

### **Part 3 Financial Statement & Operation Result**

#### **13. Financial Statements**

##### **(1) Summary of Financial Status and operation for 3 year**

A) For the past 3 year we assure the financial position and the results of its operations and its cash flows in conformity with generally accepted accounting principles.

##### **B) Table of the Financial Statement**

##### **Statement of Financial Position**

**As at 31 March 2015 to 31 March 2017**

(Financial statement in which the equity method is applied)

<b>Asset</b>	<b>Audited</b>					
	<b>Mar 31,2017</b>	<b>(%)</b>	<b>Mar 31,2016</b>	<b>(%)</b>	<b>Mar 31,2015</b>	<b>(%)</b>
<b>Current Assets</b>						
Cash and cash equivalents	1,085,635	7.15	1,839,888	12.77	2,350,313	17.68
Short-term investment held to maturity	3,836,984	25.27	2,120,000	14.71	727,358	5.47
Trade and other accounts receivable , net	2,052,025	13.52	2,262,189	15.85	1,884,060	14.17
Inventories , net	721,737	4.75	772,442	5.36	939,180	7.06
Current portion of loan to employees	33,875	0.22	20,696	0.14	-	-
Corporate income tax refundable	-	-	35,804	0.25	35,804	0.27
Other current assets	7,813	0.05	8,485	0.06	10,291	0.08
<b>Total current assets</b>	<b>7,738,068</b>	<b>50.96</b>	<b>7,059,504</b>	<b>49.00</b>	<b>5,947,007</b>	<b>44.73</b>
<b>Non-current assets</b>						
Loan to employees	36,892	0.24	14,858	0.10	-	-
Corporate income tax refundable	35,804	0.24	-	-	-	-
Investments in associates	1,048,232	6.90	931,423	6.46	728,045	5.48
Long-term investments , net	114,161	0.75	112,681	0.78	138,380	1.04
Property , plant and equipment, net	5,460,123	35.96	5,536,093	38.43	5,823,148	43.80
Intangible assets , net	720,009	4.74	731,687	5.08	633,700	4.77
Other non-current assets, net	32,541	0.21	21,023	0.25	23,625	0.18
<b>Total non-current assets</b>	<b>7,447,763</b>	<b>49.04</b>	<b>7,347,766</b>	<b>51.00</b>	<b>7,346,898</b>	<b>55.27</b>
<b>Total assets</b>	<b>15,185,832</b>	<b>100.00</b>	<b>14,407,271</b>	<b>100.00</b>	<b>13,293,905</b>	<b>100.00</b>

**Statement of Financial Position**  
**As at 31 March 2015 to 31 March 2017 (Unit : Thousand Baht)**

	Audited					
	Mar 31,2017	(%)	Mar 31,2016	(%)	Mar 31,2015	(%)
<b>Liabilities and shareholders 'equity</b>						
<b>Current liabilities</b>						
Trade accounts payable - other companies	457,450	3.02	515,856	3.58	499,825	3.76
- related companies	423,590	2.79	428,297	2.97	370,910	2.79
Other accounts payable - other companies	151,036	0.99	176,226	1.22	154,773	1.16
- related parties	129,660	0.85	141,174	0.98	148,707	1.12
Accrued corporate income tax	126,654	0.83	124,546	0.86	159,832	1.20
Accrued expenses	259,846	1.72	257,133	1.78	217,340	1.64
<b>Total current liabilities</b>	<b>1,548,236</b>	<b>10.20</b>	<b>1,643,232</b>	<b>11.41</b>	<b>1,551,388</b>	<b>11.67</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities , net	111,787	0.74	92,780	0.64	59,977	0.45
Provision for post-employee benefits	184,331	1.21	163,313	1.13	143,208	1.08
<b>Total Non current liabilities</b>	<b>296,118</b>	<b>1.95</b>	<b>256,093</b>	<b>1.77</b>	<b>203,186</b>	<b>1.53</b>
<b>Total liabilities</b>	<b>1,844,354</b>	<b>12.15</b>	<b>1,899,326</b>	<b>13.18</b>	<b>1,754,574</b>	<b>13.20</b>
<b>Equity</b>						
Authorised Share capital						
76,625,000 ordinary shares , par value of Baht 5 each	383,125	2.52	383,125	2.66	383,125	2.88
Premium on share capital	504,250	3.32	504,250	3.50	504,250	3.79
Retained earnings						
Appropriated						
Legal reserve	38,313	0.25	38,313	0.27	38,313	0.29
Unappropriated	12,512,867	82.40	11,624,962	80.69	10,689,308	80.41
Other components of equity	(97,077)	(0.64)	(42,704)	(0.30)	(75,664)	(0.57)
<b>Total equity</b>	<b>13,341,478</b>	<b>87.85</b>	<b>12,507,945</b>	<b>86.82</b>	<b>11,539,331</b>	<b>86.80</b>
<b>Total liabilities and equity</b>	<b>15,185,832</b>	<b>100.00</b>	<b>14,407,271</b>	<b>100.00</b>	<b>13,293,905</b>	<b>100.00</b>
Book Value * (Baht)	174.11		163.24		150.59	
Par Value (Baht)	5.00		5.00		5.00	
Number of share (thousand shares)	76,625		76,625		76,625	
Weighted average ordinary number of share (thousand shares)	76,625		76,625		76,625	

