

Kang Yong Electric Public Company Limited

Interim financial statements
for the three-month and six-month periods ended
30 September 2016

and

Independent auditor's report
on review of interim financial information

Independent Auditor’s Report on Review of Interim Financial Information

To the Board of Directors of Kang Yong Electric Public Company Limited

I have reviewed the accompanying statement of financial position in which the equity method is applied and separate statement of financial position of Kang Yong Electric Public Company Limited as at 30 September 2016; the related statements of comprehensive income for the three-month and six-month periods ended 30 September 2016, changes in equity and cash flows for the six-month period ended 30 September 2016; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
9 November 2016

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		30 September 2016 (Unaudited)	31 March 2016	30 September 2016 (Unaudited)	31 March 2016
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		1,153,771	1,063,853	1,153,771	1,063,853
Current investments	6	2,500,000	2,200,000	2,500,000	2,200,000
Trade accounts receivable	3, 4	1,068,452	1,272,552	1,068,452	1,272,552
Other accounts receivable	3	174,569	235,801	174,569	235,801
Short-term loans to related party	3	50,440	36,198	50,440	36,198
Inventories		726,019	1,001,699	726,019	1,001,699
Other current assets		2,792	5,039	2,792	5,039
Total current assets		5,676,043	5,815,142	5,676,043	5,815,142
Non-current assets					
Available-for-sale investments	6	10,113	13,666	10,113	13,666
Investment in an associate	5	18,486	17,315	3,000	3,000
Other long-term investments	6	157,362	157,362	157,362	157,362
Investment properties	7	4,971	4,971	4,971	4,971
Property, plant and equipment	8	1,279,536	1,268,108	1,279,536	1,268,108
Deferred tax assets		68,550	70,282	68,550	70,282
Other non-current assets		46,299	29,288	46,299	29,288
Total non-current assets		1,585,317	1,560,992	1,569,831	1,546,677
Total assets		7,261,360	7,376,134	7,245,874	7,361,819

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

Kang Yong Electric Public Company Limited

Statement of financial position

Liabilities and equity	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		30 September	31 March	30 September	31 March
		2016	2016	2016	2016
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current liabilities					
Trade accounts payable	3	687,796	1,078,195	687,796	1,078,195
Other accounts payable	3	451,615	465,434	451,615	465,434
Income tax payable		69,386	12,376	69,386	12,376
Other current liabilities		34,787	15,633	34,787	15,633
Total current liabilities		1,243,584	1,571,638	1,243,584	1,571,638
Non-current liabilities					
Provision for warranties		164,254	184,942	164,254	184,942
Employee benefit obligations		190,673	182,789	190,673	182,789
Provident funds		15,856	15,863	15,856	15,863
Total non-current liabilities		370,783	383,594	370,783	383,594
Total liabilities		1,614,367	1,955,232	1,614,367	1,955,232
Equity					
Share capital					
Authorised share capital		220,000	220,000	220,000	220,000
Issued and paid-up share capital		220,000	220,000	220,000	220,000
Additional paid-in capital					
Premium on ordinary shares		726,100	726,100	726,100	726,100
Retained earnings					
Appropriated					
Legal reserve		22,000	22,000	22,000	22,000
Others		420,000	420,000	420,000	420,000
Unappropriated		4,255,015	4,026,082	4,239,529	4,011,767
Other component of equity		3,878	6,720	3,878	6,720
Total equity		5,646,993	5,420,902	5,631,507	5,406,587
Total liabilities and equity		7,261,360	7,376,134	7,245,874	7,361,819

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

Kang Yong Electric Public Company Limited

Statement of comprehensive income (Unaudited)

