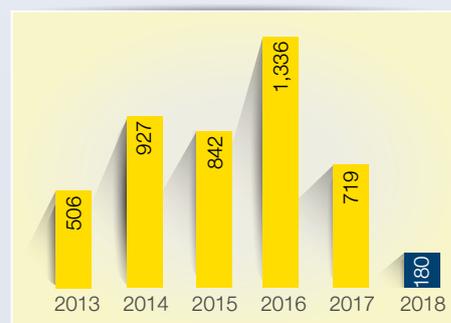
Financial Highlights (Million Baht)	as at March 31			
	2017	2018	2019	
Total Sales	9,055	8,632	7,960	
Total Revenues	10,049	9,215	8,284	
Cost of Sales	7,436	7,266	6,947	
Gross Profit	1,619	1,366	1,013	
Selling and Administrative Expenses	1,153	1,154	1,167	
Net Profit	1,336	719	180	
Total Assets	8,297	8,136	6,946	
Total Liabilities	1,964	1,761	1,729	
Total Shareholder's Equity	6,333	6,375	5,217	
Financial Ratio				
Net Profit Ratio	%	14.75	8.33	2.26
Return on Equity	%	23.48	11.32	3.11
Return on Assets	%	17.61	8.75	2.39
Dividend pay out Ratio	%	50.00	50.01	*
Liabilities per Equities Ratio	Times	0.31	0.28	0.33
Earning per Share	Baht	60.72	32.69	8.56
Dividend per Share	Baht	30.36	16.35	*
Book value per Share	Baht	287.85	289.79	263.51
Total Staff		1,489	1,528	1,596

* In the process of seeking approval from the 2019 Annual General Meeting of shareholders

Total sales year 2013-2018
Unit : Million Baht



Net profit year 2013-2018
Unit : Million Baht



REPORT OF THE BOARD OF DIRECTORS



For 2018, many circumstances were the obstacle for the business occurred, for example, the oscillation of oil price that directly influences the critical raw material prices, which the Company used for the production process such as plastic, resin, copper, aluminum, steel. Also, other costs, the production expenses increased, and Exchange rate volatility. However, ASEAN economies, which are our targets for sales expansion, tend to gradually recover thanks to the active implementation of infrastructure development megaprojects and stimulus measures taken by their respective governments, hence positive factors for our business operation.

In the fiscal year 2018, we remained steadfast in building and strengthening our business foundation under the slogan: “One KYE for Our Customers.” We pursued our efforts in developing our technological capabilities, competitive market edge, and product quality consistently from the previous year. Besides, various activities were carried out for production cost improvement, modification of machinery, and application of digital technology to uplift production efficiency (Smart factory), as well as employee potential development, to pave the way for the Company’s stable and sustainable development gearing up for Thailand 4.0 industrial platform.

In 2018, KYE will continue to strive for the continued growth of sales revenues and profit, focus on product research and development, and explore new business opportunities, product-wise and market-wise, in parallel with social responsibility under corporate governance principles and code of ethics, and with due regard to sustainable benefits to the shareholders and other stakeholders.

KYE’s sales revenue was 7,960.2 million baht, a decrease from 2017 7.8% year-on-year. Amid the extreme fluctuation of the exchange rate as the continuation of the Baht appreciation which impacts on revenue and undesirable weather in domestic and overseas, it was a problematic task to influence to manage administrative cost and expenses, also, the quality issues expenses. Nonetheless, due to the continual cost reduction activity, and better management of production cost including raw material cost compared with the previous year. As a result, the net profit after tax was 180.1 million baht, which constituted earnings per share of 8.56 baht. Considering such operating results and financial position as well as the overall economic conditions, the Board of Directors has resolved to propose to the 2019 Annual General Meeting of Shareholders for approval of dividend payment for fiscal 2018 at 4.55 baht per share or 50.01% of net profit after tax which is in line with the Company’s dividend payment policy.

The economic prospects of Thailand 2019 are expected to expand by 4%, and will uninterruptedly confront the risk from the internal and external factors, along with the financial stability although, in the proper criteria but still has some fragile matters. Nevertheless, the company will continue to strive for the continued growth of sales revenues and profitability, prioritizing the product development research, and considering the new business opportunities, product-wise and market-wise, in parallel with social responsibility under corporate governance principles and code of ethics, and with regard to sustainable benefits to the shareholders and other stakeholders.

On behalf of the Board of Directors, the management, and all staff members of the Company, I would like to convey our gratitude to our business partners, shareholders and all other stakeholders for your continued trust in and continued support of the Company. We will remain committed to and devoted to working with best and unstoppable efforts to upgrade our business operation and develop our potentiality to well cope with the volatile market circumstances and relevant risk factors ahead to maintain the shareholders’ trust and support. Again, thank you very much.



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

BOARD OF DIRECTORS



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01 Mr. Praphad Phodhivorakhun
Chairman of the Board of Directors /
Chairman of the Board of Executive Directors /
Member of Nomination and Remuneration Committee

02 Mr. Takenori Adachi
Vice Chairman of the Board of Directors /
Vice Chairman of Executive Directors / Member of Product Pricing Committee /
Member of Nomination and Remuneration Committee
President

03 Mr. Akira Nakamichi
Director /
Executive Director /
Member of Product Pricing Committee /
Executive Vice President

04 Mr. Praphon Potivorakun
Director /
Executive Director

05 Mr. Hiroataka Abo
Director /
Deputy General Manager

06 Mr. Chackchai Panichapat
Independent Director /
Chairman of Audit Committee /
Member of Nomination and Remuneration Committee

07 Mr. Arthakrit Visudtibhan
Independent Director /
Member of Audit Committee /
Chairman of Product Pricing Committee



08



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15

08 Mr. Manu Leoparote
Independent Director /
Member of Product
Pricing Committee /
Chairman of Nomination and
Remuneration Committee

**09 Police Major General
Sahaschai Indrasuksri**
Independent Director /
Member of Nomination and
Remuneration Committee

10 Mr. Tanabodee Kusinkert
Independent Director /
Member of Audit Committee /
Member of Product Pricing
Committee

11 Mr. Takeshi Oshima
Director

12 Mr. Yasumichi Tazunoki
Director

13 Mr. Tomohiko Kasai
Director

**14 Associate Professor Dr. Issaree
Hunsacharoonroj (Ph.D)**
Director

15 Dr. Apichai Boontharawara
Director

BOARD OF DIRECTORS



Mr. Praphad Phodhivorakhun

Chairman of the Board of Directors /
Chairman of the Board of
Executive Directors /
Member of Nomination and
Remuneration Committee

Age 73 Years

Education

- Business Management Sheffield College of Technology England
- Master Degree in Public Administration (MPA) and Master Degree in Business Administration (MBA) Ramkhamhang University
- Honorary Doctorate Degree in Business Administration Rajabhat University of Lampang

Training :

RCP/2004, DCP/2005, RCC/2007

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

Elder Brother of Mr. Praphon Potivorakun

Working Experience in the last 5 years :

- 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
- July 1996 - Present Chairman of the Board of Directors
Yokohama Rubbers (Thailand) Company
Limited
- Oct.1999 - Present Chairman & Chairman of Executive Directors
Kang Yong Electric Public Company Limited
- 2004 - Present Independent Director
Polyplex Public Company Limited
- Aug.2008 - Present Member of Nomination and Remuneration
Committee
Kang Yong Electric Public Company Limited



Mr. Takenori Adachi

Vice Chairman of the Board of Directors /
Vice Chairman of Executive Directors /
Member of Product Pricing Committee /
Member of Nomination and Remuneration
Committee / President

Age 54 Years

Education

- Bachelor of Engineering, Tokyo University Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- 2014 - 2015 Assistant to Senior Manager, Refrigerator Manufacturing Department Mitsubishi Electric Corporation , Shizuoka Works
- 2015 - 2018 Senior Manager, Refrigerator Manufacturing Department Mitsubishi Electric Corporation , Shizuoka Works
- Apr.2018 - Present Vice Chairman of the Board of Directors / Vice Chairman of Executive Directors / Member of Product Pricing Committee / Member of Nomination and Remuneration Committee / President Kang Yong Electric Public Company Limited



Mr. Akira Nakamichi

Director /
Executive Director /
Member of Product Pricing Committee /
Executive Vice President

Age 57 Years

Education

- B.A. in Engineering Tokyo Metropolitan University Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Oct.2012 - Mar.2014 Manager, Quality Innovation Project Mitsubishi Electric Corporation
- Apr.2014 - Present Director / Executive Director / Member of Product Pricing Committee / Executive Vice President Kang Yong Electric Public Company Limited



Mr. Praphon Potivorakun

Director /
Executive Director

Age 69 Years

Education

- Bachelor of Electrical Engineering Meisei University, Japan

Shareholding (%) : 33,145 Shares or 0.15 %

Family Relationship with Executives in other company, which may cause a conflict of interest :

Younger brother of Mr. Praphad Phodhivorakhun

Working Experience in the last 5 years :

- 1987 - Present Deputy Managing Director
Mitsubishi Electric Kang Yong
Watana Co., Ltd.
- May 2011 - Present Director
Kang Yong Electric Public Company
Limited
- April 2017 - Present Executive Director
Kang Yong Electric Public Company
Limited



Mr. Hirotaka Abo

Director /
Deputy General Manager

Age 51 Years

Education

- Master of Energy Engineering Toyohashi
University of Technology, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Jun.2013 - Sep.2015 Manager , Residential Ventilation
Manufacturing Dept., Quality
Control Section
Mitsubishi Electric Corporation
Nakatsugawa Works
- Oct.2015 - Apr.2016 Manager, Residential Ventilation
Manufacturing Department
Mitsubishi Electric Corporation
Nakatsugawa Works
- Apr.2016 - Present Deputy General Manager
Kang Yong Electric Public
Company Limited
- May 2016 - Present Director
Kang Yong Electric Public
Company Limited



Mr.Chackchai Panichapat

Independent Director /
Chairman of Audit Committee /
Member of Nomination and Remuneration Committee

Age 80 Years

Education

- Master Degree in Electrical Engineering University of Texas Austin, Texas, USA.

Training :

DAP/2003, FND/2005, DCP/2006, RCC/2007, ACP/2009

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

Listed Companies

- Dec.1999 - Present Chairman of the Audit Committee / Independent Director / Member of the Nomination and Remuneration Committee City Sports and Recreation Public Co.,Ltd.
- Jul.2003 - Present Director / Executive Director Amata Corporation Public Co.,Ltd.
- 2001 - Present Independent Director Kang Yong Electric Public Co.,Ltd.
- 2001 - Mar.2014 Audit Committee Kang Yong Electric Public Co.,Ltd.
- Feb.2007 - Mar.2014 Chairman of Nomination and Remuneration Committee Kang Yong Electric Public Co.,Ltd.
- Apr.2014 - Present Chairman of Audit Committee/ Member of Nomination and Remuneration Committee Kang Yong Electric Public Co.,Ltd.

Non-Listed Companies

- Chairman of the Board of Directors Magnecomp Precision Technology Co.,Ltd.
- Chairman of the Board of Directors Amata Water Co.,Ltd.
- Chairman of the Board of Directors D-Jig Co.,Ltd.
- Director Amata City Co.,Ltd.
- Director San Miguel Marketing (Thailand) Co.,Ltd.
- Director San Miguel Beer (Thailand) Co.,Ltd.
- Director Thai San Miguel Liquor Co.,Ltd.
- Director Amata Asia Co., Ltd.



Mr.Arthakrit Visudtibhan

Independent Director /
Member of Audit Committee /
Chairman of Product Pricing Committee

Age 63 Years

Education

- Master of Public Administration University of Southern California, U.S.A.

Training :

DAP/2006, ACP/2009

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Dec.1999 - Present Member of Audit Committee Kang Yong Electric Public Company Limited
- Feb.2009 - Present Chairman of Product Pricing Committee Kang Yong Electric Public Company Limited
- Nov.2003 - Dec. 2016 Human Resources Director Serm Suk Public Company Limited
- Jan.2017 - Present Director - Employee Relations [Consultant to the President] Serm Suk Public Company Limited



Mr. Manu Leopaibote

Independent Director /
Member of Product Pricing Committee /
Chairman of Nomination and Remuneration Committee

Age 76 Years

Education

- B.Sc. (Honors) Thammasat University
- M.Sc. (Econ.), University of Kentucky, U.S.A.
- Ph.D Business Administration (Honorary) Thammasat University
- The National Defense College Class 34

Training :

DCP30/2013, RCP3/2001

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- 2004 - Present Independent Director / member of Audit Committee
Thai Beverage Public Co., Ltd. (Registered in the Singapore Stock Exchange)
- 2004 - Present Chairman
Bangkok Union Insurance Public Co., Ltd.
- 2004 - Present Chairman
Polyplex (Thailand) Public Co., Ltd.
- 2004 - Present Chairman
Khon Kaen Sugar Industry Public Co., Ltd.
- 2006 - Present Chairman of Audit Committee
Siam Steel International Public Co., Ltd.
- May 2010 - Present Independent Director / member of Product Pricing Committee
Kang Yong Electric Public Co., Ltd.
- May 2010 - Mar.2014 Member of Nomination and Remuneration Committee
Kang Yong Electric Public Co., Ltd.
- 2010 - Present Chairman
ARIP Public Company Limited
- 2010 - Present Chairman
Jubilee Enterprise Public Co., Ltd.
- 2011 - Present Chairman
T.M.C.Industrial Public Co., Ltd.
- Apr.2014 - Present Chairman of Nomination and Remuneration Committee
Kang Yong Electric Public Co., Ltd.
- 2016 - Present Chairman of Audit Committee
TPI PL Power Public Co., Ltd.



Police Major General Sahaschai Indrasukhsri

Independent Director /
Member of Nomination and Remuneration Committee

Age 69 Years

Education

- Bachelor of Business Administration, Major in Economics, Franklin Pierce College, USA
- Bachelor of Law, Major in Law, Sripatum University

Training :

DAP34/2004

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Jul 2012 - Present Independent Director
Kang Yong Electric Public Company Limited
- Jul 2012 - Mar.2014 Product Pricing Committee
Kang Yong Electric Public Company Limited
- Feb.2014 - Present Chairman / Member of Nomination and Remuneration Committee
Green Resources Public Company Limited
- Apr.2014 - Present Member of Nomination and Remuneration Committee
Kang Yong Electric Public Company Limited



Mr. Tanabodee Kusinkert

Independent Director /
Member of Audit Committee /
Member of Product Pricing Committee

Age 74 Years

Education

- Master of Business Administration, Texas A&I University Kingsville, Texas, U.S.A.

Training :

DGP24/2002

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :
-None-

Working Experience in the last 5 years :

- 1990 - 2015 Director / President & Executive Director
Siam City Leasing and Factoring Public Company Limited
- May.2012 - Mar.2014 Director
Kang Yong Electric Public Company Limited
- Apr.2014 - Present Independent Director
Kang Yong Electric Public Company Limited
- Apr.2014 - Present Member of Audit Committee /
Member of Product Pricing Committee
Kang Yong Electric Public Company Limited
- Jan.2015 - Present Director /Chairman of Board of
Executive Director
Siam City Service Company Limited



Mr. Takeshi Oshima

Director

Age 58 Years

Education

- Bachelor in Foreign Studies, Indonesian Tokyo University of Foreign Studies (Japan)

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :
-None-

Working Experience in the last 5 years :

- Oct. 2011 Senior General Manager,
Oversea Marketing
Public Utility Systems Division
Mitsubishi Electric Corporation
- Apr. 2016 Corporate Executive,
Senior General Manager
Overseas Marketing
Public Utility Systems Division
Mitsubishi Electric Corporation
- Oct. 2018 Corporate Executive,
Global Strategic Planning &
Marketing Group
Mitsubishi Electric Corporation
- Dec. 2018 Director
Mitsubishi Electric Asia Pte.Ltd.
- Apr. 2019 - Present Corporate Executive, Chief
Representative for Asia Pacific
Region
Mitsubishi Electric Corporation
President
Mitsubishi Electric Asia Pte.Ltd.
- May 2019 - Present Director
Kang Yong Electric Public
Company Limited



Mr. Yasumichi Tazunoki

Director

Age 56 Years

Education

- Bachelor of Literature Tokyo University, Japan

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Feb.2010 - Mar.2015 General Manger,
Strategy&Business Planning Dept.,
Air-Condition & Refrigeration
Systems Division
Mitsubishi Electric Corporation
- Apr.2015 - Present Senior General Manager,
Planning & Administration Department
Mitsubishi Electric Corporation
- Apr.2015 - Present Director
Kang Yong Electric Public Company
Limited



Mr. Tomohiko Kasai

Director

Age 55 Years

Education

- Bachelor of Engineering Kyoto University

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- 2013 - 2016 Deputy Senior General Manager
Air-Conditioning & Refrigeration
System Division, Living Environment
& Digital Media Equipment Group
Mitsubishi Electric Corporation
- Apr.2016 - Mar.2018 General Manager Air-Conditioning
& Refrigeration System Work
Mitsubishi Electric Corporation,
(Wakayama Works)
- Mar.2018 - Present General Manager
Mitsubishi Electric Corporation,
(Shizuoka Works)
- Apr.2018 - Present Director
Kang Yong Electric Public
Company Limited



Associate Professor Dr. Issaree Hunsacharoonroj (Ph.D)

Director

Age 65 Years

Education

- Doctoral Degree (Ph.D. in Mechanical Engineering), University of Wisconsin, USA

Training :

DCP/2012, KPI 15

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Aug.2005 - Aug.2013 President
Rajamangala University of Technology Rattanakosin
- Aug.2013 - Present Chairman
Rajamangala University of Technology Rattanakosin Foundation
- Apr.2014 - Present Director
Kang Yong Electric Public Company Limited
- Feb.2015 - Feb.2018 Board Director
International Institute for trade and development



Dr. Apichai Boontharawara

Director

Age 65 Years

Education

- Bachelor Degree of Economic, Thammasat University
- Master Degree of Economics (English Program) Thammasat University
- Ph.D. in Economics, University of Washington, U.S.A.

Training :

DAP 2004, DCP 2005, ACP 2005

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

Listed Company

- 2017 - Present Director
Kang Yong Electric Public Company Limited
- 2014 - Present Chairman of the Nomination and Remuneration Committee
WHA Corporation Public Company Limited
- 2017 - August 2018 Chairman of Audit Committee
WHA Corporation Public Company Limited
- 2017 - Present Director of Audit Committee
WHA Corporation Public Company Limited
- 2014 - Present Independent Director
WHA Corporation Public Company Limited

Non-Listed Companies

- 2011 - Present Director and Vice Chairman of Executive Board
Southeast Insurance Public Co.,Ltd.
- 2011 - Present Director and Vice Chairman of Executive Board
Southeast Life Insurance Public Co.,Ltd.
- 2011 - Present Director and Vice Chairman of Executive Board
Southeast Capital Co.,Ltd.
- 2018 - Present Director
Southeast Group Co.,Ltd.
- 2018 - Present Director
Thai Group Holdings Public Co.,Ltd.
- 2009 - Present Audit and Risk Management Committee
Chiangmai University

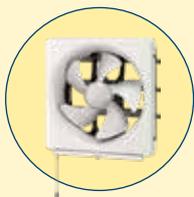
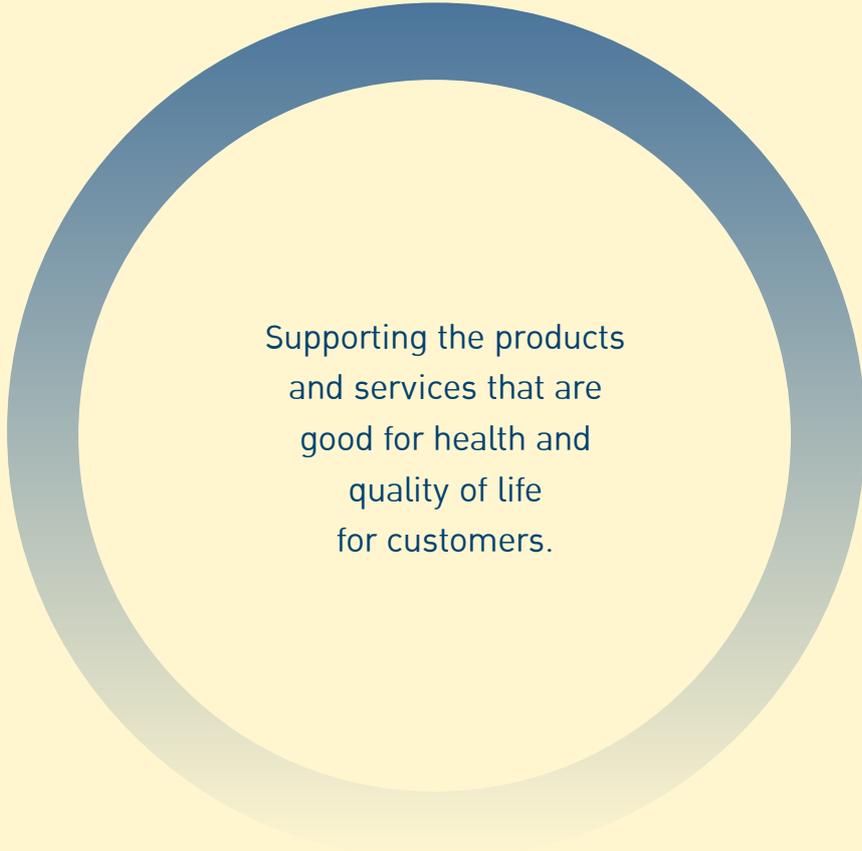
KYE MANAGEMENT POLICY

“

ONE KYE FOR OUR CUSTOMERS

”





BUSINESS OPERATION

Policy and Overview of Business Operation

Kang Yong Electric Public Company Limited (“KYE” or “the Company”) was established on January 12, 1964, by Mr. Sitthiphol Phodhivorakhun with a start-up registered capital 10 million baht in the name “Kang Yong Electric Manufacturing Company Limited”. It is a Thai-Japanese joint venture between Phodhivorakhun family group and Mitsubishi Electric Corporation, Japan, to engage in manufacturing and distribution of home electrical appliances under “Mitsubishi Electric” trademark. In 1993, the Company was approved to be listed on the Stock Exchange of Thailand (SET) and transformed into a public limited company in the name “Kang Yong Electric Public Company Limited,” with stock symbol “KYE.” It has a registered and paid-up capital of 220 million baht divided into 22 million ordinary shares with a par value of 10 baht per share.

KYE’s current office and factory located on an area of 73 rai 2 ngan 23 square wah at the address No. 67 Moo 11, Debaratna Road km. 20, Bangchalong, Bangplee, Samutprakan 10540. The Company manufactures and distributes “Mitsubishi Electric” home electrical appliances such as refrigerators, electric fans, ventilating fans, and water pumps under the license and production technology provided by its joint venture partner, Mitsubishi Electric Corporation, Japan.

Vision and Mission

Vision:

KYE is committed to supporting the products and services that are good for health and quality of life for customers. Dedicated to bringing society and the environment more lively under the slogan: “One KYE for Our Customers.”

Mission:

1. Enhancing sustainable growth on the global market as a strategy toward firm market and sale balance.
2. Building a stable management system and able to respond to the changes in the market and the environment.
3. Give top priority to safety and quality as well as strict compliance with the laws and the code of conducts.

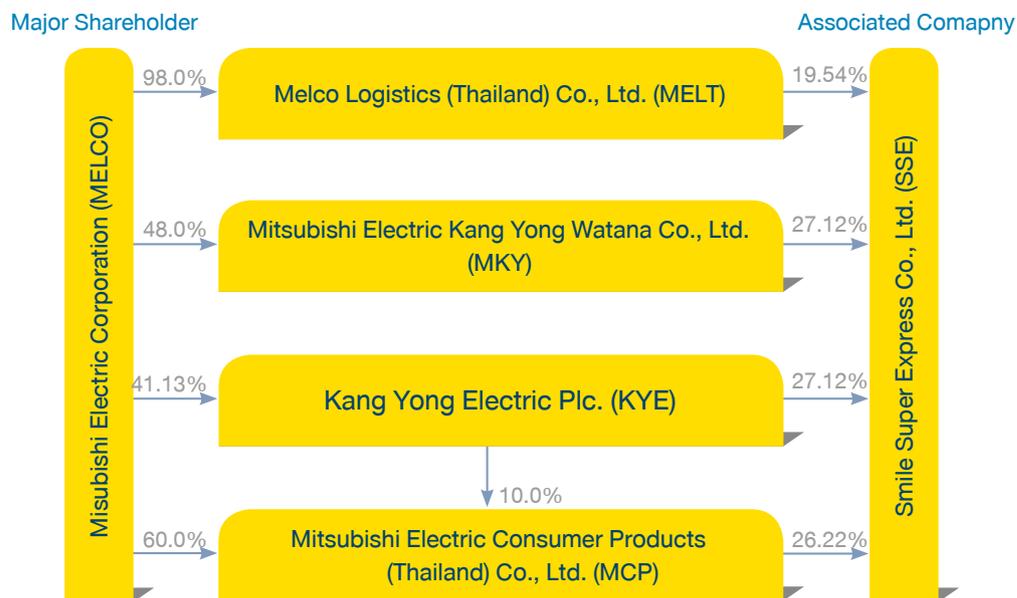
Significant Changes and Developments in 2018

- On July 25, 2018, the Annual General Meeting of Shareholders resolved to approve profit appropriation for dividend payment at 16.35 baht per share, totaling 359.7 million baht, to shareholders on August 23, 2018.
- On September 4, 2018, the Special Board of Directors' Meeting No.3/2018 had considered and agreed to approve the Share Repurchase Project for Financial management as a General Offer (or GO). The maximum amount of repurchase shall not exceed Baht 968 million, up to 2,200,000 shares from the existing shareholders (which is equivalent to 10% of the paid-up capital of the Company).
- The Company developed and launched new product models both at Thai domestics and overseas to meet customers' diverse demand and better serve utilization needs, with a focus on energy saving and quality, hence increase in sales.
 - September 2018: Started production of a new model of refrigerator, Tempered Glass Door, 4-door model Bottom Freezer and 2-door model Top Freezer for Domestic, Australia, Indonesia, Malaysia, Vietnam, Singapore, and Hong Kong.
 - December 2018: Started production of the new ceiling fan with the blade size as 1500 mm. and the blade using special plastic by increasing the central air volume.
 - January 2019: Started production of a new water pump, R-series which was certified by Energy saving label number 5, highest level 3 stars.
- The Company has invested and improved the production process for the year 2018.
 - September-October 2018: Water pump production department installed the new CNC machine in a total of 4 devices. For producing the Casing and Impeller to enhance the production efficiency, more precise in quality control, and supports the new energy saving standard number 5.
- Award in year 2018
 - September 2018: The company has been awarded the Best Labor Relations and Welfare Management Award from Department of Labour Protection and Welfare, Ministry of Labour 12 years in a row (2007-2018).
 - October 2018: The company has been awarded the Good Design Award from Japan Institute of Design Promotion, Japan for the 2-door refrigerator FX-Series (Glass Door Type) which is a developed refrigerator in order to meet the needs of customers living in condominiums, the FX-Series refrigerators have designed as a modern look. The door is made of elegant tempered glass.

