

Kang Yong Electric Public Company Limited

Financial statements for the year ended

31 March 2018

and

Independent Auditor's Report



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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 2018, 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 2018 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 Matters

Key audit matters are those matters 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. These matters were 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 these matters.

Adequacy of provision for warranties	
Refer to Notes 3 (n) and 19 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.

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.

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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.

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- 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.

(Orawan Sirirattanawong)
Certified Public Accountant
Registration No. 3757

KPMG Phoomchai Audit Ltd.
Bangkok
16 May 2018

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 March		31 March	
		2018	2017	2018	2017
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	5	609,288,331	1,531,005,314	609,288,331	1,531,005,314
Current investments	10	3,300,000,000	2,500,000,000	3,300,000,000	2,500,000,000
Trade accounts receivable	4, 6	1,289,039,709	1,399,665,572	1,289,039,709	1,399,665,572
Other receivables	4, 7	62,911,776	231,886,703	62,911,776	231,886,703
Short-term loans to related party	4	27,508,007	74,273,866	27,508,007	74,273,866
Inventories	8	1,046,186,172	878,227,300	1,046,186,172	878,227,300
Other current assets		14,277,214	10,275,231	14,277,214	10,275,231
Total current assets		6,349,211,209	6,625,333,986	6,349,211,209	6,625,333,986
Non-current assets					
Available-for-sale investments	10	7,724,541	11,032,028	7,724,541	11,032,028
Investment in an associate	9	19,507,099	18,513,076	3,000,000	3,000,000
Other long-term investments	10	157,361,700	157,361,700	157,361,700	157,361,700
Investment properties	11	4,188,669	4,188,669	4,188,669	4,188,669
Property, plant and equipment	12	1,463,284,639	1,365,916,177	1,463,284,639	1,365,916,177
Intangible assets	13	44,675,017	37,569,589	44,675,017	37,569,589
Deferred tax assets	14	64,077,861	63,537,460	64,077,861	63,537,460
Other non-current assets	15	25,835,319	13,575,194	25,835,319	13,575,194
Total non-current assets		1,786,654,845	1,671,693,893	1,770,147,746	1,656,180,817
Total assets		8,135,866,054	8,297,027,879	8,119,358,955	8,281,514,803

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	2017	2018	2017
<i>(in Baht)</i>					
Liabilities and equity		2018	2017	2018	2017
<i>Current liabilities</i>					
Trade accounts payable	4, 16	894,460,316	959,107,265	894,460,316	959,107,265
Other payables	4, 17	500,410,176	587,279,499	500,410,176	587,279,499
Income tax payable		-	45,316,361	-	45,316,361
Other current liabilities		22,087,687	16,015,614	22,087,687	16,015,614
Total current liabilities		1,416,958,179	1,607,718,739	1,416,958,179	1,607,718,739
<i>Non-current liabilities</i>					
Provision for warranties	19	108,624,795	141,112,217	108,624,795	141,112,217
Non-current provisions for employee benefits	18	220,420,086	200,484,521	220,420,086	200,484,521
Provident funds	27	14,561,239	15,100,457	14,561,239	15,100,457
Total non-current liabilities		343,606,120	356,697,195	343,606,120	356,697,195
Total liabilities		1,760,564,299	1,964,415,934	1,760,564,299	1,964,415,934
<i>Equity</i>					
Share capital	20				
Authorized 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
Share premium	20				
Share premium on ordinary shares		726,100,000	726,100,000	726,100,000	726,100,000
Retained earnings					
Appropriated					
Legal reserve	21	22,000,000	22,000,000	22,000,000	22,000,000
Other reserve		420,000,000	420,000,000	420,000,000	420,000,000
Unappropriated		4,985,234,510	4,939,898,710	4,968,727,411	4,924,385,634
Other component of equity	21	1,967,245	4,613,235	1,967,245	4,613,235
Total equity		6,375,301,755	6,332,611,945	6,358,794,656	6,317,098,869
Total liabilities and equity		8,135,866,054	8,297,027,879	8,119,358,955	8,281,514,803

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

Kang Yong Electric Public Company Limited

Statement of comprehensive income

	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		For the year ended	
		For the year ended	For the year ended		
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		(in Baht)			
Revenue					
Revenue from sale of goods and rendering of services	4	8,631,742,023	9,055,348,793	8,631,742,023	9,055,348,793
Investment income	4, 23	554,252,738	895,393,633	555,252,738	895,393,633
Net foreign exchange gain		-	9,961,696	-	9,961,696
Gain on sale of investment property	11	-	58,580,433	-	58,580,433
Other income	4, 24	28,703,336	30,064,821	28,703,336	30,064,821
Total revenue		9,214,698,097	10,049,349,376	9,215,698,097	10,049,349,376
Expenses					
Cost of sale of goods and rendering of services	4	7,265,653,309	7,435,655,716	7,265,653,309	7,435,655,716
Distribution costs	4, 25	416,829,996	411,524,979	416,829,996	411,524,979
Administrative expenses	4, 26	736,712,180	741,027,377	736,712,180	741,027,377
Net foreign exchange loss		25,776,919	-	25,776,919	-
Total expenses		8,444,972,404	8,588,208,072	8,444,972,404	8,588,208,072
Share of profit of an associate	4, 9	1,994,023	1,198,544	-	-
Profit before income tax expense		771,719,716	1,462,339,848	770,725,693	1,461,141,304
Tax expense	29	(52,462,446)	(126,538,428)	(52,462,446)	(126,538,428)
Profit for the year		719,257,270	1,335,801,420	718,263,247	1,334,602,876
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Loss on remeasurement available-for-sale investments	29	(3,307,487)	(2,633,696)	(3,307,487)	(2,633,696)
Income tax relating to item that will be reclassified subsequently to profit or loss		661,497	526,739	661,497	526,739
		(2,645,990)	(2,106,957)	(2,645,990)	(2,106,957)
<i>Item that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans	18, 29	(7,501,838)	(1,130,801)	(7,501,838)	(1,130,801)
Income tax relating to item that will not be reclassified to profit or loss		1,500,368	226,160	1,500,368	226,160
		(6,001,470)	(904,641)	(6,001,470)	(904,641)
Other comprehensive income for the year, net of tax		(8,647,460)	(3,011,598)	(8,647,460)	(3,011,598)
Total comprehensive income for the year		710,609,810	1,332,789,822	709,615,787	1,331,591,278
Basic earnings per share	31	32.69	60.72	32.65	60.66

