

### **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 2016 to 31 March 2018

(Financial statement in which the equity method is applied)

Asset	Audited					
	Mar 31,2018	(%)	Mar 31,2017	(%)	Mar 31,2016	(%)
<b>Current Assets</b>						
Cash and cash equivalents	2,012,032	11.88	1,085,635	7.15	1,839,888	12.77
Short-term investment held to maturity	4,212,450	24.87	3,836,984	25.27	2,120,000	14.71
Trade and other accounts receivable , net	2,347,805	13.86	2,052,025	13.52	2,262,189	15.85
Inventories , net	674,728	3.99	721,737	4.75	772,442	5.36
Current portion of loan to employees	25,348	0.15	33,875	0.22	20,696	0.14
Corporate income tax refundable	-	-	-	-	35,804	0.25
Other current assets	17,692	0.10	7,813	0.05	8,485	0.06
<b>Total current assets</b>	<b>9,290,056</b>	<b>54.85</b>	<b>7,738,068</b>	<b>50.96</b>	<b>7,059,504</b>	<b>49.00</b>
<b>Non-current assets</b>						
Loan to employees	10,807	0.06	36,892	0.24	14,858	0.10
Corporate income tax refundable	-	-	35,804	0.24	-	-
Investments in associates	1,154,393	6.82	1,048,232	6.90	931,423	6.46
Long-term investments , net	113,201	0.67	114,161	0.75	112,681	0.78
Property , plant and equipment, net	5,564,807	32.85	5,460,123	35.96	5,536,093	38.43
Intangible assets , net	775,114	4.58	720,009	4.74	731,687	5.08
Other non-current assets, net	30,395	0.17	32,541	0.21	21,023	0.25
<b>Total non-current assets</b>	<b>7,648,716</b>	<b>45.15</b>	<b>7,447,763</b>	<b>49.04</b>	<b>7,347,766</b>	<b>51.00</b>
<b>Total assets</b>	<b>16,938,772</b>	<b>100.00</b>	<b>15,185,832</b>	<b>100.00</b>	<b>14,407,271</b>	<b>100.00</b>

Statement of Financial Position  
As at 31 March 2016 to 31 March 2018 (Unit : Thousand Baht)

	Audited					
	Mar 31,2018	(%)	Mar 31,2017	(%)	Mar 31,2016	(%)
<b>Liabilities and shareholders 'equity</b>						
<b>Current liabilities</b>						
Trade accounts payable - other companies	514,746	3.04	457,450	3.02	515,856	3.58
- related companies	498,282	2.95	423,590	2.79	428,297	2.97
Other accounts payable - other companies	322,204	1.90	151,036	0.99	176,226	1.22
- related parties	223,210	1.32	129,660	0.85	141,174	0.98
Accrued corporate income tax	181,650	1.07	126,654	0.83	124,546	0.86
Accrued expenses	326,089	1.92	259,846	1.72	257,133	1.78
<b>Total current liabilities</b>	<b>2,066,180</b>	<b>12.20</b>	<b>1,548,236</b>	<b>10.20</b>	<b>1,643,232</b>	<b>11.41</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities , net	132,406	0.78	111,787	0.74	92,780	0.64
Provision for post-employee benefits	208,805	1.24	184,331	1.21	163,313	1.13
<b>Total Non current liabilities</b>	<b>341,212</b>	<b>2.02</b>	<b>296,118</b>	<b>1.95</b>	<b>256,093</b>	<b>1.77</b>
<b>Total liabilities</b>	<b>2,407,392</b>	<b>14.22</b>	<b>1,844,354</b>	<b>12.15</b>	<b>1,899,326</b>	<b>13.18</b>
<b>Equity</b>						
Authorised Share capital						
Ordinary shares	383,125	2.27	383,125	2.52	383,125	2.66
Premium on share capital	504,250	2.98	504,250	3.32	504,250	3.50
Retained earnings						
Appropriated						
Legal reserve	38,313	0.22	38,313	0.25	38,313	0.27
Unappropriated	13,788,404	81.40	12,512,867	82.40	11,624,962	80.69
Other components of equity	(182,712)	(1.08)	(97,077)	(0.64)	(42,704)	(0.30)
<b>Total equity</b>	<b>14,531,380</b>	<b>85.79</b>	<b>13,341,478</b>	<b>87.85</b>	<b>12,507,945</b>	<b>86.82</b>
<b>Total liabilities and equity</b>	<b>16,938,772</b>	<b>100.00</b>	<b>15,185,832</b>	<b>100.00</b>	<b>14,407,271</b>	<b>100.00</b>
Book Value * (Baht)	189.65		174.11		163.24	
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 2016 to 31 March 2018  
(The equity method) (Unit : Thousand Baht)