\* Calculated by using The Weighted Average number of ordinary share

Statements of Income  
As at 31 March 2015 to 31 March 2017

(The equity method) (Unit : Thousand Baht)

	Audited					
	Mar 31,2017	(%)	Mar 31,2016	(%)	Mar 31,2015	(%)
<b>Revenue</b>						
Sales	11,024,797	100.00	10,672,224	100.00	9,523,829	100.00
Dividend income	23,418	0.22	9,376	0.09	10,851	0.11
Gain on exchange rates , net	21,100	0.19	19,371	0.18	22,474	0.24
Gain on sale of long-term invest	-	-	261,911		-	-
Others	141,456	1.28	146,643	1.37	255,920	2.69
<b>Total Revenue</b>	<b>11,210,771</b>	<b>101.69</b>	<b>10,848,881</b>	<b>101.65</b>	<b>9,813,074</b>	<b>103.04</b>
Cost of sales	9,087,201	82.42	8,929,410	83.67	7,808,825	81.99
Selling and administrative expenses	799,007	7.25	774,854	7.26	727,656	7.64
<b>Total Expenses</b>	<b>9,886,208</b>	<b>89.67</b>	<b>9,704,264</b>	<b>90.93</b>	<b>8,536,481</b>	<b>89.63</b>
Operation profit	1,324,564	12.01	1,405,261	13.17	1,276,593	13.40
Share of profit from investment in Associates	255,720	2.32	217,352	2.04	168,534	1.77
Profit before income tax	<b>1,580,284</b>	<b>14.33</b>	<b>1,622,612</b>	<b>15.20</b>	<b>1,445,127</b>	<b>15.17</b>
Income tax	309,516	2.81	319,172	2.99	287,480	3.02
<b>Net profit for the year</b>	<b>1,270,768</b>	<b>11.53</b>	<b>1,303,440</b>	<b>12.21</b>	<b>1,157,648</b>	<b>12.16</b>
Net profit per share	16.58		17.01		15.11	
Par Value (Baht / Share)	5		5		5	
Weighted Average Number of Share (thousand share)	76,625		76,625		76,625	

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**Statements of Cash flows**  
For the years ended 31 March 2015 to 31 March 2017

(Unit: Thousand baht)

	Audited		
	Mar 31,2017	Mar 31,2016	Mar 31,2015
<b>Cash flows from operating activities:</b>			
Profit before income tax for the year	1,580,284	1,622,612	1,445,127
Adjustments to reconcile profit before income tax			
For the year to net cash provided by operations:			
Depreciation and amortisation	1,198,169	1,227,311	1,146,172
Interest income	(64,876)	(55,112)	(42,369)
Gain on sale of long-term investment	-	(261,911)	
Share profit (loss) from investments in associates	(255,720)	(217,352)	(168,534)
Dividend income from			
- Long-term investments	(23,418)	(9,376)	(10,851)
Gains on disposal of property , plant and equipment , net	(989)	(3,623)	(96,331)
(Reversal of) Allowance for doubtful account	26,756	9,514	
Reversal of allowance for slow moving inventories and net	7,533	(3,002)	(11,936)
realizable value lower than cost of inventories			
(Reversal of ) Allowance for doubtful account	26,756	9,514	(636)
(Reversal of ) Provision for post-employment benefit	22,843	23,121	(257)
Unrealised gain on exchange rates	374	(184)	(566)
Cash flows before changes in operating assets and Liabilities	2,490,956	2,331,998	2,259,818
Changes in operating assets and liabilities			
Trade and other account receivable	192,193	(407,076)	(208,178)
Inventories	43,172	169,739	(197,847)
Other current assets	672,293	1,806	(3,911)
Other non-current assets	(11,518)	(1,347)	(2,746)
Trade accounts payable- other companies	(58,407)	16,031	39,578
Trade accounts payable related parties	(4,706)	57,386	138,278
Other accounts payable other companies	(14,431)	2,499	(62,431)
Other accounts payable related parties	(11,073)	(7,383)	34,838
Advance received from customers	-	-	(12,085)
Accrued expenses	2,713	39,793	(6,541)
Payments for post-employment benefits obligation	(1,826)	(3,015)	(726)
Cash generated from operation	<b>2,627,746</b>	<b>2,200,432</b>	<b>1,978,047</b>
- Interest received	19,143	19,452	34,936
- Income tax paid	(274,807)	(329,896)	(275,745)
<b>Net cash received from operating activities</b>	<b>2,372,082</b>	<b>1,889,988</b>	<b>1,737,238</b>