Relationship with Major Shareholder's Business Group

The company is a manufacturer and distributor of home electrical appliances under “Mitsubishi Electric” trademark, with the copyright and manufacturing technology from Mitsubishi Electric Corporation (MELCO) which is the major shareholder of the company. The Company has significant business relationships with its major shareholders. The company cooperates with MKY and MCP which are the major shareholders to establish SSE for managing and maintains the inventory of all three companies to increase efficiency in managing and controlling the logistics costs of the company.

In March 2018, SSE changed its management by Melco Logistics (Thailand) Co., Ltd. (MELT) with to experience in inventory management and freight forwarding has come to manage, expand sales and profit in the future.



Related company

Company name	:	Melco Logistics (Thailand) Co., Ltd. (MELT)
Business characteristic	:	Logistics Providers
Date of Establishment	:	1 st December 2004
Registered Capital / Paid-up Capital	:	Baht 39 million / Baht 39 million
The relationship	:	-
Unorganized Reasons	:	Different Business

Company name : Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)
Business characteristic : Distributor of home electrical appliances
Date of establishment : 1st November 1971
Registered Capital / Paid-up Capital : Baht 120.1 million / Baht 120.1 million
The relationship : 3 common directors, Mr.Praphad Phodhivorakhun, Mr.Praphon Potivorakun and Mr.Yasumichi Tazunoki
Unorganized Reasons : Different Business

Company name : Mitsubishi Electric Consumer Products (Thailand) Co.,LTD. (MCP)
Business characteristic : Air Conditioner Manufacturer
Date of Establishment : 27th November 1989
Registered Capital / Paid-up Capital : Baht 120 million / Baht 120 million
The relationship : 2 common directors, Mr.Takenoru Adachi and Mr.Takeshi Oshima
Unorganized Reasons : Different Business

NATURE OF BUSINESS OPERATION

Main income structure: The Company mainly generates income from distribution of refrigerators, electric fans, ventilating fans, water pumps and jet towels. Its income structure for fiscal years ended March 31, 2017, 2018 and 2019 was as follows:

Value: Million Baht

Product	For the year ended March 31					
	2017		2018		2019	
	Sales	%	Sales	%	Sales	%
Domestic and Export Sales						
Electric fans and ventilating fans	1,516.7	16.8	1,434.1	16.6	1,531.9	19.3
Refrigerators	6,440.1	71.1	6,236.8	72.2	5,399.0	67.8
Water pumps	962.9	10.6	841.6	9.8	919.0	11.5
Jet towels	61.3	0.7	45.0	0.5	15.9	0.2
Others	74.3	0.8	74.2	0.9	94.4	1.2
Total value	9,055.3	100	8,631.7	100	7,960.2	100

Remark: Other income is from sales of parts.

Description of Products and Services

The Company manufactures and distributes home electrical appliances comprising refrigerator, electric fan, ventilating fan, and water pump under “Mitsubishi Electric” trademark. It has received technological cooperation and support from Mitsubishi Electric Corporation, Japan, in product development, designing and manufacturing, with an emphasis placed on product quality, safety, use of cutting-edge technology, energy saving, and environmental friendliness to ensure responsiveness to customers’ requirements and strengthen competitiveness against other producers.

Refrigerators

The Company still focuses on research and development, aiming to obtain right consumers’ demand information, and designed to meet diversified consumers’ demand and preferences as follows:

- Unique Design: The refrigerator is designed to be recognizable and to bear an attractive, elegant and beautifully-colored appearance so that it will look more like a piece of furniture that suits perfectly with interior home decoration. Moreover, refrigerators of all designs are simple to open whether by top or side edge.

- Easy to Use: The product offers diversity in models, number of doors, capacity, and either top or bottom freezer options to match consumers' usage preferences and allow for accessibility convenience and time-saving and more choices of storage shelf and compartment.
- Healthy Technology: Combination of food preservation technologies employed for good food hygiene, food freshness, and clean interior space, as below:
 - Anti-bacteria food liner: Silvery inorganic anti-bacteria material contained in the food liner of a freezer and cooling compartment to stop the growth of bacteria according to the Society of Industrial Anti-bacterial Articles (SIAA) No. JIS Z 2801 of Japan, hence cleaner freezer and longer food freshness.
 - Vitamin factory: Vegetable compartment with the orange light (LED) technology and humidity control button is available for keeping vegetables and fruits fresh and preserve vitamin C in green vegetables for a longer period.
 - Minus ion surround cooling system: Minus ion surround cooling system helps distribute coolness through all shelves including bottle compartment to help increase moisture in inner compartments and preserve foods for a longer period.
- High Quality with Environmental Friendliness & Energy Saving: The Company offers a high standard of product quality that could gain customer trust, together with environmental friendliness and energy saving.
 - Neuro Inverter system: The system is operated by intelligent microchips to identify users' behavior in combination with sensors to measure interior and exterior temperature, and data from which is sent to intelligent processor microchips of the neuro-fuzzy system and inverter compressors to ensure maximum efficiency of a refrigerator in all functioning conditions.
 - Premium safety: It signifies Mitsubishi Electric's exclusive premium standard that accentuates the maximum utilization safety for all consumers. All parts and materials carefully selected for the products, including non-flammable material, added components to prevent electric current leakage, a built-in circuit breaker to prevent over-limit power, and over-heating protection device, etc.
 - Products developed in line with each country's safety standards and energy saving requirements, with the use of environmentally friendly raw materials that meet RoHS standards.

In 2018, the Company developed new models of refrigerators using Neuro Inverter compressors to enhance energy saving, additional 2-Door Top Freezer, and 4-Door Bottom Freezer to respond to customers' preference for the cooling compartment on the top for easy access and energy saving. For 4-Door Bottom Freezer will use the Tempered Glass door panel and Touch screen panel to control without opening the door.

Electric Fans

The Company has further developed electric fan line-up to suit diverse applications, comprising desk fan, Living fan, Tatami fan, wall fan, cycle fan, and ceiling fan. The blade of the fan is of the size that suits each fan type. The fan motor has been developed to be of the enclosed design which is Mitsubishi Electric's exclusive

patent invention to prevent dust and undesirable matters from sneaking inside and damaging the motor, hence ideal for all sorts of applications.

In 2018 new electric fan models were launched to boost sales, by developing a new model of DC fan that uses DC motor exported to Taiwan, Singapore, Indonesia, Vietnam, and New Zealand which has been well accepted by customers.

Ventilating Fans

The Company's ventilating fan is considered a useful product is helping improve the quality of life of consumers. Meticulous attention has been paid to the product development process to ensure excellent and efficient air circulation and ventilation in wall type, window type, ceiling type, and duct type.

In 2018, new models of ventilating fans, ceiling type, with shutter as size 20 cm and 25cm. in order to prevent dust intrusion and odor leak from the ceiling. It also developed and manufactured small motors to abort the Stator coating which harms the environment.

Water Pumps

The Company developed its products in design variety to accommodate different applications such as the suck-from-well/tank type, automatically based on water tap operation type, constant pressure type, and inverter type with electronic control system helps to save more energy.

In 2018, the Company has developed the new water pump R-Series more energy-saving which certified by the new energy saving standard, the number 5, the highest level of 3 stars with a new propeller U-shaped design allows the pump head set send more water and more force helping to save energy efficiently. Moreover, the Company expanded its distribution channels domestically and overseas through both dealers and modern trade.

Market and Competition

The Company sells products in three principal markets, i.e., domestic market, Japanese market and other export markets. In fiscal 2018, its sales to these markets were in a proportion of 39:39:22 respectively, comparing the sales proportion and budget for 2017, sales in Domestic market and Export markets have increased sales proportion The Japanese market has a lower portion of sales. The company aims to increase its share of sales in Export markets and the domestic market, due to the Japanese economy has a gradual growth rate, therefore need to increase competitiveness. To increase sales to Domestic market and other Export markets.

Distribution channels

- Domestic market: The Company distributes its products through Mitsubishi Electric Kang Yong Wattana Co., Ltd., its sole distributor, which has dealers of its own across the country.

- Export markets: The Company exports its products mostly through its subsidiaries in Mitsubishi Electric Group, which have dealers around the world, comprising Asia, Oceania, and Middle East, etc.

Domestic Market

In 2018, electrical appliances business market expanded. Compared to 2017, the main factor from the economic recovery and household purchasing power has improved, real estate market gradually recovered resulting in increased demand for electrical appliances with a higher rate of demand for new electrical appliances. Together with the expectation that manufacturers and electrical appliance dealers have a marketing strategy to stimulate consumer buying decisions.

Domestic market situation is summarized for each type of products as follows:

- Refrigerator: Overall demand for the refrigerator slightly decreased compared to the previous year. Particularly, the 1-door refrigerator has a very downward direction due to the buying behavior of consumers changing to buy a small 2-door refrigerator, which has a price close to the 1-door refrigerator. The 2-door refrigerator has a function that is better than 1-door such as automatic defrosting system, independent vegetable compartment as well as having the inverter system, which make the 2-door refrigerator's demand tend to increase. For the big capacity refrigerator, 4-door, the demand also, increase as the high income customers tend to increase.
- Water Pump: Overall of the economy changed in the consumer behavior for finding a new residence. People who live in large cities and the secondary cities have turned to buy more new residence project around the city. Causing the trend of the new residence project around the city to occur in the large number which is an opportunity to expand the sales of the water pump.

Japan Market

In 2018, the economy gradually expanded. With the main support factor from increasing demand, as public consumption and business investment. Another supporting policy is the financial policies that the Bank of Japan will continue to maintain monetary easing by maintaining negative interest rates to stimulate the economy.

At present, the Company exports three types of products to Japan comprising refrigerators, electric fans, and ventilating fans. In fiscal 2018, the situation of the Japanese markets for the Company's products were as below:

- Refrigerator: Overall demand similar to the previous year. The growth rate was very low for a small 2-door model as the high price competition specifically, the Freezer which has been affected by the Private Brands. However, in the previous year, the Company has received good feedback for the 3-door refrigerator model.

- Electric fan: Overall demand similar to the previous year. Due to the decline in school earthquake prevention scheme. However, as the Company had expanded distribution channels for its DC-fan, which was well accepted by the market.

Other Export Markets

In 2018, the Company had a plan to expand the sales channel by cooperating with the sales companies of Mitsubishi Electric in each country to accelerate the sales and increase the market share such as in Vietnam, Indonesia, and Oceania which is consistent with the policy of expanding to the other export markets. However, the Company has a lower growth rate from the previous year. Due to some countries such as Malaysia, there is a change in the tax system from Taxes for goods and services (GST) to sales and service taxes (SST). Tax rates have increased from 7% to 10%, which affects the company's sales in every product. Besides, many countries such as Indonesia, Malaysia are affected by the exchange rate weakness resulting in high price in imported products, which caused a decline in sales growth from the previous year. Nevertheless, the company has tried to reinforce the plan to improve the sales channel and strengthen the dealers to enhance its competitiveness.

Procurement of Products and Services

Nature of Product Procurement

(a) Manufacturing Process

The Company's manufacturing process begins with product design and development by receiving cooperation in product design and technical know-how from Mitsubishi Electric Corporation, Japan. Study and survey on market demand conducted so that product specifications can be customized to suit customers' needs. After that, new product models are developed and then produced according to customers' purchase orders.

Products manufactured in the form of mass production. The process starts with receiving customers' orders, followed by production planning; procurement of raw materials, components and parts; and manufacturing of products according to production plan of each production line. The vital sub-process includes parts production, manufacturing equipment preparation, assembling, and packaging, etc.

Recognizing the reliable product quality, the Company conducts the quality inspection at every step of the production process to ensure that all marketable products meet the high-quality standards and customers' requirements.

(b) After-sales Services

The Company set up a department to be responsible for product quality warranty and after-sales service provision. In order to coordinate with local and overseas distributors in providing technical information on each product, arranging technical training for new products, analyzing causes of problems and identifying approaches to problem solving, rendering advice and suggestion on product installation and application, procurement of parts

and equipment, and after-sales service provision, as well as coordinate and work jointly with the distributors in promptly addressing any possible quality-related problems. The company has raised the security level that may cause any issues from the installations that do not comply with the requirements. Therefore, the Company arranged more training to educate the proper installation for dealers.

Production Capacity and Production Output

The Company's production capacity and production output in 2016-2018 are tabulated below:

K:Sets

Products	Unit	2016	2017	2018
Refrigerator				
Rated capacity	units	1,200.00	1,200.00	1,200.00
Actual production	units	839.14	790.87	716.89
Capacity utilization rate	%	70%	66%	60%
Electric fan & ventilating fan				
Rated capacity	units	1,700.00	1,700.00	1,700.00
Actual production	units	1,536.41	1,494.56	1,527.99
Capacity utilization rate	%	90%	88%	90%
Water pump				
Rated capacity	units	250.00	260.00	260.00
Actual production	units	238.24	207.35	229.22
Capacity utilization rate	%	95%	80%	88%
Hand dryer (Jet towel)				
Rated capacity	units	50.00	50.00	50.00
Actual production	units	21.84	14.42	4.79
Capacity utilization rate	%	44%	29%	9%

Raw Material Procurement

Raw materials used for production:

	Proportion of Purchase/Usage (%)	Supply Sources	
		Domestic	Overseas
1. Compressor	12.4	✓	✓
2. Steel for parts making	12.4	✓	✓
3. Foaming agent	7.3	✓	✓
4. Copper	6.2	✓	✓
5. Resin	13.4	✓	✓
6. Electric cord	4.7	✓	

	Proportion of Purchase/Usage (%)	Supply Sources	
		Domestic	Overseas
7. Motor	6.1	✓	✓
8. Die cast	2.5	✓	
9. Electronic parts	7.9	✓	✓
10. Paper carton	3.2	✓	
11. Others	23.9	✓	✓
Total	100.0		

Proportion of Domestic and Overseas Supply of Raw Materials

The Company still has to import the raw materials, entailing compressor, steel for parts making, and electronic components. Since all finished products must meet quality standards defined explicitly by MELCO, the Company cannot procure locally available parts. After all, by purchasing parts and raw materials in a massive volume through a MELCO subsidiary, the Company can lower its production cost.

Environmental Impacts from Manufacturing Process or Limitation on Waste Materials

It is being aware of impacts on the environment arising from its manufacturing process and service operation. By considering the effect of products that affect the environment throughout the life of the product from the acquisition of raw materials, design, production processes, transportation/distribution, product usage, maintenance, and product disposal which able to say as consider since cradle to grave.

The Company has managed the environment by referring to the environmental management system standard (ISO 14001: 2015) which defines various environmental management plans from the environmental policy, significant environmental, issues risk and environmental opportunity considerations, environmental laws or regulations, etc.

In 2018, the Company has set up the Environmental Objective & Target and Environmental Program that related to the environmental as follows:

- Conserved natural resources by promoting 3Rs activity (Reduce Reuse Recycle) such as
 - Reduce: reduce paper usage, reduce power in the product, reduce the total weight of the product, reduce the usage of the number of raw materials such as steel, plastic, copper, and aluminum, etc.
 - Reuse: reuse the plastic scrap, steel scrap in the production process etc.
 - Recycle: using wastewater that has been treated to do the water plant and washing the belt, sludge rolling machine of wastewater treatment system, etc.

- Pollution Prevention : by reducing the use of hazardous chemicals such as changing the type of paint sprayed from the oil color to the dust color. Minimize the use of varnish by designing a new motor that does not need to coat with varnish such as the 09SDW, 39SD motor. Reducing foam usage by improving the method and changing tools of Calibration Foam solution etc.
- Conducting environmental quality measurements including wastewater quality, rainwater drainage rails quality, air quality that emits air from the vent, light, sound, heat, vapors, chemicals, and noise. To follow up and report to government agencies, including stakeholders.

The Company has set up the Environmental Working Committee to monitor, follow up and assess the environmental management system (EMS) on a systematic basis, as well as plan for the development and update of the system in an ongoing manner. Moreover, it has communicated its environmental policy to all staff members through training, internal PR campaign, and joint activities with employees, trade partners, affiliates and relevant entities.

Outstanding Works

- None -

RISK FACTORS

The Company attaches importance to risk management, which is crucial to the achievement of its objectives and business operation with sustainable growth. Its risk management is under the governance by its Board of Directors, Audit Committee, and Internal Audit Office.

The Company has reviewed and monitored emerging risks and uncertainties arising from internal and external factors that are changing rapidly amidst the global economic slowdown, as well as other risk facing the Company at present. This prevention aims to ensure that the Company has sound risk management, which can help prevent any possible damage to its business operation. In fiscal 2018, the Company drew up measures for and approaches to assessment and management of risks that may arise and affect its business operation, as follows:

Risk associated with keen competition which has impact on business growth

The rapid changes in home electrical appliance industry posed strategic challenges to the Company. Despite the consistent growth of home electrical appliance industry in various countries, competition in the sector also intensified with players applying multiple strategies through products, prices and sales promotion to increase their market share and expand their customer base. The Company had to adjust itself to cope with the rapid market changes and boost competitive advantages through differentiation to mitigate such risk.

Under the tough competitive circumstances in the previous year, the Company focused on adopting the strategy to increasingly grow its export in other markets in a bid to diversify its product distribution risk by not relying too much on any single market. For the past years, the Company has given importance mainly to domestic and Japanese markets, in which it has been able to successively build up sales, expand distribution channels, foster brand image, and increase market share.

Nonetheless, to ensure stable and sustainable growth, the Company adjusted its sales strategy for other export markets, working out a business plan with the sales companies in the respective countries with a focus on expanding market share and responding more to consumer demand with flexible marketing plans. Such marketing plans aimed to meet customer demand concerning product, price and sales promotion in various countries with diverse demand, such as innovation of products with more flexibility, specific designs for particular segments in particular markets, a variety of colors, and more new choices of product functions, etc. Moreover, expansion of distribution channels in each country was another critical strategy adopted by the Company.

Risk associated with technology changes and product development

Changing in product development technology

Home electrical appliances are products with intense competition in product design and development. The Company has developed its products every year concerning functionality, appearance, and energy saving so that all its products can compete well in the market. However, technological changes and product development could pose a risk of fast product obsolescence and rapid replacement by new models. The Company must, therefore, keep abreast of all changing circumstances carefully and conduct a study on product development trends to match market demand yearly to mitigate such risk.

At present, consumers give high priority to energy saving when choosing products of their preference. In line with such a trend, the Company has strived to develop products with the best energy-saving feature. In the previous year, for the electric fan and ventilating fan have designed the motor. For the water pump have adjusted the structure. For another factor that concerned is the appearance, which the Company dedicated to the development as well. Such as the 2-door refrigerator Top Freezer and 4-door refrigerator Bottom Freezer have designed the door panel as the tempered glass which makes it looks more elegance, as well as the touch screen control panel at the door panel, etc.

Changing in production technology

Besides, to get prepared for the era of Industry 4.0 in which there may be risk associated with technology changes posed directly on the Company, in 2018, the Company mapped out a plan on the modification and change in its production technology and future product line-up, with investment duly made in the following infrastructures:

- Using the Navigator cell production for assembly the 4-door refrigerator to reduce the training of new staff problems and to prevent the mistake in parts assembly.
- Creating a system to receive parts from suppliers, production systems and dispensing of plastic injection parts using the QR code system to help control inventory accurately and reduce stock in production.
- Implementing the refrigerator real-time printing system to use with the refrigerator that export to Japan market. As a result, the Company able to common using the carton box that has the same size, which reduces the storage space.

Inventory management risk

Inventory management is considered an important task in the business operation. The Company's inventory management in 2018 was improved in respect of Just-in-Time (JIT) manufacturing in several areas as below:

- Adoption of Kanban* (throughput card) for management of inventory volume in the work in process and warehouse as well as control of supply chain from receiving parts from vendor to passing on throughput

in the production process, thus allowing for improvement of delivery schedule in that delivery frequency per day will be higher, hence fewer parts per lot, resulting in less space requirement and more expense saving in stockpiling.

*Note: Kanban is a tool to support running a pull production, thereby throughput volume for each process is matched with demand. It functions as a neurological pathway for lean management with the main benefit and target: producing what instructed, at the time instructed, and in the volume instructed only.

- Improvement of warehouse space for both finished products and parts/raw materials with classification made for easy access and saving of space, resulting in larger space available for efficient inventory management.

Risk involved with raw materials and supply chain

Raw material procurement risk has still been an issue of priority for the Company. It has kept close watch of changing circumstances, especially in respect of fluctuations in raw material prices in the past year.

- Crude oil prices continued to fluctuate mainly from the world economy, thus directly affecting prices of major raw materials used in the manufacturing process like plastic resin, copper, aluminum and steel. Other costs and expenses also went up successively in the latter half of the year. However, the Company has continued to conduct activity, to lower its costs amid the rising raw material cost, such as exploring raw materials of similar quality and specifications but at lower prices and new raw material sources that are more efficient and at lower cost, together with collaborating with business partners in working out new formula for production of parts that would help save cost while maintaining the quality of the parts.
- Risk from natural disasters at Thai domestic and abroad will pose an impact on the supply chain system, which involves suppliers of parts and raw materials, such as earthquakes and natural perils in some countries. To cope with such risk, the Company has drawn up a business continuity plan for management of trade partners both domestically and overseas.
- Risk from impacts of foreign policies of economic powers. Such as the US's new round of sanction on Iran, OPEC's resetting of oil production capacity, and the US's shale oil production, as well as the changes in the US Federal Reserve's economic signals and interest rate policy, all of which have had impacts on raw material prices and production capacity, hence global volatility with significant effect on the supply chain. Therefore, the Company has to keep abreast of global circumstances and get prepared to adjust to any rapid changes at all times.

Financial risk

- Foreign exchange risk to which the Company is exposed arises from its sales of products and settlement of purchase prices of goods, raw materials, and machinery and equipment in foreign currencies. The Company has executed a forward contract for a period not longer than one year as a measure to hedge against risk from financial liabilities denominated in foreign currencies.

- Interest rate risk which will hurt the Company's operation and cash flow. However, the Company believes that risk incidental to interest rates is insignificant because the Company does not borrow any loan and its deposits and other financial assets carry a short maturity period with interest based on the market rate. Therefore, the Company has not made any forward contract to safeguard against such risk.
- Credit risk is risk arising from failure by customers or counterparties to repay debts to the Company as scheduled according to the agreed terms and conditions. The Company has mapped out a credit policy to regularly manage and control this risk by conducting a careful financial soundness analysis on all customers who apply for credit lines. The Company is confident that there will be no material impact from any uncollectible debts from its customers.
- Liquidity risk is managed by means of maintaining an adequate amount of cash and cash equivalents as required for business operation in order to minimize impact from cash flow fluctuation.

Labor risk

The announcement of minimum wage increase in 2018, which make the wage in Samutprakarn lower than Chonburi and Rayong caused the Labor shortage which, is a problem facing all sectors in Thailand, especially the private manufacturing sector. The primary cause of this problem is the country's meager increase rate of population and workers' increased preference for higher education which accordingly drives them away from the labor sector. This issue leads to a situation where employers have to compete for labor by offering better compensation and welfare to attract more people to work with them. The Company has adopted numerous measures, including competitive pay and welfare, and thus has been able to retain its labor and recruit new workers.

In addition, the Company has successively built bilateral collaboration with vocational educational institutes aiming to enhance their teaching and learning as well as real practical skills, and recruited quality foreign labor such as Cambodian labor, resulting in relief of labor shortage risk to some extent.

Risk concerned with changes in laws

Thailand has enacted a number of new laws and regulations. Such as those pertaining to revision of minimum wage rate, new labor skill standard, safety standard of electrical working, anti-dumping law (for steel material), law governing environment, safety and occupational health, energy conservation, regulations on industrial standards, as well as laws and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand with which listed companies must comply, etc. Realizing the importance of this matter, the Company has assigned a work unit to be responsible for and following up on the enforcement of the said laws and regulations and appointed Chief Compliance Officer (CCO) to manage all legal and regulatory issues relevant to the Company, monitor and examine performance to ensure compliance with the laws in all respects, issue internal rules and regulations to be consistent with applicable laws, and report to the top management for acknowledgment.

KYE INFORMATION

Name in Thai	: บริษัท กัณยงอีเลคทริก จำกัด (มหาชน)
Name in English	: KANG YONG ELECTRIC PUBLIC COMPANY LIMITED
Registered No.	: 0107536001257
Office and Factory	: 67 Moo 11 Debaratna Road, Km.20, Bangchalong, Bangplee, Samutprakarn 10540 Tel. : 0-2337-2900 (auto) Fax : 0-2337-2439-40
Main Business	: Manufacturer and exporter of Electric Home Appliance such as refrigerator, Electric Fan, Ventilating Fan and Water Pump under “Mitsubishi Electric” trademark
Registered Capital	: As at March 31, 2018 : 220 million baht
Home Page	: www.mitsubishi-kye.com
Company's Co-ordinator	: Corporate Strategic Planning Office Tel : 0-2337-2900 ext.1120 Fax : 0-2337-2439-40 E-mail address : information@kye.meap.com

Reference

Registrar	: Thailand Securities Depository Co.,Ltd. 93 Ratchadaphisek Rd., Dindaeng, Bangkok 10400 Tel : 0-2009-9000 Fax : 0-2009-9991
Certified Public Accountant	: Ms. Patamavan Vadhankul Registration No. 9832 and /or Ms. Pornthip Rimdusit Registration No. 5565 and/or Ms. Kanokorn Phooriphanyawanit Registration No. 10512 KPMG Phoomchai Audit Ltd. 48 th Ampire Tower, 195 South Sathorn Rd., Bangkok 10120 Tel : 0-2677-2000 Fax : 0-2677-2222 www.kpmg.com
Company's Secretary	: Mr. Aniwat Saelim Kang Yong Electric Public Company Limited 67 Moo 11 Debaratna Road, Km.20, Bangchalong, Bangplee, Samutprakarn 10540 Tel : 0-2337-2900 ext. 1300 Fax : 0-2337-2439-40
Company's Advisor	: Mr. Prachak Dokphut Kang Yong Electric Public Company Limited 67 Moo 11 Debaratna Road, Km.20, Bangchalong, Bangplee, Samutprakarn 10540 Tel : 0-2337-2900 ext. 1502 Fax : 0-2337-2439-40

CAPITAL STRUCTURE

Shareholders Structure

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.