	Audited					
	Mar 31,2018	(%)	Mar 31,2018	(%)	Mar 31,2018	(%)
<b>Revenue</b>						
Sales	13,220,446	100.00	11,024,797	100.00	10,672,224	100.00
Dividend income	10,303	0.08	23,418	0.22	9,376	0.09
Gain on exchange rates , net	19,754	0.15	21,100	0.19	19,371	0.18
Gain on sale of long-term invest	-	-	-	-	261,911	2.45
Interest Income	69,487	0.53	64,876	0.58	55,112	0.52
Others	99,330	0.75	76,580	0.70	91,531	0.85
<b>Total Revenue</b>	<b>13,419,320</b>	<b>101.51</b>	<b>11,210,771</b>	<b>101.69</b>	<b>10,848,881</b>	<b>101.65</b>
Cost of sales	10,775,580	81.50	9,087,201	82.42	8,929,410	83.67
Selling and administrative expenses	889,951	6.74	799,007	7.25	774,854	7.26
<b>Total Expenses</b>	<b>11,665,531</b>	<b>88.24</b>	<b>9,886,208</b>	<b>89.67</b>	<b>9,704,264</b>	<b>90.93</b>
Operation profit	1,753,789	13.27	1,324,564	12.01	1,405,261	13.17
Share of profit from investment in Associates	294,758	2.23	255,720	2.32	217,352	2.04
Profit before income tax	<b>2,048,547</b>	<b>15.50</b>	<b>1,580,284</b>	<b>14.33</b>	<b>1,622,612</b>	<b>15.20</b>
Income tax	389,885	2.95	309,516	2.81	319,172	2.99
<b>Net profit for the year</b>	<b>1,658,662</b>	<b>12.55</b>	<b>1,270,768</b>	<b>11.53</b>	<b>1,303,440</b>	<b>12.21</b>
Net profit per share	21.65		16.58		17.01	
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 31,2018	Mar 31,2017	Mar 31,2016
<b>Cash flows from operating activities:</b>			
Profit before income tax for the year	2,048,547	1,580,284	1,622,612
Adjustments to reconcile profit before income tax			
For the year to net cash provided by operations:			
Depreciation and amortisation	1,266,272	1,198,169	1,227,311
Interest income	(69,487)	(64,876)	(55,112)
Gain on sale of long-term investment	-	-	(261,911)
Share profit (loss) from investments in associates	(294,758)	(255,720)	(217,352)
Dividend income from			
- Long-term investments	(10,303)	(23,418)	(9,376)
Gains on disposal of property , plant and equipment , net	(4,184)	(989)	(3,623)
(Reversal of) Allowance for doubtful account	(400)	26,756	9,514
Reversal of allowance for slow moving inventories and net realizable value lower than cost of inventories	(21,802)	7,533	(3,002)
(Reversal of) Allowance for obsolete and slow moving inventories and net realisable value lower than cost of inventories	16,882		
- Corporate income tax refund offset against withholding tax on dividend and surcharge	17,628		
(Reversal of ) Provision for post-employment benefit	26,617	22,843	23,121
Unrealised gain on exchange rates	(468)	374	(184)
Cash flows before changes in operating assets and Liabilities	2,974,545	2,490,956	2,331,998
Changes in operating assets and liabilities			
Trade and other account receivable	(296,916)	192,193	(407,076)
Inventories	68,812	43,172	169,739
Other current assets	(9,879)	672	1,806
Cash received from corporate income tax refund	18,922	-	-
Other non-current assets	2,147	(11,518)	(1,347)
Trade accounts payable- other companies	57,296	(58,407)	16,031
Trade accounts payable related parties	74,692	(4,706)	57,386
Other accounts payable other companies	45,985	(14,431)	2,499
Other accounts payable related parties	27,894	(11,073)	(7,383)
Accrued expenses	46,615	2,713	39,793
Payments for post-employment benefits obligation	(2,142)	(1,826)	(3,015)
Cash generated from operation	<b>3,009,969</b>	<b>2,627,746</b>	<b>2,200,432</b>
- Interest received	15,591	19,143	19,452
- Income tax paid	(292,862)	(274,807)	(329,896)
<b>Net cash received from operating activities</b>	<b>2,732,698</b>	<b>2,372,082</b>	<b>1,889,988</b>

