

Part 3

Financial Statement & Operation Result

13. Financial Statements

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

A) In the past 3 years of the audit report, the auditor has expressed an opinion in certifying the financial statements, showing the financial position and results of operations and cash flows correctly, in all material respects, in accordance with the financial reporting standards.

B) Table of the Financial Statement

Statement of Financial Position

As at 31 March 2018 to 31 March 2020

(Financial statement in which the equity method is applied)

	Audited					
Asset	Mar 31,2020	(%)	Mar 31,2019	(%)	Mar 31,2018	(%)
Current Assets						
Cash and cash equivalents	3,177,436	15.60	1,671,997	8.68	2,012,032	11.88
Short-term investment held to maturity	1,166,000	5.72	3,625,000	18.83	4,212,450	24.87
Trade and other accounts receivable , net	2,633,161	12.93	2,549,178	13.24	2,347,805	13.86
Inventories , net	942,128	4.63	1,099,780	5.71	674,728	3.99
Current portion of loan to employee	31,765	0.16	41,877	0.22	25,348	0.15
Other current assets	39,654	0.19	45,971	0.24	17,692	0.10
Total current assets	7,990,144	39.23	9,033,803	46.92	9,290,056	54.85
Non-current assets						
Loan to employees	12,806	0.06	34,921	0.18	10,807	0.06
Investments in an associates	1,597,063	7.84	1,357,930	7.05	1,154,393	6.82
Investment in a joint venture	23,397	0.11	22,165	0.12	22,707	0.13
Long-term investments , net	125,841	0.62	112,401	0.58	113,201	0.67
Property , plant and equipment, net	9,517,131	46.72	7,703,012	40.01	5,564,807	32.85
Intangible assets , net	1,087,800	5.34	974,757	5.06	775,114	4.58
Other non-current assets, net	15,748	0.08	15,514	0.08	30,395	0.17
Total non-current assets	12,379,786	60.77	10,220,701	53.08	7,648,716	45.15
Total assets	20,369,930	100.00	19,254,504	100.00	16,938,772	100.00

Statement of Financial Position
As at 31 March 2018 to 31 March 2020

(Unit : Thousand Baht)

	Audited					
	Mar 31,2020	(%)	Mar 31,2019	(%)	Mar 31,2018	(%)
Liabilities and shareholders 'equity						
Current liabilities						
Trade accounts payable - other companies	505,701	2.48	601,417	3.12	514,746	3.04
- related companies	567,353	2.79	549,860	2.86	498,282	2.95
Other accounts payable - other companies	651,474	3.20	1,004,252	5.22	322,204	1.90
- related parties	155,305	0.76	169,764	0.88	223,210	1.32
Accrued corporate income tax	218,806	1.07	218,377	1.13	181,650	1.07
Accrued expenses	371,259	1.82	339,438	1.76	326,089	1.92
Total current liabilities	2,469,898	12.12	2,883,108	14.97	2,066,180	12.20
Non-current liabilities						
Deferred tax liabilities , net	194,848	0.96	170,451	0.89	132,406	0.78
Provision for post-employee benefits	383,368	1.88	234,385	1.22	208,805	1.24
Total Non current liabilities	404,836	2.84	404,836	2.11	341,212	2.02
Total liabilities	3,048,114	14.96	3,287,944	17.08	2,407,392	14.22
Equity						
Authorised Share capital						
Ordinary shares	383,125	1.88	383,125	1.99	383,125	2.27
Premium on share capital	504,250	2.48	504,250	2.62	504,250	2.98
Retained earnings						
Appropriated						
Legal reserve	38,313	0.19	38,313	0.19	38,313	0.22
Unappropriated	16,595,671	81.47	15,229,792	79.10	13,788,404	81.40
Other components of equity	(199,543)	(0.98)	(188,920)	(0.98)	(182,712)	(1.08)
Total equity	17,321,816	85.04	15,966,559	82.92	14,531,380	85.79
Total liabilities and equity	20,369,930	100.00	19,254,504	100.00	16,938,772	100.00
Book Value * (Baht)	226.06		208.37		189.65	
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 2018 to 31 March 2020

(The equity method) (Unit : Thousand Baht)