	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		Three-month period ended		Three-month period ended	
		30 September		30 September	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Income					
Revenue from sale of goods					
and rendering of services	3	2,095,790	2,239,168	2,095,790	2,239,168
Investment income	3	373,577	200,866	373,577	201,866
Net foreign exchange gain		-	28,543	-	28,543
Other income	3	6,850	5,849	6,850	5,849
Total income		2,476,217	2,474,426	2,476,217	2,475,426
Expenses					
Cost of sale of goods					
and rendering of services		1,728,301	1,964,663	1,728,301	1,964,663
Selling expenses	3	91,137	98,359	91,137	98,359
Administrative expenses	3	204,101	168,929	204,101	168,929
Net foreign exchange loss		1,118	-	1,118	-
Total expenses		2,024,657	2,231,951	2,024,657	2,231,951
Share of profit (loss) of an associate	5	617	-1,031	-	-
Profit before income tax expense		452,177	241,444	451,560	243,475
Income tax expense		-18,669	-12,204	(18,669)	(12,204)
Profit for the period	10	433,508	229,240	432,891	231,271
Other comprehensive income					
<i>Item that is or may be reclassified to profit or loss</i>					
Net change in fair value of					
available-for-sale investments		-2,540	2,849	-2,540	2,849
Income tax on other comprehensive income		508	-570	508	-570
Other comprehensive income for the period, net of income tax		-2,032	2,279	-2,032	2,279
Total comprehensive income for the period		431,476	231,519	430,859	233,550
Basic earnings per share (in Baht)	10	19.70	10.42	19.68	10.51

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

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

	<i>Note</i>	Financial statements			
		in which the equity method			
		is applied		Separate financial statements	
		Six-month period ended 30 September		Six-month period ended 30 September	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
<i>Income</i>					
Revenue from sale of goods and rendering of services	3	4,736,231	4,698,115	4,736,231	4,698,115
Investment income	3	393,505	223,513	393,505	224,513
Net foreign exchange gain		-	40,716	-	40,716
Other income	3	11,127	11,723	11,127	11,723
Total income		5,140,863	4,974,067	5,140,863	4,975,067
<i>Expenses</i>					
Cost of sale of goods and rendering of services		3,844,412	4,043,820	3,844,412	4,043,820
Selling expenses	3	198,469	196,953	198,469	196,953
Administrative expenses	3	369,713	317,676	369,713	317,676
Net foreign exchange loss		6,897	-	6,897	-
Total expenses		4,419,491	4,558,449	4,419,491	4,558,449
Share of profit (loss) of an associate	5	1,171	-1,826	-	-
Profit before income tax expense		722,543	413,792	721,372	416,618
Income tax expense		-72,530	-46,823	(72,530)	(46,823)
Profit for the period	10	650,013	366,969	648,842	369,795
Other comprehensive income					
<i>Item that is or may be reclassified to profit or loss</i>					
Net change in fair value of available-for-sale investments		-3,553	3,380	-3,553	3,380
Income tax on other comprehensive income		711	-676	711	-676
Other comprehensive income for the period, net of income tax		-2,842	2,704	-2,842	2,704
Total comprehensive income for the period		647,171	369,673	646,000	372,499
Basic earnings per share (<i>in Baht</i>)	10	29.55	16.68	29.49	16.81

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Financial statements in which the equity method is applied							Total equity
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in thousand Baht)</i>								
Six-month period ended 30 September 2015								
Balance at 1 April 2015		220,000	726,100	22,000	420,000	3,653,215	4,853	5,046,168
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	11	-	-	-	-	(463,540)	-	(463,540)
Total distributions to owners of the Company		-	-	-	-	(463,540)	-	(463,540)
Comprehensive income for the period								
Profit		-	-	-	-	366,969	-	366,969
Other comprehensive income		-	-	-	-	-	2,704	2,704
Total comprehensive income for the period		-	-	-	-	366,969	2,704	369,673
Balance at 30 September 2015		220,000	726,100	22,000	420,000	3,556,644	7,557	4,952,301