Statements of Cash flows  
For the years ended 31 March 2016 to 31 March 2018

(Unit: Thousand baht)

	Audited		
	Mar 31,2018	Mar 31,2017	Mar 31,2016
<b>Cash flows from investing activities:</b>			
Loans made to employees	(330)	(55,494)	(46,231)
Loans repayments from employees	34,942	20,281	29,785
Purchases of property , plant and equipment	(962,221)	(960,557)	(740,366)
Proceeds from disposals of property , plant and equipment	4,866	1,792	4,470
Interest received on short-term investments held to maturity	55,432	33,136	32,835
Cash receipts from sale of long-term investment	-	-	290,000
Dividends received from			
- Investment in associates	82,512	73,278	59,880
- Long-term investments	10,303	23,418	9,376
Purchase of intangible assets	(273,682)	(161,967)	(279,920)
Cash receipts from short-term investment held to maturity	8,954,000	5,531,400	4,987,000
Cash payment on short –term investment held to maturity	(9,329,466)	(7,248,384)	(6,379,642)
<b>Net Cash used in investing activities</b>	<b>(1,423,644)</b>	<b>(2,743,097)</b>	<b>(2,032,812)</b>
<b>Cash flow from financing activity :</b>			
Dividends paid	(383,125)	(382,863)	(367,786)
<b>Net cash used in financing activities</b>	<b>(383,125)</b>	<b>(382,863)</b>	<b>(367,786)</b>
Net decrease in cash and cash equivalents	925,929	(753,878)	(510,610)
Cash and cash equivalents at beginning of the year	1,085,635	1,839,888	2,350,313
Effects of exchange rate changes	468	(374)	184
<b>Cash and cash equivalents at end of the year</b>	<b>2,012,032</b>	<b>1,085,635</b>	<b>1,839,888</b>
<b>Non – cash transaction :</b>			
Outstanding liabilities arisen from purchases of plant ,			
Equipment and intangible assets	245,044	54,204	65,405
Accrued dividend income from investment in associate	-	-	3,813

## (C) Financial ratio

## Thai Stanley Electric Public Company Limited

## Ratio of financial statement

(The Company Only)

		Audited		
		Mar 31,2018	Mar 31,2017	Mar 31,2016
<b>Liquidity Ratio</b>				
Current Ratio	(Times)	4.50	5.00	4.30
Quick Ratio	(Times)	4.15	4.50	3.80
Cash Ratio	(Times)	1.52	1.49	1.34
Receivable Turnover Ratio	(Times)	6.22	5.11	5.12
Collection Period	(Days)	57.88	70.45	70.31
Inventory Turnover	(Times)	120.48	104.93	106.04
Sale Period	(Days)	2.99	3.43	3.39
Account Payable Turnover	(Times)	7.93	7.50	7.74
Payment Period	(Days)	45.40	48.00	46.51
Cash Cycle	(Days)	15.47	25.88	27.19
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	18.50	17.57	16.33
Operation Profit Margin	(%)	13.27	12.01	13.17
Other profit Margin	(%)	_*	_*	_*
Cash margin	(%)	155.82	179.08	133.32
Net profit margin	(%)	12.36	11.34	11.73
Return on Equity	(%)	11.91	9.83	10.84
<b>Efficiency Ratio</b>				
Return on Assets	(%)	10.33	8.59	9.41
Return on Fixed Assets	(%)	49.17	41.67	47.69
Asset Turnover	(Times)	0.84	0.76	1.96
<b>Financial Policy Ratio</b>				
Debt to Equity	(Times)	0.17	0.14	0.15
Interest coverage Ratio	(Times)	_*	_*	_*
Fixed Charge Coverage	(Times)	1.52	0.76	0.79
(CASH BASIS)				
Pay- out Ratio	(%)	*	34.15	32.68

\* It will be approved from the ordinary shareholders' meeting year 2018 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 2017, the Company's all operation were increased both income and profit , total revenue increased 19.70% and net profit increased 30.52% , Sales are driven by the recovery of the automotive market and car maker continue to release new models. The domestic car sales increased 13% and export sales increased 4% from previous year . The profit result from quality control cost to increased production efficiency and to Economical of Scale , the unit cost also decreasing.