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	Unappropriated reserve	Available-for-sale investments		
Year ended 31 March 2017								
Balance at 1 April 2016	220,000,000	726,100,000	22,000,000	420,000,000	4,026,081,931	6,720,192	5,420,902,123	
<i>(in Baht)</i>								
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	-	-	-	-	(421,080,000)	-	(421,080,000)	
Total distributions to owners of the Company	-	-	-	-	(421,080,000)	-	(421,080,000)	
Comprehensive income for the year								
Profit	-	-	-	-	1,335,801,420	-	1,335,801,420	
Other comprehensive income	-	-	-	-	(904,641)	(2,106,957)	(3,011,598)	
Total comprehensive income for the year	-	-	-	-	1,334,896,779	(2,106,957)	1,332,789,822	
Balance at 31 March 2017	220,000,000	726,100,000	22,000,000	420,000,000	4,939,898,710	4,613,235	6,332,611,945	

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
	Share premium on ordinary shares	Legal reserve	Other reserve (in Baht)	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 to owners of the Company	-	-	-	-	(667,920,000)	-	(667,920,000)
Total distributions to owners of the Company	-	-	-	-	(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)
Total 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

	Separate financial statements							Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated reserve	Available-for-sale investments	Other component of equity	
Year ended 31 March 2017								
Balance at 1 April 2016	220,000,000	726,100,000	22,000,000	420,000,000	4,011,767,399	6,720,192	5,406,587,591	
<i>Note</i>					<i>(in Baht)</i>			
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	-	-	-	-	(421,080,000)	-	(421,080,000)	
Total distributions to owners of the Company	-	-	-	-	(421,080,000)	-	(421,080,000)	
Comprehensive income for the year								
Profit	-	-	-	-	1,334,602,876	-	1,334,602,876	
Other comprehensive income	-	-	-	-	(904,641)	(2,106,957)	(3,011,598)	
Total comprehensive income for the year	-	-	-	-	1,333,698,235	(2,106,957)	1,331,591,278	
Balance at 31 March 2017	220,000,000	726,100,000	22,000,000	420,000,000	4,924,385,634	4,613,235	6,317,098,869	

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	
	2018	2017	2018	2017
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	719,257,270	1,335,801,420	718,263,247	1,334,602,876
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	52,462,446	126,538,428	52,462,446	126,538,428
Depreciation	344,484,753	340,966,828	344,484,753	340,966,828
Amortisation	7,121,932	4,126,315	7,121,932	4,126,315
Provisions for employee benefits	18,981,004	22,779,976	18,981,004	22,779,976
Provision for warranties	30,910,776	22,467,058	30,910,776	22,467,058
Unrealised loss on exchange	5,157,430	5,439,728	5,157,430	5,439,728
Share of profit of an associate	(1,994,023)	(1,198,544)	-	-
Losses on inventories devaluation	28,166,221	16,100,025	28,166,221	16,100,025
(Gain) loss on disposal of property, plant and equipment	(305,882)	340,268	(305,882)	340,268
Gain on sale of investment property	-	(58,580,433)	-	(58,580,433)
Dividend income	(478,914,270)	(819,143,573)	(479,914,270)	(819,143,573)
Interest income	(58,150,447)	(59,054,540)	(58,150,447)	(59,054,540)
Rental income	(17,188,020)	(17,195,520)	(17,188,020)	(17,195,520)
	<u>649,989,190</u>	<u>919,387,436</u>	<u>649,989,190</u>	<u>919,387,436</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	105,309,201	(133,949,869)	105,309,201	(133,949,869)
Other receivables	(8,341,331)	25,838,162	(8,341,331)	25,838,162
Inventories	(196,125,093)	107,625,194	(196,125,093)	107,625,194
Other current assets	(4,001,983)	(5,235,686)	(4,001,983)	(5,235,686)
Other non-current assets	(2,790,669)	7,262,992	(2,790,669)	7,262,992
Trade accounts payable	(64,364,241)	(72,157,250)	(64,364,241)	(72,157,250)
Other payables	(86,272,402)	70,509,216	(86,272,402)	70,509,216
Other current liabilities	6,072,073	384,424	6,072,073	384,424
Product warranties paid	(63,398,198)	(66,296,924)	(63,398,198)	(66,296,924)
Employee benefits paid	(6,547,277)	(6,215,342)	(6,547,277)	(6,215,342)
Provident fund paid	(539,218)	(762,741)	(539,218)	(762,741)
Net cash generated from operating	<u>328,990,052</u>	<u>846,389,612</u>	<u>328,990,052</u>	<u>846,389,612</u>
Taxes paid	<u>(105,626,799)</u>	<u>(86,100,342)</u>	<u>(105,626,799)</u>	<u>(86,100,342)</u>
Net cash from operating activities	<u>223,363,253</u>	<u>760,289,270</u>	<u>223,363,253</u>	<u>760,289,270</u>