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other component of equity	Total equity
				Legal reserve	Other reserve	Unappropriated	Fair value changes in available-for-sale investments	
<i>(in thousand Baht)</i>								
Six-month period ended 30 September 2016								
Balance at 1 April 2016		220,000	726,100	22,000	420,000	4,026,082	6,720	5,420,902
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	11	-	-	-	-	(421,080)	-	(421,080)
Total distributions to owners of the Company		-	-	-	-	(421,080)	-	(421,080)
Comprehensive income for the period								
Profit		-	-	-	-	650,013	-	650,013
Other comprehensive income		-	-	-	-	-	(2,842)	(2,842)
Total comprehensive income for the period		-	-	-	-	650,013	(2,842)	647,171
Balance at 30 September 2016		220,000	726,100	22,000	420,000	4,255,015	3,878	5,646,993

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

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Separate financial statements						Other component of equity	Total equity	
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings					Fair value changes in available-for-sale investments
				Legal reserve	Other reserve	Unappropriated			
<i>(in thousand Baht)</i>									
Six-month period ended 30 September 2015									
Balance at 1 April 2015		220,000	726,100	22,000	420,000	3,637,631	4,853	5,030,584	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	11	-	-	-	-	(463,540)	-	(463,540)	
Total distributions to owners of the Company		-	-	-	-	(463,540)	-	(463,540)	
Comprehensive income for the period									
Profit		-	-	-	-	369,795	-	369,795	
Other comprehensive income		-	-	-	-	-	2,704	2,704	
Total comprehensive income for the period		-	-	-	-	369,795	2,704	372,499	
Balance at 30 September 2015		220,000	726,100	22,000	420,000	3,543,886	7,557	4,939,543	

Kang Yong Electric Public Company Limited

Statement of changes in equity (Unaudited)

	Separate financial statements						Other component of equity	Total equity	
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings					Fair value changes in available-for-sale investments
				Legal reserve	Other reserve	Unappropriated			
<i>(in thousand Baht)</i>									
Six-month period ended 30 September 2016									
Balance at 1 April 2016		220,000	726,100	22,000	420,000	4,011,767	6,720	5,406,587	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	11	-	-	-	-	(421,080)	-	(421,080)	
Total distributions to owners of the Company		-	-	-	-	(421,080)	-	(421,080)	
Comprehensive income for the period									
Profit		-	-	-	-	648,842	-	648,842	
Other comprehensive income		-	-	-	-	-	(2,842)	(2,842)	
Total comprehensive income for the period		-	-	-	-	648,842	(2,842)	646,000	
Balance at 30 September 2016		220,000	726,100	22,000	420,000	4,239,529	3,878	5,631,507	

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

Kang Yong Electric Public Company Limited
Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method			
	is applied		Separate financial statements	
	Six-month period ended		Six-month period ended	
30 September		30 September		
2016	2015	2016	2015	
<i>(in thousand Baht)</i>				
<i>Cash flows from operating activities</i>				
Profit for the period	650,013	366,969	648,842	369,795
<i>Adjustments for</i>				
Depreciation	161,685	138,708	161,685	138,708
Amortisation	1,682	1,109	1,682	1,109
Investment income	-393,505	-223,513	-393,505	-224,513
Employee benefit expenses	8,258	7,404	8,258	7,404
Unrealised (gain) loss on exchange rate	1,783	-17,846	1,783	-17,846
Provision for decline in value of inventories (reversal)	7,908	-16,053	7,908	-16,053
Provision for warranties	17,987	12,069	17,987	12,069
Share of (profit) loss of an associate	-1,171	1,826	-	-
(Gain) loss on disposal of property and equipment	989	-233	989	-233
Income tax expense	72,530	46,823	72,530	46,823
	<u>528,159</u>	<u>317,263</u>	<u>528,159</u>	<u>317,263</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	202,434	81,831	202,434	81,831
Other accounts receivable	33,345	-28,750	33,345	-28,750
Inventories	267,810	261,463	267,810	261,463
Other current assets	2,247	1,715	2,247	1,715
Other non-current assets	741	-1,163	741	-1,163
Trade accounts payable	-390,408	-196,954	-390,408	-196,954
Other accounts payable	-14,657	-21,053	-14,657	-21,053
Other current liabilities	19,156	8,516	19,156	8,516
Warranties paid	-38,675	-37,904	-38,675	-37,904
Employee benefits paid	-374	-196	-374	-196
Provident fund paid	-7	-122	-7	-122
Cash generated from operating activities	609,771	384,646	609,771	384,646
Income tax paid	-13,077	-17,686	-13,077	-17,686
Net cash from operating activities	<u>596,694</u>	<u>366,960</u>	<u>596,694</u>	<u>366,960</u>