Name	Shares	% of Total Shares
1. Mitsubishi Electric Corporation	9,048,020	41.13
2. Kang Yong Electric Public Company Limited	2,200,000	10.00
3. Phodhivorakhun Company Limited	1,960,024	8.91
4. K.Y. Intertrade Company Limited	1,773,024	8.06
5. Kang Yong Company Limited	697,324	3.17
6. Mrs.Kamolwan Phodhivorakhun	683,879	3.11
7. Mr.Supachai Suthipongchai	650,000	2.95
8. Mrs.Penchantra Visudtibhan	479,089	2.18
9. Mr.Somjin Leelakate	460,000	2.09
10. Mr. Chayanind Phodhivorakhun	265,583	1.20
Total	18,216,943	82.80

The shareholder group as of March 29, 2019 as follows :

	Total	Total shares	%
1. Mitsubishi Electric Group ^{*1}	2	9,053,020	41.15
2. Phodhivorakhun Group ^{*2}	9	5,430,306	24.68
3. Other shareholders	2,093	7,516,674	34.17
Grand Total	2,104	22,000,000	100.00

Remark : - The company has Thai Shareholders 2,074 names or 58.28% of total shares and Foreign Shareholders 30 names or 41.72% of total shares.

*1. Mitsubishi Electric Group consist of :	Share	%
- Mitsubishi Electric Corporation	9,048,020	41.13
- Setsuyo Astec Corporation Co., Ltd.	5,000	0.02

*2. Phodhivorakhun group consist of :	Share	%
- Phodhivorakhun Co., Ltd.	1,960,024	8.91
- K.Y. Intertrade Co., Ltd.	1,773,024	8.06
- Kang Yong Co., Ltd.	697,324	3.17
- Mrs. Kamolwan Phodhivorakhun	683,879	3.11
- Mr. Chayanind Phodhivorakhun	265,583	1.21
- Mrs. Wattanee Phodhivorakhun	30,672	0.13
- Ms. Lapaslada Phodhivorakhun	9,600	0.04
- Mr. Vorapas Phodhivorakhun	5,600	0.03
- Ms. Bussakorn Phodhivorakhun	4,600	0.02

Issuance of other Securities

-None-

Dividend payment policy:

The company has a payment policy to pay dividend approximately 50% of net profit after tax of financial statements in which the equity method is applied which upon the company's operating results and economics situation.

Five years dividend payment history of the Company

Fiscal Year	2013	2014	2015	2016	2017
Earning per Share (EPS)	23.00	42.13	38.27	60.72	32.69
Dividend per Share (DPS)	11.50	21.07	19.14	30.36	16.35
Dividend payment policy (D/P)	50.00%	50.01%	50.02%	50.00%	50.01%

MANAGEMENT STRUCTURE

The Company's management structure is composed of the Board of Directors and the management. The Board of Directors has altogether 15 members, i.e. five executive directors and 10 non-executive directors. Of all the members, five are independent directors, representing one-third of the total Board members.

The Board has appointed four Board committees, namely Board of Executive Directors composed of four members, Audit Committee composed of three members (all of whom are independent directors), Nomination and Remuneration Committee composed of five members, and Product Pricing Committee composed of five members. Chairman of Audit Committee, Nomination and Remuneration Committee, and Product Pricing Committee are all independent directors.

The Board of Directors

The Company's Board of Directors is composed of 15 members, appointed by resolution of the Shareholders' Meeting and 5 independent directors. List of the members of the board of director as of March 31, 2019, is shown below:

Name	Position	Board of Director Meeting	
		Number of Meeting	Number of Attendance
1. Mr. Praphad Phodhivorakhun	Chairman	7	7
2. Mr. Takenori Adachi	Vice Chairman	7	7
3. Mr. Akira Nakamichi	Director	7	7
4. Mr. Praphon Potivorakun	Director	7	5
5. Mr. Hirotaka Abo	Director	7	6
6. Mr. Chackchai Panichapat	Independent Director	7	7
7. Mr. Arthakrit Visudtibhan	Independent Director	7	7
8. Mr. Manu Leoparote	Independent Director	7	7
9. Pol.Maj.Gen. Sahaschai Indrasukhsri	Independent Director	7	7
10. Mr. Tanabodee Kusinkert	Independent Director	7	7
11. Mr. Shinji Sasaki*	Director	7	1
12. Mr. Yasumichi Tazunoki	Director	7	4
13. Mr. Tomohiko Kasai	Director	7	4
14. Assoc.Prof.Dr. Issaree Hunsacharoonroj	Director	7	6
15. Dr. Apichai Boontherawara	Director	7	5

Remark: The Board of Directors' Meeting 1/2019 on May 22,2019 had appointed new director, Mr. Takeshi Oshima, Replace resigned director* (Mr. Shinji Sasaki No.11)

Directors authorized to sign in binding the Company

Authorized directors: Either Mr. Praphad Phodhivorakhun or Mr. Praphon Potivorakun to co-sign with either Mr. Takenori Adachi or Mr. Akira Nakamichi, making up two signatories to bind the Company, with the Company seal affixed.

Responsibility of the Board of Directors

The Board of Directors has accountability to the shareholders in relation to the Company's business operation and monitor to ensure business is administered as targeted and brings maximum benefits to the shareholders with upholding of the code of business ethics and due consideration of the interests of all stakeholders.

The Board of Directors is duty-bound to comply with the laws, objectives and articles of association of the Company, and resolutions of the shareholders' meeting, as well as the criteria and regulations of the Stock Exchange of Thailand, Office of the Securities and Exchange Commission, and Capital Supervisory Board established pursuant to the Securities and Exchange Act, B.E. 2535 and the amendment by the Securities and Exchange Act (No. 4), B.E. 2551, and to discharge duties with integrity and prudence and in the best interests of the shareholders both at present and in the long run.

The Company's management

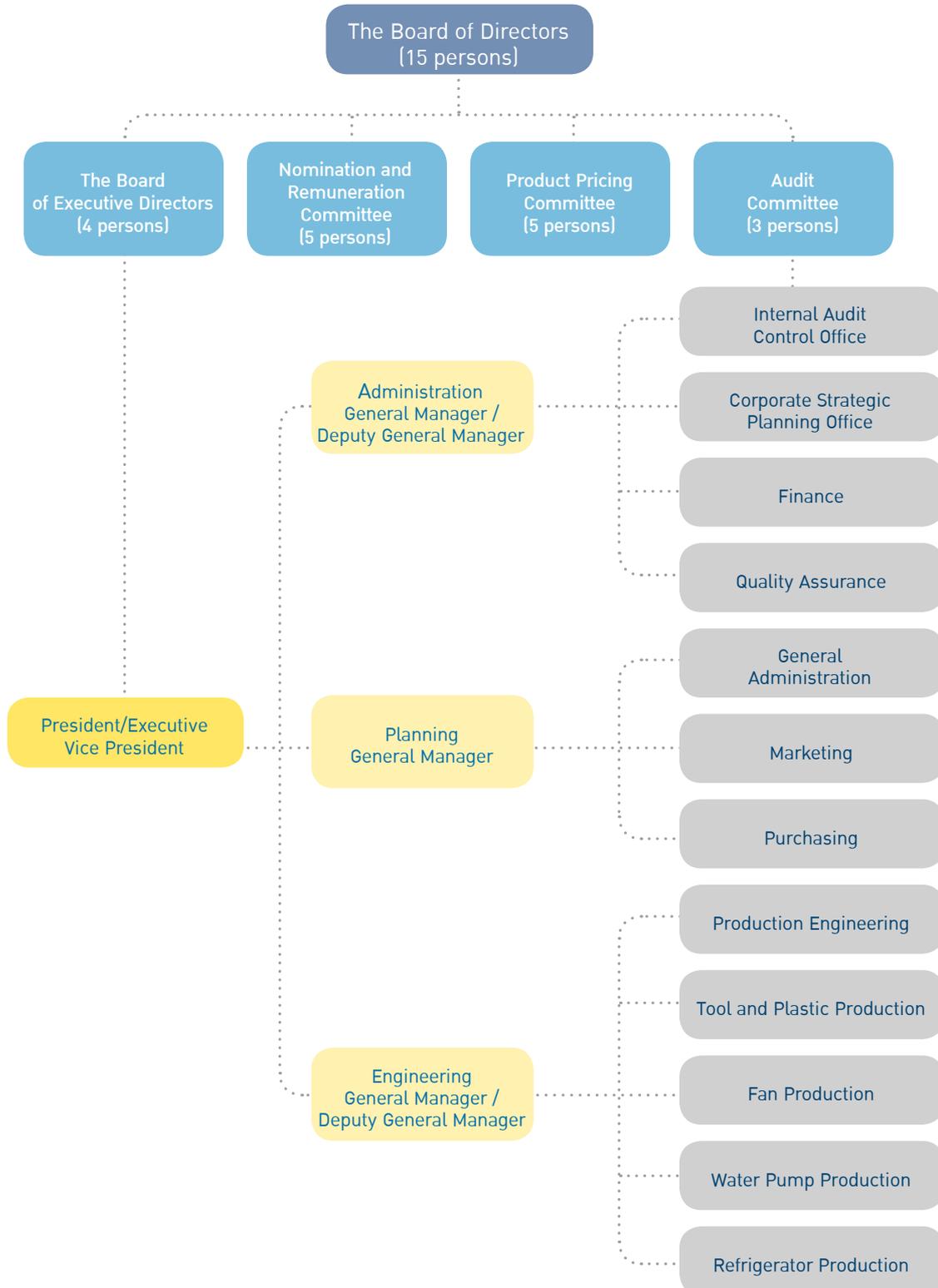
The Company's management* compose of 18 persons as below:

- | | | |
|-----|-------------------------------|---|
| 1. | Mr. Praphad Phodhivorakhun | Chairman of Board of Executive Directors |
| 2. | Mr. Takenori Adachi | Vice Chairman of Board of Executive Directors and President |
| 3. | Mr. Akira Nakamichi | Executive Director, Executive Vice President and General Manager (Administration) |
| 4. | Mr. Praphon Potivorakun | Executive Director |
| 5. | Mr. Atakrit Siwasarit | General Manager (Planning) and General Administration Department Manager (acting) |
| 6. | Mr. Sinchai Kowitwatanapaisal | General Manager (Production) and Production Engineering Department Manager (acting) |
| 7. | Mr. Hirotake Abo | Deputy General Manager (Production) |
| 8. | Mr. Katsuyoshi Fujisawa | Deputy General Manager (Production) |
| 9. | Mr. Aniwat Saelim | Deputy General Manager (Administration), and Finance Department Manager |
| 10. | Mr. Pensak Plavuthithothai | Corporate Strategic Planning Office, Department Manager |
| 11. | Mr. Kritsana Chatchaivorawong | Internal Audit Control Office, Department Manager |
| 12. | Mr. Mongkol Thadtayatikom | Quality Assurance Department Manager |
| 13. | Mr. Kozumi Kimura | Marketing Department Manager |
| 14. | Mr. Hitoshi Otake | Purchase Department Manager |
| 15. | Mr. Pornthep Subromyeen | Tool and Plastic Production Department Manager |

- 16. Mr. Vinij Phomma Fan Production Department Manager
- 17. Mr. Artit Manubud Water Pump Production Department Manager
- 18. Mr. Traiwit Wongtragul Refrigerator Production Department Manager

Note: *The first four executives descending from Chairman of Board of Executive Directors are as designated in the Company's organization structure announced on April 1, 2019, comprising President, Vice President, Deputy General Manager, and Department Manager.

Management Structure as at April 1, 2019



The Corporate Secretary

The Board of Directors has approved the appointment Mr. Aniwat Sae-Lim as a Corporate Secretary since May 25, 2016 to comply with the Securities and Exchange Act (No.4) B.E.2551 Section 89/15 and 89/16

The duties and responsibility of the Corporate Secretary

1. Preparing and keeping the following documents:
 - a. A register of directors
 - b. A notice calling directors' meeting, the minutes of the board of directors and an annual report of the Company
 - c. A notice calling shareholders meeting and the minutes of the shareholders' meeting;
2. Keeping a report on conflict of interests, reported by a director or an executive.
3. Arrange the Board of Directors Meeting and Annual General Meeting of Shareholders.
4. Orientation and advising the new director.
5. Liaise with the regulatory agencies such as the Stock Exchange of Thailand.
6. Disclosure and information reporting to the regulatory agencies and public which comply with the law properly.
7. Operating any act that is abided by the Capital Market Supervisory Board and assigned by the Board of Directors.

Remuneration for Directors and Executives

Directors' remunerations

The Company paid monthly retainer fee and meeting allowance during April 2018 -March 2019. The details of the directors' remunerations are as follows:

Name	Position	Remuneration (Thousand Baht)				
		BOD	AC	NRC	PPC	SCU
1. Mr. Praphad Phodhivorakhun	Chairman	474		94		568
2. Mr. Takenori Adachi	Vice Chairman	408		94	81	583
3. Mr. Akira Nakamichi	Director	330			81	411
4. Mr. Praphon Potivorakun	Director	270				270
5. Mr. Hirotaka Abo	Director	300				300
6. Mr. Chackchai Panichapat	Independent Director	330	368	94		792
7. Mr. Arthakrit Visudtibhan	Independent Director	330	248		111	689
8. Mr. Manu Leopairote	Independent Director	330		140	81	551
9. Pol.Maj. Gen.Sahaschai Indrasukhsri	Independent Director	330		94		424

appropriately and sufficiently allocated for development and training in accordance with objectives of each department.

Thus, development and training schemes are determined as follows;

1. Internal Training: The company examines training needs from among superintendent in every level, considers annual management policy together with market trend and environment to determine annual training plan. Internal training will be carried out by inviting instructors with expertise from external domestic or overseas organizations and institutes, to consecutively provide knowledge to employee in each level every year. Training to improve the skills of the employees by the experts within the company. Continuously every year. In addition, the Mitsubishi Electric Group will provide training in ethics and business ethics. To be a common basis of employees in the Mitsubishi Electric Group.
2. External Training: The company will let employees participate in training arranged by external organizations and institutes, regarding technical issues, administration, management, based on specialties needed in relevant with their duties.
3. Oversea Training : To enhance readiness and to provide employees with opportunities to learn new know-how and techniques, the company will send managers and staffs to attend meetings, seminars or training course both short and long term regarding technical and vocational issues, administration, management, safety, occupational health and environments arranged at Mitsubishi Electric Corporation in Japan.

In addition to development and training plan to increase employee skills and knowledge as stated above, the company has established rank and position determination regulation in order to clarify career path and Criteria for performance appraisal increase employee morale in every level. The company will motivate, encourage and support employee to obtain career competencies and opportunities to grow and progress through career path in correlation with their knowledge, competencies and experiences.

CORPORATE GOVERNANCE

Policy on Corporate Governance

The Company is determined to operate business in a fair, transparent and examinable manner under its corporate governance policy. The Board of Directors and the Board of Executive Directors adopt and direct the operational policy of the Company by giving importance to internal control, audit systems and supervising management to ensure that the Company's objectives and policies are efficiently satisfied within the purview of the laws and the code of business ethics.

In fiscal 2018, the Company complied with the five categories of corporate governance principles as follows:

1. Rights of Shareholders

The Company recognizes the rights of shareholders to access correct and adequate information of the Company on a timely and equal basis. To such end, a shareholders' meeting is set to be held at an easily accessible venue, primarily for shareholders' convenience, to allow for the shareholders to attend and exercise their right at the meeting in an equitable manner. Those who are not convenient may appoint a proxy or any of the Company's independent directors, who also are members of the Audit Committee, to attend the meeting and cast votes on their behalf. Moreover, the Company's information is made available through the Stock Exchange of Thailand's SET Link system.

The Company submits notice of the shareholders' meeting together with documents containing complete and sufficient information for the meeting to the shareholders in advance as required by laws and also providing important details of the proposed issues, rationale and necessity, and opinion of the Board of Directors. In 2018, the Company convened one annual general meeting of shareholders on Wednesday, July 25, 2018 to enable the shareholders to consider, comment or vote on the proposed issues properly at the meeting. Members of the Board of Directors, the Audit Committee and other Board committees, as well as the certified public accountants and the management of the Company, were present at the meeting to answer all queries raised by the shareholders on an equitable basis. Questions and answers were correctly and completely recorded in the minutes of the shareholders' meeting. The Board of Directors establishes that the minutes of the shareholders' meeting are prepared and made available on the Company's website within 14 days after the meeting date for the shareholders' ease of reference and examination.

The meeting was carried out as in the order set in the agenda without addition of any items. Votes casting was through the ballot forms, and barcode was used in the registration and vote counting processes for time saving. Duty stamps were prepared for the shareholders' convenience in proxy appointment.

2. Equitable Treatment of Shareholders

The Company fully conforms to the code of best practices in relation to rights of the shareholders. In particular, the shareholders are given the right to propose agenda items for the annual general meeting and/or to nominate candidates for director election in advance, thus signifying a fair treatment of all shareholders. For the 2018 Annual General Meeting of Shareholders, the Company arranged for the shareholders to propose agenda items for the said meeting and/or nominate qualified persons for director election in advance during January 19 - March 20, 2018 and so notified the shareholders through the SET. Moreover, the Company posted information on its website at www.mitsubishi-kye.com, giving details about the procedure and method of consideration in a clear and transparent manner. For the 2018 Annual General Meeting of Shareholders, none of the shareholders proposed agenda items for such meeting and/or nominated qualified candidates for director election.

As for the 2019 Annual General Meeting of Shareholders, scheduled for this July, the Company has similarly given the shareholders the right to propose agenda items for the meeting and/or to nominate candidates for director election in advance, by forwarding their proposed agenda items and director nomination to e-mail address at information@kye.meap.com or by fax or registered mail during January 11 - March 12, 2019, the matter of which was already notified by the Company to the SET, none of the shareholders proposed agenda items for such meeting and/or nominated qualified candidates for director election.

The Company has also provided convenience to non-Thai shareholders by making available meeting notice and relevant meeting documents in English version with due regard to their equitable rights as the shareholders of the Company.

3. Roles of Stakeholders

The Company is aware of and attaches importance to rights of all groups of stakeholders both in and outside the organization, including customers, shareholders and employees, in accordance with good corporate governance practices. The Company holds various meetings such as shareholders' meetings, meetings with customers and with vendors in order to strengthen mutual relationships to ensure fairness of price negotiation, and meetings with the Company's labor union. By doing so, all groups of stakeholders can be favorably treated and good relationships can be maintained between the Company and each group of stakeholders, as follows:

Shareholders

The Company recognizes the caring and respect for rights of the shareholders in accordance with corporate governance principles, as described in the topics 'Rights of Shareholders' and 'Equitable Treatment of Shareholders.'

Employees

1. Employees are provided with fair and reasonable compensation and welfare as follows:
 - Staff shuttle buses are provided for employee transport between the office and their residences.
 - There is a company canteen offering hygiene food at a reasonable price.

- Annual scholarships are granted to employees' children from elementary school to bachelor's degree levels.
 - Other fringe benefits are also offered to employees at all levels, comprising wedding celebration, maternity leave, assistance in case of death of employees or any of their family members, provident fund, yearly health check-up, and savings cooperative.
2. A safe workplace has been maintained to ensure security of employees' life and properties.
 3. Employee promotion, rotation, rewarding and punishment are conducted in a fair and ethical manner based primarily on the individual employees' educational background, competence and justification.
 4. Importance is given to employees' equal opportunity of knowledge, capability and skill development on a consistent basis.
 5. All applicable employee-related laws and regulations are strictly observed.

Customers

1. Products of the quality that meets or exceeds customers' expectation are delivered to customers under fair terms and conditions.
2. Customers are provided with correct, adequate and up-to-date information about products and services to be a basis for their buying decision. No exaggerated message shall be sent, whether through advertising or any other communication media, which could cause misrepresentation of quality, quantity or any conditions about the products and services among the customers.
3. Customers' confidential information is strictly treated and is not unethically used for personal benefit or for the benefit of any related party.
4. Customers' requirements are promptly satisfied and an efficient communication system and channel is provided for customers to file their complaints about product and service quality.
5. Consistent efforts are made on research, development and production of quality and safe products.

Trade Competitors

1. The Company abides by the fair competition rules.
2. The Company will not acquire its competitors' trade secrets by any unlawful or improper means.
3. The Company will not defame its competitors with any false or unethical accusation.
4. The Company has a policy in place to perform in compliance with the fair trade rules and laws, both at home and in the regions where its business is located, as well as anti-monopoly law and other trade competition laws.
5. The Company will not infringe the intellectual property rights or any other rights in relation to intellectual property of others.

Business Partners and/or Creditors

1. Creditors are treated fairly and equitably with fair benefits to both parties.
2. All agreements and agreed terms and conditions are strictly honored. In the case where any condition cannot be fulfilled, the Company will promptly notify its business partners and/or creditors in order to jointly seek remedial measures.
3. In making any business deal, fraud by demanding, receiving or seeking of any improper benefit must be avoided.
4. If any fraud by such demand, receipt or seeking of improper benefit is discovered, it must be notified to the creditors in order to jointly solve the problem in a fast and fair manner.
5. In the acquisition, procurement and selection of a trade partner company, such factors as quality, price, delivery period, technology and consistency in product supply will be taken into consideration.
6. A correct, complete and punctual financial report must be regularly submitted to the creditors.

Society, General Public and Environment

1. The Company has inculcated in its employees the social and environmental awareness and responsibility in accordance with the ISO 14001 standard.
2. The Company is responsible for and committed to preserving the environment as well as the custom and tradition of the local communities where it operates.
3. The Company regularly implements activities, both on its own and through joint effort with the government sector, for the development of the society, community and environment so as to upgrade quality of life in the communities where it operates.
4. Attempts are made to prevent an accident and control waste discharge to be better than the acceptable level.
5. The Company will promptly and efficiently address any issue arising from its operation that affects the environment and the community and will fully cooperate with the government sector and other concerned agencies.

4. Information Disclosure and Transparency

The Company has disclosed information as required by the SET such as financial reports, changes of directors and members of board committees, approval of connected transactions, etc. via the SET Link system after every Board of Directors' meeting or shareholders' meeting, and already published such information in the annual report (Form 56-2) and annual registration statement for 2018 (Form 56-1) covering report on operating results, financial statements, management's discussion and analysis, and report on the Board of Directors' responsibility for the financial statements to ensure transparency for the benefits of the shareholders. Investors can also ask for more information by contacting its Investor Relations Division at telephone number 02-337-2900 Ext. 1120 or at e-mail: information@kye.meap.com.

The Company has established that its directors, executives and persons related thereto are duty-bound to prepare and present to the Company report on changes in their holdings of the securities of the Company within three business days from the date of change. Directors, executives and persons related thereto are also required to report the Company of their beneficial interests and those of persons related thereto. The Company Secretary is tasked to compile report on their changes in securities holdings and put in the agenda for information at the Board meeting on a quarterly, and send a copy of report on beneficial interests to Chairman of the Board and Chairman of the Audit Committee on a semi-annual basis.

5. Responsibility of the Board of Directors

The Company operates business by upholding the code of business ethics and business administration philosophy and is well aware of its corporate responsibility for the society at large. It encourages the directors, the management and all staff members to discharge duty under eight aspects of business ethics, encompassing compliance with laws, respect for human rights, contribution to society, creation of unity in the local community, participation in environmental problem solving, awareness of one's duty as a workplace member, promotion of good cooperation with stakeholders, and management of conflict of interest by putting in place a rigid control process to ensure a fair and transparent business operation.

At present, five out of the total 15 board members of the Company are independent directors, which is in compliance with the corporate governance practices requiring that at least one-third of total number of directors should be independent directors. This helps to ensure that the shareholders' rights and benefits will be taken care of and the Company's benefits fully protected. It also leads to checks and balances in the board structure since 10 of them are non-executive directors and five are executive directors. Under such board composition, the non-executive directors are able to render opinion fully and independently in the consideration on all issues at the board meeting.

The Company has segregated the position, power and duty, and persons between the board chairman and the president in order to maintain checks and balances between them. It also established the Board of Executive Directors to consider crucial matters with due care and for the utmost benefit to the Company.

Attendance of Directors

In fiscal 2018, the Company held a total of seven Board of Directors' meetings. Meetings of other board committees consisted of four meetings of the Audit Committee, three meetings of the Product Pricing Committee, and one meeting of the Nomination and Remuneration Committee, whereas the Board of Executive Directors held the meeting twice a month in order to enable the Company to carry on its operation with flexibility and efficiency. Most of the directors regularly attended the meeting. Details of meeting attendance by the individual directors are as tabulated below:

Information as of March 31, 2019

Board of Directors	No. of attendance/No. of meetings held				
	BOD	AC	PPC	NRC	Total
1. Mr. Praphad Phodhivorakhun	7/7			1/1	8/8
2. Mr. Takenori Adachi	7/7		3/3	1/1	11/11
3. Mr. Akira Nakamichi	7/7		3/3		10/10
4. Mr. Praphon Potivorakun	5/7				5/7
5. Mr. Hirotaka Abo	6/7				6/7
6. Mr. Chackchai Panichapat	7/7	4/4		1/1	12/12
7. Mr. Arthakrit Visudtibhan	7/7	4/4	3/3		14/14
8. Mr. Tanabodee Kusinkert	7/7	4/4	3/3		14/14
9. Mr. Manu Leopaiprote	7/7		3/3	1/1	11/11
10. Pol. Maj. Gen. Sahaschai Indrasukhsri	7/7			1/1	8/8
*11. Mr. Shinji Sasaki	1/7				1/7
*12. Mr. Yasumichi Tazunoki	4/7				4/7
*13. Mr. Tomohiko Kasai	4/7				4/7
14. Assoc. Prof. Dr. Issaree Hunsacharonroj	6/7				6/7
15. Dr. Apichai Boontherawara	5/7				5/7

Note Definition of each committee meeting: *= These directors live abroad and provide technology and overseas marketing support for the Company and, therefore, were unable to join all meetings.

BOD = Board of Directors

AC = Audit Committee

PPC = Product Pricing Committee

NRC = Nomination and Remuneration Committee

Self-Assessment of the Board of Directors

According to the good corporate governance for listed companies, it is suggested that listed companies' board of directors and committee members should assess their performance at least once a year so as to allow them to jointly evaluate their performance and seek rectification and improvement measures. The Company has properly reviewed its Board self-assessment guidelines and criteria to be consistent with those of the Stock Exchange of Thailand. The Board meeting on February 13, 2019 accordingly approved for the Company to have self-assessment of the Board of Directors conducted at least once a year only as a whole Board in the first place as the Company has just implemented such assessment for 2019 the third year. The Company by the Company Secretary sent the Board members the self-assessment form in February 2019 for the Board to evaluate their 2019 performance, and the result of which was reported to the Board meeting on May 22, 2019. The Board's self-assessment result for 2018 comprised three sections:

1. Board structure and qualifications
2. Board meeting
3. Roles, duties and responsibilities of the Board

In conclusion, the earned average score is 3.91 out of the full score of 4. All criteria points have good average score (in a 3.0-4.0 range), reflecting the Board's performance of duties according to the good corporate governance principles at a well to excellent level.