**Statements of Cash flows**  
For the years ended 31 March 2015 to 31 March 2017

(Unit: Thousand baht)

	Audited		
	Mar 31,2017	Mar 31,2016	Mar 31,2015
<b>Cash flows from investing activities:</b>			
Loans made to employees	(55,494)	(46,231)	-
Loans repayments from employees	20,281	29,785	-
Purchases of property , plant and equipment	(960,557)	(740,366)	(1,013,844)
Proceeds from disposals of property , plant and equipment	1,792	4,470	207,730
Interest received on short-term investments held to maturity	33,136	32,835	5,489
Cash receipts from sale of long-term investment	-	290,000	-
Dividends received from			
- Investment in associates	73,278	59,880	42,746
- Long-term investments	23,418	9,376	10,821
Purchase of intangible assets	(161,967)	(279,920)	(281,134)
Cash receipts from short-term investment held to maturity	5,531,400	4,987,000	1,003,000
Cash payment on short –term investment held to maturity	(7,248,384)	(6,379,642)	(1,570,445)
<b>Net Cash used in investing activities</b>	<b>(2,743,097)</b>	<b>(2,032,812)</b>	<b>(1,595,606)</b>
<b>Cash flow from financing activity :</b>			
Dividends paid	(2,743,097)	(367,786)	(459,060)
<b>Net cash used in financing activities</b>	<b>(382,863)</b>	<b>(367,786)</b>	<b>(459,060)</b>
Net decrease in cash and cash equivalents	(753,878)	(510,610)	(317,428)
Cash and cash equivalents at beginning of the year	1,839,888	2,350,313	2,667,175
Effects of exchange rate changes	(374)	184	566
<b>Cash and cash equivalents at end of the year</b>	<b>1,085,635</b>	<b>1,839,888</b>	<b>2,350,313</b>
<b>Non – cash transaction :</b>			
Outstanding liabilities arisen from purchases of plant ,			
Equipment and intangible assets	54,204	65,405	46,602
Accrued dividend income from investment in associate	-	3,813	10,000

## (C) Financial ratio

Thai Stanley Electric Public Company Limited  
Ratio of financial statement

(The Company Only)

		Audited		
		Mar 31,2017	Mar 31,2016	Mar 31,2015
<b>Liquidity Ratio</b>				
Current Ratio	(Times)	5.00	4.30	3.83
Quick Ratio	(Times)	4.50	3.80	3.20
Cash Ratio	(Times)	1.49	1.34	1.14
Receivable Turnover Ratio	(Times)	5.11	5.12	4.30
Collection Period	(Days)	70.45	70.31	83.72
Inventory Turnover	(Times)	104.93	106.04	108.36
Sale Period	(Days)	3.43	3.39	3.32
Account Payable Turnover	(Times)	7.50	7.74	9.99
Payment Period	(Days)	48.00	46.51	36.04
Cash Cycle	(Days)	25.88	27.19	51.00
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	17.57	16.33	18.01
Operation Profit Margin	(%)	12.01	13.17	13.40
Other profit Margin	(%)	-***	-***	-***
Cash margin	(%)	179.08	133.32	136.08
Net profit margin	(%)	11.34	11.73	11.80
Return on Equity	(%)	9.83	10.84	10.38
<b>Efficiency Ratio</b>				
Return on Assets	(%)	8.59	9.41	8.97
Return on Fixed Assets	(%)	41.67	47.69	36.51
Asset Turnover	(Times)	0.76	1.96	0.76
<b>Financial Policy Ratio</b>				
Debt to Equity	(Times)	0.14	0.15	0.15
Interest coverage Ratio	(Times)	-**	-**	-**
Fixed Charge Coverage	(Times)	0.76	0.79	0.85
(CASH BASIS)				
Pay- out Ratio	(%)	*	32.68	34.53

\* It will be approved from the ordinary shareholders' meeting year 2017 and calculate from Net Profit – The company only

\*\* The company have no interest payment . \*\*\*The company have no other profit

## **14. Management Analysis and explanations**

### **14.1 Overview results operations**

In 2016, the Company's all revenues were increased slightly and operating profit decreased from the previous year, sale increased 3.30% and other income decreased 57.47% from gain on sale of long term investment – Sum Hitech Co.,Ltd. The company's operating profit was decreased 5.74%, following the direction of the automobile and domestic economy, which has continued to slump since 2013, with domestic car sales decreased 4% and export sales decreased 1%. Motorcycle sales slight increase of 4% from last year.