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

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	
	2018	2017	2018	2017
	(in Baht)			
<i>Cash flows from investing activities</i>				
Proceeds from sale of property, plant and equipment	2,302,932	1,119,112	2,302,932	1,119,112
Acquisition of property and equipment	(444,478,038)	(434,687,432)	(444,478,038)	(434,687,432)
Sale of investment property	-	59,362,430	-	59,362,430
Acquisition of computer software	(14,227,360)	(33,245,365)	(14,227,360)	(33,245,365)
Short-term loans to related party	(520,027,252)	(535,433,515)	(520,027,252)	(535,433,515)
Proceeds from short-term loans to related party	566,793,111	497,357,508	566,793,111	497,357,508
Dividends received	653,787,550	798,855,173	653,787,550	798,855,173
Interest received	61,498,799	57,630,940	61,498,799	57,630,940
Rental received	17,190,022	16,983,966	17,190,022	16,983,966
Increase in current investments	<u>(800,000,000)</u>	<u>(300,000,000)</u>	<u>(800,000,000)</u>	<u>(300,000,000)</u>
Net cash from (used in) investing activities	<u>(477,160,236)</u>	<u>127,942,817</u>	<u>(477,160,236)</u>	<u>127,942,817</u>
<i>Cash flows from financing activities</i>				
Dividends paid to owners of the Company	<u>(667,920,000)</u>	<u>(421,080,000)</u>	<u>(667,920,000)</u>	<u>(421,080,000)</u>
Net cash used in financing activities	<u>(667,920,000)</u>	<u>(421,080,000)</u>	<u>(667,920,000)</u>	<u>(421,080,000)</u>
Net increase (decrease) in				
cash and cash equivalents	(921,716,983)	467,152,087	(921,716,983)	467,152,087
Cash and cash equivalents at 1 April	<u>1,531,005,314</u>	<u>1,063,853,227</u>	<u>1,531,005,314</u>	<u>1,063,853,227</u>
Cash and cash equivalents at 31 March	<u>609,288,331</u>	<u>1,531,005,314</u>	<u>609,288,331</u>	<u>1,531,005,314</u>
<i>Supplemental disclosure of cash flows information</i>				
<i>Non-cash transactions</i>				
Property and equipment purchased during the year are detailed as follows:				
Property and equipment purchased during the year	(443,850,265)	(440,487,472)	(443,850,265)	(440,487,472)
Increase (decrease) in payables on purchases of property and equipment	<u>(627,773)</u>	<u>5,800,040</u>	<u>(627,773)</u>	<u>5,800,040</u>
Net purchase of property and equipment paid by cash	<u>(444,478,038)</u>	<u>(434,687,432)</u>	<u>(444,478,038)</u>	<u>(434,687,432)</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 2018

Note	Contents	Page
1	General information	15
2	Basis of preparation of the financial statements	15
3	Significant accounting policies	17
4	Related parties	25
5	Cash and cash equivalents	31
6	Trade accounts receivable	31
7	Other receivables	32
8	Inventories	32
9	Investment in an associate	33
10	Other investments	35
11	Investment properties	38
12	Property, plant and equipment	39
13	Intangible assets	41
14	Deferred tax	41
15	Other non-current assets	43
16	Trade accounts payable	43
17	Other payables	44
18	Non-current provisions for employee benefits	44
19	Provision for warranties	46
20	Share capital	47
21	Reserves	47
22	Segment information	48
23	Investment income	50
24	Other income	50
25	Distribution costs	51
26	Administrative expenses	51
27	Employee benefit expenses	51
28	Expenses by nature	52
29	Income tax expense	53
30	Promotional privileges	54
31	Basic earnings per share	54
32	Dividends	54
33	Financial instruments	55
34	Commitments with non-related parties	57
35	Reclassification of accounts	58

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

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 directors on 16 May 2018.

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 year 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 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 (“FAP”) and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. 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 to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statement in the period of initial application.

(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 liability	Present value of the defined benefit obligations, as explained in Note 3 (m)

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

(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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 18	Measurement of defined benefit obligations : key actuarial assumptions;
Note 19	Recognition and measurement of provision for warranties : key assumptions about the likelihood and magnitude of an outflow of resources.

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 2018

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 11	Investment properties
Note 33	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.

Interests in associates are accounted for using the equity method. They are 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 investees, 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 2018

(c) *Derivative financial instruments*

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

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

(d) *Cash and cash equivalents*

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

(e) *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.

(f) *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 includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

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

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

(g) *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, 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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

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

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

Disposal of investments

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

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

(h) *Investment properties*

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

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

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

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

Buildings	20 years
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No depreciation is provided on freehold land.

(i) *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, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

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.

Reclassification to investment property

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

Subsequent costs

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

Depreciation

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

Depreciation is charged to profit or loss on a straight-line basis (except 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.

