

Kang Yong Electric Public Company Limited

Condensed interim financial statements
for the three-month period ended
30 June 2023
and
Independent auditor's review report

Independent Auditor’s Report on Review of Interim Financial Information

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

I have reviewed the accompanying statement of financial position in which the equity method is applied and separate statement of financial position of Kang Yong Electric Public Company Limited as at 30 June 2023; the related statements of comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2023; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

(Sophit Prompol)
Certified Public Accountant
Registration No. 10042

KPMG Phoomchai Audit Ltd.
Bangkok
8 August 2023

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		30 June 2023 (Unaudited)	31 March 2023	30 June 2023 (Unaudited)	31 March 2023
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		682,030	630,631	682,030	630,631
Trade accounts receivables	3	900,238	1,041,526	900,238	1,041,526
Value added tax refundable		60,575	49,795	60,575	49,795
Other receivables	3	35,033	30,705	35,033	30,705
Short-term loan to related party	3	98,074	96,959	98,074	96,959
Inventories		1,171,313	1,271,353	1,171,313	1,271,353
Other current financial assets		3,100,002	2,820,002	3,100,002	2,820,002
Other current assets		13,664	17,618	13,664	17,618
Total current assets		6,060,929	5,958,589	6,060,929	5,958,589
Non-current assets					
Other non-current financial assets	6	2,858,028	2,195,941	2,858,028	2,195,941
Investment in associate		23,060	23,261	3,000	3,000
Investment properties		3,907	3,907	3,907	3,907
Property, plant and equipment	4	1,381,313	1,405,273	1,381,313	1,405,273
Right-of-use assets		20,305	20,904	20,305	20,904
Intangible assets		25,075	27,168	25,075	27,168
Other non-current assets		12,687	10,411	12,687	10,411
Total non-current assets		4,324,375	3,686,865	4,304,315	3,666,604
Total assets		10,385,304	9,645,454	10,365,244	9,625,193

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited

Statement of financial position

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		30 June 2023 (Unaudited)	31 March 2023	30 June 2023 (Unaudited)	31 March 2023
<i>(in thousand Baht)</i>					
Liabilities and equity					
Current liabilities					
Trade accounts payables	3	678,474	768,997	678,474	768,997
Other payables	3	334,148	304,332	334,148	304,332
Current portion of lease liabilities		9,049	8,652	9,049	8,652
Other current liabilities		8,698	8,835	8,698	8,835
Total current liabilities		1,030,369	1,090,816	1,030,369	1,090,816
Non-current liabilities					
Lease liabilities		12,478	13,007	12,478	13,007
Deferred tax liabilities		423,416	290,353	423,416	290,353
Provision for warranties		76,410	75,812	76,410	75,812
Non-current provisions for employee benefits		276,285	270,029	276,285	270,029
Provident funds		6,348	6,351	6,348	6,351
Total non-current liabilities		794,937	655,552	794,937	655,552
Total liabilities		1,825,306	1,746,368	1,825,306	1,746,368
Equity					
Share capital:					
Authorised share capital					
<i>(19,800,000 ordinary shares, par value at Baht 10 per share)</i>					
		198,000	198,000	198,000	198,000
Issued and paid-up share capital					
<i>(19,800,000 ordinary shares, par value at Baht 10 per share)</i>					
		198,000	198,000	198,000	198,000
Share premium:					
Share premium on ordinary shares					
		726,100	726,100	726,100	726,100
Retained earnings					
Appropriated					
Legal reserve					
		22,000	22,000	22,000	22,000
Other reserve					
		420,000	420,000	420,000	420,000
Unappropriated					
		5,037,578	4,906,335	5,017,518	4,886,074
Other component of equity					
		2,156,320	1,626,651	2,156,320	1,626,651
Total equity		8,559,998	7,899,086	8,539,938	7,878,825
Total liabilities and equity		10,385,304	9,645,454	10,365,244	9,625,193

The accompanying notes form an integral part of the interim financial statements.