#### **Operating result and profitability**

In 2016, The total sale and services were 11,024.80 million baht, increased on the previous year 352.57 million baht or increased 3.30%, detail as follows.

Domestic sale was 7,428.98 million baht or 67.38% of total sale and decreased 2.63% from the previous year same as trend of automotive industry and export sale was 3,595.82 million baht or 32.62% of total sale and increased 18.19% from the previous year.

Sale by product as Automotive Bulb was 5.69% decreased 2.21% from the previous year and Lamp was 89.49% of total sale and increased 6.44% from the previous year, Die & Mold and design sold was 4.82% of total sale and decreased 30.23% from the previous year that sold to Stanley group companies by sales each year, depending on the needs of the Stanley group Company.

Other Income total 185.97 million baht, decreased 57.47% from the previous year, in gain on sale of long term investment (Sum Hitechs Co.,Ltd.) amount 261.91 million baht. Other income such as Dividend income, Gain on Exchange rate.

Expense – Cost of sale was 9,087.20 million baht or 82% of total sale and increased 1.77% from the previous year, the cost of sale increased less than sale because of many new products launch during the year and price rate too better and the company continue control cost in every department so gross margin was 1,937.60 million baht or 18% of total sale and increased 11.18% from the previous year

Selling and Administration expense was 799.01 million baht or 7.25% of total sale, increased 3.12% from the previous year.

Operation profit was 1,324.56 million baht or 12.01% of total sale and decreased 5.74% from the previous year,

Net profit was 1,270.77 million baht or 11.53% of total sale and decreased from the previous year 2.51% .The overall decrease was due to a decrease in total revenues from other income.

## **Asset Management**

### **Total Assets**

As at 31 March 2017 ,total assets were 15,185.83 million baht increase from the last year 5.40 %. The main item as follows:,

- Current assets were 7,738.06 million baht or 50.96% of total assets , increased 9.61% from Short-term investment held to maturity 3,836.96 million baht increased 80.99% that from bills of exchange and fixed deposit which have original maturities over 3 months but not over 12 months , and Current portion of loan to employees 33.87 million baht increased 63.68% that bear interest rate at 1.90% per annum and the repayment periods are between 2 months – 3 years

Inventories net were 721.74 million baht , decreased 6.56% also due to production , main inventory from work in process was 43.82% , raw material and packaging 35.95% and finished goods 11.33%. The company have policy to production as customer order not more stock for inventory control cost , the company have inventory provision 29.81 million baht main in expired raw material and packaging.

- Non-current assets were 7,447.76 million baht , or 49.04% of total assets , increased 1.36% from Investment in associates 1,048.23 million baht increased 12.54% and Property, plant and equipment net were 5,460.12 million baht decreased 1.37%, that the company slow down to investment in equipment and machinery due to automotive industry trend decreasing. The company ratio for return on asset was 8.59% decreased from the previous year that ratio was 9.47% , fixed asset return ratio was 41.67% decreased from the previous year that ratio was 47.69% and asset turnover ratio was 0.76 times increased from the previous year that ratio was 0.80 times.

### **Total Liabilities**

Total liabilities of the company were 1,844.35 million baht decreased from last year 2.89% which comes from the shift from overseas purchases to more domestic purchases. (Localization), resulting in a significant exchange cost and related costs. so the company account payable turnover ratio was 7.50 time , nearly the previous year ratio was 7.74 times



**Equity**

Total equity was 13,341.48 million baht increased 6.66% from the previous year and return on equity ratio was 9.83% decreased from the previous year that ratio was 10.84%

**Cash flow structure**

The company had cash and cash equivalents, net 1,085.63 million, decreased 40.99 % that current ratio was 5.00 times that high ratio and to classified as cash flows from operating activities amount 2,372.08 million baht used in investing activities was 2,743.10 million baht and financing activities for dividend by 382.86 million baht .

The company continues to invest in building improvements, machinery and equipment but lower investment by the automotive industry trend and increased investment for Die & Mold part that for support to new model production that continuing launch .

**Debt servicing obligations and management of off-balance sheet obligations.**

The Company adopts the policy to use cash flow to invest and spend in the company. Do not focus on lending , the company has no outstanding debt and interest expense. There are only account payable liabilities and commercial liabilities as usual , the company has a debt to equity shareholders ratio was 0.14 times nearly as last year that ratio was 0.15 times , which is very small because the company has very little debt.

**14.2 Factors or events that could affect the financial position or operations significantly in the future.**

The Economic and automotive industry are the main factors that affect the operation of the company directly and current political situation affects the economy and the automotive industry. The production and sales decrease drastically. The Company need to take measures to reduce costs and slow down investment to comply with this a situation

The company continues to make a significant contribution to research and development. Customers still have plans to launch new models constantly, the company continues to gain the trust of getting to Lamp products throughout.