Note: Scoring system and definition:

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted

Board Committees

The Board of Directors appointed four board-level committees to help study and scrutinize matters as deemed necessary, details of which are as follows:

1. Board of Executive Directors

was appointed by the Board of Directors, composed of four members:

1. Mr. Praphad Phodhivorakhun Chairman of the Board of Executive Directors
2. Mr. Takenori Adachi Vice Chairman of the Board of Executive Directors
3. Mr. Akira Nakamichi Executive Director
4. Mr. Praphon Potivorakun Executive Director

Authorized signatories: Either Mr. Praphad Phodhivorakhun or Mr. Praphon Potivorakun is authorized to co-sign with either Mr. Takenori Adachi or Mr. Akira Nakamichi, making up two authorized persons, with the Company's seal affixed.

Duty and Responsibility of the Board of Executive Directors It has duty to manage the Company on behalf of the Board of Directors, determine all policies, monitor and supervise the management to ensure the established policies are fulfilled, as well as screen and endorse any business to be further submitted to the Board of Directors for acknowledgement and/or for approval pursuant to the relevant criteria.

2. Audit Committee

was appointed by the Board of Directors, composed of three independent directors:

1. Mr. Chackchai Panichapat Chairman of the Audit Committee
2. Mr. Arthakrit Visudtibhan Member of the Audit Committee
3. Mr. Tanabodee Kusinkert Member of the Audit Committee

Duty and Responsibility of the Audit Committee It has duty to review the adequacy of the Company's internal control and management system and risk management system established by the management, review financial

information, review the Company's legal and regulatory compliance to ensure the Company has in place a good corporate governance system and an appropriate, efficient and effective management as specified in the Audit Committee Charter, and then report the results to the Board of Directors for acknowledgement and/or for approval.

3. Nomination and Remuneration Committee

was appointed by the Board of Directors, composed of five members:

- | | | | |
|----|--------------------------|----------------|---|
| 1. | Mr. Manu | Leopairote | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Praphad | Phodhivorakhun | Member of the Nomination and Remuneration Committee |
| 3. | Mr. Takenori | Adachi | Member of the Nomination and Remuneration Committee |
| 4. | Mr. Chackchai | Panichapat | Member of the Nomination and Remuneration Committee |
| 5. | Pol. Maj. Gen. Sahaschai | Indrasukhsri | Member of the Nomination and Remuneration Committee |

Duty and Responsibility of the Nomination and Remuneration Committee

1. To establish, and ensure clarity and transparency of, the policy, rule and method for nomination and remuneration of the Directors, Executive Directors and members of other board committees and propose for the Board of Directors' approval.
2. To nominate, select and propose qualified persons, as defined by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), to serve as the Directors, Executive Directors and members of all board committees for approval by the Board of Directors.
3. To review the structure of the Board of Directors and remuneration in conformity with changes in rules and regulations of the SEC and the SET by basing on the core structure of the Board of Directors, Board of Executive Directors and all board committees, and to review and ensure that it fits with the Company's business status and is commensurate with their duties and responsibilities for further approval by the Board of Directors.
4. To review and amend the NRC Charter to conform to changes in rules and regulations of the SEC and the SET.
5. To perform any tasks as assigned by the Board of Directors and concerned with directors' nomination and remuneration.

4. Product Pricing Committee

was appointed by the Board of Directors, composed of five members:

Group 1 Two committee members who represent the stakeholders, namely Kang Yong Electric Plc. and Mitsubishi Electric Kang Yong Watana Co., Ltd.:

- | | | | |
|----|--------------|-----------|---|
| 1. | Mr. Takenori | Adachi | Member of the Product Pricing Committee |
| 2. | Mr. Akira | Nakamichi | Member of the Product Pricing Committee |

Group 2 Three independent directors:

1. Mr. Arthakrit Visudtibhan Chairman of the Product Pricing Committee
2. Mr. Manu Leoparote Member of the Product Pricing Committee
3. Mr. Tanabodee Kusinkert Member of the Product Pricing Committee

Duty and Responsibility of the Product Pricing Committee

- To monitor and ensure that the Company's management determines prices for Mitsubishi Electric Kang Yong Watana Co., Ltd. in compliance with the Company's pricing policy, whereby prices shall be set at standard production cost plus a weighted average margin on all product categories of at least 20%.
- To sign off every agreeable pricing with Mitsubishi Electric Kang Yong Watana Co., Ltd., whereby if there is any change in price that causes the Company to be unable to comply with the pricing policy, the Company shall add the standard production cost with an additional weighted average margin on all product categories of at least 10% and shall provide rationale thereof and seek unanimous approval from the Product Pricing Committee.
- To monitor and ensure that the Company's management implements the pricing policy with integrity and due care and for the benefit of the Company. In the event that the Board of Directors discovers any act or omission of an act that causes damage to the Company, the Board of Directors shall take action to ensure the Company is compensated for such damage.

Nomination and Appointment of Directors and Top Management

Nomination of Independent Directors

The Company considers its independent directors' qualifications based on the criteria set forth in notification of the Capital Market Supervisory Board, as follows:

1. Not holding shares more than 1% of the total number of voting shares of the company's its subsidiary, major shareholders or controlling persons including shares held by related persons of the independent director.
2. Not being or having previously been an executive director, employee, staff or advisor who receives a regular salary of the Company , or a controlling person of the Company or its associates or major shareholder, unless the foregoing status ended not less than two years prior to the date of appointment.
3. Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of others directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its associates.

4. Not having or having previously had a business relationship with the Company, its subsidiary, major shareholder or controlling person, in a manner which may interfere with the independent director's independent judgment; and not being or having previously been a substantial shareholder or controlling person of the Company, unless the foregoing status ended not less than two years prior to the date of appointment.
5. Not being or having previously been an auditor of the Company, its associates, major shareholder or controlling person; nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its associates, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment.
6. Not being or having previously been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its subsidiary, major shareholder or controlling person; and not being or having previously been a substantial shareholder, controlling person or partner of the professional advisor, unless the foregoing relationship ended not less than two years from the date of appointment.
7. Not being appointed as a representative of the Company's director, major shareholder or a shareholder who is a related person of the major shareholder.
8. Not conducting any business which is of the same nature as, or in competition with, the business of the Company or its associates in material aspect; nor being a substantial partner of a partnership, or an executive director, employee, staff or advisor who receives a regular salary, or a shareholder holding more than 1% of the total number of voting shares of any entity whose business is of the same nature as and in competition with the business of the Company or its subsidiary in any material aspect.
9. Not possessing any other characteristics which lead the independent director to be unable to render independent opinion regarding business affairs of the Company.

Nomination of Directors

In the appointment of directors, the Nomination and Remuneration Committee (NRC), whose three members, out of its total five members, are independent directors, has duty and responsibility for selecting and screening qualified persons as prescribed in the Company's Articles of Association and nominating the qualified persons based on the structure, size and composition of the Board of Directors for independent directors' qualifications shall be set forth in notification of the Capital Market Supervisory Board.

The Company provides an opportunity for the minority shareholders to participate in nominating qualified persons within a specified timeframe and under the established conditions. Names of candidates proposed by NRC and minority shareholders will be considered through the nomination process, taking into account factors such as knowledge, competence and track record of the candidates. The said nomination is proposed to the Board of Directors for approval and then to the shareholders' meeting for further election of directors under the following rules:

1. Directors shall be elected at the meeting of shareholders under the following rules and procedures:
 - (1) A shareholder has votes equal to one share per one vote.
 - (2) In the director election, votes shall be cast for either an individual or total number directors to be elected at such meeting of shareholders, as deemed fit by the meeting. In the election of either an individual or several directors, each elected person shall receive votes from a shareholder in the full amount of shares held by that shareholder under (1). The shareholder shall not divide his or her votes to any person in any number.
 - (3) The candidates shall be appointed as directors in order descending from the highest number of votes received to the lowest, and in the number of directors required in such election. In the case where there is an equality of votes cast for candidates in lower order causing the number of directors to be greater than that required, the chairman shall have a casting vote.
2. In case of any vacancy of the Board of Directors occurring for any reason other than by rotation, the Board of Directors may elect any person having qualifications and not possessing any prohibited characteristics prescribed in Section 68 of the Public Limited Companies Act B.E. 2535 as amended by the Public Limited Companies Act B.E. 2544 as director to fill the vacancy in the next meeting.

Resolution of the Board of Directors in the first paragraph shall be passed by a vote of at least three-fourths of the total number of remaining directors. Nomination of candidates for director election shall be considered by the Nomination and Remuneration Committee before proposing to the meeting of shareholders to pass a resolution thereon, as the case may be.

Monitoring of Associated Companies

The Board of Directors has a mechanism for overseeing and controlling associated companies with responsibility for their operation in order to protect the Company's interest in such investment. The meeting of the Board of Executive Directors shall appoint a director or executive as representative of the Company to serve as director of its associated company, having duty to determine policies that are crucial to business operation, give approval, express opinion and follow up on the operation of such entity.

Control of Insider Information

The Company has in place measures for managing security of its confidential business information, including not only trade secrets but also other material information, so as to prevent any leak of such information as well as prevent any executive or work unit that has access to insider information from disclosing it to any third party or any person unrelated to the Company's business, except for the top executives or the persons designated by the Company. The said measures help to prevent the use of insider information for personal benefit or for the benefit of other parties, whether directly or indirectly.

In addition, the Company discloses the holding of securities by its directors, top management and finance department manager in the annual report. Any change in such securities holding shall be reported to the SEC in accordance with Section 59 of the Securities and Exchange Act, and also notified to the Company Secretary for preparing a report on change of securities holding and outstanding amount of securities holding by the directors and top management for further submission to the next meeting of the Board of Directors.

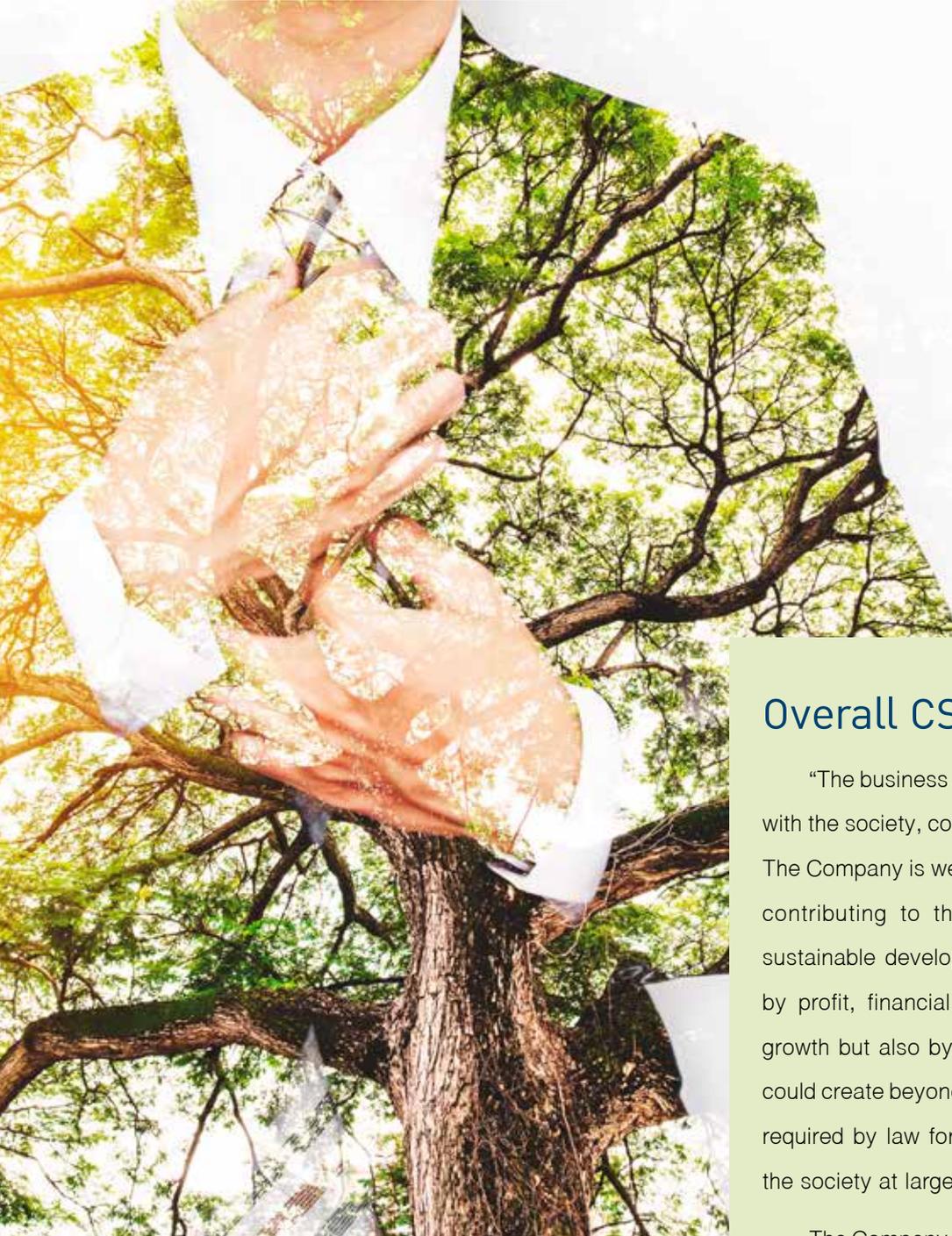
Auditor's Remuneration

- Audit fee

The Company paid an audit fee for the past year to KPMG Phoomchai Audit Ltd., with which its auditor was working, in a total amount of 1,338,000 baht.

- Non-audit fee

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Overall CSR Policy

“The business grows sustainably in parallel with the society, community, and environment.” The Company is well aware that the key factors contributing to the corporate success and sustainable development are gauged not only by profit, financial performance or economic growth but also by value added the Company could create beyond its active duty or the extent required by law for itself, its stakeholders and the society at large.

The Company has an objective of operating its business with social and environmental responsibility under the philosophy of business operation as “One KYE for Our Customers.”

It is committed to developing personal capabilities, innovating products of value, supporting customers' wealth and growth, fostering quality of the society, and bringing sustainable returns to the shareholders, so that the organization can stay happy with the community and the public, and concurrently bring ongoing prosperity to all stakeholders.

The Company's corporate social responsibility (CSR) defined as business operation under the code of conduct and ethics as well as good corporate governance, with responsibility for the society and the environment for the creation of mutual value between the business and the community which will lead to sustainable business development. It has embedded CSR principles into its operation to strengthen its overall management system.

In 2018, the Company won received distinguished awards for the dedication and contribution of its management and staff in pushing for operation with CSR from government agencies and private organizations. These awards bear testimony to the Company's commitment to being an organization that gives priority to labor relations, welfare, occupational health and safety in the workplace, as well as a manufacturer of home appliances with cutting-edge design and highest safety standard. They comprised:

The Workplace with Outstanding Labor Relations and Welfare Management Award from the Department of Labor Protection and Welfare for the 12 straight years (2007-2018).



Best Company Performance Awards and Outstanding Company Performance Awards from the Stock Exchange of Thailand



Corporate Social Responsibility, Department of Industrial Works: CSR-DIW) award for the year 2018 or CSR-DIW AWARD 2018 from the Department of Industrial Works Ministry of industry.

Health Promotion Enterprise Award from Association for the Development of Environmental Quality (ADEQ)

Energy Management System Award (ISO 50001) from Department of Alternative Energy Development and Efficiency, Ministry of Energy



Stakeholder Connecting

In assessing the stakeholders, the Company's work units in charge of dealing and coordinating with groups of stakeholders. Have through joint the meetings, communication via email: information@kye.meap.com compiled complaints, recommendations, and comments from the stakeholders. For use as guidelines for improving the Company's operations and response to meet the expectations of all groups of stakeholders appropriately, and in line with the code of ethics no. 7 "relationship with stakeholders." It aims to operate business and foster relationship by integrity and fairness to promote good cooperation that would bring about sustainable development and growth.

Stakeholders	Requirements	Process	Guidelines and Strategy
Employees	<ul style="list-style-type: none"> Fair remuneration and proper welfare suited for economic conditions Career advancement and security Well-being and safety at workplace Access to ongoing skill and knowledge development 	<ul style="list-style-type: none"> Regular survey of market remuneration payment Development of succession plan Welfare Committee, and Occupational Health, Safety and Environment Committee Preparation of personnel development roadmap Development of communication channel between the Company and employees via Internet 	<ul style="list-style-type: none"> Promotion of employees' fundamental rights at work pursuant to work regulations. Payment of remuneration and other benefits on a par with the industry Arrangement of work environment to ensure safety and good sanitation supportive to good work performance

Stakeholders	Requirements	Process	Guidelines and Strategy
Customers	<ul style="list-style-type: none"> • Punctual delivery of safe and quality products in the required quantity • Offering of products at reasonable prices • Other services supportive to economic, social and environmental issues • Trade agreements under fair conditions • Keeping customers' information confidential • Accurate information on products and services 	<ul style="list-style-type: none"> • Survey of customer satisfaction • Making available system and channel for customers to lodge complaints on product and service quality and safety • Holding meetings for sharing of information and opinions/ comments • Giving technical support to customers regarding use of the Company's products and services 	<ul style="list-style-type: none"> • Research, development and production of safe and energy-saving products • Quality policy • Training on technical knowledge and provision of knowledge on products to dealers • Trade agreement rules and criteria
Business partners	<ul style="list-style-type: none"> • Equitable treatment of business partners and fairness in procurement • Fair consideration and agreements • Strict observance of agreements and conditions agreed upon 	<ul style="list-style-type: none"> • Making available transparent and examinable procurement system • Holding annual meeting to give explanation on the procurement policy for business partners' information • Holding meetings to track work progress to be in line with the plan on a continuous basis 	<ul style="list-style-type: none"> • Keeping abreast of procurement rules, regulations and criteria, such as those regarding selection of procurement sources • Rules and regulations regarding inspection and follow-up of procurement sources • Compliance with fair trade conditions

Stakeholders	Requirements	Process	Guidelines and Strategy
Shareholders	<ul style="list-style-type: none"> • Bringing about worthwhile investment returns, both short-term and long-term • Building business growth and security • Fair and transparent management with adequate and timely disclosure of information 	<ul style="list-style-type: none"> • Holding annual general meeting of shareholders to allow for shareholders' exercise of rights to vote and express opinions on an equitable basis • Making available contact channel through Company Secretary and Company website 	<ul style="list-style-type: none"> • Disclosure of Company information in annual report, form 56-1, and press release • Availability of complaint filing channel • Additional channel for communication and disclosure of information, such as website
Community	<ul style="list-style-type: none"> • Environment protection • Fostering of quality of life and good relationship with the community • Participation in community activity and respect for and preservation of local custom and tradition 	<ul style="list-style-type: none"> • Social activities and campaigns • Acknowledgment and sharing of opinions • Company management being key in coordinating with the community 	<ul style="list-style-type: none"> • Continuous communication with community leaders regarding community development • Regular cooperation with government sector in running activities of social and environmental contribution
Government agencies	<ul style="list-style-type: none"> • Compliance with relevant laws, rules and regulations • Management of environmental quality and caring for the community 	<ul style="list-style-type: none"> • Attending seminars and training courses arranged by government agencies and keeping contact and coordination with relevant government agencies • Official or unofficial meetings and consultation with government agencies regarding regulatory compliance 	<ul style="list-style-type: none"> • Keeping abreast of developments of laws, rules and regulations • Making reports completely and by the deadline set forth • No payment to government officers without reasonable grounds

CSR in Process

CSR Practices according to the SET's principles are divided into eight categories as follows:

1. Fair Business Operation

The Company is steadfast in conducting business ethically and transparently based on its management philosophy with awareness of corporate responsibility for the society at large. It encourages the directors, management, and all staff members to perform duty under the code of ethics and in line with the Mitsubishi Electric Group Conduct Guidelines, which the Company first communicated to its employees as work rules in 2007 and has revised from time to time to suit the circumstances, as below:

1.1 Fair Competition

- The Company adheres to the principle of conducting business in strict conformity with rules and laws governing trade competition and monopolization, both domestically and overseas, as specified in the "Mitsubishi Electric Group Conduct Guidelines." The Company has put in place "criteria for compliance with trade competition law" for internal implementation regarding "do's and don'ts" about meetings of trade associations or conferences and transactions with competitors to prevent Cartel grouping under trade competition and anti-monopoly law in its handbook for meetings and transactions with competitors since December 24, 2015. To ensure right understanding and practice according to such criteria, it has planned for training to executives and staff across the organization.
- The Company will not consent to, agree to, or exchange information with competitors in a way that could unreasonably restrict competition regarding products, prices, production, salability, sales conditions, bidding, or any other agreements, whether verbal or in writing, or expressed or implied. It will not have communication with competitors in any manner that could reasonably cause unfair competition.
- The company will not violate any intellectual property rights or any other rights related to the intellectual property of any person by complying with the rules on intellectual property management.

In the year 2018, the company submitted a patent application for exhaust fan design, electric fan design, automatic water pump design, and constant pressure water pumps. Also, submitted the petty patent application for the propeller of the water pump, and the method of welding pump head and plastic cover pump with heat.

1.2 Responsibility for Supply Chain

The Company has systematically, scrupulously and formulated a socially responsible procurement policy, entailing procurement control, supply source assessment, supplier selection, and so on. In doing so, it adheres to the ethical standards on "discharge of duty with integrity and righteousness while maintaining cordial relationship with business partners" through mutually supporting cooperation as if being alliances in terms of technology, safety, output expansion, environmental problem reduction, and quality standard upgrade, so that they could move together toward business strength and stability.

2. Anti-Corruption

The Company has put in place the anti-fraud and anti-corruption policy. It has all along embraced the business operation philosophy, which gives great importance to social responsibility. It encourages all directors, executives and staff members to perform their duties under the Company's code of conduct, rules and regulations, as well as relevant laws and regulatory requirements, together with the code of conduct of Mitsubishi Electric Group which outlines practice guidelines for preventing and fighting corruption of all types.

All directors, executives and employees shall not be involved in nor support any type of fraud or corruption, offering/accepting bribe of all forms, both directly and indirectly, and demanding or taking benefits or properties that could lead to any acts or avoidance of any acts in their performance of duties, or cause the Company to lose benefits, including being prudent in getting involved in offering or accepting gifts or properties or any other benefits, entertainment, donation, supports in monetary form, political supports, any acts in the Company's business transactions or as customarily required, with appropriate value thereof and with observance of the code of conduct, as well as without any damage caused to the Company.

The Company promotes and supports the implementation of the anti-fraud and anti-corruption policy by communicating the policy and procedure to all employees at all levels and all parties concerned. In 2018, the Company carried out the following activities:

- Communication of the anti-fraud and anti-corruption policy and procedure by posting on the Company's announcement boards and presenting the policy and objectives to employees at all levels through quarterly meetings, disseminating through its website, training for new employees and E-Learning on the code of conduct and work rules for all executives and staff members. It is necessary for the employees to study and understand all the contents as they are required to do a test on the topic after completion of the training with a passing score of at least 80% (in case of failure, they have to retake the test until they achieve the passing score). Such e-learning and evaluation arranged on an annual basis. The Company has also made available packet handbook on the policy and procedure aiming to instill in them the anti-fraud and anti-corruption awareness in performing their duties.
- Conducting survey and assessment of possible fraud or corruption risk with a main objective to ensure awareness of the likeliness and impact of such risk, as well as assessment of internal control, from which the compiled opinions on formulation of preventive measures were used for review of work operation and internal control procedure that may have leakage and review as well as improvement of preventive measures, with criteria and measures worked out to which all employees are required to adhere, such as criteria to comply with trade competition law, making of connected transactions, corporate asset verification system, anti-fraud and anti-corruption practice guidelines, and so on.

In the year 2018, the company set up the rules relating to anti-corruption included the Procedure in Court Rule.

- The Company makes available channels for all groups of stakeholders to make a complaint or report an incident or activity (whistleblowing) that could lead to a breach of laws, rules, regulations and/or

moral and ethical standards and, hence, may cause damage to the Company. Under the guidelines that are communicated to them on a yearly basis, as usual, those who come across any such misconduct shall gather as much information, clue and evidence as possible and forward them in a documented format directly to the Company at the following address:

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

Such information will be directed to the Chairman and/or President and be treated in strict confidence to protect, and prevent any adverse impact on, the reporter. They will take investigative action in a fair manner by basing on the obtained information and evidence and decide on how to solve or deal with such issue without delay and as deemed appropriate. To ensure that the information is reported with sincerity and justice, to certify that it is truthful information, the reporter is to indicate his/her full name and contact address. The Company may ask for more details from the reporter if deemed necessary. In the past year, there was no such information reported to the Company.

- The Company assessed for its progress in the prevention of involvement in corruption (Anti-Corruption Progress Indicator) from Thaipat Institute, with the assessment result at Level 3 Established (availability of communication with and training for employees on anti-corruption practice guidelines). This prevention has exhibited the Board of Directors' steadfast determination to fight corruption within the organization.

Besides, the Company has been ranked by Thaipat Institute as one of the top 100 listed companies that have demonstrated remarkable corporate sustainability in environmental, social and governance areas (ESG100) based on the result of the assessment of 683 companies listed on the Stock Exchange of Thailand.

3. Respect for Human Rights

The Company operates the business by fostering respect for human rights without discrimination as to nationality, race, religion, social status or disability of its employees. It makes sure that no harassment of human right or discriminative action takes place while upholding a fair practice and ensuring job security for employees at all levels. Job opportunities are provided for non-Thai labor and the disabled alike, as part of its workforce and having them tasked with duties of their capability based on the labor structure under Thai labor laws. Proper welfare and benefits are made available under the same standards. Moreover, the Company arranges meetings with the labor union on a monthly basis, with a common goal to improve the quality of working life and build up good labor relations between the Company and the employees. As a testament to its relentless efforts in this issue, the Company has received the Workplace with Outstanding Labor Relations and Welfare Management Award from the Department of Labor Protection and Welfare, the Ministry of Labor, for 12 consecutive years. This award has demonstrated an outcome of the Company's determination in labor relations management with best practices so clearly, that it can be a role model for other enterprises in the country, and of which the Company, the labor union, and the employees have been proud.

