

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 2017 to 31 March 2019

(Financial statement in which the equity method is applied)

	Audited					
Asset	Mar 31,2019	(%)	Mar 31,2018	(%)	Mar 31,2017	(%)
Current Assets						
Cash and cash equivalents	1,671,997	8.68	2,012,032	11.88	1,085,635	7.15
Short-term investment held to maturity	3,625,000	18.83	4,212,450	24.87	3,836,984	25.27
Trade and other accounts receivable , net	2,549,178	13.24	2,347,805	13.86	2,052,025	13.52
Inventories , net	1,099,780	5.71	674,728	3.99	721,737	4.75
Current portion of loan to employee	41,877	0.22	25,348	0.15	33,875	0.22
Other current assets	45,971	0.24	17,692	0.10	7,813	0.05
Total current assets	9,033,803	46.92	9,290,056	54.85	7,738,068	50.96
Non-current assets						
Loan to employees	34,921	0.18	10,807	0.06	36,892	0.24
Corporate income tax refundable	-	-	-	-	35,804	0.24
Investments in associates	1,357,930	7.05	1,154,393	6.82	1,048,232	6.90
Long-term investments , net	112,401	0.58	113,201	0.67	114,161	0.75
Property , plant and equipment, net	7,703,012	40.01	5,564,807	32.85	5,460,123	35.96
Intangible assets , net	974,757	5.06	775,114	4.58	720,009	4.74
Other non-current assets, net	15,514	0.08	30,395	0.17	32,541	0.21
Total non-current assets	10,220,701	53.08	7,648,716	45.15	7,447,763	49.04
Total assets	19,254,504	100.00	16,938,772	100.00	15,185,832	100.00

Statement of Financial Position
As at 31 March 2017 to 31 March 2019 (Unit : Thousand Baht)

	Audited					
	Mar 31,2019	(%)	Mar 31,2018	(%)	Mar 31,2017	(%)
Liabilities and shareholders 'equity						
Current liabilities						
Trade accounts payable - other companies	601,417		514,746	3.04	457,450	3.02
- related companies	549,860		498,282	2.95	423,590	2.79
Other accounts payable - other companies	1,004,252		322,204	1.90	151,036	0.99
- related parties	169,764		223,210	1.32	129,660	0.85
Accrued corporate income tax	218,377		181,650	1.07	126,654	0.83
Accrued expenses	339,438		326,089	1.92	259,846	1.72
Total current liabilities	2,883,108		2,066,180	12.20	1,548,236	10.20
Non-current liabilities						
Deferred tax liabilities , net	170,451	0.89	132,406	0.78	111,787	0.74
Provision for post-employee benefits	234,385	1.22	208,805	1.24	184,331	1.21
Total Non current liabilities	404,836	2.11	341,212	2.02	296,118	1.95
Total liabilities	3,287,944	17.08	2,407,392	14.22	1,844,354	12.15
Equity						
Authorised Share capital						
Ordinary shares	383,125	1.99	383,125	2.27	383,125	2.52
Premium on share capital	504,250	2.62	504,250	2.98	504,250	3.32
Retained earnings						
Appropriated						
Legal reserve	38,313	0.19	38,313	0.22	38,313	0.25
Unappropriated	15,229,792	79.10	13,788,404	81.40	12,512,867	82.40
Other components of equity	(188,920)	(0.98)	(182,712)	(1.08)	(97,077)	(0.64)
Total equity	15,966,559	82.92	14,531,380	85.79	13,341,478	87.85
Total liabilities and equity	19,254,504	100.00	16,938,772	100.00	15,185,832	100.00
Book Value * (Baht)	208.37		189.65		174.11	
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 2017 to 31 March 2019
(The equity method) (Unit : Thousand Baht)