	Audited					
	Mar 31,2020	(%)	Mar 31,2019	(%)	Mar 31,2018	(%)
Revenue						
Sales	15,150,090	100.00	14,634,621	100.00	13,220,446	100.00
Dividend income	86,131	0.57	71,979	0.49	10,303	0.08
Gain on exchange rates , net	16,614	0.11	21,238	0.15	19,754	0.15
Interest Income	53,823	0.36	71,138	0.49	69,487	0.53
Others	107,161	0.71	108,092	0.74	99,330	0.75
Total Revenue	15,413,819	101.74	14,907,068	101.86	13,419,320	101.51
Cost of sales	12,339,312	81.45	11,864,535	81.07	10,775,580	81.50
Selling and administrative expenses	947,581	6.25	927,798	6.34	889,951	6.74
Total Expenses	13,286,893	87.70	12,792,333	87.41	11,665,531	88.24
Operation profit	2,126,926	14.04	2,114,736	14.45	1,753,789	13.27
Share of profit from investment in Associates	318,837	2.10	316,180	2.16	294,758	2.23
Profit before income tax	2,445,763	16.14	2,430,915	16.61	2,048,547	15.50
Income tax	448,266	2.96	453,153	3.10	389,885	2.95
Net profit for the year	1,997,497	13.18	1,977,762	13.51	1,658,662	12.55
Net profit per share	26.07		25.81		21.65	
Par Value (Baht / Share)	5.00		5.00		5.00	
Weighted Average Number of Share (thousand share)	76,625		76,625		76,625	

Auditor Ms.Varaporn Vorathitikul
Certified Public Accountant (Thailand) No.4474
PricewaterhouseCoopers ABAS Limited

Statements of Cash flows
For the years ended 31 March 2018 to 31 March 2020

(Unit: Thousand baht)

	Audited		
	Mar 31,2020	Mar 31,2019	Mar 31,2018
Cash flows from operating activities:			
Profit before income tax for the year	2,445,764	2,430,915	2,048,547
Adjustments to reconcile profit before income tax			
For the year to net cash provided by operations:			
Depreciation	1,199,995	1,020,563	1,051,783
Amortisation	245,385	228,989	214,490
Interest income	(53,823)	(71,138)	(69,487)
Share profit (loss) from investments in associates	(318,8370)	(316,180)	(294,758)
Dividend income from			
- Long-term investments	(86,131)	(71,979)	(10,303)
Gains on disposal of property , plant and equipment , net	(10,124)	(4,119)	(4,184)
(Reversal of) Allowance for doubtful account	-	(3,413)	(400)
Reversal of allowance for slow moving inventories and net realizable value lower than cost of inventories	1981	(7,615)	(21,802)
(Reversal of) Allowance for net realisable value lower than cost of inventories	(3,507)	5,066	-
(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	127,458	28,844	26,617
Unrealised gain on exchange rates	(1,369)	(792)	(468)
Cash flows before changes in operating assets and Liabilities	3,546,791	3,239,143	2,974,545
Changes in operating assets and liabilities			
Trade and other account receivable	(88,344)	(202,338)	(296,916)
Inventories	159,178	(422,504)	68,812
Other current assets	6,317	(28,278)	(9,879)
Cash received from corporate income tax refund	-	-	18,922
Other non-current assets	(234)	14,881	2,147
Trade accounts payable- other companies	(95,716)	86,671	57,296
Trade accounts payable related parties	17,493	51,578	74,692
Other accounts payable other companies	(88,960)	117,088	45,985
Other accounts payable related parties	(1,459)	(1,746)	27,894
Accrued expenses	31,821	13,349	46,615
Payments for post-employment benefits obligation	(7474)	(3,264)	(2,142)
Cash generated from operation	3,479,412	2,864,579	3,009,969
- Interest received	16,431	16,020	15,591
- Income tax paid	(420,785)	(376,829)	(292,862)
Net cash received from operating activities	3,075,058	2,503,770	2,732,698

Statements of Cash flows
For the years ended 31 March 2018 to 31 March 2020

(Unit: Thousand baht)