(j) Intangible assets

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

Amortisation

Amortisation is calculated 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.

(k) 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.

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.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

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.

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Employee benefits*

Defined contribution plans

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

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 annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized 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 recognized 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.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

(n) 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.

(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. 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.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

(p) Finance costs

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

(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.

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 fulfillment 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.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

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.

(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
<i>Parent</i>		
Mitsubishi Electric Corporation	Japan	Parent, 40.81% shareholding
<i>Associate</i>		
Smile Super Express Co., Ltd.	Thailand	Associate, 33.33% shareholding From March 2018, 27.12 shareholding
<i>Key management personnel</i>		
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
<i>Other related parties</i>		
Thai Refrigeration Components Co., Ltd.	Thailand	Common director
Kulthorn Kirby Public Company Limited	Thailand	Common director

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

Name of entities	Country of incorporation/ nationality	Nature of relationships
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 (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 Purchase policy of raw materials are prices agreed between the parties.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

- 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 assistance 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 or 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 determined by the Nomination and Remuneration Committee and the Company's policy.
- 13 Dividend income as declared amount.

Significant transactions for the years ended 31 March 2018 and 2017 with related parties were as follows:

<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Parent				
Revenue from sale of goods	3,639,622	3,663,231	3,639,622	3,663,231
Other income	268	152	268	152
Royalty fee	192,533	201,663	192,533	201,663
Product development fee	295,117	305,733	295,117	305,733
Product warranties expense	58,433	61,444	58,433	61,444
Technical assistance fee	16,699	16,246	16,699	16,246
Other selling and administrative expenses	11,564	7,608	11,564	7,608

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Associate				
Revenue from sale of goods	80	132	80	132
Rental income	17,178	17,178	17,178	17,178
Dividend income	-	-	1,000	-
Other income	951	753	951	753
Inventory management service fee	82,864	81,803	82,864	81,803
Other selling and administrative expenses	7,511	7,741	7,511	7,741
Share of profit of investment	1,994	1,198	-	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	73,032	68,480	73,032	68,480
Post-employment benefits	1,167	949	1,167	949
Other long-term benefits	12	11	12	11
Total key management personnel compensation	<u>74,211</u>	<u>69,440</u>	<u>74,211</u>	<u>69,440</u>
Other related parties				
Revenue from sale of goods	4,988,463	5,386,787	4,988,463	5,386,787
Purchases of raw material	1,166,339	1,160,689	1,166,339	1,160,689
Dividend income	478,901	819,128	478,901	819,128
Other selling and administrative expenses	97,411	90,192	97,411	90,192
Purchases of equipment	13,408	8,563	13,408	8,563
Other income	9,602	4,873	9,602	4,873
Product warranties expense	3,160	4,137	3,160	4,137
Interest income	240	378	240	378
Technical assistance fee	-	61	-	61

Balances as at 31 March 2018 and 2017 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	
	2018	2017
	<i>(in thousand Baht)</i>	
Parent	293,365	353,458
Associate	-	8
Other related parties	995,493	1,045,907
Total	<u>1,288,858</u>	<u>1,399,373</u>

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

Other receivables - related parties

**Financial statements in which
the equity method is applied
and separate financial statements**
2018 2017
(in thousand Baht)

Accrued dividend income

Other related parties

Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.
Siam Compressor Industry Co., Ltd.

-	164,892
-	8,981
<u>-</u>	<u>173,873</u>

Others

Parent
Associate
Other related parties

-	1,061
1,679	1,513
4,088	16
<u>5,767</u>	<u>2,590</u>

Total

<u>5,767</u>	<u>176,463</u>
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Short-term loans to related party

Interest rate
2018 2017
(% per annum)

Other related party

Melco Thai Capital Co., Ltd.

0.80 0.80

**Financial statements in which the
equity method is applied
and separate financial statements**
2018 2017
(in thousand Baht)

<u>27,508</u>	<u>74,274</u>
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Movements during the years ended 31 March 2018 and 2017 of short-term loans to related party were as follows:

Short-term loans to related party

**Financial statements in which
the equity method is applied
and separate financial statements**
2018 2017
(in thousand Baht)

Other related party

At 1 April

74,274 36,198

Increase

520,027 535,434

Decrease

(566,793) (497,358)

At 31 March

<u>27,508</u>	<u>74,274</u>
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Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

Trade accounts payable - related parties

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

	2018	2017
	<i>(in thousand Baht)</i>	
Other related parties	115,615	134,894

Other payables - related parties

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

	2018	2017
	<i>(in thousand Baht)</i>	
Parent	278,086	294,130
Associate	8,769	10,795
Other related parties	39,257	34,464
Total	326,112	339,389

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 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 May 2017, the Company notified to renew such agreement for a period of two years expiring on 31 July 2019.