4. Fair Treatment of Labor

Salary and Welfare

The Company has adjusted its salary structure to be compatible with competition in the labor market and to a rate above the authority's minimum wage payment as moral support for the employees' performance of duties. It has engaged an experienced external consultant to conduct a survey of and to give suggestions on pay structure to ensure fair compensation. Performance of employees of all levels evaluated twice a year and the results of which used to determine annual promotion and salary increment.

Moreover, the Company has set up Workplace Welfare Committee following Labor Protection Act, B.E. 2541, Section 96, with employee committee members and management representatives appointed to coordinate with Workplace Welfare Committee in determining welfare structure guidelines beneficial to the employees. Such committee will jointly meet to consider rationalizing basic welfare package in each year in line with the rising cost of living as a way to help cut down expenses for the employees. Employees also provided with the cost of living allowance, diligence allowance, and lunch allowance, as well as improvement of welfare canteen by increasing food stalls and food variety to offer more choices for the employees, more coverage of medical expenses, annual health check-up, etc.

To improve employees' quality of life, the Company offers additional benefits apart from the basic welfare by

- Establishing Kang Yong Electric Saving Cooperatives since 2002 to enhance economic and social benefits to members through self-support and support for one another according to the cooperatives principle, comprising lending of loans at lower interest rates than commercial banks, financial assistance for members affected by natural disasters, and occupational training for retired employees.
- Organizing an outdoor market to sell low-priced products to employees.
- Arranging recreational activities for skill development and entertainment purpose, which will have positive effects on their mental and physical wellness, etc.
- Establishing a walled-off area as a lactation corner for employees, who are breastfeeding mothers, a breastfeeding support program provided by the Company since October 2016.

Occupational Health and Safety

The Company is always aware that employees are a group of people who are the key to moving the organization forward to success and prosperity. As such, a top priority is given to their safety from the moment they leave their residence for the workplace and vice versa, as well as while at work. "Zero Accident" is set as the target for strict implementation in business operation.

1. Occupational Health, Safety and Environment

The Company incorporates occupational health, safety, and environment into the yearly policy and action plan so that the executives, supervisors, and staff at all levels will cooperate in the implementation

according to the policy consistently and efficiently. The Occupational Health, Safety and Environment Committee has set up composed of senior executives, supervisors at all levels and the labor union to ensure compliance with ISO 14001 environmental management standards and occupational health, safety and environment rules and regulations, as follows:

- The 5S and Kiken Yoshi Training (KYT) programs are used as a basis for implementing tasks according to the organization structure with the rectification of any risk-prone area that may cause danger, upholding the rules and regulations, and ensure staff wear personal safety equipment that is up to standards in risky area on a strict basis.
- All systems and measures are improved to prevent any danger from the operation of machinery and tools, such as the installation of equipment separating workspace of machinery controller from machinery spot. Staff is supervised and trained about how to use newly procured tools and machines with new technology based on risk assessment to mitigate risks at the average level or higher. Risks at all levels across the organization are contained, and set annual occupational health, safety, and environment objectives to be communicated to concerned staff to perform this task in a bid to develop a knowledge base in operation consistently.
- Safety knowledge and training are made available for all the employees and safety exhibition are regularly organized every year to instill awareness of occupational health, safety, and environment, in both theoretical and practical aspects, in existing and new employees to get ready for actual operation.
- The Company has simulated possible accident risk by setting up an unsafe realization room for production line and office to build awareness of potential danger and underline the degree of workspace inspection by supervisors to ensure safety.
- Traffic in the Company premises is improved to ensure safety for work operators and visitors, with clear specification of a pedestrian path around the building and a zebra crossing.

2. Safety Outside Office Hours

Individual employees are deemed not only as a driving force for the Company's business operation to move forward with success, but also as a tower of strength for their family. Therefore, they must be both mentally and physically healthy to be ready for their work, especially for those who work in risk-prone and unsafe areas or even those whose working areas are risk-free. The Company provides welfare and arranges health-concern activities for the employees, such as anti-drug sports competition, don't drive drunk campaign from the eve of long holidays to enhance social responsibility awareness in order to prevent accidents during employees' trips back home upcountry and back to work, random drug and alcohol testing on staff shuttle bus drivers, and safety helmet campaign for staff who use motorcycles, to ensure their highest safety.

In addition, emergency report is put in place in case of staff having accident outside office so that first-aid and urgent support can be timely provided.

5. Responsibility for Consumers

The Company adopts a policy on customer satisfaction management, which entails the following concept:

- Q: Quality : Manufacture products of high quality
- D: Delivery : Ensure product delivery of the type, in the quantity and by the time desired by customers
- C: Cost : Offer products at a reasonable cost

Health and safety for customers

The Company has conducted research and development and produced safe and quality products, with management systems that meet standard specifications relating to quality, safety, and environment. Its products are suitable for use and do not harm life and properties of consumers. Product warranty and after-sale services are also made available under the conditions set forth.

As customers and repair technicians in general sometimes use cheap replacement spare parts, which cause damage to the Company's products, the Company has leveled up its product safety by using non-flammable steel in the product structure to safeguard against spare parts that may spark a fire.

Procedures

1. Assess inflammable parts, which result from the use of components with wrong specifications and not up to safety standards.
2. Add steel sheet to cover inflammable parts to prevent damage to the products.
3. Attach warning label on the products and in the product manual, so that consumers will be aware and careful when having the products repaired by general technicians.

Display of product and service labels

The Company gives priority to providing customers with accurate information on the products. It thus attaches labels giving instructions for use, caution, and other information that are consistent with legal provisions on all of its products for maximum safety and benefits of the consumers. For example, as its refrigerator uses such refrigerant as R600a, which helps reduce global warming, but it is an inflammable substance, the Company requires having a label "Caution" attached to the refrigerator, with the description thereon to see. It aims to ensure consumers are careful and concerned about any possible harmful effect when they have the products repaired or discharged if no longer in use. Therefore, only the "Instructions of Use" is not enough for the safe use of products.

Marketing communication and customers' privacy

- Make available to customers together with the product manual giving instructions of product use, care, and discharge when no longer in use, while information on product specifications provided in the catalog distributed to customers through dealers and display booths.
- Deal with customers in a polite, efficient and trustworthy manner.
- Conduct investigation right after receiving customers' complaints on product quality and safety, and track the results after remedial and preventive measures have been taken.
- Keep customers' information confidential and use no customers' information wrongfully and for personal or related persons' benefits.

On the side of energy saving, the Company is firmly determined to be among the leading producers that offer the most energy-efficient products to push for an upgrade of the New No. 5 energy saving with 3 stars standard applicable in the country for the optimum benefit of consumers in the future.

6. Environmental Protection

Recognizing how important the environment is, the Company has set policy and goal on environmental management and has a process to do a yearly review for ongoing development. The Company also establishes that employees at all levels have to translate such policy into practice.

In 2018, the Company's environmental management policy was "Dedicate to create every activity for a better society sustainable" which has communicated and publicized according to internal and external communication regulations that covers all stakeholders of the Company. The essential elements of environmental conservation activities incorporated into the operating system as follows:

- Promotion of resource conservation and saving (M: Material Conservation) by reusing waste materials, reducing gross weight of finished products, and reducing wastes and scraps left from the production process.
- Promotion of energy conservation (E: Energy Conservation) by encouraging design of energy-efficient products, modification of machinery in the manufacturing process for higher operation efficiency, reduction of greenhouse gas emission in logistics and staff shuttle bus activities.
- Prevention of pollution (T: Toxicity) by adequately controlling use and treatment of chemicals, reducing the use of hazardous and toxic chemicals in the manufacturing process, controlling and monitoring quality of wastewater and polluted air before discharge or emission to the environment, and conserving a community environment through control of disturbing noise and vibration resulting from the manufacturing.

In 2018, the activities undertaken according to the environmental policy in the manufacturing process included:

Natural resource conservation Focusing on the protection of natural resources with the worthwhile use of resources applying the 3Rs (Reduce, Reuse, Recycle) principle in undertaking the manufacturing activity to ensure resource optimization, such as:

- Encouraging and training employees about the separation of the waste to create awareness and participation of employees in the conservation of natural resources.
- Reduce the use of hazardous chemicals such as Varnish, Solvent paint, and Polyurethane, etc.
- Reduce paper usage, reduce power in the product, reduce the total weight of the product, and reduce the amount of raw materials such as steel, plastic, copper and aluminum.
- Reduce Vanish usage by designing new motor without Vanish coated such as 09SDW model.
- Reuse plastic waste and runner scrap from the plastic injection.
- Reuse treated wastewater such as watering the tree etc.

Energy conservation is focusing on energy conservation activity in the design and manufacturing process of energy-saving products.

- Change light bulbs of T8 and T5 type to be LED bulbs, which help save 42,893 kWh/year electricity.
- Installed the new plastic part injection machine with the Servo system, the size as 350T and 450T to replace the old machine. The old machine was with the hydraulic system. As a result, able to save 611,093 kWh/year electricity.
- Dismiss the boiler in the production line, able to save the fuel energy 12,666 Liter/year.
- Explore and improve the leak in the production line, save 248,100 kWh/year electricity.
- Control the use of LPG and inspect according to safety standards.

Pollution control

- Run campaign on garbage separation for recycling to reduce garbage to be disposed at the final stage, and set up a clean and orderly garbage separation center.
- Gradually change the type of the painted spray of the electric fan from the oil paint to the dust paint instead.
- Examine the employee shuttle bus for emission control.
- Protect the environment by setting the quality standard of wastewater and air emission to the environment to 20% lower than those specified by law respectively, and having a warning system to automatically stop the discharge of wastewater to the environment in case where water quality does not meet the standard so that timely corrective action can be taken.
- Inspect the environmental quality including the manufacturing water quality, the rain drain quality, the air quality, lighting, sound, heat, vapor, noise, etc. To collect the result and report to the government sectors and relevant parties.

7. Community and Social Development

Being aware of the importance of all sectors that have given continued support of its business operation. The Company has consistently conducted a range of activities aiming to give back to the society, organizations, educational institutes and nearby communities, and to preserve local custom and tradition for fostering of a good society, as well as to inculcate into its employees at all levels the sense of responsibility and participation in CSR activities. In 2018, a number of activities were held as follows:

1. The arrangement of a trainee program for students by cooperating with educational institutions, in accepting students as trainees during school break to enhance their experience and allow them to earn extra income. They have received a certificate as evidence of completion of the program.
2. Ongoing provision of educational supports for bilateral students. The Company has signed the MOU to consistently arrange for bilateral education in collaboration with vocational institutions in the Northeastern region. In 2018,
 - The Company cooperated with vocational institutions to provide their students with occupational experience in their field of study with enhancement of ability and understanding in new manufacturing technologies. Besides the experience of real practice, they were provided with specific know-how courses to enlarge their academic skill and knowledge out of a classroom.
 - Provision of educational supports for students who had the outstanding performance while in training.
 - Recruitment and employment of students having undergone the bilateral training with the Company.

8. Innovation and Publicizing of Innovation from CSR Activities

The Mitsubishi Electric's 'Changes for the Better' slogan, which denotes a strong commitment to relentless development, emerges as the major driver for the Company's dedication to and concentration on the use of innovation and new technology by embracing social and environmental responsibility and energy conservation in concurrence with continual product quality development and review of manufacturing process for higher efficiency. In 2018, the Company developed innovation for its products and manufacturing process as follows:

Electric Fan

Developed and started production of the new small motor to use with the small ventilating fan to reduce the stator coated usage as well as developed and start production the new ceiling fan with the blade size as 1500 mm. and the blade using special plastic by increasing the central air volume.

Refrigerator

A change in the refrigerator to Touchscreen door panel to control without opening the door, which eases the consumers and saves the energy.

Water pump

The new R series with the new design U-shape impeller to ease the head pump set to flow greater water volume and more powerful with efficient energy saving wise.

Production process

Installed the Intelligent flow control system (IFC) to track and monitor the energy consumption of the air compressor and improved the power factor of the electricity which able to save the electricity expenses.

CSR Activities and Reporting

The Company has prepared a report based on the Global Reporting Initiative (GRI) with due regard to stakeholders such as employees, customers, business partners, shareholders, social community and concerned state agencies, all of whom are crucial to sustainable success. Stakeholder connecting is deemed as a significant practice, prompting the Company to recognize the correlation with social responsibility in different dimensions, whether economic, social or environmental aspects, and to emphasize more on reporting and disclosure of its CSR activities. The Company already incorporated a CSR report as part of its annual report.

CSR-after Process

Being aware of the importance of all sectors that have given continued support of its business operation, the Company has consistently launched a range of projects aiming to give back to the society and protect the environment, and to inculcate into its employees at all levels the sense of responsibility and participation in activities for the society, as follows:

Internal CSR

Promotion of ethics and morality among employees

- The Company and staffs hosting the annual Kathina ceremony in 2018

The Company organized the annual Kathina ceremony in 2018 with Mr. Praphad Phodhivorakhun, Chairman along with the management team and employees attended the ceremony of Kathina ceremony and attended the foundation stone laying ceremony to build the Charity Hall at Sittichai Rangsan Temple Na Tham Nuea Subdistrict, Mueang Trang District, Trang Province



- Buddhist Lent candle offering activity in 2018

The Company arranged the Buddhist Lent candle offering activity with Mr. Praphad Phodhivorakhun, Chairman along with the management team and employees at Mongkhon Nimit Temple, Bang Sao Thong Subdistrict, Bang Sao Thong District, Samut Prakan.



- Making merit and offering foods to 9 monks of Wat Tan chet chor, Angthong, to be a royal charity for His Majesty King Maha Vajiralongkorn Bodindradebaya varangkun on the occasion of the birthday of His Royal Highness HM the King's 66th Birthday Anniversary, July 28, 2018



- Making merit and offering foods to 10 monks of Wat Worapotsang khawas, Chonburi, with monks chanting prayers in tribute to mark the 2nd year of mourning for His Majesty King Bhumibol Adulyadej in the realization of His Majesty's great kindness and graciousness.



Education

- The Company has the policy to promote education through the provision of scholarships to its employees' children to help relieve their educational expense burden and extend educational opportunities for the youth. In 2018, altogether 60 scholarships were given classified by academic levels as Primary level, Junior secondary level, Senior secondary level, Vocational level, and Tertiary level (Undergraduate)



- The Company granted the National children's day's presents to the schools and the community in Samutprakarn and Bangkok in total 15 places.
- Provision of the scholarship, Lunch, and education equipment to Ban Huay Lueang School, Tak on the National children's day to be a part of creating excellent opportunities for the youth to grow up with the quality. Moreover, it is essential to develop our country further.
- The Company was granting the scholarships to the students preparing for a career, bilateral systems for 136 scholarships, 13 colleges under the Office of the Vocational Education Commission. In the amount of 292,000 baht.
- The Company supported the simulation of the company's products. (Fan products, cooling simulation kits, water pump demonstration kits) for colleges under the Office of the Vocational Education Commission for teaching and learning of 3 colleges.

Recreation

- Arranging Sports day under the name "One KYE Sport Day" at the Company. Aiming the internal relationship, creating the harmony, encouraging the healthy body in the organization.

External CSR

- Volunteering for big cleaning of nine bus stop shelters construction of which sponsored by the Company for public benefits on along Bangna-Trad Road to look cleaner and more beautiful for use for the employees and commuters in general.
- Volunteering for school development under the project "My school for my community "at Wat Na Hin Lat School, Na Hin Lat Subdistrict, Pak Phli District, Nakhon Nayok. By participating in various activities in the school, such as installing the ceiling fan in the cafeteria, doing 5S activities at the school building, painted the railing and also gave scholarship equipment sports equipment, including playing games with students.
- CSR activities, volunteering to afforest, building dams and planting nurseries

The Company, together with the Mitsubishi Electric Thailand Foundation, with more than 450 employees in the Mitsubishi Electric Group, Thailand, to participate in afforestation activities, building dams and planting nurseries at Ban Nong Muang Community Forest, Wang Chan District, Rayong. For environment and natural resources by creating a balance for the ecological nature, reducing global warming, which considered as natural disaster that affects human life.

- Volunteer project "We do good with the heart."

The Company, together with Bang Chalong Subdistrict Administrative Organization, conducted the cleaning activities at the public area to carry on the work of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun, Rama 10.

- The Company organized blood donation activities. With a team of Faculty of Medicine Siriraj Hospital to provide blood donation services, which such activities intended, for employees, including those interested participated in blood donation to the blood service center to have sufficient blood supply to treat the inpatients at Siriraj Hospital.
- Road cleaning at Soi Vilalai and the community around the company. This activity was organized to allow everyone to participate in the maintenance of the environment in their communities to be clean, clean by cleaning the streets, collecting debris, leaves, and weeds which would make the community more livable.
- Granted the Cycle fan to the Phra Pradaeng Disability Protection and Development Center, Samut Prakarn.
- Visiting the people in nearby communities in every month to create a good relationship with people in the community.

Other Activities

- Yellow star and Ficus annulata Plantation. The management and the employees plant the Yellow Star in the “Good Deed for Dad” activity at the building 8 and plant the Ficus annulata at the fence area in front of the company gate 2 and 3 to increase the green area for the Company.
- Renovation the toilet to have enough the toilet to meet the need of the employees, which be clean, safe and hygienic.

INTERNAL CONTROL AND RISK MANAGEMENT

Opinion of the Board of Directors on the Company's Internal Control

The Company recognizes and places importance on continuous internal control and risk management. The Board of Directors has set up and assigned the Audit Committee to be responsible for reviewing adequacy and appropriateness of internal control and risk management. For ensuring efficiency and effectiveness in the conduct of business or discharge of duty in compliance with the policies, Articles of Association, and resolutions of the Board of Directors and the shareholders' meeting, including the applicable laws, notifications, and regulations. The Company's internal control and risk management in the previous year can sum up as follows:

Control within organization

- 1.1 The Company is well aware of its corporate responsibility for the society as a whole, by ensuring its directors, executives and employees conduct ethical business. To be in line with the written Mitsubishi Electric Group Conduct Guidelines and communicate the Company's policies and targets, to the employees organization-wide, as well as give clarification and arrange training, and testing (E-Learning) there on to the employees at all levels for their translation into action and follow up the results there of to ensure the Company's objectives met.
- 1.2 The Board of Directors has appointed four Board committees, namely the Board of Executive Directors, the Audit Committee, the Nomination, and Remuneration Committee, and the Product Pricing Committee, with duties and responsibilities designated to monitor and control business operation in line with the objectives.
- 1.3 The Board of Directors has assigned the Board of Executive Directors to undertake business administration on its behalf, and to determine policies and targets on business administration, quality assurance, the environment, security, energy saving, information security management, business ethics management, and anti-fraud and anti-corruption. The Board has also formulated the organizational structure by dividing administrative duties and responsibilities into three main line as the follow:
 - i. Administration line composed of four departments are Corporate Strategic Planning Office, Internal Audit Control Office, Finance Department, and Quality Assurance Department

- ii. Planning line composed of three departments are General Administration Department, Marketing Department, and Purchase Department.
 - iii. Engineering line composed of five department are Production Engineering, Tool & Plastic Production, Fan Production, Water Pump Production and, Refrigerator Production.
- 1.4 The Company has established a selection and nomination process to recruit personnel with required knowledge, skills, expertise and experience, from operating staff to supervisory and executive levels allocated appropriately according to the organization structure. It has a process in place for performance evaluation, salary increment and promotion, and has also worked out a succession plan, with key talents selected to undergo a training course in Japan for 1-2 years and thereafter promoted to a higher position. Wages and salaries as well as other remuneration and benefits are made available as appropriate to employees at all levels without discrimination, while a fair penalty system has been established and applicable to any case where an employee performs in violation to the work rules and regulations.
- 1.5 The Company has an independent work unit handling internal audit and following up on other work units' operations in terms of internal control, risk management and compliance with applicable laws. Such internal audit unit shall implement in line with the annual audit plan, and shall report the audit result and follow-up result of subsequent corrective action to both the Board of Executive Directors and the Audit Committee for acknowledgement, as well as comments and recommendation for the management's improvement and remedial action accordingly.
- 1.6 The Audit Committee shall perform duties with independence in the scope of power and duties prescribed in the Audit Committee Charter. It has reviewed financial reports, risk management, internal control and audit systems, proposed appointment of external auditor and auditor remuneration, and connected transactions or transactions that may have conflict of interest, on a quarterly and annual basis. Results of such review by the Audit Committee are also proposed to the meeting of the Board of Directors for acknowledgement and consideration on a quarterly basis and published in the Audit Committee's annual report. (See details in "Audit Committee's Report.")

2. Risk assessment

In risk management, on a semi-annual basis, all departments of the Company reviewed risk identification, risk assessment, and risk management in line with risk assessment forms to fit with the Company's policies and cover all of its corporate targets.

Risk Management Committee reviewed risk identification and risk level assessment, as well as risk management measures, of working groups in all departments. It also examined risk management to ensure efficiency and suitability with the organization, closely followed up on risk management performance, and reported risk management activities of all departments as the significant agenda items to the meetings of the Audit Committee and the Board of Directors for acknowledgment and consideration.

3. Control activities

- 3.1 The Board of Executive Directors and executives at various managerial levels map out yearly policies, objectives, and targets of all departments, and communicate them to staff members for further translation into practice to achieve such aims. The operation monitoring system is in place with reporting at meetings held at all levels on a weekly, monthly, quarterly and semi-annual basis so as for the staff to report progress of their operation and for the executives to give instructions and assignments to ensure that the Company's goals and objectives entirely achieved.
- 3.2 The Company has put in place written corporate rules to control operations in financial transactions, procurement, production, quality control, sales of goods and general administration, with scope of power, duties, responsibilities and approval amount limit for each level, and request for budget spending within the scope of authority subject to consideration and approval of the meeting of Budget Committee chaired by the President and held weekly to consider budget spending proposals.
- 3.3 The Company has appointed representatives as directors in associated companies to follow up operations of such companies.
- 3.4 Company Secretary has been assigned to keep and regularly update information on the significant shareholder, directors, executives, and connected persons, to facilitate monitoring and review of related transactions or transactions prone to conflict of interest.

4. Information and communication

The Company has established adequate information and communication system. It has prepared accurate, complete and reliable information within an appropriate period, and made it available to the Board of Directors, the management and staff members to support decision-making on a timely basis. Secure access to information in various work systems is determined precisely and as prescribed by relevant laws via such channels as e-mail, Intranet, and communication through activities and joint meetings to strengthen coordination and operation to achieve the targets set forth.

For external parties, the Company has disclosed and communicated its information comprehensively and equitably to the stakeholders through its communication channel, i.e., www.mitsubishi-kye.com, and in case of disclosure according to the criteria of the Stock Exchange of Thailand (SET), such as financial report, annual report of operating results, and minutes of the annual general meeting of shareholders, via the SET's information system and the Company's website.

Moreover, the Company has made available a channel for its stakeholders to report any incident or any act prone to a violation of the laws and rules as well as the code of business ethics, which may cause damage to the Company. They may inform the Chairman or the President of the Company by post: P.O. Box 49, Bangna Tower 10541. The Company has a system in place to process such case and make an investigation thereof before deciding on any appropriate action.

5. Monitoring activities

The Company has a process to monitor business operations at director, executive, and managerial levels through various meetings, namely Board of Directors meeting (quarterly), Board Committee meetings, business plan meeting, departmental policy and implementation plan meeting, weekly manager meeting, monthly business unit meeting, weekly and monthly quality meeting, and so forth.

Directors and executives will acknowledge operating results covering achievements and/or problems from minutes of the meetings. They will then at the respective meetings instruct the relevant parties to take improvement or solution actions to meet the Company's objectives and targets.

At the Board of Directors meeting on May 22, 2018, which was also attended by the three Audit Committee members, the meeting assessed the Company's internal control system in five areas based on the Audit Committee's report, and expressed an opinion that the Company's internal control system has been adequate and appropriate, with efficient management system and transactions with persons that may have conflict of interest and connected persons, and without any deficiency in the internal control system that could cause a material impact on the Company.

Head of Internal Audit Control

The Board of Executive Directors, with the consent of the Audit Committee, has appointed Mr. Kritsana Chatchaivorawong as Manager, Internal Audit Control Office, and taking effect on October 1, 2013. Mr. Kritsana Chatchaivorawong has had internal audit work experience for six years, and obtained training relating to internal audit work, i.e. a course for Certificate of Internal Auditor of the Institute of Internal Auditors of Thailand and risk management course, and has knowledge and understanding of the Company's business activities and operations. He is thus considered qualified and appropriate to perform duties in this position.

Appointment, removal or rotation of Manager of Internal Audit Control Department shall be subject to approval or consent from the Audit Committee.

AUDIT COMMITTEE'S REPORT

The Audit Committee of Kang Yong Electric Public Company Limited as appointed by the Company's Board of Directors is composed of three independent directors, namely Mr. Chackchai Panichapat as Chairman of Audit Committee, Mr. Arthakrit Visudtibhan, and Mr. Tanabodee Kusinkert. A Board of Directors meeting resolved to appoint Mr. Tanabodee Kusinkert to join the Committee as he has adequate knowledge and experience to review the reliability of the Company's financial statements, and in which the advisor to the Audit Committee has also taken part.

The Audit Committee has performed the following duties independently in the scope of responsibilities prescribed in the Audit Committee Charter, which are consistent with the regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC). The operations of the Audit Committee in the fiscal year 2018 (April 2018-March 2019) can summarize as below:

1. Financial Statement Review

The Audit Committee reviewed important information on quarterly financial statements and annual financial report for the fiscal year 2018. With the explanation given by and inquiries made on significant points with the external auditor and the Finance Manager of the Company, and expressed an opinion that the Company's financial statements are accurate and complete, with an adequate and reliable disclosure of information following the generally accepted accounting standards. The auditors have reported on the independence in the performance of duty and the audit findings for the consideration of the Audit Committee in all respects.

Besides, the Audit Committee acknowledged the salient points and implementation relating to the changes in the relevant accounting and financial reporting standards.

2. Risk Management Review

The Audit Committee considered risk management policy, risk assessment, and risk management plan and approach. The Committee set up Risk Management Committee with the President as Chairman and working groups comprising management members. Risk Management Committee determined risk management policy and system. With the management's working groups in all work units to identify risks from both internal and external factors which might hinder business operations from achieving the Company's targets and objective, assess risk levels and potentiality to materially impact the organization, and worked out measures to deal with such risks by either managing, avoiding, mitigating, transferring or accepting them. These working groups of all work units shall report their risk assessment and management every six months.

In 2018, the Committee acknowledged the management's anti-fraud and anti-corruption activities such as measure to encourage the sales, the financial management, and compliance with legal requirements, etc. The Committee has also considered and reviewed the efficiency and appropriateness of risk management process regularly every half year from the management's risk assessment report and provided recommendations for further improvement.