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

	<i>Note</i>	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2023	2022	2023	2022
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods and rendering of services	3, 5	2,096,607	2,250,022	2,096,607	2,250,022
Investment income	3	16,100	9,676	16,100	9,676
Net foreign exchange gain		15,982	30,216	15,982	30,216
Other income	3	9,459	16,813	9,459	16,813
Total revenue		2,138,148	2,306,727	2,138,148	2,306,727
Expenses					
Cost of sale of goods and rendering of services	3	1,770,148	2,049,322	1,770,148	2,049,322
Distribution costs	3	87,628	134,807	87,628	134,807
Administrative expenses	3	148,139	156,170	148,139	156,170
Total expenses		2,005,915	2,340,299	2,005,915	2,340,299
Profit (loss) from operating activities		132,233	(33,572)	132,233	(33,572)
Finance costs		(143)	(66)	(143)	(66)
Share of loss of associate		(201)	(268)	-	-
Profit (loss) before income tax expense		131,889	(33,906)	132,090	(33,638)
Tax income (expense)		(646)	6,276	(646)	6,276
Profit (loss) for the period		131,243	(27,630)	131,444	(27,362)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain (loss) on investments in equity instruments designated at FVOCI		662,087	(108,756)	662,087	(108,756)
Income tax relating to items that will not be reclassified		(132,418)	21,751	(132,418)	21,751
Total items that will not be reclassified subsequently to profit or loss		529,669	(87,005)	529,669	(87,005)
Other comprehensive income (expense) for the period, net of tax		529,669	(87,005)	529,669	(87,005)
Total comprehensive income (expense) for the period		660,912	(114,635)	661,113	(114,367)
Basic earnings (loss) per share (in Baht)		6.63	(1.40)	6.64	(1.38)

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited
Statement of changes in equity (Unaudited)

Financial statements in which the equity method is applied

	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings			Other component of equity	Total equity
			Legal reserve	Other reserve	Unappropriated	Gain (loss) on investments in equity instruments designated at FVOCI	
<i>(in thousand Baht)</i>							
Three-month period ended 30 June 2022							
Balance at 1 April 2022	198,000	726,100	22,000	420,000	4,913,095	1,732,627	8,011,822
Comprehensive income (expense) for the period							
Loss	-	-	-	-	(27,630)	-	(27,630)
Other comprehensive income (expense)	-	-	-	-	-	(87,005)	(87,005)
Total comprehensive income (expense) for the period	-	-	-	-	(27,630)	(87,005)	(114,635)
Balance at 30 June 2022	198,000	726,100	22,000	420,000	4,885,465	1,645,622	7,897,187

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited
Statement of changes in equity (Unaudited)

Financial statements in which the equity method is applied

	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings			Other component of equity	Total equity
			Legal reserve	Other reserve	Unappropriated	Gain (loss) on investments in equity instruments designated at FVOCI	
<i>(in thousand Baht)</i>							
Three-month period ended 30 June 2023							
Balance at 1 April 2023	198,000	726,100	22,000	420,000	4,906,335	1,626,651	7,899,086
Comprehensive income (expense) for the period							
Gain	-	-	-	-	131,243	-	131,243
Other comprehensive income (expense)	-	-	-	-	-	529,669	529,669
Total comprehensive income (expense) for the period	-	-	-	-	131,243	529,669	660,912
Balance at 30 June 2023	198,000	726,100	22,000	420,000	5,037,578	2,156,320	8,559,998

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited
Statement of changes in equity (Unaudited)

	Separate financial statements					Other component	Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated	Retained earnings	
						Gain (loss) on investments in equity instruments designated at FVOCI	
<i>(in thousand Baht)</i>							
Three-month period ended 30 June 2022							
Balance at 1 April 2022	198,000	726,100	22,000	420,000	4,894,430	1,732,627	7,993,157
Comprehensive income (expense) for the period							
Loss	-	-	-	-	(27,362)	-	(27,362)
Other comprehensive income (expense)	-	-	-	-	-	(87,005)	(87,005)
Total comprehensive income (expense) for the period	-	-	-	-	(27,362)	(87,005)	(114,367)
Balance at 30 June 2022	198,000	726,100	22,000	420,000	4,867,068	1,645,622	7,878,790

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited
Statement of changes in equity (Unaudited)

	Separate financial statements					Other component	Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Other reserve	Unappropriated	Retained earnings	
						Gain (loss) on investments in equity instruments designated at FVOCI	
<i>(in thousand Baht)</i>							
Three-month period ended 30 June 2023							
Balance at 1 April 2023	198,000	726,100	22,000	420,000	4,886,074	1,626,651	7,878,825
Comprehensive income (expense) for the period							
Gain	-	-	-	-	131,444	-	131,444
Other comprehensive income (expense)	-	-	-	-	-	529,669	529,669
Total comprehensive income (expense) for the period	-	-	-	-	131,444	529,669	661,113
Balance at 30 June 2023	198,000	726,100	22,000	420,000	5,017,518	2,156,320	8,539,938