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.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

5 Cash and cash equivalents

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Cash on hand	150	150
Cash at banks - savings and current accounts	89,138	80,855
Fixed deposits	520,000	1,450,000
Total	609,288	1,531,005

6 Trade accounts receivable

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
Related parties	4	1,288,858	1,399,373
Other parties		182	293
Total		1,289,040	1,399,666
Bad and doubtful debts expenses for the year		-	-

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	1,287,589	1,385,733
Overdue		
Less than 3 months	1,269	13,640
	1,288,858	1,399,373
Other parties		
Within credit terms	182	279
Overdue		
Less than 3 months	-	12
3 – 6 months	-	2
	182	293
Total	1,289,040	1,399,666

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

7 Other receivables

	<i>Note</i>	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
Value added tax receivable		36,425	37,341
Prepaid expenses		7,839	8,365
Accrued interest income		4,649	7,997
Accrued rental income	4	1,679	1,513
Accrued dividend income	4	-	173,873
Others		12,320	2,798
Total		62,912	231,887

8 Inventories

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Finished goods	381,065	396,174
Work in process	81,439	195,433
Raw materials and factory supplies	605,034	291,452
Goods in transit	27,410	15,764
	1,094,948	898,823
<i>Less allowance for decline in value of inventories</i>	<i>(48,762)</i>	<i>(20,596)</i>
Net	1,046,186	878,227

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

9 Investment in an associate

	<i>Note</i>	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
At 1 April		18,513	17,315	3,000	3,000
Share of profit of investment - equity method	4	1,994	1,198	-	-
Dividend income		(1,000)	-	-	-
At 31 March		19,507	18,513	3,000	3,000

On 6 March 2018, Smile Super Express Co., Ltd. which is the associate increased the share capital from Baht 9.00 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 associate company resulting in the Company's shareholding decreased from 33.33% to 27.12%.

However, the Company still has significant influence in such company.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

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 period 1 April 2017 - 28 February 2018	For the period 1 March 2018 - 31 March 2018 <i>(in thousand Baht)</i>	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue	159,316	17,229	176,545	158,484
Total comprehensive income (100%)	3,942	2,507	6,449	3,595
% hold	33.33	27.12		33.33
Company's share of total comprehensive income	1,314	680	1,994	1,198
Current assets			81,194	62,066
Non-current assets			11,230	14,463
Current liabilities			(15,289)	(15,344)
Non-current liabilities			(5,787)	(5,646)
Net assets (100%)			71,348	55,539
% hold			27.12	33.33
Carrying amount of interest in associate			19,507	18,513

10 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Current investments		
Short-term deposits at financial institutions	3,300,000	2,500,000
	3,300,000	2,500,000
Other long-term investments		
Equity securities available-for-sale	7,724	11,032
Other non-marketable equity securities	157,362	157,362
	165,086	168,394
Total	3,465,086	2,668,394

Short-term deposits at financial institutions amounted to Baht 3,300 million as at 31 March 2018 (2017 : Baht 2,500 million), which have period of maturity within 7 months to 12 months, have annual interest rates ranging from 1.25% to 1.60% (2017 : 1.55% to 1.75%).

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

Equity securities available-for-sale as at 31 March 2018 and 2017 were as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	2018		2017	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<i>Marketable securities -</i>				
<i>Available-for-sale</i>				
<i>securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	7,222	4,965	10,582
City Sports and Recreation Public Co., Ltd.	300	502	300	450
	<u>5,265</u>	<u>7,724</u>	<u>5,265</u>	<u>11,032</u>
<i>Add revaluation</i>	2,459	-	5,767	-
Total	<u><u>7,724</u></u>	<u><u>7,724</u></u>	<u><u>11,032</u></u>	<u><u>11,032</u></u>

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

Other non-marketable equity securities as at 31 March 2018 and 2017, and dividend income from those investments for the years then ended were as follows:

Investee	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		Financial statements in which the equity method is applied and separate financial statements											
		(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	445,212	772,416
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	33,038	45,869
Total				157,362	157,362	157,362	157,362	-	-	157,362	157,362	478,514	818,549

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

11 Investment properties

	Financial statements in which the equity method is applied and separate financial statements		
	Land	Buildings	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 April 2016	10,360	91,436	101,796
Disposals	(782)	-	(782)
At 31 March 2017 and 1 April 2017	9,578	91,436	101,014
At 31 March 2018	9,578	91,436	101,014
<i>Accumulated depreciation and impairment losses</i>			
At 1 April 2016	5,389	91,436	96,825
At 31 March 2017 and 1 April 2017	5,389	91,436	96,825
At 31 March 2018	5,389	91,436	96,825
<i>Net book value</i>			
At 1 April 2016	4,971	-	4,971
At 31 March 2017 and 1 April 2017	4,189	-	4,189
At 31 March 2018	4,189	-	4,189

Investment properties comprise land and buildings that are leased to an associate and plots of land that are not used in operations. As at 31 March 2018, fair value of land and buildings that are leased to its associate was determined by the independent professional valuers under Income Approach at Discounted cash flows method. Fair value of land not used in operations was considered by appraisal value of Treasury Department. As at 31 March 2018, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 154.56 million.

As at 31 March 2017, 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 31 March 2017, fair value of land and buildings that are leased to its associate and land not used in operations totaled approximately Baht 77.04 million. In December 2016, partial plots of land that is not used in operations with a cost of Baht 0.78 million was sold for a price of Baht 64.74 million. A gain on sale net of related expenses of Baht 58.58 million was recorded.