3. Internal Control and Internal Audit Review

The Audit Committee considered and endorsed the annual audit plan of an internal audit work unit. It reviewed the internal control systems, according to the Company's organization structure and business operation in compliance with the laws and regulations relevant to its business, particularly regarding the operating results, to assess adequacy and appropriateness based on consideration of the quarterly internal audit report, and follow-up of the actions taken to make remedy or improvement as recommended from the internal audit report, as well as review of the year-round overall internal control assessment report.

The Committee considered and viewed that the Company operated the business with an adequate and efficient internal control system. In the significant areas to the operations, the management managed and monitored material risks that might cause damage to the Company, as well as reviewed the practice of anti-bribery, reviewed of conflicts of interest, and trade competition protection which has methods that are following current regulations and internal control measures.

Considering, overall, the Company has operations that have adequate internal control systems. The management has conducted a review and improvement of the work system to be accurate and comply with the regulations, Legal requirements, and code of business ethics of the Company.

4. Proposal for Appointment of Auditor and Auditor Remuneration for 2018

The Audit Committee considered to nominate for appointment an auditor from KPMG Phoomchai Audit Limited, to be the Company's auditor for the fiscal year 2018, and to determine appropriate auditor remuneration, taking into account the qualifications, scope of responsibilities, audit work quality in the previous year, and independence in performing audit work, as well as audit knowledge, technique, and experience in the lead in this area. Therefore, the Committee resolved to propose to the Board of Directors to seek approval from the meeting of the shareholders.

5. Consideration of Connected Transactions or Transactions with Potential Conflict of Interest

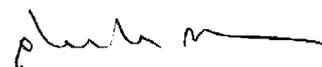
The Audit Committee considered to review and provide opinion on connected transactions that may cause the conflict of interest with the Company. In the fiscal year 2018, the Committee considered connected transactions and disclosure of such information and opined that the management entered into such connected transactions following the criteria of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, with appropriate reasonableness and for the maximum benefits to the Company.

6. Audit Committee Meeting

In the fiscal year 2018, the Audit Committee had a total of four meetings including co-meeting with the management and that with the external auditor without attendance by the administration. No Committee members were absent from any of such meetings.

The Audit Committee arranged to have performance self-assessment as the entire Committee for the fiscal year 2018 using the criteria and the best practice of the Stock Exchange of Thailand as the guidelines to ensure compliance with good corporate governance. The assessment result was that its performance was at a complete and adequate level.

In conclusion, the Audit Committee performed duties entirely in the scope of duties and responsibilities as prescribed in the Audit Committee Charter, and as assigned by the Board of Directors in order to ensure that the Company could run its business with good corporate governance, efficient management, sufficient and appropriate internal control for business operations, effective risk management, and reliable accounting system and financial report, as well as compliance with the laws, rules and regulations relevant to the Company's business operations.



(Mr. Chackchai Panichapat)
Chairman of Audit Committee

May 16, 2019

CONNECTED TRANSACTION

Related Transaction

The Company has specified rule including guidelines clearly on the related transaction with the associated persons, subject to strictly comply with the notification and regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission is principal, summarized as followings.

- Proposing a connected transaction under such the rules to the Board of Directors and/or the shareholders' meeting for the approval. Through the consideration of the Audit Committee for fairness, the pricing is reasonable and take into the best interests of the Company and the interest directors no right to cast vote at the meeting.
- Disclosure of connected transactions with related companies adequately both of financial statements and annual reports, comply with the regulations of the Securities and Exchange Commission. As well as the accounting standards on information disclosure about related parties or businesses, announced by the Federation of Accounting Professions

Policy on Future Connected Transaction

The future connected transactions will still strictly adhere to the connected transactions regulations, based on reasonableness, the pricing policy is appropriate and fairness. To maximize the benefits of the company by the connected transactions control operation as followings

- Normal business transactions and complementing normal business transactions, mostly is purchase and selling, and service, among the company and affiliated companies that complied with general trading term conditions. The Board of Directors has approved in principle such transaction
- Non-normal business and/or none general trading conditions. The management, by the Company Secretary and the Finance Department Manager, acts as the administrator and review operations to ensure compliance with relevant regulatory requirements

Connected Transaction

Relationships with related parties of 2018 and 2017 fiscal year were as follows:

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction	
					2018	2017		
1	Sale of Product and Spare parts			Sale of Product and Spare parts	7,957.0	8,628.1		
	1.1) Mitsubishi Electric Corporation	Japan	Parent, 41.13 % shareholding	KYE sell electric home appliance products, comprising electric fans, exhaust fans, refrigerators, water pump, hand dryer and spare part to related parties company	2,941.0	3,639.6	MELCO has clearly defined the characteristics of the product sale that the company will sell the product through its subsidiaries or an associate of Melco who are high experienced. The company has benefited from the sales growth throughout.	
	1.2) Mitsubishi Electric Kang Yong Watana Co.,Ltd.	Thailand	A subsidiary of the Company's parent and common directors (MELCO was MKY 48 % shareholding)		3,095.4	2,996.2	Moreover, the company has a policy to determine the price based on the principle of "market transactions or under the terms of general trade"	
	1.3) Mitsubishi Electric Life Network Co.,Ltd.	Japan			165.9	159.5		
	1.4) Mitsubishi Electric Taiwan Co.,Ltd.	Taiwan				28.7	17.9	
	1.5) Mitsubishi Electric Asia Pte.Ltd.	Singapore				322.6	337.2	
	1.6) Mitsubishi Electric Australia Pty.Ltd.	Australia				283.3	253.1	
	1.7) Mitsubishi Electric (Hong Kong) Limited	Hongkong				299.2	308.1	
	1.8) Mitsubishi Electric Sales Malaysia Sdn.Bhd.	Malaysia				127.1	132.0	
	1.9) Mitsubishi Electric (Malaysia) Sdn.Bhd.	Malaysia				19.8	6.2	
	1.10) Mitsubishi Electric Vietnam Company Limited..	Vietnam				478.3	620.3	
	1.11) P. T. Mitsubishi Electric Indonesia Co.,Ltd.	Indonesia				122.1	78.8	
	1.12) Mitsubishi Electric Trading Corporation	Japan				22.8	23.7	
	1.13) Melco Trading (Thailand) Co.,Ltd.	Thailand				3.0	3.3	
	1.14) Mitsubishi Electric Russia LLC.	Russia				47.6	52.2	
	1.15) Mitsubishi Electric India PVT.	India				0.1	-	
	1.16) Smiles Super Express Co.,Ltd.	Thailand		Associate, 27.12% shareholding.		0.1	0.1	

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
					2018	2017	
2	Procurement parts and raw materials			Procurement parts and raw materials	1,043.8	1,166.3	
	2.1) Thai Refrigeration Components Co.,Ltd.	Thailand	Common director	Evaporators used for assembly refrigerator	19.8	21.2	The Company had necessity to purchase parts and raw materials from related companies. As its has produced of electrical appliances under the standard of "Mitsubishi Electric" for procurement from MELCO's subsidiaries in massive quantity which helps to reduce production cost and controllable as the quality standard specified.
	2.2) Kullthorn Kirby Public Company Limited	Thailand		Compressors for assembly refrigerator	170.3	185.6	
	2.3) Mitsubishi Electric Asia Pte.Ltd	Singapore	A subsidiary of the Company's parent	Electronic parts used for assembly electric fan and refrigerator	83.4	132.8	
	2.4) Setsuyo Astec Corporation	Japan		Electronic parts used for assembly and refrigerator	55.9	73.6	
	2.5) Mitsubishi Electric Trading Corporation	Japan		Aluminium tap for assembly refrigerator	28.9	43.5	
	2.6) Melco Trading (Thailand) Co.,Ltd.	Thailand		steel plate for assembly refrigerator	198.4	208.9	
	2.7) Mitsubishi Electric (H.K.) Ltd.	Hongkong			9.1	7.5	
	2.8) Mitsubishi Electric & Electronics (Shanghai) Co.Ltd.	China			3.6	3.6	
	2.9) Setsuyo Astec (Thailand) Co.,Ltd.	Thailand			132.9	143.7	
2.10) Setsuyo Astec Corporation Seoul Branch	Korea			341.5	346.0		

No.	Related Parties		Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
	Complementing Fee					2018	2017	
3	Complementing Fee				Complementing Fee	719.5	765.3	
	3.1) Mitsubishi Electric Kang Yong Watana Co.,Ltd.	Thailand	A subsidiary of the Company's parent and common directors (MELCO was MKY 48% shareholding)	<p>A subsidiary of the Company's parent</p>	Advertising support	15.7	12.5	Competition situation in each market has vary violent at each period time which the promotion support expense is a necessary tool for business operation.
	3.2) Mitsubishi Electric Asia Pte.Ltd	Singapore				1.1	0.7	Currently,taking the expenditure for obtain better sales or maintain desired market share. Therefore it is more necessary to such transaction under a clear - out scope and certainly criteria
	3.3) Mitsubishi Electric Sales Malaysia Sdn.	Malaysia				12.4	15.3	
	3.4) P. T. Mitsubishi Electric Indonesia Co.,Ltd.	Indonesia				8.9	9.5	
	3.5) Mitsubishi Electric Vietnam Co.,Ltd.	Vietnam				5.7	11.4	
	3.6) Mitsubishi Electric Australia Pty.Ltd.	Australia				0.2	6.5	
	3.7) Mitsubishi Electric Asia (Thailand).Ltd	Thailand				3.3	1.4	
	3.8) Mitsubishi Electric (Hong Kong) Limited	Hongkong				5.6	6.5	
	3.9) Mitsubishi Electric Life Network Co.,Ltd.	Japan				2.0	2.9	
	3.10) Melco Logistic (Thailand) Co.,Ltd.	Thailand				31.0	27.6	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.
	3.11) KGM.Service Co.,Ltd.	Thailand				3.9	4.0	

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
					2018	2017	
3.12)	Mitsubishi Electric Corporation	Japan	Parent, 41.13% Shareholding	Royalty fee, after service and Technician fee	263.6	279.2	KYE entered into Technical Assistant Agreement with MELCO under this agreement, KYE able to sales the products under "Mitsubishi Electric" trademark, is well known worldwide and obtained assistance of manufacturing technology and marketing including manufacturing technology training . Therefore it is a reasonableness transaction for payment of royalty fee and technician fee to MELCO
3.13)	Smile Super Express Co.,Ltd.	Thailand	Associate, 27.12% shareholding.	Development fee (in accordance with Technical Assistance Agreement)	275.1	295.1	Research and development of products and are vital to the business operations of the company . For improvement modern products and meet consumers demand and because the company was not ready to develop by own high technology product . There is also a need to rely on MELCO technology, which is owned technology and trademark
3.14)	K. Y. Intertrade Co.,Ltd.	Thailand	Common director was Mr. Praphad Phodhivorakhun	Storage, Handling & Transportation Charge.	86.1	90.4	KYE needs a place for storing its finished goods before delivery to customers by hiring SSE for management with fairly rate
3.15)	Others		A subsidiary of the Company's parent	Maintenance, Investigate	0.1	0.3	
					4.8	2.1	

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
					2018	2017	
4	Goving or receiving og financial assistance 4.1) Meico Thai Capital Co.,Ltd.	Thailand	A subsidiary of the Company's parent Parent, 99.99 % shareholding	Loan Receivable to MTC by interest rate of loan 0.75% - 1.00% per year Short-term loans - Interest Received	23.2	27.5 0.2	Increasing liquidity of cash flow and reduce financial costs by providing in the lower interest rate of loan and interest rate of deposit is higher than banks causing highest benefit to the Company
5	Lease or lease out of real estate for not over 3 years 5.1) Smile Super Express Co.,Ltd.	Thailand	Associate, 27.12% shareholding.	SSE has rented land and buildings from KYE	17.8	18.1	KYE accordingly leases out its assets to SSE for business operation as the management and storage products for KYE by using the building as a warehouse. As a result, KYE able to reduce cost of management and storing goods.

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
					2018	2017	
6	Procurement of asset			Procurement of asset	8.4	13.4	
	6.1) Mitsubishi Electric Trading Corporation (Shizuoka)	Japan	A subsidiary of the Company's parent	Function fixture PCB	1.4	2.3	Procurement of unique machinery that has complex process for producing and installation. Therefore, KYE is required to hire such company representative which specializes in supply such goods
	6.2) Mitsubishi Electric Trading Corporation (Nakatsugawa)	Japan		Mold and Die for Fan Product	-	6.8	
	6.3) Mitsubishi Electric (Hong Kong) Limited	Hongkong		Mold and Die for Fan motor	-	1.2	
	6.4) Mitsubishi Electric Kang Yong Wattana Co.,Ltd.	Thailand		Air condition & Projectors	2.1	2.3	
	6.5) Mitsubishi Electric Automation (Thailand) Co.,Ltd.	Thailand		Wire-cut Machine	4.8	-	
	6.5) Mitsubishi Electric Factory Automation (Thailand) Co.,Ltd.	Thailand		Overhaul wire-cut Machine	-	0.4	
	6.7) Setsuyo Astec (Thailand) Co.,Ltd.	Thailand		Air Twister	0.1	-	
	6.8) Mitsubishi Electric Asia Pte.,Ltd	Singapore		Function fixture for PWB Invertors LX-4	0.2	0.4	

Balance as at 31 March 2019 and 31 March 2018 with related parties were as follows:

Name of Entities	Trade Accounts Receivable as at 31 March		Other Accounts Receivable as at 31 March		Trade Accounts Payable as at 31 March		Other Accounts Payable as at 31 March	
	2019	2018	2019	2018	2019	2018	2019	2018
Melco Thai Capital Co.,Ltd.	-	-	23.2	27.5	-	-	-	-
Smile Super Express Co.,Ltd.	-	-	1.5	1.7	-	-	8.7	8.8
Mitsubishi Electric Corporation	370.9	293.4	2.5	-	-	-	272.5	278.1
Thai Refrigeration Components Co.,Ltd.	-	-	-	-	1.5	2.6	-	-
Mitsubishi Electric Kang Yong Watana Co.,Ltd.	474.3	494.4	-	-	-	-	7.1	7.5
Mitsubishi Electric Life Network Corporation.	50.0	56.2	1.3	-	-	-	-	0.1
Mitsubishi Electric Asia Pte.Ltd	37.6	56.1	-	-	8.7	8.5	0.3	0.5
Mitsubishi Electric Australia Pty.Ltd.	85.6	61.2	-	-	-	-	-	-
Mitsubishi Electric Sales Malaysia Sdn.,Bhd.	26.0	28.9	-	-	-	-	5.2	5.5
Mitsubishi Electric (Malaysia) Sdn.,Bhd.	6.5	1.8	-	-	-	-	-	-
P.T.Mitsubishi Electric Indonesia Co.,Ltd.	36.8	34.2	-	-	-	-	4.8	8.6
Mitsubishi Electric Russia LLC.	-	20.8	-	-	-	-	-	-
Melco Logistic (Thailand) Co.,Ltd.	-	-	-	-	-	-	3.3	1.5
Mitsubishi Electric Vietnam Co.,Ltd.	171.8	192.9	-	-	-	-	5.4	8.9
Setsuyo Astec Corporation Japan	-	-	-	-	3.3	2.9	-	-
Setsuyo Astec Corporation Seoul Branch	-	-	-	-	34.6	30.6	-	-
Setsuyo Astec Thailand Co.,Ltd.	-	-	-	-	14.8	11.9	-	-
Kulthorn Kirby Public Company Limited	-	-	-	-	32.1	35.9	-	-
Mitsubishi Electric Trading Corporation	1.1	1.5	-	-	3.5	3.6	0.3	0.3
Melco Trading (Thailand) Co.,Ltd.	0.4	0.5	-	-	23.5	16.6	-	-
Mitsubishi Electric H.K. Ltd.	53.5	43.4	-	4.1	1.5	3.3	2.5	4.5
Mitsubishi Electric Taiwan Co.,Ltd.	5.8	3.4	-	-	-	-	0.4	-
Mitsubishi Electric Asia (Thailand).Ltd	-	-	-	-	-	-	1.7	1.4
K.G.M. Services Co.,Ltd.	-	-	-	-	-	-	0.1	0.1
Mitsubishi Electric& Eletronic (Shanghai) Co.,Ltd.	-	-	-	-	0.2	-	-	-
Mitsubishi Electric Factory Automation (Thailand) Co.,Ltd.	-	-	-	-	-	-	0.2	0.2
Melco Travel Co., Ltd.	-	-	-	-	-	-	-	0.0
K.Y.Intertrade Co., Ltd.	-	-	-	-	-	-	-	0.0
Total	1,320.3	1,288.9	28.5	33.3	123.6	115.9	312.3	326.1

MANAGEMENT'S DISCUSSION AND ANALYSIS

With reference to Kang Yong Electric Public Company Limited's submission of financial statements for the year 2018 (ended March 31, 2019) duly reviewed by a certified public accountant, we would like to give clarification on the Company's operating results and financial position as follows:

Summary of financial information		March 31	
		2019	2018
Total assets	Baht million	6,946	8,136
Total liabilities	Baht million	1,729	1,761
Shareholders' equity	Baht million	5,217	6,375
Revenues from sales and rendering of services	Baht million	7,960	8,632
Total revenues	Baht million	8,284	9,215
Costs of sales and rendering of services	Baht million	6,947	7,266
Gross profit	Baht million	1,013	1,366
Selling and administrative expenses	Baht million	1,167	1,154
Net profit	Baht million	180	719
Financial ratios			
Liquidity ratios			
Current ratio	time	3.78	4.48
Quick ratio	time	3.11	3.71
Cash flow liquidity ratio	time	0.25	0.15
Accounts receivable turnover ratio	time	6.10	6.42
Average collection period	day	60	57
Inventory turnover ratio	time	7.15	7.55
Average age of inventories	day	51	48
Accounts payable turnover ratio	time	7.83	7.84
Repayment period	day	47	47
Cash cycle	day	64	58
Profitability ratios			
Gross profit margin	%	12.73	15.83
Net profit to sales ratio	%	2.26	8.33
Return on equity	%	3.11	11.32

Summary of financial information		March 31	
		2019	2018
Efficiency ratios			
Return on total assets	%	2.39	8.75
Return on fixed assets	%	36.78	75.20
Assets turnover ratio	time	1.10	1.12
Financial policy ratios			
Debt to equity ratio	time	0.33	0.28
Dividend payout ratio	%	*	50.01

* In process of seeking approval from the Annual General Meeting of Shareholders 2019

Summary of operating results for FY2018 in comparison with FY2017:

Unit: Baht million	For the year ended March 31			
	2019	2018	Diff.	%
Revenues from sales and rendering of services	7,960.2	8,631.7	(671.5)	-7.8%
Costs of sales and rendering of services	6,946.5	7,265.7	(319.2)	-4.4%
Gross profit	1,013.7	1,366.0	(352.3)	-25.8%
Selling expenses	440.4	416.8	23.6	5.7%
Administrative expenses	727.0	736.7	(9.7)	-1.3%
Investment income and other income	323.9	559.2	(235.3)	-42.1%
Profit before income tax	170.2	771.7	(601.5)	-77.9%
(Tax income) expense	(9.9)	52.4	(62.3)	-118.9%
Net profit for the year	180.1	719.3	(539.2)	-75.0%

Revenues from sales and services, by business segment

Unit: Baht million	For the year ended March 31			
	2019	2018	Diff.	%
Domestic market	3,101.7	3,001.8	99.9	3.3%
Japan	3,129.7	3,825.2	(695.5)	-18.2%
Others	1,728.8	1,804.7	(75.9)	-4.2%
Export market	4,858.5	5,629.9	(771.4)	-13.7%
Total	7,960.2	8,631.7	(671.5)	-7.8%

Other export markets include 20 countries, namely Taiwan, Hong Kong, Singapore, Malaysia, Myanmar, Cambodia, Laos, Vietnam, Indonesia, Australia, New Zealand, Pakistan, UAE, Jordan, Bahrain, Sri Lanka, Bangladesh, Brunei, Philippines, and Russia

Revenues from sales and services

For the fiscal year 2018, the Company's revenues from sales and service decreased by Baht 671.5 million or 7.8% from Baht 8,631.7 million in 2017 to Baht 7,960.2 million in 2018, divided into the following three major business groups as follow:

1. The domestic market, sales increased from Baht 3,001.8 million in 2017 to Baht 3,101.7 million in 2018 or increased Baht 99.9 million or 3.3% mainly due to the sale of the water pump, electric fan and ventilating fan increased.
2. Export to Japan market, sales decreased from Baht 3,825.2 million in 2017 to Baht 3,129.7 million in 2018 or decreased Baht 695.5 million or 18.2%. The sales of 2 door and 3 door refrigerators have decline due to the high competition in the market. Moreover, the fluctuation of the exchange rate of Yen caused the sales revenue decreased Baht 139 million.
3. Export to markets elsewhere, sales decreased from Baht 1,804.7 million in 2017 to Baht 1,728.8 million in 2018 or decreased Baht 75.9 million or 4.2%. Due to sales of the refrigerator and ventilating fan in Vietnam market fell. However, sales of the electric fan in Vietnam market increased. Besides, the fluctuation of the exchange rate of US dollar caused the sales revenue decreased around Baht 36 million.

Investment income and Other revenues

Investment income and other revenues for the fiscal year 2018 was Baht 323.9 million, a decrease of Baht 235.3 million or 42.1% compared to the fiscal year 2017. Due to a reduction in the dividend received Baht 284.8 million.

Selling costs and expenses

The cost of sales in the fiscal year 2018 accounted for 87.3% of sales and services. The ratio increased by 3.1% compared to the year 2017 due to the sales revenue from exporting to Japan market decreased and foreign exchange differences for exporting the products.

Selling and administrative expenses in the year 2018 accounted for 14.7% of sales and service income, an increase of 1.3% from a year earlier. As a result of

- Selling expenses increased by Baht 23.6 million. In the year 2017, the Company had the amount of Baht 416.8 million to Baht 440.4 million. Due to the after-sales service costs and the provision damage insurance costs related to the repair, replacement, and add-ons for installing ceiling fan products.
- Administrative expenses decreased by Baht 9.7 million. From Baht 736.7 million in the year 2017 to Baht 727.0 million in the year 2018.

Profit

In FY2018, the Company posted a gross profit margin of 12.7%, which was 3.1% lower than that in the previous year. With the above increases in selling and administrative expenses, decrease in other revenues and income tax is taken into account, the Company's net profit for FY2018 amounted to Baht 180.1 million, representing 2.3% of revenues from sales and services, and decreased 6 % from the previous year. As a result, yields on equity in FY2018 are projected to fall from 11.3 % in FY2017 to 3.1 % in FY2018.

Summary of financial position

Unit: Baht million	For the year ended March 31			
	2019	2018	Diff.	%
Cash and cash equivalents	790.0	609.3	180.7	29.7%
Current investments	2,100.0	3,300.0	(1,200.0)	-36.4%
Trade accounts receivable and other receivables	1,378.2	1,352.0	26.2	1.9%
Inventories	896.6	1,046.2	(149.6)	-14.3%
Property, plant and equipment	1,421.7	1,463.3	(41.6)	-2.8%
Others	359.5	365.1	(5.6)	-1.5%
Total assets	6,946.0	8,135.9	(1,189.9)	-14.6%
Trade accounts payable and other payables	1,360.0	1,394.9	(34.9)	-2.5%
Others	368.6	365.7	2.9	0.8%
Total liabilities	1,728.6	1,760.6	(32.0)	-1.8%
Shareholders' equity	5,217.4	6,375.3	(1,157.9)	-18.2%
Total liabilities and shareholders' equity	6,946.0	8,135.9	(1,189.9)	-14.6%

Total assets

As of March 31, 2019, the Company recorded total assets of Baht 6,946.0 million, decline from the corresponding period of the previous year by Baht 1,189.9 million or 14.6%, with changes in essential asset items as follows:

- Cash and cash equivalents as of March 31, 2019, was Baht 790.0 million, increase from a year earlier by Baht 180.7 million or 29.7%.
- Current investments as of March 31, 2019, amounted to Baht 2,100 million, decrease by Baht 1,200 million or 36.4% which is withdrawing short-term deposits with financial institutions for a share repurchase project and the operations.
- Trade accounts receivable and other receivables as of March 31, 2019, totaled Baht 1,378.2 million, increase by Baht 26.2 million or 1.9 % from the same period of the preceding year, and coming mainly from accrued accounts not yet due. The Company had an average collection period of 60 days in 2018, a delay of 3 days from the previous year. With a close assessment of customers' financial status, the Company has faced no debt collection problem.

- Inventories as of March 31, 2019, amounted to Baht 896.6 million, decrease Baht 149.6 million or 14.3% from a year earlier. Due to the inventory management and the delivery period had more efficiency.
- Property, plant, and equipment as of March 31, 2019, amounted to Baht 1,421.7 million, decreasing by Baht 41.6 million or 2.8%. In 2018, the Company invested Baht 310.1 million in machinery, equipment, and molds. Its return on fixed assets was 36.78%.

Total liabilities

As of March 31, 2019, the Company had total liabilities of Baht 1,728.6 million, decrease Baht 32.0 million or 1.8% from March 31, 2018. Trade and other payables amounted to Baht 1,360.0 million, reduce Baht 34.9 million or 2.5% due primarily to purchases of parts and raw materials and procurement of machinery and equipment for production. The average repayment period for trade accounts payable the same as the year 2017 at 47 days.

Cash cycle was six days delayed from 58 days in 2017 to 64 days in 2018, hence efficient cash management. The Company still had plentiful liquidity, with its current ratio from 4.48 times in 2017 to 3.78 times in 2018. The quick ratio from 3.71 times in 2017 to 3.11 times in 2018. The Company thus maintained a robust financial position.

Shareholders' equity

As of March 31, 2019, the Company recorded shareholders' equity of Baht 5,217.4 million, decrease by Baht 1,157.9 million or 18.2% from 2017, due to various changes as follow:

- Shareholders' equity increased from its comprehensive income for 2019 of Baht 172.2 million.
- In August 2018, the Company paid dividends to its shareholders in the total amount of Baht 359.7 million at 16.35 baht per share, according to the shareholders' meeting as of 25 July 2018, the resolution approved.
- In October 2018, the Company operated a stock repurchase project in the case of financial management in the amount of 2.2 million shares, amounting to Baht 970.4 million.