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

Kang Yong Electric Public Company Limited
Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied		Six-month period ended	
	Six-month period ended		30 September	
	30 September		30 September	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	28,470	28,805	28,470	28,805
Dividends received	384,524	343,030	384,524	343,030
Rental received	8,398	7,250	8,398	7,250
Short-term loans to related party	-281,440	-256,503	-281,440	-256,503
Cash proceeds from short-term loans to related party	267,198	264,317	267,198	264,317
Purchases of property and equipment	-173,691	-178,885	-173,691	-178,885
Sale of property and equipment	279	279	279	279
Purchase of computer software	-19,434	-1,425	-19,434	-1,425
Increase in current investments	-300,000	-120,000	-300,000	-120,000
Net cash from (used in) investing activities	-85,696	86,868	-85,696	86,868
<i>Cash flows from financing activities</i>				
Dividend paid	(421,080)	(463,540)	(421,080)	(463,540)
Net cash used in financing activities	(421,080)	(463,540)	(421,080)	(463,540)
Net increase (decrease) in cash and cash equivalents	89,918	-9,712	89,918	-9,712
Cash and cash equivalents at 1 April	1,063,853	808,462	1,063,853	808,462
Cash and cash equivalents at 30 September	1,153,771	798,750	1,153,771	798,750
<i>Supplemental disclosure of cash flows information</i>				
Property and equipment purchased during the period are detailed as follows:				
Property and equipment purchased during the period	-174,419	-145,491	-174,419	-145,491
Increase (decrease) in payables on purchases of property and equipment	728	-33,394	728	-33,394
Net purchase of property and equipment paid by cash	(173,691)	(178,885)	(173,691)	(178,885)

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

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month and six-month periods ended 30 September 2016 (Unaudited)

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Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month and six-month periods ended 30 September 2016 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 9 November 2016.

1 General information

Kang Yong Electric Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 67 Moo 11, Bangna-Trad Road, Km. 20, Bangchalong, Bangplee, Samutprakarn Province.

The Company was listed on the Stock Exchange of Thailand in October 1993.

The parent company during the financial period was Mitsubishi Electric Corporation, incorporated in Japan (40.81% shareholding).

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2015) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 March 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 March 2016.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2016 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 April 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

(b) Functional and presentation currency

The interim financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
For the three-month and six-month periods ended 30 September 2016 (Unaudited)

(c) Use of estimates and judgements

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2016.

Estimates

Provision for warranties

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

Measurement of defined benefit obligations

The calculation of the defined benefit obligations is sensitive to the assumptions on discount rates and salary increasing rates as set out.

Measurement of deferred tax

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.

3 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.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Parent		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
Associate		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding

Kang Yong Electric Public Company Limited
Notes to the interim financial statements
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Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel		
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
Other related parties		
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
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 (Hongkong) 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
K.Y. Intertrade Co., Ltd.	Thailand	Common director

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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 Purchase policy of raw materials are prices agreed between the parties.
- 3 Purchase policy of property, plant and equipment are prices agreed between the parties.
- 4 Royalty fee is payable annually at a proportion of sales.
- 5 Product development fee is payable based on actual amount.
- 6 Technical assistance fee chargeable under technical service agreement with 5 years term and automatic rollover period of 5 years.
- 7 The Company entered into a rental agreement with an associate. The rental fee is based on the market value.
- 8 The Company has inventory management service fee with an associate. The service fee is based on the area used.
- 9 The Company entered into an agreement with various companies in the Mitsubishi Group, to manage total funding of the Group by the use of pooling accounts. The Company may earn or pay interest, which is based on the surplus funds or the funds used, at the interest rate of average deposit and loan interest rates offered by the bank.
- 10 Interest rates on short-term loans from or to related parties are determined by based on the interest rate of the bank.
- 11 Product warranty expense is based on actual amount claims.
- 12 Key management personnel compensation is defined by the Nomination and Remuneration Committee and the Company’s policy.