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 of Baht 154.56 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

12 Property, plant and equipment

	Financial statements in which the equity method is applied and separate financial statements						Total
	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	
Cost							
At 1 April 2016	164,911	696,088	1,542,738	2,861,478	98,195	1,101	5,407,396
Additions	-	1,788	14,348	71,530	24,709	107	440,487
Transfers	-	18,462	27,817	160,765	8,675	-	-
Disposals	(942)	(55)	(7,441)	(62,398)	(6,108)	(41)	(76,985)
At 31 March 2017 and 1 April 2017	163,969	716,283	1,577,462	3,031,375	125,471	1,167	5,770,898
Additions	-	944	12,642	66,064	9,797	3	443,850
Transfers	-	23,323	146,422	286,899	5,452	-	-
Disposals	-	-	(19,548)	(49,874)	(4,202)	(982)	(74,606)
At 31 March 2018	163,969	740,550	1,716,978	3,334,464	136,518	188	6,140,142
Accumulated depreciation							
At 1 April 2016	34,471	608,265	1,050,977	2,370,217	74,277	1,080	4,139,287
Depreciation charge for the year	-	25,154	67,655	237,463	10,667	28	340,967
Disposals	-	(55)	(7,308)	(62,107)	(5,762)	(40)	(75,272)
At 31 March 2017 and 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	34,471	655,239	1,162,894	2,734,118	90,025	110	4,676,857

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

<i>Net book value</i>	Financial statements in which the equity method is applied and separate financial statements						Total	
	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment	Office equipment	Vehicles		Assets under construction and installation
At 1 April 2016	130,440	87,823	491,761	491,261	23,918	21	42,885	1,268,109
At 31 March 2017 and 1 April 2017	129,498	82,919	466,138	485,802	46,289	99	155,171	1,365,916
At 31 March 2018	129,498	85,311	554,084	600,346	46,493	78	47,475	1,463,285

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2018 amounted to Baht 3,630.3 million (2017: Baht 2,856.6 million).

In September 2016, the Company has donated partial plots of land that was under land servitude with a cost of Baht 0.94 million for public use. 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.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

13 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 2016	-	12,754	962	-	13,716
Additions	17,900	6,945	-	8,400	33,245
Disposals	-	(462)	-	-	(462)
At 31 March 2017 and 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	36,550	23,215	962	-	60,727
Accumulated amortisation					
At 1 April 2016	-	5,223	42	-	5,265
Amortisation for the year	1,044	2,890	192	-	4,126
Disposals	-	(462)	-	-	(462)
At 31 March 2017 and 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	3,958	11,665	429	-	16,052
Net book value					
At 1 April 2016	-	7,531	920	-	8,451
At 31 March 2017 and 1 April 2017	16,856	11,586	728	8,400	37,570
At 31 March 2018	32,592	11,550	533	-	44,675

14 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	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	<i>(in thousand Baht)</i>			
Total	79,552	76,537	(15,474)	(12,999)
Set off of tax	(15,474)	(12,999)	15,474	12,999
Net deferred tax assets	64,078	63,538	-	-

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

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 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
Provision for warranties	28,222	(6,497)	-	21,725
Employee benefit obligations	40,097	2,487	1,500	44,084
Provident funds	3,021	(108)	-	2,913
Impairment losses on land not used in operations	1,078	-	-	1,078
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 difference)</i>	(11,846)	(3,136)	-	(14,982)
Total	(12,999)	(3,136)	661	(15,474)
Net	63,538	(1,621)	2,161	64,078

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

	Financial statements in which the equity method is applied and separate financial statements			At 31 March 2017
	At 1 April 2016	(Charged) / Credited to :		
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Inventories (allowance for decline in value)	3,373	746	-	4,119
Provision for warranties	36,988	(8,766)	-	28,222
Employee benefit obligations	36,558	3,313	226	40,097
Provident funds	3,173	(152)	-	3,021
Impairment losses on land not used in operations	1,078	-	-	1,078
Total	81,170	(4,859)	226	76,537
Deferred tax liabilities				
Available-for-sale securities (revaluation)	(1,680)	-	527	(1,153)
Property, plant and equipment (depreciation difference)	(9,208)	(2,638)	-	(11,846)
Total	(10,888)	(2,638)	527	(12,999)
Net	70,282	(7,497)	753	63,538

15 Other non-current assets

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	(in thousand Baht)	
Refundable import duty	10,437	10,085
Refundable corporate income tax	9,469	-
Loans to employees	4,377	2,753
Others	1,552	737
Total	25,835	13,575

16 Trade accounts payable

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		(in thousand Baht)	
Related parties	4	115,615	134,894
Other parties		778,845	824,213
Total		894,460	959,107

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

17 Other payables

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Royalty fee and development fee payables	267,034	280,891
Accrued employee benefits	87,103	97,550
Payables on purchases of property and equipment	12,839	13,467
Others	133,434	195,372
Total	500,410	587,280

18 Non-current provisions for employee benefits

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Statement of financial position		
Non-current provisions for:		
Post-employment benefits	204,271	184,276
Other long-term employee benefits	16,149	16,209
Total	220,420	200,485
Statement of comprehensive income		
<i>for the year ended 31 March</i>		
Recognised in profit or loss:		
Post-employment benefits	17,184	21,423
Other long-term employee benefits	1,797	1,357
Total	18,981	22,780
Recognised in other comprehensive income:		
Actuarial losses recognised in the year	7,501	1,131

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

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

Movement in the present value of the defined benefit obligations:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 April	200,485	182,789
Included in profit or loss:		
Current service cost	13,409	12,088
Past service cost	189	6,263
Interest on obligations	5,383	4,429
	<u>18,981</u>	<u>22,780</u>
Included in other comprehensive income:		
Actuarial losses	7,501	1,131
Other		
Benefit paid	(6,547)	(6,215)
At 31 March	<u>220,420</u>	<u>200,485</u>

Actuarial losses recognised in other comprehensive income arising from:

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Demographic assumptions	2,253	-
Financial assumptions	-	(4,331)
Experience adjustment	5,248	5,462
Total	<u>7,501</u>	<u>1,131</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	
	2018	2017
	%	
Discount rate	2.75	2.75
Future salary increases	5.00	5.00

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

At 31 March 2018, the weighted-average duration of the defined benefit obligations was 8 years (2017 : 9 years).