To sum up, the Company has maintained a robust capital structure and a significantly low financial risk level. This is for your information:

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the financial statements of Kang Yong Electric Public Company Limited including the financial information presented in the Annual Report. The financial statements have been prepared in accordance with the generally accepted accounting standards under the Accounting Act, B.E. 2543 and the requirements of the Securities and Exchange Commission regarding preparation and presentation of financial statements under the Securities and Exchange Act, B.E. 2535 by consideration to use of accounting policy appropriate and have been applied consistently including cautious discretion and reasonable estimates in the preparation, as well as disclosure of significant information adequate in the notes to the financial statements. The financial statements has been audited and expressed opinion in the auditor's report with unconditional by the independent certified public accountant.

The Board of Directors has put in place the risk management and internal control systems in order to assure that the accounting information is accurate , completely, timely and sufficiently to sustain the Company's assets including prevent frauds or any significant irregularities operation .

In this regard, the Board of Directors has appointed the Audit Committee comprising independent directors to be responsible for the quality of the financial report, the assessment of the internal control and internal audit to ensure efficiency, effectiveness and reliability. The Audit Committee has reported the performance to the Board of Directors, and given opinions on these issues in the Audit Committee's report presented in the Annual Report 2018.

The Board of Directors is of the opinion that the internal control system and internal audit of the Company are adequate and appropriate , able to ensure rationally that the financial statements for the year ended March 31, 2019 of Kang Yong Electric Public Company Limited are reasonably reliable and accurate in material aspects in accordance with the generally accepted accounting standards.



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



(Mr. Takenori Adachi)
President

June 14, 2019



**FINANCIAL
STATEMENTS AND
NOTES TO
THE FINANCIAL
STATEMENTS**

Kang Yong Electric Public Company Limited

Independent Auditor's Report

To the Shareholders of Kang Yong Electric Public Company Limited

Opinion

I have audited the financial statements in which the equity method is applied and separate financial statements of Kang Yong Electric Public Company Limited (the "Company"), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 March 2019, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements in which the equity method is applied and separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements in which the equity method is applied and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is those matter that, in my professional judgment, were of most significance in my audit of the financial statements in which the equity method is applied and separate financial statements of the current period. This matter was addressed in the context of my audit of the financial statements in which the equity method is applied and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Adequacy of provision for warranties	
Refer to Notes 3 (m) and 16 to the financial statements	
The key audit matter	How the matter was addressed in the audit
The provision for product warranty is material to the financial statements. The determination of the provision involves estimates by management of the amount and probability of claims. Therefore, I consider this matter to be a key audit matter.	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> - Inquiring management to gain understanding on the process for estimation of provision for warranties. - Testing the reliability of actual warranties report by comparing actual claimed data with actual warranties report including testing on sampling basis of relevant documents. - Challenging management regarding the method used for estimation to evaluate the reasonableness of the method and assumptions used. - Considering the appropriateness of assumptions used for estimation of expected damage from warranty by comparing with historical actual claimed data. - Testing the calculation of provision for warranties by consider total sales of finished goods, total actual warranty expense and average claimed year. - Considering the adequacy of the Company's disclosures in accordance with the related Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements in which the equity method is applied and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements in which the equity method is applied and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements in which the equity method is applied and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in which the equity method is applied and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements in which the equity method is applied and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements in which the equity method is applied and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements in which the equity method is applied and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investees of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial statements in which the equity method is applied. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Pornthip Rimdusit)
Certified Public Accountant
Registration No. 5565

KPMG Phoomchai Audit Ltd.
Bangkok
22 May 2019

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		31 March	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	789,953,293	609,288,331	789,953,293	609,288,331
Current investment	6	2,100,000,000	3,300,000,000	2,100,000,000	3,300,000,000
Trade accounts receivable	4, 7	1,320,572,790	1,289,039,709	1,320,572,790	1,289,039,709
Value added tax refundable		32,643,607	36,424,835	32,643,607	36,424,835
Other receivables	4	24,973,078	26,486,941	24,973,078	26,486,941
Short-term loan to related party	4	23,221,994	27,508,007	23,221,994	27,508,007
Inventories	8	896,613,221	1,046,186,172	896,613,221	1,046,186,172
Other current assets		7,469,681	14,277,214	7,469,681	14,277,214
Total current assets		5,195,447,664	6,349,211,209	5,195,447,664	6,349,211,209
Non-current assets					
Available-for-sale investments	6	5,113,344	7,724,541	5,113,344	7,724,541
Investment in associate	9	19,546,147	19,507,099	3,000,000	3,000,000
Other long-term investments	6	157,361,700	157,361,700	157,361,700	157,361,700
Investment properties	10	4,188,669	4,188,669	4,188,669	4,188,669
Property, plant and equipment	11	1,421,737,943	1,463,284,639	1,421,737,943	1,463,284,639
Intangible assets	12	41,173,894	44,675,017	41,173,894	44,675,017
Deferred tax assets	13	76,009,019	64,077,861	76,009,019	64,077,861
Other non-current assets		25,418,050	25,835,319	25,418,050	25,835,319
Total non-current assets		1,750,548,766	1,786,654,845	1,734,002,619	1,770,147,746
Total assets		6,945,996,430	8,135,866,054	6,929,450,283	8,119,358,955

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

Kang Yong Electric Public Company Limited

Statement of financial position

	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		31 March	
		31 March	2018	2019	2018
<i>(in Baht)</i>					
Liabilities and equity		2019	2018	2019	2018
<i>Current liabilities</i>					
Trade accounts payable	4, 14	879,201,096	894,460,316	879,201,096	894,460,316
Other payables	4, 15	480,768,921	500,410,176	480,768,921	500,410,176
Other current liabilities		14,396,156	22,087,687	14,396,156	22,087,687
Total current liabilities		1,374,366,173	1,416,958,179	1,374,366,173	1,416,958,179
<i>Non-current liabilities</i>					
Provision for warranties	16	103,562,761	108,624,795	103,562,761	108,624,795
Non-current provisions for employee benefits	17	237,346,665	220,420,086	237,346,665	220,420,086
Provident funds	26	13,320,484	14,561,239	13,320,484	14,561,239
Total non-current liabilities		354,229,910	343,606,120	354,229,910	343,606,120
Total liabilities		1,728,596,083	1,760,564,299	1,728,596,083	1,760,564,299
<i>Equity</i>					
Share capital	18				
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
Treasury shares	19	(970,420,000)	-	(970,420,000)	-
Share premium					
Share premium on ordinary shares	18	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
Treasury shares reserve	19, 20	970,420,000	-	970,420,000	-
Other reserve		420,000,000	420,000,000	420,000,000	420,000,000
Unappropriated		3,829,422,060	4,985,234,510	3,812,875,913	4,968,727,411
Other component of equity	20	(121,713)	1,967,245	(121,713)	1,967,245
Total equity		5,217,400,347	6,375,301,755	5,200,854,200	6,358,794,656
Total liabilities and equity		6,945,996,430	8,135,866,054	6,929,450,283	8,119,358,955

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

Kang Yong Electric Public Company Limited
Statement of comprehensive income

	<i>Note</i>	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		For the year ended		For the year ended	
		31 March		31 March	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Revenue					
Revenue from sale of goods and rendering of services	4	7,960,185,979	8,631,742,023	7,960,185,979	8,631,742,023
Investment income	4, 22	261,434,146	554,252,738	261,944,146	555,252,738
Net foreign exchange gain		17,370,503	-	17,370,503	-
Other income	4, 23	44,555,403	28,703,336	44,555,403	28,703,336
Total revenue		8,283,546,031	9,214,698,097	8,284,056,031	9,215,698,097
Expenses					
Cost of sale of goods and rendering of services	4	6,946,517,375	7,265,653,309	6,946,517,375	7,265,653,309
Distribution costs	4, 24	440,404,891	416,829,996	440,404,891	416,829,996
Administrative expenses	4, 25	726,976,171	736,712,180	726,976,171	736,712,180
Net foreign exchange loss		-	25,776,919	-	25,776,919
Total expenses		8,113,898,437	8,444,972,404	8,113,898,437	8,444,972,404
Share of profit of associate	9	549,048	1,994,023	-	-
Profit before income tax expense		170,196,642	771,719,716	170,157,594	770,725,693
Tax income (expense)	28	9,949,301	(52,462,446)	9,949,301	(52,462,446)
Profit for the year		180,145,943	719,257,270	180,106,895	718,263,247
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Loss on remeasuring available-for-sale investments	6	(2,611,197)	(3,307,487)	(2,611,197)	(3,307,487)
Income tax relating to item that will be reclassified subsequently to profit or loss	13, 28	522,239	661,497	522,239	661,497
Total item that will be reclassified subsequently to profit or loss		(2,088,958)	(2,645,990)	(2,088,958)	(2,645,990)
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Losses on remeasurements of defined benefit plans	17	(7,297,991)	(7,501,838)	(7,297,991)	(7,501,838)
Income tax relating to item that will not be reclassified to profit or loss	13, 28	1,459,598	1,500,368	1,459,598	1,500,368
Total item that will not be reclassified to profit or loss		(5,838,393)	(6,001,470)	(5,838,393)	(6,001,470)
Other comprehensive income for the year, net of tax		(7,927,351)	(8,647,460)	(7,927,351)	(8,647,460)
Total comprehensive income for the year		172,218,592	710,609,810	172,179,544	709,615,787
Basic earnings per share	30	8.56	32.69	8.56	32.65

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

Kang Yong Electric Public Company Limited
Statement of changes in equity

Financial statements in which the equity method is applied

	Retained earnings				Other component of equity		Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve <i>(in Baht)</i>	Unappropriated	Available-for-sale investments	
Year ended 31 March 2018							
Balance at 1 April 2017	220,000,000	726,100,000	22,000,000	420,000,000	4,939,898,710	4,613,235	6,332,611,945
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends	-	-	-	-	(667,920,000)	-	(667,920,000)
<i>Total distributions to owners of the Company</i>	-	-	-	-	(667,920,000)	-	(667,920,000)
Total transactions with owners, recorded directly in equity	-	-	-	-	(667,920,000)	-	(667,920,000)
Comprehensive income for the year							
Profit	-	-	-	-	719,257,270	-	719,257,270
Other comprehensive income	-	-	-	-	(6,001,470)	(2,645,990)	(8,647,460)
Comprehensive income for the year	-	-	-	-	713,255,800	(2,645,990)	710,609,810
Balance at 31 March 2018	220,000,000	726,100,000	22,000,000	420,000,000	4,985,234,510	1,967,245	6,375,301,755

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

Kang Yong Electric Public Company Limited
Statement of changes in equity

	Financial statements in which the equity method is applied											
	Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Retained earnings				Other component of equity			
					Legal reserve	Treasury shares reserve <i>(in Baht)</i>	Other reserve	Unappropriated	Available-for-sale investments	Total equity		
Year ended 31 March 2019												
Balance at 1 April 2018		220,000,000	-	726,100,000	22,000,000	-	420,000,000	4,985,234,510	1,967,245	6,375,301,755		
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners of the Company</i>												
Treasury shares purchased	19, 20	-	(970,420,000)	-	-	970,420,000	-	(970,420,000)	-	(970,420,000)		
Dividends	31	-	-	-	-	-	-	(359,700,000)	-	(359,700,000)		
Total contributions by and distributions to owners of the Company		-	(970,420,000)	-	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)		
Total transactions with owners, recorded directly in equity		-	(970,420,000)	-	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)		
Comprehensive income for the year												
Profit		-	-	-	-	-	-	180,145,943	-	180,145,943		
Other comprehensive income		-	-	-	-	-	-	(5,838,958)	(2,088,958)	(7,927,351)		
Comprehensive income for the year		-	-	-	-	-	-	174,307,550	(2,088,958)	172,218,592		
Balance at 31 March 2019		220,000,000	(970,420,000)	726,100,000	22,000,000	970,420,000	420,000,000	3,829,422,060	(121,713)	5,217,400,347		

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

Kang Yong Electric Public Company Limited

Statement of changes in equity

	Separate financial statements							Total equity
	Retained earnings			Other component of equity				
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated	Available-for-sale investments		
<i>Note</i>				<i>(in Baht)</i>				
Year ended 31 March 2018								
Balance at 1 April 2017	220,000,000	726,100,000	22,000,000	420,000,000	4,924,385,634	4,613,235	6,317,098,869	
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends	-	-	-	-	(667,920,000)	-	(667,920,000)	
<i>Total distributions to owners of the Company</i>	-	-	-	-	(667,920,000)	-	(667,920,000)	
Total transactions with owners, recorded directly in equity	-	-	-	-	(667,920,000)	-	(667,920,000)	
Comprehensive income for the year								
Profit	-	-	-	-	718,263,247	-	718,263,247	
Other comprehensive income	-	-	-	-	(6,001,470)	(2,645,990)	(8,647,460)	
Comprehensive income for the year	-	-	-	-	712,261,777	(2,645,990)	709,615,787	
Balance at 31 March 2018	220,000,000	726,100,000	22,000,000	420,000,000	4,968,727,411	1,967,245	6,358,794,656	

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

Kang Yong Electric Public Company Limited

Statement of changes in equity

	Separate financial statements							Total equity	
	Retained earnings						Other component of equity		
Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Legal reserve	Treasury shares reserve (in Baht)	Other reserve	Unappropriated	Available-for-sale investments	
Year ended 31 March 2019									
Balance at 1 April 2018	220,000,000	-	726,100,000	22,000,000	-	420,000,000	4,968,727,411	1,967,245	6,358,794,656
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the Company</i>									
19, 20	-	(970,420,000)	-	-	970,420,000	-	(970,420,000)	-	(970,420,000)
31	-	-	-	-	-	-	(359,700,000)	-	(359,700,000)
	-	(970,420,000)	-	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)
<i>Total contributions by and distributions to owners of the Company</i>									
	-	(970,420,000)	-	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)
Total transactions with owners, recorded directly in equity									
Comprehensive income for the year									
Profit	-	-	-	-	-	-	180,106,895	-	180,106,895
Other comprehensive income	-	-	-	-	-	-	(5,838,393)	(2,088,958)	(7,927,351)
Comprehensive income for the year	-	-	-	-	-	-	174,268,502	(2,088,958)	172,179,544
Balance at 31 March 2019	220,000,000	(970,420,000)	726,100,000	22,000,000	970,420,000	420,000,000	3,812,875,913	(121,713)	5,200,854,200

Kang Yong Electric Public Company Limited

Statement of cash flows

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	For the year ended 31 March		For the year ended 31 March	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
Cash flows from operating activities				
Profit for the year	180,145,943	719,257,270	180,106,895	718,263,247
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax (income) expense	(9,949,301)	52,462,446	(9,949,301)	52,462,446
Depreciation	350,425,335	344,484,753	350,425,335	344,484,753
Amortisation	8,168,114	7,121,932	8,168,114	7,121,932
Provision for warranties	79,320,574	30,910,776	79,320,574	30,910,776
Non-current provisions for employee benefits	20,805,266	18,981,004	20,805,266	18,981,004
Unrealised (gain) loss on exchange	(6,641,548)	5,157,430	(6,641,548)	5,157,430
Share of profit of associate	(549,048)	(1,994,023)	-	-
(Reversal of) losses on inventories devaluation	(6,463,028)	28,166,221	(6,463,028)	28,166,221
Gain on disposal of equipment	(844,581)	(305,882)	(844,581)	(305,882)
Dividend income	(194,640,458)	(478,914,270)	(195,150,458)	(479,914,270)
Interest income	(49,616,168)	(58,150,447)	(49,616,168)	(58,150,447)
Rental income	(17,177,520)	(17,188,020)	(17,177,520)	(17,188,020)
	<u>352,983,580</u>	<u>649,989,190</u>	<u>352,983,580</u>	<u>649,989,190</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(23,772,341)	105,309,201	(23,772,341)	105,309,201
Value added tax refundable	3,781,228	915,637	3,781,228	915,637
Other receivables	1,830,570	(9,256,968)	1,830,570	(9,256,968)
Inventories	156,035,979	(196,125,093)	156,035,979	(196,125,093)
Other current assets	6,807,533	(4,001,983)	6,807,533	(4,001,983)
Other non-current assets	1,768,641	(2,790,669)	1,768,641	(2,790,669)
Trade accounts payable	(16,067,206)	(64,364,241)	(16,067,206)	(64,364,241)
Other payables	(34,507,365)	(86,272,402)	(34,507,365)	(86,272,402)
Other current liabilities	(7,691,531)	6,072,073	(7,691,531)	6,072,073
Warranties paid	(84,382,608)	(63,398,198)	(84,382,608)	(63,398,198)
Employee benefits paid	(11,176,679)	(6,547,277)	(11,176,679)	(6,547,277)
Provident fund paid	(1,240,755)	(539,218)	(1,240,755)	(539,218)
Net cash generated from operating	<u>344,369,046</u>	<u>328,990,052</u>	<u>344,369,046</u>	<u>328,990,052</u>
Taxes paid	(1,351,372)	(105,626,799)	(1,351,372)	(105,626,799)
Net cash from operating activities	<u>343,017,674</u>	<u>223,363,253</u>	<u>343,017,674</u>	<u>223,363,253</u>

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

Kang Yong Electric Public Company Limited

Statement of cash flows

	Financial statements		Separate financial statements	
	in which the equity method			
	is applied			
	For the year ended 31 March		For the year ended 31 March	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
(Increase) decrease in current investment	1,200,000,000	(800,000,000)	1,200,000,000	(800,000,000)
Proceeds from disposal of equipment	2,093,483	2,302,932	2,093,483	2,302,932
Acquisitions of property, plant and equipment	(295,667,854)	(444,478,038)	(295,667,854)	(444,478,038)
Acquisitions of computer software	(4,666,990)	(14,227,360)	(4,666,990)	(14,227,360)
Short-term loan to related party	(338,484,105)	(520,027,252)	(338,484,105)	(520,027,252)
Proceeds from short-term loan to related party	342,770,118	566,793,111	342,770,118	566,793,111
Dividends received	195,150,458	653,787,550	195,150,458	653,787,550
Interest received	49,378,453	61,498,799	49,378,453	61,498,799
Rental received	17,193,725	17,190,022	17,193,725	17,190,022
Net cash from (used in) investing activities	<u>1,167,767,288</u>	<u>(477,160,236)</u>	<u>1,167,767,288</u>	<u>(477,160,236)</u>
<i>Cash flows from financing activities</i>				
Payment to acquire treasury shares	(970,420,000)	-	(970,420,000)	-
Dividends paid to owners of the Company	(359,700,000)	(667,920,000)	(359,700,000)	(667,920,000)
Net cash used in financing activities	<u>(1,330,120,000)</u>	<u>(667,920,000)</u>	<u>(1,330,120,000)</u>	<u>(667,920,000)</u>
Net increase (decrease) in cash and cash equivalents	<u>180,664,962</u>	<u>(921,716,983)</u>	<u>180,664,962</u>	<u>(921,716,983)</u>
Cash and cash equivalents at 1 April	609,288,331	1,531,005,314	609,288,331	1,531,005,314
Cash and cash equivalents at 31 March	<u>789,953,293</u>	<u>609,288,331</u>	<u>789,953,293</u>	<u>609,288,331</u>
<i>Non-cash transactions</i>				
Property, plant and equipment purchased during the year are detailed as follows:				
Property, plant and equipment purchased during the year	(310,127,542)	(443,850,265)	(310,127,542)	(443,850,265)
Increase (decrease) in payables on purchases of property, plant and equipment	14,459,688	(627,773)	14,459,688	(627,773)
Net purchase of property, plant and equipment paid by cash	<u>(295,667,854)</u>	<u>(444,478,038)</u>	<u>(295,667,854)</u>	<u>(444,478,038)</u>

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2019

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Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2019

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 authorised for issue by the Board of Directors on 22 May 2019.

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 immediate parent company during the financial year was Mitsubishi Electric Corporation (41.13% shareholding), which was incorporated in Japan.

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

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

In addition, a number of new and revised TFRS are not yet effective for current periods. The Company has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 35.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale investments	Fair value
Defined benefit liabilities	Present value of the defined benefit obligations as explained in Note 3 (I)

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2019

(c) *Functional and presentation currency*

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 March 2020 is included in the following notes:

Note 10	Impairment test: key assumptions underlying recoverable amounts;
Note 13	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 16	Recognition and measurement of provision for warranties: key assumptions about the likelihood and magnitude of an outflow of resources; and
Note 17	Measurement of defined benefit obligations: key actuarial assumptions.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2019

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 - Investment properties; and
- Note 32 - Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation of the financial statements in which the equity method is applied

The financial statements in which the equity method is applied relate to the Company and the Company's interests in an associate.

Interests in equity-accounted investee

The Company's interests in equity-accounted investee comprise interest in associate.

Associate is an entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements in which the equity method is applied include the Company's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence ceases.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2019

(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.

(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 measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, 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 is calculated using standard cost adjusted to approximate average cost and includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs 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 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.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2019

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.

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 follow:

Buildings	20 years
-----------	----------

No depreciation is provided on freehold land.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured 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. 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.

Any 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 in profit or loss.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2019

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 for factory equipment - moulds and jigs 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
Buildings 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) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	10 years
Other computer software	5 years
Golf course membership	5 years

Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2019

(j) 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.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2019

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits 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. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

(m) 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 product warranties is recognised when the underlying products or services are sold. The provision is based on historical actual claimed data and a weighting of all possible outcomes against their associated probabilities.

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For the year ended 31 March 2019

(n) *Repurchase of share capital (treasury shares)*

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Surplus on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

(o) *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 profit or loss 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 profit or loss 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 profit or loss on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

Other income

Other income is recognised in profit or loss as it accrues.

(p) *Finance costs*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

Kang Yong Electric Public Company Limited
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(q) 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.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred 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.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *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.

(t) *Segment reporting*

Segment results that are reported to the Company's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise assets, liabilities, investment income, gain/loss on foreign exchange, other income and certain items of selling and administrative expenses.

4 Related parties

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

Relationship with an associate was described in note 9. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Japanese, Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Mitsubishi Electric Corporation	Japan	Parent, 41.13% shareholding
Thai Refrigeration Components 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 and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Life-Network Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Home Appliance Co., Ltd.	Japan	A subsidiary of the Company's parent

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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
Mitsubishi Electric Sales Malaysia Sdn.	Malaysia	A subsidiary of the Company's parent
Mitsubishi Electric (Malaysia) Sdn. Bhd.	Malaysia	A subsidiary of the Company's parent
Setsuyo Astec Corporation	Japan	A subsidiary of the Company's parent
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 (Hong Kong) 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 Company Limited	Vietnam	A subsidiary of the Company's parent
Mitsubishi Electric India Pvt. Ltd.	India	A subsidiary of the Company's parent
International Elevator & Equipment Inc.	Philippines	A subsidiary of the Company's parent
PT. Mitsubishi Electric Indonesia	Indonesia	A subsidiary of the Company's parent
Mitsubishi Electric Europe B.V. (Moscow Branch)	Russia	A subsidiary of the Company's parent
Setsuyo Astec (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric (Russia) LLC	Russia	A subsidiary of the Company's parent
Mitsubishi Electric Factory Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Asia (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
K.Y. Intertrade Co., Ltd.	Thailand	Common director

The Company has a policy on pricing based on “normal business practice or market price under normal trade conditions” for business transactions with its related parties, including purchases and sales of goods and services, as specified as follows:

- 1 Sales prices policy
 - Domestic sales prices are determined at weighted average of standard cost plus margin for all products.
 - Export sales prices are determined at resale price method which are dependent on market and competitive conditions of the particular country.
- 2 Other income are prices agreed between the parties.
- 3 Purchase policy of raw materials are prices agreed between the parties.
- 4 Purchase policy of property, plant and equipment are prices agreed between the parties.
- 5 Royalty fee is payable annually at a proportion of sales.
- 6 Product development fee is payable based on actual amount.
- 7 Technical assistance fee chargeable under technical assistance agreement with 5 years term and automatic rollover period of 5 years.

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Notes to the financial statements

For the year ended 31 March 2019

- 8 The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
- 9 The Company has inventory management service fee with an associate. The service fee is based on the area used.
- 10 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 or loan interest rates offered by the financial institution.
- 11 Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the financial institution.
- 12 Product warranty expense is based on actual amount claims.
- 13 Distribution costs and administrative expenses are prices agreed between the parties.
- 14 Key management personnel compensation is determined by the Nomination and Remuneration Committee and the Company's policy.
- 15 Dividend income as declared amount.

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

<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	2,940,997	3,639,622	2,940,997	3,639,622
Other income	18	268	18	268
Royalty fee	176,455	192,533	176,455	192,533
Product development fee	275,108	295,117	275,108	295,117
Product warranty expense	63,459	58,433	63,459	58,433
Technical assistance fee	16,154	16,699	16,154	16,699
Distribution costs and administrative expenses	7,514	11,564	7,514	11,564
Associate				
Revenue from sale of goods	128	80	128	80
Rental income	17,178	17,178	17,178	17,178
Dividend income	-	-	510	1,000
Other income	686	951	686	951
Inventory management service fee	79,143	82,864	79,143	82,864
Distribution costs and administrative expenses	6,949	7,511	6,949	7,511
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	84,537	73,032	84,537	73,032
Post-employment benefits	1,042	1,167	1,042	1,167
Other long-term benefits	10	12	10	12
Total key management personnel compensation	<u>85,589</u>	<u>74,211</u>	<u>85,589</u>	<u>74,211</u>

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<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related parties				
Revenue from sale of goods	5,015,878	4,988,463	5,015,878	4,988,463
Purchases of raw material	1,043,822	1,166,339	1,043,822	1,166,339
Purchases of equipment	8,484	13,408	8,484	13,408
Dividend income	194,625	478,901	194,625	478,901
Interest income	234	240	234	240
Other income	1,785	9,602	1,785	9,602
Product warranty expense	8,566	3,160	8,566	3,160
Distribution costs and administrative expenses	86,191	97,411	86,191	97,411

Balances as at 31 March with related parties were as follows:

Trade accounts receivable - related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Parent	370,941	293,365
Associate	10	-
Other related parties	949,403	995,493
Total	1,320,354	1,288,858

Other receivables - related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Parent	2,471	-
Associate	1,495	1,679
Other related parties	1,375	4,088
Total	5,341	5,767

Short-term loan to related party

	Interest rate		Financial statements in which the equity method is applied and separate financial statements	
	2019	2018	2019	2018
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
Other related party	1.00	0.80	23,222	27,508

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Movements during the years ended 31 March of short-term loan to related party were as follows:

<i>Short-term loan to related party</i>	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Other related party		
At 1 April	27,508	74,274
Increase	338,484	520,027
Decrease	(342,770)	(566,793)
At 31 March	23,222	27,508

<i>Trade accounts payable - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Other related parties	123,646	115,615

<i>Other payables - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Parent	272,476	278,086
Associate	8,693	8,769
Other related parties	31,171	39,257
Total	312,340	326,112

Significant agreements with related parties

Technical assistance agreement

The Company entered into agreement with Mitsubishi Electric Corporation (MELCO) whereby such company agreed to provide the Company the technical information and know-how of production. In consideration thereof, the Company agreed to pay royalty fees, development fees and technical assistance fees computed based on agreed formula to MELCO. The term of the agreement was for a period of five years and is automatically extended for a successive period of five years each unless either party notifies in writing to the other party any intention of termination at least six months prior to expiration of the agreement.