#### Operating result and profitability

In 2017, The total sale and services were 13,220.45 million baht, increased on the previous year 2,195.65 million baht or increased 19.92%, detail as follows.

Domestic sale was 9,193.56 million baht or 69.54% of total sale and increased 23.76% from the previous year same as trend of automotive industry and export sale was 4,026.89 million baht or 30.46% of total sale and increased 11.99% from the previous year.

Sale by product as Automotive Bulb was 4.48% decreased 5.6% from the previous year and Lamp was 92.18% of total sale and increased 23.52% from the previous year , Die & Mold and design sold was 3.34% of total sale and decreased 16.88% 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 198.87 million baht , increased 6.94% from the previous year . Other income such as Interest income , Dividend income , Gain on Exchange rate.

Expense – Cost of sale was 10,775.58 million baht or 81.51% of total sale and increased 18.58% from the previous year , the cost of sale increased less than sale because of average price rate increasing and the company continue control cost in every department , so gross margin was 2,444.87 million baht or 18.49% of total sale and increased 26.18% from the previous year

Selling and Administration expense was 889.95 million baht or 6.73% of total sale , increased 11.38% from the previous year , that increasing from Royalty fee paid to Stanley Electric Co.,Ltd. In rate 3% from net sale (Sale minus purchased material from that company).

Operating profit was 1,753.79 million baht or 13.27% of total sale and increased 32.41% from the previous year ,

Net profit was 1,658.66 million baht or 12.55% of total sale and increased from the previous year 30.52% .The overall increase was due to total revenues increased and control cost so the expenses increasing in lower than income.

## **Asset Management**

### **Total Assets**

As at 31 March 2018 ,total assets were 16,938.77 million baht increase from the last year 11.54 %. The main item as follows;

- Current assets were 9,290.06 million baht or 54.85% of total assets , increased 20.06% from the previous year from Short-term investment held to maturity 4,212.45 million baht or 24.87% of total asset , increased 9.79%, Cash and cash equivalents 2,012.03 million baht or 11.88% of total asset , increased 85.33% , Trade and other accounts receivable , net 2,347.80 million baht or 13.86% of total asset , increased 14.41% . The current assets increased from the operation result increasing.

Inventories net were 674.73 million baht ,or 3.98% of total sale , decreased 6.52% also due to production , main inventory from work in process was 37.40% , raw material and packaging 48.37% and finished goods 14.23%. The company have policy to production as customer order not more stock for inventory control cost , the company have inventory provision 8.02 million baht main in expired raw material and packaging.

- Non-current assets were 7,648.72 million baht , or 45.16% of total assets , increased 2.70% from Property, plant and equipment net were 5,564.81 million baht increased 1.92%, that the company have to investment in Lamp 7 factory expansion approximately 100 million baht and estimate to completely construction in end of 2018 and investment in equipment and machinery due to automotive industry trend increasing.

As the result of profit increasing ,the company ratio for return on asset was 10.33% increase from the previous year that ratio was 8.59% , fixed asset return ratio was 49.17% increase from the previous year that ratio was 41.67% and asset turnover ratio was 0.84 times increased from the previous year that ratio was 0.76 times.

### **Total Liabilities**

Total liabilities of the company were 2,407.39 million baht or 14.21% of total assets , increased from last year 30.53% which comes from the trade accounts payable that to material and other purchased increasing as production increasing . so the company account payable turnover ratio was 7.93 time , nearly the previous year ratio was 7.50 times

### **Equity**

Total equity was 14,531.38 million baht or 85.79% of total assets , increased 8.92% from the previous year and return on equity ratio was 11.91% increase from the previous year that ratio was 9.83%



**Cash flow structure**

The company had cash and cash equivalents, net 2,012.03 million, increased 85.33 % to high from the previous year , that current ratio was 4.50 times also high ratio and to classified as cash flows from operating activities amount 2,732.70 million baht cash used in investing activities was 1,423.64 million baht and financing activities for dividend by 383.12 million baht .

The company increased investment in Lamp 7 factory expansion , machinery and equipment that in the automotive industry increasing trend and 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 0.17 times higher nearly as last year that ratio was 0.14 times ,from high purchasing in raw material but it 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 increase continuous. The Company need to take measures to reduce costs 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.