	Audited					
	Mar 31,2019	(%)	Mar 31,2018	(%)	Mar 31,2017	(%)
Revenue						
Sales	14,634,621	100.00	13,220,446	100.00	11,024,797	100.00
Dividend income	71,979	0.49	10,303	0.08	23,418	0.22
Gain on exchange rates , net	21,238	0.15	19,754	0.15	21,100	0.19
Interest Income	71,138	0.49	69,487	0.53	64,876	0.58
Others	108,092	0.74	99,330	0.75	76,580	0.70
Total Revenue	14,907,068	101.86	13,419,320	101.51	11,210,771	101.69
Cost of sales	11,864,535	81.07	10,775,580	81.50	9,087,201	82.42
Selling and administrative expenses	927,798	6.34	889,951	6.74	799,007	7.25
Total Expenses	12,792,333	87.41	11,665,531	88.24	9,886,208	89.67
Operation profit	2,114,736	14.45	1,753,789	13.27	1,324,564	12.01
Share of profit from investment in Associates	316,180	2.16	294,758	2.23	255,720	2.32
Profit before income tax	2,430,915	16.61	2,048,547	15.50	1,580,284	14.33
Income tax	453,153	3.10	389,885	2.95	309,516	2.81
Net profit for the year	1,977,762	13.51	1,658,662	12.55	1,270,768	11.53
Net profit per share	25.81		21.65		16.58	
Par Value (Baht / Share)	5.00		5.00		5.00	
Weighted Average Number of Share (thousand share)	76,625		76,625		76,625	

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PricewaterhouseCoopers ABAS Limited

Statements of Cash flows
For the years ended 31 March 2017 to 31 March 2019 (Unit: Thousand baht)

	Audited		
	Mar 31,2019	Mar 31,2018	Mar 31,2017
Cash flows from operating activities:			
Profit before income tax for the year	2,430,915	2,048,547	1,580,284
Adjustments to reconcile profit before income tax			
For the year to net cash provided by operations:			
Depreciation	1,020,563	1,051,783	1,198,169
Amortisation	228,989	214,490	177,655
Interest income	(71,138)	(69,487)	(64,876)
Share profit (loss) from investments in associates	(316,180)	(294,758)	(255,720)
Dividend income from			
- Long-term investments	(71,979)	(10,303)	(23,418)
Gains on disposal of property , plant and equipment , net	(4,119)	(4,184)	(989)
(Reversal of) Allowance for doubtful account	(3,413)	(400)	26,756
Reversal of allowance for slow moving inventories and net realizable value lower than cost of inventories	(2,549)	(21,802)	7,533
(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	28,844	26,617	22,843
Unrealised gain on exchange rates	(792)	(468)	374
Cash flows before changes in operating assets and Liabilities	3,239,143	2,974,545	2,490,956
Changes in operating assets and liabilities			
Trade and other account receivable	(202,338)	(296,916)	192,193
Inventories	(422,504)	68,812	43,172
Other current assets	(28,278)	(9,879)	672
Cash received from corporate income tax refund	-	18,922	-
Other non-current assets	14,881	2,147	(11,518)
Trade accounts payable- other companies	86,671	57,296	(58,407)
Trade accounts payable related parties	51,578	74,692	(4,706)
Other accounts payable other companies	117,088	45,985	(14,431)
Other accounts payable related parties	(1,746)	27,894	(11,073)
Accrued expenses	13,349	46,615	2,713
Payments for post-employment benefits obligation	(3,264)	(2,142)	(1,826)
Cash generated from operation	2,864,579	3,009,969	2,627,746
- Interest received	16,020	15,591	19,143
- Income tax paid	(376,829)	(292,862)	(274,807)
Net cash received from operating activities	2,503,770	2,732,698	2,372,082

Statements of Cash flows
For the years ended 31 March 2017 to 31 March 2019

(Unit: Thousand baht)