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

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 obligations 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 2018		
Discount rate (0.50% movement)	(9,065)	9,738
Future salary increases (1.00% movement)	15,802	(13,895)
At 31 March 2017		
Discount rate (0.50% movement)	(8,714)	9,360
Future salary increases (1.00% movement)	14,953	(13,139)

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.

19 Provision for warranties

	Financial statements in which the equity method is applied and separate financial statements
	<i>(in thousand Baht)</i>
At 1 April 2016	184,942
Provisions made	22,467
Provisions used	(66,297)
At 31 March 2017 and 1 April 2017	141,112
Provisions made	30,911
Provisions used	(63,398)
At 31 March 2018	108,625

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.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

20 Share capital

	Par value per share (in Baht)	2018 Number Amount (in thousand shares/ in thousand Baht)		2017 Number Amount	
<i>Authorised</i>					
At 1 April					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
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 fully paid-up</i>					
At 1 April					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>
At 31 March					
- ordinary shares	10	<u>22,000</u>	<u>220,000</u>	<u>22,000</u>	<u>220,000</u>

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.

21 Reserves

Reserves comprise of appropriations of profit and/or retained earnings.

Legal reserve

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

Other 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.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

22 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.

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

The Company's operations mainly involve business segments in produce goods in Thailand and sale in both domestic and oversea market (Japan and other countries). Financial information of the Company by operating segments for the years ended 31 March 2018 and 2017 was as follows:

Financial statements in which the equity method is applied

	Overseas						Total	
	Domestic		Japan		Others			
<i>Year ended 31 March</i>	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sale of goods and rendering of services	3,001,774	3,268,950	3,825,215	3,840,678	1,804,753	1,945,721	8,631,742	9,055,349
Segment profit	440,945	515,881	602,570	613,240	34,062	201,390	1,077,577	1,330,511
Unallocated expenses							(865,031)	(863,371)
Investment income							554,253	895,394
Net foreign exchange gain (loss)							(25,777)	9,962
Gain on sale of investment properties							-	58,580
Other income							28,703	30,065
Share of profit of an associate							1,994	1,198
Profit before income tax expense							771,719	1,462,339
Income tax expense							(52,462)	(126,538)
Profit for the year							719,257	1,335,801
Segment assets as at 31 March							8,135,866	8,297,028
Segment liabilities as at 31 March							1,760,564	1,964,416

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

Geographical segments

In presenting information on the basis of geographical operating segments, segment revenue is based on the geographical location of customers.

Major customers

Revenues from major customers of the Company's segments 1 and 2 represents approximately Baht 6,636 million (2017: Baht 6,924 million) of the Company's total revenues.

23 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Rental income					
Operating lease rental income					
Investment properties		17,188	17,196	17,188	17,196
		<u>17,188</u>	<u>17,196</u>	<u>17,188</u>	<u>17,196</u>
Dividend income					
Associate	4, 9	-	-	1,000	-
Related parties	4, 10	478,901	819,128	478,901	819,128
Other parties		13	15	13	15
		<u>478,914</u>	<u>819,143</u>	<u>479,914</u>	<u>819,143</u>
Interest income					
Related parties	4	240	378	240	378
Financial institutions		57,911	58,677	57,911	58,677
		<u>58,151</u>	<u>59,055</u>	<u>58,151</u>	<u>59,055</u>
Total		<u><u>554,253</u></u>	<u><u>895,394</u></u>	<u><u>555,253</u></u>	<u><u>895,394</u></u>

24 Other income

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
<i>(in thousand Baht)</i>		
Revenue from scrap sales	13,809	12,512
Product development income	-	4,824
Others	14,894	12,729
Total	<u><u>28,703</u></u>	<u><u>30,065</u></u>

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

25 Distribution costs

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
Royalty fee	4	192,533	201,663
Transportation expenses		103,627	95,310
Advertising and sales promotion expenses		63,740	59,007
Product warranty expense	19	30,911	22,467
Employee benefit expenses		19,023	20,363
Others		6,996	12,715
Total		416,830	411,525

26 Administrative expenses

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
Product development fee	4	295,117	305,733
Employee benefit expenses		176,462	164,222
Warehouse rental charge		85,109	84,047
Tax and duty		20,688	24,681
Technical assistance fee	4	16,699	16,367
Travelling expenses		10,731	8,936
Professional fee		9,992	11,691
Insurance premium		7,640	7,490
Maintenance expenses		7,545	10,919
Rental expense		7,325	7,971
Others		99,404	98,970
Total		736,712	741,027

27 Employee benefit expenses

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
Wages and salaries		773,855	737,552
Contributions to provident fund		28,622	21,588
Defined benefit plan expenses	18	18,981	22,780
Others		88,073	120,091
Total		909,531	902,011

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

Defined benefit plans

Details of the defined benefit plans are given in note 18.

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.