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited

Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method			
	is applied		Separate financial statements	
	Three-month period ended		Three-month period ended	
	30 June		30 June	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the period	131,243	(27,630)	131,444	(27,362)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax (income) expense	646	(6,276)	646	(6,276)
Finance costs	143	66	143	66
Depreciation	71,693	81,831	71,693	81,831
Amortisation	2,092	2,006	2,092	2,006
Provision for warranties	11,610	13,344	11,610	13,344
Non-current provisions for employee benefits	6,256	6,272	6,256	6,272
Unrealised gain on exchange	(3,685)	(10,673)	(3,685)	(10,673)
Share of loss of associate	201	268	-	-
(Reversal of) loss on inventories devaluation	(10,547)	17,832	(10,547)	17,832
(Gain) loss on disposal of equipment	273	(254)	273	(254)
Dividend income	(273)	(269)	(273)	(269)
Interest income	(11,534)	(5,112)	(11,534)	(5,112)
Rental income	(4,294)	(4,294)	(4,294)	(4,294)
	<u>193,824</u>	<u>67,111</u>	<u>193,824</u>	<u>67,111</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	147,979	261,676	147,979	261,676
Value added tax refundable	(10,780)	(25,811)	(10,780)	(25,811)
Other receivables	(2,026)	399	(2,026)	399
Inventories	110,587	(126,944)	110,587	(126,944)
Other current assets	3,954	(1,950)	3,954	(1,950)
Other non-current assets	(2,276)	2,797	(2,276)	2,797
Trade accounts payable	(93,164)	(167,041)	(93,164)	(167,041)
Other payables	33,286	39,675	33,286	39,675
Other current liabilities	(137)	(3,081)	(137)	(3,081)
Warranties paid	(11,012)	(14,048)	(11,012)	(14,048)
Employee benefits paid	-	-	-	-
Provident fund paid	(3)	-	(3)	-
Net cash generated from operating	<u>370,232</u>	<u>32,783</u>	<u>370,232</u>	<u>32,783</u>
Taxes paid	(310)	-	(310)	-
Net cash from operating activities	<u>369,922</u>	<u>32,783</u>	<u>369,922</u>	<u>32,783</u>

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited

Statement of cash flows (Unaudited)

	Financial statements			
	in which the equity method			
	is applied		Separate financial statements	
	Three-month period ended		Three-month period ended	
	30 June		30 June	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Net cash outflow of other current financial assets	(280,000)	(250,000)	(280,000)	(250,000)
Proceeds from disposal of plant and equipment	316	452	316	452
Acquisitions of plant and equipment	(49,264)	(97,393)	(49,264)	(97,393)
Acquisitions of intangible assets	-	(2,259)	-	(2,259)
Short-term loans to related party	(23,860)	(36,188)	(23,860)	(36,188)
Proceeds from short-term loans to related party	22,745	35,487	22,745	35,487
Dividends received	273	269	273	269
Interest received	9,543	2,989	9,543	2,989
Rental received	4,294	4,294	4,294	4,294
Net cash used in investing activities	<u>(315,953)</u>	<u>(342,349)</u>	<u>(315,953)</u>	<u>(342,349)</u>
<i>Cash flows from financing activity</i>				
Payment of lease liabilities	(2,264)	(2,270)	(2,264)	(2,270)
Net cash used in financing activity	<u>(2,264)</u>	<u>(2,270)</u>	<u>(2,264)</u>	<u>(2,270)</u>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	51,705	(311,836)	51,705	(311,836)
Effect of exchange rate changes on cash and cash equivalents	(306)	1,689	(306)	1,689
Net increase (decrease) in cash and cash equivalents	<u>51,399</u>	<u>(310,147)</u>	<u>51,399</u>	<u>(310,147)</u>
Cash and cash equivalents at 1 April	630,631	739,262	630,631	739,262
Cash and cash equivalents at 30 June	<u>682,030</u>	<u>429,115</u>	<u>682,030</u>	<u>429,115</u>
<i>Non-cash transactions</i>				
Plant and equipment purchased during the period are detailed as follows:				
Plant and equipment purchased during the period	(45,736)	(59,119)	(45,736)	(59,119)
Decrease in payables on purchases of plant and equipment	(3,528)	(38,274)	(3,528)	(38,274)
Net purchase of plant and equipment paid by cash	<u>(49,264)</u>	<u>(97,393)</u>	<u>(49,264)</u>	<u>(97,393)</u>

The accompanying notes form an integral part of the interim financial statements.

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2023 (Unaudited)

Note	Contents	Page
1	General information	12
2	Basis of preparation of the interim financial statements	12
3	Related parties	12
4	Property, plant and equipment	14
5	Segment information and disaggregation of revenue	14
6	Financial instruments	16
7	Commitments with non-related parties	17
8	Event after the reporting period	17

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2023 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 8 August 2023.

1 General information

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

2 Basis of preparation of the interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The interim financial statements focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 March 2023.

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 March 2023.