	Audited		
	Mar 31,2019	Mar 31,2018	Mar 31,2017
Cash flows from investing activities:			
Loans made to employees	(81,931)	(330)	(55,494)
Loans repayments from employees	41,288	34,942	20,281
Purchases of property , plant and equipment	(2,647,384)	(962,221)	(960,557)
Proceeds from disposals of property , plant and equipment	4,154	4,866	1,792
Interest received on short-term investments held to maturity	59,497	55,432	33,136
Cash receipts from sale of long-term investment		-	-
Dividends received from			
- Investment in associates	83,517	82,512	73,278
- Long-term investments	71,979	10,303	23,418
Purchase of intangible assets	(426,792)	(273,682)	(161,967)
Cash receipts from short-term investment held to maturity	10,647,000	8,954,000	5,531,400
Cash payment on short –term investment held to maturity	(10,059,550)	(9,329,466)	(7,248,384)
Net Cash used in investing activities	(2,308,223)	(1,423,644)	(2,743,097)
Cash flow from financing activity :			
Dividends paid	(536,374)	(383,125)	(382,863)
Net cash used in financing activities	(536,374)	(383,125)	(382,863)
Net decrease in cash and cash equivalents	(340,827)	925,929	(753,878)
Cash and cash equivalents at beginning of the year	2,012,032	1,085,635	1,839,888
Effects of exchange rate changes	792	468	(374)
Cash and cash equivalents at end of the year	1,671,997	2,012,032	1,085,635
Non – cash transaction :			
Outstanding liabilities arisen from purchases of plant ,			
Equipment and intangible assets	744,348	179,388	54,204
Accrued dividend income from investment in associate	13,955	65,656	-

(C) Financial ratio

Thai Stanley Electric Public Company Limited
Ratio of financial statement

(The Company Only)

		Audited		
		Mar 31,2019	Mar 31,2018	Mar 31,2017
Liquidity Ratio				
Current Ratio	(Times)	3.13	4.50	5.00
Quick Ratio	(Times)	2.72	4.15	4.50
Cash Ratio	(Times)	1.01	1.52	1.49
Receivable Turnover Ratio	(Times)	5.98	6.22	5.11
Collection Period	(Days)	60.20	57.88	70.45
Inventory Turnover	(Times)	132.70	120.48	104.93
Sale Period	(Days)	2.71	2.99	3.43
Account Payable Turnover	(Times)	6.11	7.93	7.50
Payment Period	(Days)	58.92	45.40	48.00
Cash Cycle	(Days)	3.99	15.47	25.88
Profitability Ratio				
Gross Profit Margin	(%)	18.93	18.50	17.57
Operation Profit Margin	(%)	14.45	13.27	12.01
Other profit Margin	(%)	-**	-**	-***
Cash margin	(%)	118.40	155.82	179.08
Net profit margin	(%)	13.27	12.36	11.34
Return on Equity	(%)	12.97	11.91	9.83
Efficiency Ratio				
Return on Assets	(%)	10.93	10.33	8.59
Return on Fixed Assets	(%)	45.20	49.17	41.67
Asset Turnover	(Times)	0.82	0.84	0.76
Financial Policy Ratio				
Debt to Equity	(Times)	0.21	0.17	0.14
Interest coverage Ratio	(Times)	-**	-**	-**
Fixed Charge Coverage	(Times)	0.88	1.52	0.76
(CASH BASIS)				
Pay- out Ratio	(%)	*	36.03	34.15

* It will be approved from the ordinary shareholders' meeting year 2019 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 the year 2018, the company had a significant increase in operating results, both revenue and profit, with 11.09% increase in total revenue and 19.24% increase in net profit. Sold was in line with the increasing automotive industry, especially the domestic sale. The domestic sales increased by 19.51% and the export sales increased by 1% . Motorcycle sales slightly declined by decreased 1 % .

Profits performance from cost control, to increased production efficiency thus causing the Economical of Scale and unit cost also decreased.

Operating result and profitability

In 2018, The total sale and services were 14,634.62 million baht, increased on the previous year 1,414.18 million baht or increased 10.70%, detail as follows.