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Significant transactions for the three-month periods ended 30 September 2016 and 2015 with related parties were as follows:

<i>Three-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	832,973	884,837	832,973	884,837
Other income	60	62	60	62
Purchase of equipment	-	126	-	126
Royalty fee	46,467	49,938	46,467	49,938
Product development fee	89,835	71,084	89,835	71,084
Product warranties paid	23,280	23,596	23,280	23,596
Technical assistance fee	6,857	8,088	6,857	8,088
Other selling and administrative expenses	3,010	2,596	3,010	2,596
Associate				
Revenue from sale of goods	41	72	41	72
Rental income	4,294	3,616	4,294	3,616
Dividend income	-	-	-	1,000
Other income	183	163	183	163
Inventory management service fee	18,820	18,463	18,820	18,463
Other selling and administrative expenses	1,463	1,655	1,463	1,655
Key management personnel				
Key management personnel compensation				
Short-term benefits	17,514	17,934	17,514	17,934
Post-employment benefits	238	226	238	226
Other long-term benefits	2	3	2	3
Total key management personnel compensation	<u>17,754</u>	<u>18,163</u>	<u>17,754</u>	<u>18,163</u>
Other related parties				
Revenue from sale of goods	1,261,574	1,284,483	1,261,574	1,284,483
Dividend income	354,844	181,827	354,844	181,827
Other income	110	139	110	139
Purchase of raw material	264,421	294,915	264,421	294,915
Product warranties paid	2,050	692	2,050	692
Other selling and administrative expenses	16,758	19,481	16,758	19,481

Significant transactions for the six-month periods ended 30 September 2016 and 2015 with related parties were as follows:

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<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	1,922,677	1,887,288	1,922,677	1,887,288
Other income	87	73	87	73
Purchase of equipment	-	126	-	126
Royalty fee	105,763	105,015	105,763	105,015
Product development fee	164,929	131,186	164,929	131,186
Product warranties paid	35,814	35,737	35,814	35,737
Technical assistance fee	9,412	10,255	9,412	10,255
Other selling and administrative expenses	3,116	2,701	3,116	2,701
Associate				
Revenue from sale of goods	46	94	46	94
Rental income	8,588	7,232	8,588	7,232
Dividend income	-	-	-	1,000
Other income	387	407	387	407
Inventory management service fee	41,603	37,788	41,603	37,788
Other selling and administrative expenses	3,640	4,037	3,640	4,037
Key management personnel				
Key management personnel compensation				
Short-term benefits	35,507	35,680	35,507	35,680
Post-employment benefits	475	453	475	453
Other long-term benefits	5	5	5	5
Total key management personnel compensation	<u>35,987</u>	<u>36,138</u>	<u>35,987</u>	<u>36,138</u>
Other related parties				
Revenue from sale of goods	2,810,889	2,677,603	2,810,889	2,677,603
Dividend income	355,688	182,091	355,688	182,091
Other income	221	649	221	649
Purchase of raw material	589,021	614,480	589,021	614,480
Purchase of equipment	3,285	139	3,285	139
Product warranties paid	2,467	1,165	2,467	1,165
Other selling and administrative expenses	29,259	29,782	29,259	29,782