3 Related parties

For relationships with related parties, there was no material changes in relationships.

Pricing policies have no material changes during the three-month period ended 30 June 2023.

<i>Significant transactions with related parties</i> <i>Three-month period ended 30 June</i>	Financial statements in which the equity method is applied and separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Parent		
Revenue from sale of goods	1,091,932	1,078,737
Purchases of equipment	-	1,033
Royalty fee	46,362	48,655
Product development fee	42,875	45,098
Technical fee	2,749	-
Product warranty expense	9,972	12,877
Distribution costs and administrative expenses	4,003	4,076

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2023 (Unaudited)

<i>Balances with related parties as at</i>	Financial statements in which the equity method is applied and separate financial statements	
	30 June 2023	31 March 2023
	<i>(in thousand Baht)</i>	
<i>Other payables</i>		
Parent	94,911	102,113
Associate	6,921	8,875
Other related parties	4,374	13,292
Total	106,206	124,280

4 Property, plant and equipment

<i>For the three-month period ended 30 June 2023</i>	Financial statements in which the equity method is applied and separate financial statements	
	<i>(in thousand Baht)</i>	
Acquisitions - at cost		45,736
Disposals - net book value		(76)

5 Segment information and disaggregation of revenue

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 overseas. 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 condensed interim financial statements
For the three-month period ended 30 June 2023 (Unaudited)

The Company's operations mainly involve business segments in manufacturing and selling of household electrical appliances in Thailand and sale goods in both domestic and overseas (Japan and other countries). Financial information of the Company by operating segments on a geographical basis for the six-month periods ended 30 June 2023 and 2022 were as follows:

<i>For the three-month period ended 30 June</i>	Domestic		Overseas				Total	
	2023	2022	Japan 2023	Japan 2022	Others 2023	Others 2022	2023	2022
	<i>(in thousand Baht)</i>							
Revenue from sales of goods and rendering of services	707,097	760,014	1,151,494	1,149,560	238,016	340,448	2,096,607	2,250,022
Segment profit (loss)	58,602	24,577	172,579	88,046	28,430	(22,990)	259,611	89,633
Unallocated expenses							(168,919)	(179,910)
Investment income							16,100	9,676
Net foreign exchange gain							15,982	30,216
Other income							9,459	16,813
Finance costs							(143)	(66)
Share of loss of associate							(201)	(268)
Profit (loss) before income tax expense							131,889	(33,906)
Tax income (expense)							(646)	6,276
Profit (loss) for the period							131,243	(27,630)
Segment assets as at 30 June 2023 / 31 March 2023							10,385,304	9,645,454
Segment liabilities as at 30 June 2023 / 31 March 2023							1,825,306	1,746,368

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2023 (Unaudited)

6 Financial instruments

Carrying amounts and fair values

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

	Financial statements in which the equity method is applied and separate financial statements					
	Carrying amount		Fair value			
	Financial instruments measured at FVOCI	Total	Level 1 <i>(in thousand Baht)</i>	Level 2	Level 3	Total
<i>At 30 June 2023</i>						
<i>Financial assets</i>						
Other financial assets:						
Equity instruments	2,858,028	2,858,028	1,313	-	2,856,715	2,858,028
Total other financial assets	2,858,028	2,858,028				
<i>At 31 March 2023</i>						
<i>Financial assets</i>						
Other financial assets:						
Equity instruments	2,195,941	2,195,941	1,658	-	2,194,283	2,195,941
Total other financial assets	2,195,941	2,195,941				

Kang Yong Electric Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 30 June 2023 (Unaudited)

Financial instruments measured at fair value

The Company determined Level 3 fair values for investments in equity instruments which is not actively traded in market. The fair value of the investment was then determined using a valuation technique that used significantly unobservable input such as dividend discounted model, and market comparison technique.

Sensitivity analysis

For the fair values of financial assets measured at fair value Level 3, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects;

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Dividend discounted model	Discount rate	The estimated fair value would increase (decrease) if the discount rate was lower (higher)
Market comparison technique	Adjusted market multiple	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower)

Reconciliation of Level 3 fair values

Equity securities

At 1 April 2023

2,194,283

Net change in fair value (including unrealised transactions)

- recognised in OCI

662,432

At 30 June 2023

2,856,715

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

7 Commitments with non-related parties

At 30 June 2023

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

Capital commitments

Plant and equipment

13,369

Other commitments

Bank guarantees

13,000

8 Event after the reporting period

At the annual general meeting of the Shareholders of the Company held on 26 July 2023, the Shareholders approved the appropriation of dividends from net profit of Baht 4.10 per share, amounting to Baht 81.2 million. The dividend will be paid to shareholders in August 2023.