Domestic sale was 10,341.66 million baht or 70.67% of total sale and increased 12.49% from the previous year same as trend of automotive industry and export sale was 4,296.96 million baht or 29.33% of total sale and increased 6.61% from the previous year , which from sold to customers of automotive manufacturers in Export Free Zone .

Sale by product as Automotive Bulb was 593.11 million baht or 4.05% decreased 0.12% from the previous year and Lamp was 13,778.34 million baht or 94.15% of total sale and increased 13.06% from the previous year , Die & Mold and design sold was 263.17 million baht or 1.80% of total sale and decreased 40.39% 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 272.45 million baht , increased 36.99% from the previous year . Other income mainly from dividend income from Stanley Group and other income such as Interest income , Dividend income , Gain on Exchange rate and Scrap sales.

Expense – Cost of sale was 11,864.53 million baht or 81.07% of total sale and increased 10.11% from the previous year , Cost increase in proportion to sales.

Gross margin was 2,770.09 million baht or 18.93% of total sale and increased 13.30% from the previous year

Selling and Administration expense was 927.80 million baht or 6.34% of total sale , increased 4.25% 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 2,114.74 million baht or 14.45% of total sale and increased 20.58% from the previous year ,

Net profit was 1,977.76 million baht or 13.51% of total sale and increased from the previous year 19.242% . The overall profit increased due to the increase in the company's revenue according to the industry. And the ability to control costs at a good level thus resulting in a higher profit margin than the income rate .

Asset Management

Total Assets

As at 31 March 2019 ,total assets were 19,254.50 million baht increase from the last year 13.67 %. The main item as follows;

- Current assets were 9,033.80 million baht or 46.92% of total assets , decreased 2.76% from the previous year from Short-term investment held to maturity 3,625.00 million baht or 18.83% of total asset , decreased 13.95%, Cash and cash equivalents 1,672.00 million baht or 8.68% of total asset , decreased 16.90% , Trade and other accounts receivable , net 2,549.18 million baht or 13.24% of total asset , increased 8.58% . Current assets decreased due to the use of investment in fixed assets for business expansion.

Inventories net were 1,099.78 million baht ,or 5.71% of total sale , increased 63.00% from the work in the process of mold factory .

- Non-current assets were 10,220.70 million baht , or 53.08% of total assets , increased 33.63% from Property, plant and equipment net were 7,703.01 million baht increased 38.42%, that the company have to investment in Lamp 7 factory expansion that now completely and investment for new Mold factory construction and estimate to completely in end of 2019.

As the result of profit increasing ,the company ratio for return on asset was 10.93% increase from the previous year that ratio was 10.33% , fixed asset return ratio was 45.20% decrease from the previous year that ratio was 49.17% and asset turnover ratio was 0.82 times increased as few from the previous year that ratio was 0.84 times.

Total Liabilities

Total liabilities of the company were 3,287.94 million baht or 17.08% of total assets , increased from last year 36.58% which comes from the trade accounts payable in construction and material , increased as production increasing . so the company account payable turnover ratio was 6.11 time , decreased from the previous year ratio was 7.93 times

Equity

Total equity was 15,966.56 million baht or 82.92% of total assets , increased 9.88% from the previous year and return on equity ratio was 12.97% increase from the previous year that ratio was 11.91%

Cash flow structure

The company had cash and cash equivalents, net 1,672.00 million, decreased 12.43% from the previous year, that from more investment expansion so current ratio was 3.13 times also decreased from the previous year that 4.50% and to classified as cash flows from operating activities amount 2,503.77 million baht cash used in investing activities was 2,308.22 million baht and financing activities for dividend by 536.37 million baht.

In 2018 The company continue investment in Lamp 8 factory, to support 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 0.21 times higher nearly as last year that ratio was 0.17 times, from construction investment and 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 conditions and automotive industry is the main factor that directly affects the company's operations. The current economic situation in the country continues to grow. For the export market, there is a decrease in economic conditions and trade war problems that still have to monitor the situation continuously. The company is still trying to use various cost reduction measures. In order to comply with such 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.