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Balances as at 30 September 2016 and 31 March 2016 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2016	31 March 2016
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	304,716	330,664
Other related parties		
Mitsubishi Electric Kang Yong Watana Co., Ltd.	357,008	456,452
Mitsubishi Electric Vietnam Company Limited	117,756	190,604
Mitsubishi Electric Asia Pte. Ltd.	90,228	12,465
Mitsubishi Electric Australia Pty. Ltd.	87,848	72,565
Mitsubishi Electric (Hong Kong) Ltd.	40,240	42,465
Mitsubishi Electric Sales Malaysia Sdn.	34,220	28,580
PT. Mitsubishi Electric Indonesia	27,915	34,199
Mitsubishi Electric (Russia) LLC	4,609	14,209
Mitsubishi Electric (Malaysia) Sdn. Bhd	1,874	1,174
Mitsubishi Electric Trading Corp.	1,311	653
Mitsubishi Electric Life-Network Co., Ltd.	-	45,317
Others	453	167
	<u>763,462</u>	<u>898,850</u>
Total	<u>1,068,178</u>	<u>1,229,514</u>
	2016	2015
	<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 September	<u>-</u>	<u>-</u>
six-month periods ended 30 September	<u>-</u>	<u>-</u>

Other accounts receivable - related parties

Financial statements in which

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	the equity method is applied and separate financial statements	
	30 September 2016	31 March 2016
	<i>(in thousand Baht)</i>	
<i>Accrued dividend income</i>		
Other related parties		
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	124,764	141,396
Siam Compressor Industry Co., Ltd.	-	12,189
	<u>124,764</u>	<u>153,585</u>
Others		
Parent		
Mitsubishi Electric Corporation	154	141
Associate		
Smile Super Express Co., Ltd.	1,504	1,302
Other related parties		
Melco Thai Capital Co., Ltd.	39	26
	<u>1,697</u>	<u>1,469</u>
Total	<u>126,461</u>	<u>155,054</u>

<i>Short-term loans to related party</i>	Financial statements in which the equity method is applied and separate financial statements			
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
	<i>Interest rate (% per annum)</i>		<i>(in thousand Baht)</i>	
Other related party				
Melco Thai Capital Co., Ltd.	1.15	1.40	<u>50,440</u>	<u>36,198</u>

Movements during the six-month periods ended 30 September 2016 and 2015 of short-term loans to related party were as follows:

<i>Short-term loans to related party</i>	Financial statements in which the equity method is applied and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Other related party		
At 1 April	36,198	59,808
Increase	281,440	256,503
Decrease	(267,198)	(264,317)
At 30 September	<u>50,440</u>	<u>51,994</u>

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Trade accounts payable - related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 September	31 March
	2016	2016
	<i>(in thousand Baht)</i>	
Other related parties		
Kulthorn Kirby Public Company Limited	37,212	45,375
Setsuyo Astec Corporation	27,842	48,934
Melco Trading (Thailand) Co., Ltd.	16,208	16,845
Setsuyo Astec (Thailand) Co., Ltd.	12,695	19,806
Mitsubishi Electric Asia Pte. Ltd.	8,848	19,418
Mitsubishi Electric Trading Corp.	3,915	8,770
Thai Refrigeration Components Co., Ltd.	925	1,423
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	-	477
Others	-	129
Total	107,645	161,177

Other accounts payable - related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 September	31 March
	2016	2016
	<i>(in thousand Baht)</i>	
Parent		
Mitsubishi Electric Corporation	233,070	293,671
Associate		
Smile Super Express Co., Ltd.	6,703	13,440
Other related parties		
PT. Mitsubishi Electric Indonesia	3,682	4,702
Mitsubishi Electric Sales Malaysia Sdn.	3,233	14,078
Melco Logistics (Thailand) Co., Ltd.	2,218	-
Mitsubishi Electric Life-Network Co., Ltd.	1,380	-
Mitsubishi Electric Kang Yong Watana Co., Ltd.	1,070	-
Mitsubishi Electric Australia Pty. Ltd.	909	1,522
Mitsubishi Electric Trading Corp.	767	1,307
Mitsubishi Electric Taiwan Co., Ltd.	361	324
Mitsubishi Electric Vietnam Company Limited	33	1,840
Mitsubishi Electric Asia Pte. Ltd.	-	94
Others	620	824
	<u>14,273</u>	<u>24,691</u>
Total	254,046	331,802

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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 fee, development fee and technical assistance fee 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 for its warehouse for finished goods with Smile Super Express Co., Ltd. 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 July 2015, the Company notified to renew such agreement for a period of two years expiring on 31 July 2017. In March 2016, the counter parties agreed to amend rental rate which was effective from April 2016.