28 Expenses by nature

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>			
Changes in inventories of finished goods and work in process		129,103	70,590
Raw materials and consumables used		5,636,304	5,788,005
Employee benefit expenses		714,046	717,426
Depreciation		324,877	329,588
<i>Included in distribution costs:</i>			
Royalty fee	4, 25	192,533	201,663
Transportation expenses	25	103,627	95,310
Advertising and sales promotion expenses	25	63,740	59,007
<i>Included in administrative expenses:</i>			
Product development fee	4, 26	295,117	305,733
Employee benefit expenses	26	176,462	164,222
Warehouse rental charge	26	85,190	84,047

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

29 Income tax expense

Income tax recognised in profit or loss

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
Current tax expense			
Current year		50,841	116,808
Under provided in prior years		-	2,233
		<u>50,841</u>	<u>119,041</u>
Deferred tax expense			
Movements in temporary differences	14	1,621	7,497
Total income tax expense		<u>52,462</u>	<u>126,538</u>

Income tax recognised in other comprehensive income

	Financial statements in which the equity method is applied and separate financial statements					
	Before tax	2018 Tax (expense) benefit	Net of tax	Before tax	2017 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Available-for-sale securities (revaluation)	(3,307)	661	(2,646)	(2,634)	527	(2,107)
Defined benefit plan actuarial losses	(7,502)	1,500	(6,002)	(1,131)	226	(905)
Total	<u>(10,809)</u>	<u>2,161</u>	<u>(8,648)</u>	<u>(3,765)</u>	<u>753</u>	<u>(3,012)</u>

Reconciliation of effective tax rate

	Financial statements in which the equity method is applied			
	2018	2017	2018	2017
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		771,720		1,462,340
Income tax using the Thai corporation tax rate	20.00	154,344	20.00	292,468
Income not subject to tax		(95,983)		(163,828)
Additional deduction expenses for tax purposes		(6,238)		(5,106)
Expenses not deductible for tax purposes		339		771
Under provided in prior years		-		2,233
Total	<u>6.80</u>	<u>52,462</u>	<u>8.65</u>	<u>126,538</u>

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2018

	Separate financial statements			
	2018		2017	
	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in</i> <i>thousand</i> <i>Baht)</i>
Profit before income tax expense		770,726		1,461,141
Income tax using the Thai corporation tax rate	20.00	154,145	20.00	292,228
Income not subject to tax		(95,983)		(163,828)
Additional deduction expenses for tax purposes		(6,238)		(5,106)
Expenses not deductible for tax purposes		538		1,011
Under provided in prior years		-		2,233
Total	6.81	52,462	8.66	126,538

30 Promotional privileges

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

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

31 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company (Basic)	719,257	1,335,801	718,263	1,334,603
Number of ordinary shares outstanding	22,000	22,000	22,000	22,000
Earnings per share (Basic) (in Baht)	32.69	60.72	32.65	60.66

32 Dividends

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 667.9 million. The dividend was paid to the shareholders in August 2017.

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

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

33 Financial instruments

Financial risk management policies

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

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

Capital management

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

Interest rate risk

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

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

	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Within 1 year (in thousand Baht)
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 loans to related party	0.80	27,508
2017		
Current		
Deposits at financial institutions	0.50 - 1.30	1,530,855
Short-term investments - fixed deposits	1.55 - 1.75	2,500,000
Short-term loans to related party	0.80 - 1.25	74,274

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Company primarily utilises forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

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	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>United States Dollars</i>		
Trade accounts receivable	427,028	454,268
Trade accounts payable	(75,941)	(62,304)
Other accounts payable	(26,853)	(23,486)
Net exposure	324,234	368,478
<i>Japanese Yen</i>		
Trade accounts receivable	56,246	47,560
Trade accounts payable	(9,186)	(7,719)
Other accounts payable	(86,152)	(93,018)
Net exposure	(39,092)	(53,177)
<i>Russian Ruble</i>		
Trade accounts receivable	20,832	28,510
Net exposure	20,832	28,510
<i>Other currencies</i>		
Other accounts payable	(2,952)	(209)
Net exposure	(2,952)	(209)
Net	303,022	343,602

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 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.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

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.

	Carrying amount	Financial statements in which the equity method is applied and separate financial statements			
		Fair value			Total
		Level 1 <i>(in thousand Baht)</i>	Level 2	Level 3	
31 March 2018					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	7,724	7,222	-	502	7,724
31 March 2017					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	11,032	10,582	-	450	11,032

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 loans 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.

34 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Acquisition of property, plant and equipment	<u>38,980</u>	<u>49,617</u>
<i>Future minimum lease payments under non-cancellable operating leases</i>		
Within one year	4,010	6,644
After one year but within five years	<u>4,915</u>	<u>5,879</u>
Total	<u>8,925</u>	<u>12,523</u>

The Company entered into several long-term lease agreements covering vehicles which 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.

Kang Yong Electric Public Company Limited

Notes to the financial statements

For the year ended 31 March 2018

35 Reclassification of accounts

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 financial statements as follows:

	2017		
	Financial statements in which the equity method is applied and separate financial statements		
	Before reclass.	Reclass. <i>(in thousand Baht)</i>	After reclass.
<i>Statement of financial position</i>			
Trade accounts payable	1,078,668	(119,561)	959,107
Other payables	467,719	<u>119,561</u>	587,280
		<u>-</u>	

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