Building rental agreement

The Company entered into a building rental agreement with Smile Super Express Co., Ltd., an associate, whereby the Company will provide building rental to the associate for use as a warehouse for its finished goods. The agreement was for a period of two years with rental rate as specified in the agreement. This agreement is renewed by either party notification in writing to the other party at least sixty days before expiration of this agreement. In May 2017, the Company notified to renew such agreement for a period of two years expiring on 31 July 2019.

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Inventory management service agreement

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

Thai Baht pooling service agreement

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

5 Cash and cash equivalents

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Cash on hand	100	150
Cash at banks - savings and current accounts	49,853	89,138
Highly liquid short-term investments	740,000	520,000
Total	789,953	609,288

6 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in million Baht)</i>	
<i>Current investment</i>		
Short-term deposits at financial institutions	2,100,000	3,300,000
	2,100,000	3,300,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	5,113	7,724
Other non-marketable equity securities	157,362	157,362
	162,475	165,086
Total	2,262,475	3,465,086

As at 31 March 2019, short-term deposits at financial institutions of Baht 2,100 million (2018: Baht 3,300 million) have period of maturity from 92 to 366 days and interest rates ranging from 1.25% to 1.75% per annum (2018: 1.25% to 1.60% per annum).

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Equity securities available-for-sale as at 31 March was as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	2019		2018	
	Cost	Fair value <i>(in thousand Baht)</i>	Cost	Fair value
<i>Marketable securities -</i>				
<i>Available for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	4,596	4,965	7,222
City Sports and Recreation Public Co., Ltd.	300	517	300	502
	5,265	5,113	5,265	7,724
<i>Add / (less) valuation adjustment</i>	<i>(152)</i>	<i>-</i>	<i>2,459</i>	<i>-</i>
Total / Net	5,113	5,113	7,724	7,724

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Other non-marketable equity securities as at 31 March 2018 and 2019 and dividend income for the years ended were as follows:

Investee	Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Thai Refrigeration Components Co., Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	264	264
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	10.00	1,200,000	1,200,000	120,000	120,000	-	-	120,000	120,000	180,696	445,212
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	13,472	33,038
Total				157,362	157,362	157,362	157,362	-	-	157,362	157,362	194,432	478,514

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7 Trade accounts receivable

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Related parties	4	1,320,354	1,288,858
Other parties		219	182
Total		<u>1,320,573</u>	<u>1,289,040</u>
Bad and doubtful debts expense for the year		<u>-</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

		Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		1,299,485	1,287,589
Overdue			
Less than 3 months		20,869	1,269
		<u>1,320,354</u>	<u>1,288,858</u>
Other parties			
Within credit terms		<u>219</u>	<u>182</u>
Total		<u>1,320,573</u>	<u>1,289,040</u>

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

8 Inventories

		Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Finished goods		323,416	381,065
Work in progress		58,663	81,439
Raw materials and factory supplies		531,981	605,034
Goods in transit		24,852	27,410
		<u>938,912</u>	<u>1,094,948</u>
<i>Less</i> allowance for decline in value		<u>(42,299)</u>	<u>(48,762)</u>
Net		<u>896,613</u>	<u>1,046,186</u>
Inventories recognised as an expense in ‘cost of sales of goods’			
- Cost		6,952,980	7,237,487
- Write-down to net realisable value		11,962	40,451
- Reversal of write-down		(18,425)	(12,285)
Net		<u>6,946,517</u>	<u>7,265,653</u>

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9 Investment in associate

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
At 1 April	19,507	18,513	3,000	3,000
Share of profits of associate	549	1,994	-	-
Dividend income	(510)	(1,000)	-	-
At 31 March	19,546	19,507	3,000	3,000

On 6 March 2018, Smile Super Express Co., Ltd., an associate increased the share capital from Baht 9 million (divided into 9,000 shares at par value of Baht 1,000 per share) to Baht 11.06 million (divided into 11,060 shares at par value of Baht 1,000). The Company did not exercise the right to purchase newly issue shares in the associate resulting to a decrease of proportionate of shareholding from 33.33% to 27.12%. However, the Company still has significant influence in such associate.

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The following table summarises the financial information of the associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the associate.

	Smile Super Express Co., Ltd.			For the year ended 31 March 2018
	For the year ended 31 March 2019	For the period 1 April 2017 - 28 February 2018	For the period 1 March 2018 - 31 March 2018	
Revenue	167,061	159,316	17,229	176,545
Total comprehensive income (100%)	2,025	3,942	2,507	6,449
% hold	27.12	33.33	27.12	
Company's share of total comprehensive income	549	1,314	680	1,994
Current assets	81,065			81,194
Non-current assets	12,659			11,230
Current liabilities	(14,252)			(15,289)
Non-current liabilities	(7,400)			(5,787)
Net assets (100%)	72,072			71,348
% hold	27.12			27.12
Carrying amount of interest in associate	19,546			19,507

10 Investment properties

	Financial statements in which the equity method is applied and separate financial statements		
	Land	Buildings	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 April 2017	9,578	91,436	101,014
At 31 March 2018 and 1 April 2018	9,578	91,436	101,014
At 31 March 2019	9,578	91,436	101,014
Depreciation and impairment losses			
At 1 April 2017	5,389	91,436	96,825
At 31 March 2018 and 1 April 2018	5,389	91,436	96,825
At 31 March 2019	5,389	91,436	96,825
Net book value			
At 1 April 2017	4,189	-	4,189
At 31 March 2018 and 1 April 2018	4,189	-	4,189
At 31 March 2019	4,189	-	4,189

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Investment properties comprise land and buildings that are leased to an associate and plots of land that are not used in operations.

The fair value of investment properties as at 31 March 2019 of Baht 155.56 million (2018: Baht 154.56 million) was determined by independent professional valuers, at discounted cash flow using risk-adjusted discount rates for land and buildings that are leased to an associate and was considered by appraisal value of Treasury Department for land not used in operations. The fair value measurement for investment property has been categorised as a Level 3 fair value.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment properties regularly.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flows</i> ; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and capitalisation rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the location, ability to generate revenue stream, competitors and risk-free rate.	<ul style="list-style-type: none">• Expected market rental growth (10% every 3 years).• Capitalisation rate (7.5%).• Risk-adjusted discount rates (10.5%).	The estimated fair value increase (decrease) if: <ul style="list-style-type: none">• Expected market rental growth were higher (lower);• Capitalisation rate were higher (lower); or• The risk-adjusted discount rate were lower (higher).

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11 Property, plant and equipment

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

	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	Assets under construction and installation	Total
Cost								
At 1 April 2017	163,969	716,283	1,577,462	3,031,375	125,471	1,167	155,171	5,770,898
Additions	-	944	12,642	66,064	9,797	3	354,400	443,850
Transfers	-	23,323	146,422	286,899	5,452	-	(462,096)	-
Disposals	-	-	(19,548)	(49,874)	(4,202)	(982)	-	(74,606)
At 31 March 2018 and 1 April 2018	163,969	740,550	1,716,978	3,334,464	136,518	188	47,475	6,140,142
Additions	-	404	9,476	35,820	14,461	55	249,912	310,128
Transfers	22,940	6,460	70,884	143,580	1,290	1,402	(246,556)	-
Disposals / write-off	-	(120)	(26,036)	(71,800)	(7,478)	-	-	(105,434)
At 31 March 2019	186,909	747,294	1,771,302	3,442,064	144,791	1,645	50,831	6,344,836
Depreciation								
At 1 April 2017	34,471	633,364	1,111,324	2,545,573	79,182	1,068	-	4,404,982
Depreciation charge for the year	-	21,875	70,599	236,975	15,011	24	-	344,484
Disposals	-	-	(19,029)	(48,430)	(4,168)	(982)	-	(72,609)
At 31 March 2018 and 1 April 2018	34,471	655,239	1,162,894	2,734,118	90,025	110	-	4,676,857
Depreciation charge for the year	609	16,820	78,778	237,905	16,023	290	-	350,425
Disposals / write-off	-	(120)	(25,384)	(71,450)	(7,230)	-	-	(104,184)
At 31 March 2019	35,080	671,939	1,216,288	2,900,573	98,818	400	-	4,923,098

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

	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>				<i>(in thousand Baht)</i>				
At 1 April 2017	129,498	82,919	466,138	485,802	46,289	99	155,171	1,365,916
At 31 March 2018 and 1 April 2018	129,498	85,311	554,084	600,346	46,493	78	47,475	1,463,285
At 31 March 2019	151,829	75,355	555,014	541,491	45,973	1,245	50,831	1,421,738

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2019 amounted to Baht 3,810.23 million (2018: Baht 3,630.30 million).

As at 31 March 2018, the Company's land with a cost approximately Baht 9.30 million that was partially under land servitude, was completely free from land servitude.

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12 Intangible assets

	Financial statements in which the equity method is applied and separate financial statements				Total
	Software licences	Other computer software	Golf course membership	Software under installation	
	<i>(in thousand Baht)</i>				
Cost					
At 1 April 2017	17,900	19,237	962	8,400	46,499
Additions	10,250	3,978	-	-	14,228
Transfers	8,400	-	-	(8,400)	-
At 31 March 2018 and 1 April 2018	36,550	23,215	962	-	60,727
Additions	910	3,756	-	-	4,666
At 31 March 2019	37,460	26,971	962	-	65,393
Amortisation					
At 1 April 2017	1,044	7,651	234	-	8,929
Amortisation for the year	2,914	4,014	195	-	7,123
At 31 March 2018 and 1 April 2018	3,958	11,665	429	-	16,052
Amortisation for the year	3,892	4,083	192	-	8,167
At 31 March 2019	7,850	15,748	621	-	24,219
Net book value					
At 1 April 2017	<u>16,856</u>	<u>11,586</u>	<u>728</u>	<u>8,400</u>	<u>37,570</u>
At 31 March 2018 and 1 April 2018	<u>32,592</u>	<u>11,550</u>	<u>533</u>	<u>-</u>	<u>44,675</u>
At 31 March 2019	<u>29,610</u>	<u>11,223</u>	<u>341</u>	<u>-</u>	<u>41,174</u>

13 Deferred tax

Deferred tax assets and liabilities as at 31 March were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Total	94,213	79,552	(18,204)	(15,474)
Set off of tax	(18,204)	(15,474)	18,204	15,474
Net deferred tax assets	76,009	64,078	-	-

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Movements in total deferred tax assets and liabilities during the years were as follows:

	Financial statements in which the equity method is applied and separate financial statements			At 31 March 2019
	At 1 April 2018	(Charged) / Credited to:		
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Inventories <i>(allowance for decline in value)</i>	9,752	(1,293)	-	8,459
Investment properties <i>(impairment losses on land not used in operations)</i>	1,078	-	-	1,078
Provision for warranties	21,725	(1,012)	-	20,713
Non-current provisions for employee benefits	44,084	1,925	1,460	47,469
Provident funds	2,913	(248)	-	2,665
Loss carry forward	-	13,829	-	13,829
Total	79,552	13,201	1,460	94,213
<i>Deferred tax liabilities</i>				
Available-for-sale securities <i>(revaluation)</i>	(492)	-	522	30
Property, plant and equipment <i>(depreciation gap)</i>	(14,982)	(3,252)	-	(18,234)
Total	(15,474)	(3,252)	522	(18,204)
Net	64,078	9,949	1,982	76,009

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	Financial statements in which the equity method is applied and separate financial statements			At 31 March 2018
	At 1 April 2017	(Charged) / Credited to:		
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Inventories <i>(allowance for decline in value)</i>	4,119	5,633	-	9,752
Investment properties <i>(impairment losses on land not used in operations)</i>	1,078	-	-	1,078
Provision for warranties	28,222	(6,497)	-	21,725
Non-current provisions for employee benefits	40,097	2,487	1,500	44,084
Provident funds	3,021	(108)	-	2,913
Total	76,537	1,515	1,500	79,552
<i>Deferred tax liabilities</i>				
Available-for-sale securities <i>(revaluation)</i>	(1,153)	-	661	(492)
Property, plant and equipment <i>(depreciation gap)</i>	(11,846)	(3,136)	-	(14,982)
Total	(12,999)	(3,136)	661	(15,474)
Net	63,538	(1,621)	2,161	64,078

The tax losses expire in 2024. The Company recognised deferred tax assets from tax losses because management considered it probable that future taxable profits would be available against which such losses can be used.

14 Trade accounts payable

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Related parties	4	123,646	115,615
Other parties		755,555	778,845
Total		879,201	894,460

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15 Other payables

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Related parties	4	312,340	326,112
Others			
Accrued employee benefits		104,901	87,103
Payables on purchases of fixed assets		27,303	12,839
Others		36,225	74,356
Total		480,769	500,410

16 Provision for warranties

	Financial statements in which the equity method is applied and separate financial statements (in thousand Baht)
At 1 April 2017	141,112
Provisions made	30,911
Provisions used	(63,398)
At 31 March 2018 and 1 April 2018	108,625
Provisions made	79,321
Provisions used	(84,383)
At 31 March 2019	103,563

A provision for product warranties is recognised when the underlying products or services are sold. The provision is based on historical actual claimed data and a weighting of all possible outcomes against their associated probabilities. Management estimates the provision for warranties by estimation from the proportion of actual warranty claimed and total sales of products during average claimed years.

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17 Non-current provisions for employee benefits

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Statement of financial position		
Non-current provisions for:		
Post-employment benefits		
Defined benefit plan	220,386	204,271
Other long-term employee benefits	16,961	16,149
Total	<u>237,347</u>	<u>220,420</u>
Year ended 31 March		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits		
Defined benefit plan	18,704	17,184
Other long-term employee benefits	2,101	1,797
	<u>20,805</u>	<u>18,981</u>
Recognised in other comprehensive income:		
Actuarial losses recognised in the year	7,298	7,502
Cumulative actuarial losses recognised	<u>47,276</u>	<u>39,978</u>

Defined benefit plan

The Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

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Movement in the present value of the defined benefit obligations:

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 April	220,420	200,485
Included in profit or loss:		
Current service cost	14,532	13,409
Past service cost	527	189
Interest on obligations	5,746	5,383
	<u>20,805</u>	<u>18,981</u>
Included in other comprehensive income		
Actuarial loss	<u>7,298</u>	<u>7,502</u>
Other		
Benefit paid	<u>(11,176)</u>	<u>(6,548)</u>
At 31 March	<u><u>237,347</u></u>	<u><u>220,420</u></u>

Actuarial losses recognised in other comprehensive income arising from:

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Demographic assumptions	-	2,253
Financial assumptions	5,882	-
Experience adjustment	1,416	5,249
Total	<u>7,298</u>	<u>7,502</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	%	
Discount rate	2.50	2.75
Future salary growth	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 March 2019, the weighted-average duration of the defined benefit obligation was 9 years (2018: 8 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Financial statements in which the equity method is applied and separate financial statements	
	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 31 March 2019		
Discount rate (0.50% movement)	(12,079)	12,997
Future salary growth (1% movement)	22,329	(19,591)
At 31 March 2018		
Discount rate (0.50% movement)	(9,065)	9,738
Future salary growth (1% movement)	15,802	(13,895)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18 Share capital

	Par value per share <i>(in Baht)</i>	2019		2018	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
<i>Authorised</i>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
<i>Issued and paid-up</i>					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
At 31 March					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>

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 the meeting of the Company. In respect of the Company's shares that are held by the Company ('Treasury shares' (see note 19)) all rights are suspended until those shares are reissued.

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.

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19 Treasury shares

At Board of Directors' meeting of the Company held on 4 September 2018, the Board approved a Share Repurchase Project ('Project') to manage the Company's excess liquidity. Under the project, the Company shall repurchase not more than 10% of the paid-up share capital, or 2,200,000 shares from the existing shareholders at Baht 440 per share. The maximum amount approved for share repurchase under the project shall not exceed Baht 968 million. The Company may purchase the shares through the Stock Exchange of Thailand (SET) during the period from 1 October 2018 to 19 October 2018. The shares purchased may be resold after 6 months but within 3 years from the date of purchase.

On 24 October 2018, the Company repurchased 2.2 million shares at Baht 440 per share, amounting to Baht 968 million and has commission expenses for the repurchase of Baht 2.42 million, at the total cost of Baht 970.42 million, which presented as a deduction from equity. In addition, the Company appropriated its retained earnings to treasury shares reserve at an equivalent amount.

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 public 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.

Treasury shares reserve

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company's own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

Other component of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments 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 sales goods in domestic and oversea. The chief operating decision maker (CODM) determines operating segment on a geographical basis as follows:

- Segment 1 Sale of goods and rendering of services in Thailand
- Segment 2 Sale of goods in Japan
- Segment 3 Sale of goods in other countries

The Company's strategic divisions are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports at least on a monthly basis.

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Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Company's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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The Company's operations mainly involve business segments in manufacturing and selling of household electrical appliances in Thailand and sale goods in both domestic and oversea (Japan and other countries). Financial information of the Company by operating segments on a geographical basis for the years ended 31 March 2019 and 2018 was as follows:

<i>Year ended 31 March</i>	Oversea						Total	
	Domestic		Japan		Others			
	2019	2018	2019	2018	2019	2018		
Revenue from sale of goods and rendering of services	3,101,656	3,001,774	3,129,722	3,825,215	1,728,808	1,804,753	7,960,186	8,631,742
Segment profits	343,727	440,945	399,759	602,570	(15,615)	34,062	727,871	1,077,577
Unallocated expenses							(881,583)	(865,031)
Investment income							261,434	554,253
Net foreign exchange gain (loss)							17,371	(25,777)
Other income							44,555	28,703
Share of profit of associate							549	1,994
Profit before tax income (expense)							170,197	771,719
Tax income (expense)							9,949	(52,462)
Profit for the year							180,146	719,257
Segment assets as at 31 March							6,945,996	8,135,866
Segment liabilities as at 31 March							1,728,596	1,760,564

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Major customers

Revenues from major customers of the Company's 1 and 2 segments represents approximately Baht 6,036.38 million (2018: Baht 6,635.82 million) of the Company's total revenues.

22 Investment income

		Financial statements in which the equity method is applied		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<i>Rental income</i>					
Operating lease rental income					
Investment properties		17,178	17,188	17,178	17,188
<i>Dividend income</i>					
Associate	9	-	-	510	1,000
Related parties	4	194,625	478,901	194,625	478,901
Other parties		15	13	15	13
		<u>194,640</u>	<u>478,914</u>	<u>195,150</u>	<u>479,914</u>
<i>Interest income</i>					
Related parties	4	234	240	234	240
Other parties		49,382	57,911	49,382	57,911
		<u>49,616</u>	<u>58,151</u>	<u>49,616</u>	<u>58,151</u>
Total		<u>261,434</u>	<u>554,253</u>	<u>261,944</u>	<u>555,253</u>

23 Other income

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Revenue from scrap sales	34,252	13,809
Others	10,303	14,894
Total	<u>44,555</u>	<u>28,703</u>

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24 Distribution costs

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Royalty fee	4	176,455	192,533
Transportation expenses		109,342	103,627
Product warranty expense	16	79,321	30,911
Advertising and sales promotion expenses		46,856	63,740
Employee benefit expenses		21,603	19,023
Others		6,828	6,996
Total		440,405	416,830

25 Administrative expenses

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Product development fee	4	275,108	295,117
Employee benefit expenses		191,678	176,462
Warehouse rental charge		81,387	85,109
Tax and duty		24,161	20,688
Depreciation and amortisation		22,474	24,322
Technical assistance fee	4	16,154	16,699
Travelling expenses		9,508	10,731
Others		106,506	107,584
Total		726,976	736,712

26 Employee benefit expenses

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Wages and salaries		907,363	773,855
Defined contribution plans		35,667	28,622
Defined benefit plan	17	20,805	18,981
Others		91,637	88,073
Total		1,055,472	909,531

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Defined contribution plans

The provident fund presented under 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 minimum rates ranging from 6% to 8%, but not exceed 15% of their basic salaries and by the Company at rates ranging from 6% to 8% of the employees' basic salaries depending on length of service of the employees. 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

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>		
Changes in inventories of finished goods and work in progress	80,425	129,103
Raw materials and consumables used	5,344,675	5,636,304
Employee benefit expenses	842,191	714,046
Depreciation and amortisation	336,118	324,877
<i>Included in distribution costs:</i>		
Royalty fee	176,455	192,533
Transportation expenses	109,342	103,627
Product warranty expense	79,321	30,911
Advertising and sales promotion expenses	46,856	63,740
<i>Included in administrative expenses:</i>		
Product development fee	275,108	295,117
Employee benefit expenses	191,678	176,462
Warehouse rental charge	81,387	85,109

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28 Income tax

Income tax recognised in profit or loss

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
Current tax expense			
Current year		-	50,841
		<u>-</u>	<u>50,841</u>
Deferred tax expense	13		
Movements in temporary differences		(9,949)	1,621
		<u>(9,949)</u>	<u>1,621</u>
Total tax (income) expense		<u>(9,949)</u>	<u>52,462</u>

Income tax recognised in other comprehensive income

	Financial statements in which the equity method is applied and separate financial statements					
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Available-for-sale securities	(2,611)	522	(2,089)	(3,307)	661	(2,646)
Defined benefit plan actuarial losses	(7,298)	1,460	(5,838)	(7,502)	1,500	(6,002)
Total	<u>(9,909)</u>	<u>1,982</u>	<u>(7,927)</u>	<u>(10,809)</u>	<u>2,161</u>	<u>(8,648)</u>

Reconciliation of effective tax rate

	Financial statements in which the equity method is applied			
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Profit before tax expense		170,197		771,720
Income tax using the Thai corporation tax rate	20.00	34,039	20.00	154,344
Income not subject to tax		(39,038)		(96,182)
Additional deduction expenses for tax purposes		(5,325)		(6,238)
Expenses not deductible for tax purposes		375		538
Total	<u>(5.85)</u>	<u>(9,949)</u>	<u>6.80</u>	<u>52,462</u>

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	Separate financial statements			
	2019		2018	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before tax expense		170,158		770,726
Income tax using the Thai corporation tax rate	20.00	34,031	20.00	154,145
Income not subject to tax		(39,030)		(95,983)
Additional deduction expenses for tax purposes		(5,325)		(6,238)
Expenses not deductible for tax purposes		375		538
Total	(5.85)	(9,949)	6.81	52,462

29 Promotional privilege

By virtue of the provisions of the Industrial Investment Promotional Act B.E. 2520, the Company has been granted privilege by the Board of Investment relating to electrical appliances manufacturing business, which include the exemption from payment of import duty on imported raw material for using in production for export.

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

30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2019 and 2018 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	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	180,146	719,257	180,107	718,263
Number of ordinary shares outstanding at 1 April	22,000	22,000	22,000	22,000
Effect of own share held	(958)	-	(958)	-
Weighted average number of ordinary shares outstanding (basic)	21,042	22,000	21,042	22,000
Earnings per share (basic) (in Baht)	8.56	32.69	8.56	32.65

31 Dividends

At the annual general meeting of the shareholders of the Company held on 25 July 2018, the shareholders approved the appropriation of dividends of Baht 16.35 per share, amounting to Baht 359.70 million. The dividend was paid to the shareholders in August 2018.

At the annual general meeting of the shareholders of the Company held on 26 July 2017, the shareholders approved the appropriation of dividends of Baht 30.36 per share, amounting to Baht 667.92 million. The dividend was paid to the shareholders in August 2017.

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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 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 of Directors' 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 shareholders' 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:

	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Within 1 year (in thousand Baht)
2019		
Current		
Deposits at financial institutions	1.15 - 1.45	789,853
Short-term investments - fixed deposits	1.25 - 1.75	2,100,000
Short-term loan to related party	1.00	23,222
2018		
Current		
Deposits at financial institutions	0.50 - 1.15	609,138
Short-term investments - fixed deposits	1.25 - 1.60	3,300,000
Short-term loan to related party	0.80	27,508

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

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For the year ended 31 March 2019

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	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>United States Dollars</i>		
Trade accounts receivable	428,050	427,028
Trade accounts payable	(60,853)	(75,941)
Other payables	(16,050)	(26,853)
Net exposure	351,147	324,234
<i>Japanese Yen</i>		
Trade accounts receivable	50,048	56,246
Trade accounts payable	(6,400)	(9,186)
Other payables	(96,368)	(86,152)
Net exposure	(52,720)	(39,092)
<i>Russian Ruble</i>		
Trade accounts receivable	-	20,832
Net exposure	-	20,832
<i>Other currencies</i>		
Other payables	(2,466)	(2,952)
Net exposure	(2,466)	(2,952)
Total	295,961	303,022

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or 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 all 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.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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For the year ended 31 March 2019

	Carrying amount	Financial statements in which the equity method is applied and separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
31 March 2019					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	5,113	4,596	-	517	5,113
31 March 2018					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	7,724	7,222	-	502	7,724

The Company determines Level 3 fair values for equity securities - available-for-sale based on the most recent quoted price in the Stock Exchange of Thailand.

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

33 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Plant and equipment	34,810	38,980
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	5,582	4,010
After one year but within five years	10,991	4,915
Total	16,573	8,925

The Company entered into several long-term lease agreements covering vehicles which have four and five years which will expire in various periods up to the year 2022. In consideration thereof, the Company committed to pay rental fee at various annual rental rates as specified in the agreements.

34 Event after the reporting period

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the year 2020. As a result of this change, the provision for retirement benefits as well as past service cost recognised during the year 2020 in financial statements in which the equity method is applied and separate financial statements increased by an amount of Baht 57.41 million and Baht 57.41 million, respectively.

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35 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Company's operations are expected to have significant impact on the financial statements in which the equity method is applied and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TFRS 16	Leases	2020
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) *TFRS 15 Revenue from Contracts with Customers*

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the financial statements in which the equity method is applied and separate financial statements.

(b) *TFRS - Financial instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the financial statements in which the equity method is applied and separate financial statements

(c) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the financial statements in which the equity method is applied and separate financial statements.

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36 Reclassification of accounts

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements as follows:

	2018		
	Financial statements in which the equity method is applied and separate financial statements		
	Before reclassify	Reclassify <i>(in thousand Baht)</i>	After reclassify
<i>Statement of financial position</i>			
Value added tax refundable	-	36,425	36,425
Other receivables	62,912	<u>(36,425)</u>	26,487
		<u> -</u>	

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



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