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.

4 Trade accounts receivable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		30 September 2016	31 March 2016
		<i>(in thousand Baht)</i>	
Related parties	3	1,068,178	1,229,514
Other parties		274	43,038
Total		1,068,452	1,272,552
		2016	2015
		<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the three-month periods ended 30 September		-	-
six-month periods ended 30 September		-	-

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Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2016	31 March 2016
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,046,086	1,210,469
Overdue		
Less than 3 months	22,092	19,045
	<u>1,068,178</u>	<u>1,229,514</u>
Other parties		
Within credit terms	274	43,038
	<u>274</u>	<u>43,038</u>
Total	<u>1,068,452</u>	<u>1,272,552</u>

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

5 Investment in an associate

<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 April	17,315	18,584	3,000	3,000
Share of profit (loss) of investment - equity method	1,171	(1,826)	-	-
Dividend income	-	(1,000)	-	-
At 30 September	<u>18,486</u>	<u>15,758</u>	<u>3,000</u>	<u>3,000</u>

As at 30 September 2016 and 31 March 2016, the financial statements in which the equity method is applied included the investment in shares of Smile Super Express Co., Ltd. accounted for using the equity method, which was computed based on the financial statements reviewed/audited by another auditor.

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Investment in an associate as at 30 September 2016 and 31 March 2016 and dividend income from the investment for the six-month periods ended 30 September 2016 and 2015 were as follows:

Financial statements in which the equity method is applied											
Investee	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the six-month periods ended	
		30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	30 September 2015
		(%)				(in thousand Baht)					
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	<u>18,486</u>	<u>17,315</u>	-	<u>1,000</u>

Separate financial statements											
Investee	Type of business	Ownership interest		Paid-up capital		Cost				Dividend income for the six-month periods ended	
		30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	30 September 2015
		(%)				(in thousand Baht)					
Smile Super Express Co., Ltd.	Logistic	33.33	33.33	9,000	9,000	<u>3,000</u>	<u>3,000</u>	-	-	-	<u>1,000</u>

The Company's associate is not publicly listed and consequently does not have published price quotation.

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6 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2016	31 March 2016
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	2,500,000	2,200,000
	2,500,000	2,200,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	10,113	13,666
Other non-marketable equity securities	157,362	157,362
	167,475	171,028
Total	2,667,475	2,371,028

Equity securities available-for-sale as at 30 September 2016 and 31 March 2016 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	30 September 2016		31 March 2016	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	9,655	4,965	13,208
City Sports and Recreation Public Co., Ltd.	300	458	300	458
	5,265	10,113	5,265	13,666
Add revaluation	4,848	-	8,401	-
Total	10,113	10,113	13,666	13,666

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Other non-marketable equity securities as at 30 September 2016 and 31 March 2016, and dividend income from those investments for the six-month periods ended 30 September 2016 and 2015 were as follows:

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

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the six-month periods ended	
		30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	30 September 2015
		(%)						(in thousand Baht)					
Thai Refrigeration Components Co., Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	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	332,712	170,600
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	22,132	11,227
Total						157,362	157,362	-	-	157,362	157,362	355,108	182,091

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7 Investment properties

Investment properties comprise land and buildings that are leased to an associate and plots of land that are not used in operations. Fair value of land and buildings that are leased to its associate was computed by the Company's management under the Discounted Cash Flow Analysis method by using key assumptions of discount rates and net cash inflow from rental income including the review of the estimated useful lives of buildings that are leased to its associate. Fair value of land not used in operations was considered by appraisal value of Treasury Department. As at 30 September 2016, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 147.4 million (31 March 2016 : Baht 137.4 million).

8 Property, plant and equipment

Acquisition, disposals and transfers of property, plant and equipment during the six-month periods ended 30 September 2016 and 2015 were as follows:

<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied and separate financial statements			
	2016		2015	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land and improvements	-	942	-	-
Buildings and improvements	3,116	-	16,379	-
Machinery and equipment	14,750	133	36,471	34
Factory equipment	103,238	175	74,140	1
Office equipment	6,235	55	3,980	20
Vehicles	28	-	-	-
Assets under construction and installation	133,969	86,917	112,374	97,853
Total	261,336	88,222	243,344	97,908

The Company's land which has cost approximately Baht 9.30 million is partially under land servitude.

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<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied						Total	
	Domestic		Overseas					
	2016	2015	Japan 2016	Japan 2015	Others 2016	Others 2015	2016	2015
	<i>(in thousand Baht)</i>							
Revenue from sale of goods and rendering of services	1,697,669	1,603,049	2,044,198	1,982,875	994,364	1,112,191	4,736,231	4,698,115
Segment profit	288,472	262,011	331,396	63,412	121,200	171,279	741,068	496,702
Unallocated expenses							(417,431)	(357,036)
Investment income							393,505	223,513
Net foreign exchange gain (loss)							(6,897)	40,716
Other income							11,127	11,723
Share of profit (loss) of an associate							1,171	(1,826)
Profit before income tax expense							722,543	413,792
Income tax expense							(72,530)	(46,823)
Profit for the period							650,013	366,969
							30 September 2016	31 March 2016
Property, plant and equipment							<u>1,279,536</u>	<u>1,268,108</u>

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Notes to the interim financial statements

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10 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 September 2016 and 2015 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (Basic)	<u>433,508</u>	<u>229,240</u>	<u>432,891</u>	<u>231,271</u>
Number of ordinary shares outstanding	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Earnings per share (Basic) (in Baht)	<u>19.70</u>	<u>10.42</u>	<u>19.68</u>	<u>10.51</u>

<i>Six-month period ended 30 September</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (Basic)	<u>650,013</u>	<u>366,969</u>	<u>648,842</u>	<u>369,795</u>
Number of ordinary shares outstanding	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Earnings per share (Basic) (in Baht)	<u>29.55</u>	<u>16.68</u>	<u>29.49</u>	<u>16.81</u>

11 Dividends

At the annual general meeting of the shareholders of the Company held on 27 July 2016, the shareholders approved the appropriation of dividend of Baht 19.14 per share, amounting of Baht 421.1 million. The dividend was paid to the shareholders in August 2016.

At the annual general meeting of the shareholders of the Company held on 24 July 2015, the shareholders approved the appropriation of dividend of Baht 21.07 per share, amounting to Baht 463.5 million. The dividend was paid to the shareholders in August 2015.

12 Financial instruments

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 for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

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	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 September 2016					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	10,113	9,655	-	458	10,113
31 March 2016					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	13,666	13,208	-	458	13,666

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

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

13 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	30 September 2016	31 March 2016
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisition of plant and equipment	<u>41,962</u>	<u>20,377</u>
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	6,840	6,149
After one year but within five years	<u>8,966</u>	<u>7,535</u>
Total	<u>15,806</u>	<u>13,684</u>

The Company entered into several long-term lease agreements covering vehicles and have four and five year terms which will expire in various periods up to the year 2021. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

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For the three-month and six-month periods ended 30 September 2016 (Unaudited)

14 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS has been issued but is not yet effective and has not been applied in preparing these interim financial statements. This new TFRS that may be relevant to the Company's operations, which become affective for annual financial periods beginning on or after 1 January 2017, is set out below. The Company does not plan to adopt this TFRS early.

TFRS	Topic
FAP Announcement no. 5/2559	Accounting Guidance for derecognition of financial assets and financial liabilities

The Company has made a preliminary assessment of the potential initial impact on the Company's financial statements of this new TFRS and expects that there will be no material impact on the financial statements in the period of initial application.