	Audited		
	Mar 31,2020	Mar 31,2019	Mar 31,2018
Cash flows from investing activities:			
Loans made to employees	(460)	(81,931)	(330)
Loans repayments from employees	32,688	41,288	34,942
Purchases of property , plant and equipment	(3,298,191)	(2,647,384)	(962,221)
Proceeds from disposals of property , plant and equipment	10,175	4,154	4,866
Interest received on short-term investments held to maturity	41,753	59,497	55,432
Cash receipts from sale of long-term investment	(16,980)	-	-
Dividends received from			
- Investment in associates	97,734	83,517	82,512
- Long-term investments	86,131	71,979	10,303
Purchase of intangible assets	(351,220)	(426,792)	(273,682)
Cash receipts from short-term investment held to maturity	4,806,000	10,647,000	8,954,000
Cash payment on short –term investment held to maturity	(2,347,000)	(10,059,550)	(9,329,466)
Net Cash used in investing activities	(939,370)	(2,308,223)	(1,423,644)
Cash flow from financing activity :			
Dividends paid	(631,619)	(536,374)	(383,125)
Net cash used in financing activities	(631,619)	(536,374)	(383,125)
Net decrease in cash and cash equivalents	1,504,070	(340,827)	925,929
Cash and cash equivalents at beginning of the year	1,671,997	2,012,032	1,085,635
Effects of exchange rate changes	1,369	792	468
Cash and cash equivalents at end of the year	3,177,436	1,671,997	2,012,032
Non – cash transaction :			
Outstanding liabilities arisen from purchases of plant ,			
Equipment and intangible assets	480,529	744,348	179,388
Accrued dividend income from investment in associate	956	13,955	65,656

(C) Financial ratio

Thai Stanley Electric Public Company Limited

Ratio of financial statement

(The Company Only)

		Audited		
		Mar 31,2020	Mar 31,2019	Mar 31,2018
Liquidity Ratio				
Current Ratio	(Times)	3.24	3.13	4.50
Quick Ratio	(Times)	2.82	2.72	4.15
Cash Ratio	(Times)	1.15	1.01	1.52
Receivable Turnover Ratio	(Times)	6.25	5.98	6.22
Collection Period	(Days)	57.60	60.20	57.88
Inventory Turnover	(Times)	154.28	132.70	120.48
Sale Period	(Days)	2.33	2.71	2.99
Account Payable Turnover	(Times)	5.87	6.11	7.93
Payment Period	(Days)	61.33	58.92	45.40
Cash Cycle	(Days)	(1.40)	3.99	15.47
Profitability Ratio				
Gross Profit Margin	(%)	18.55	18.93	18.50
Operation Profit Margin	(%)	14.04	14.45	13.27
Other profit Margin	(%)	***	***	***
Cash margin	(%)	144.58	118.40	155.82
Net profit margin	(%)	12.96	13.27	12.36
Return on Equity	(%)	12.00	12.97	11.91
Efficiency Ratio				
Return on Assets	(%)	10.08	10.93	10.33
Return on Fixed Assets	(%)	37.14	45.20	49.17
Asset Turnover	(Times)	77.80	0.82	0.84
Financial Policy Ratio				
Debt to Equity	(Times)	0.18	0.21	0.17
Interest coverage Ratio	(Times)	***	***	***
Fixed Charge Coverage	(Times)	1.96	0.88	1.52
(CASH BASIS)				
Pay- out Ratio	(%)	*	35.28	36.03

* It will be approved from the ordinary shareholders' meeting year 2020 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 2019, The company's revenues and profits were relatively the same as those of the previous year from continued launches of new model both motorcar and motorcycle lamps throughout the year. The company's total revenues increased 3.40%, which was a bit better than the overall auto industry that slightly contracted due to the economic slowdown. This was largely witnessed through sales of domestic automobiles, which were decreased 3.28%, while export sales and motorcycle sales also decreased 7.6% and 3.9%, respectively

The company saw its profit slightly edged up by 1% due to increasing costs of investment as a result of production expansion, higher depreciation costs and costs of new products.

Operating result and profitability

In 2019, sales and service revenues accounted for Baht 15,150.09 million, increased 3.52%, or Baht 515.47 million, from the previous year . Details of the sales are as follows.

Domestic sales accounted for Baht 9,655.09 million, or 61.37% of total sales , decreased 6.64% and it also reflected from the industry. Export sales accounted for Baht 5,495 billion, or 34.93% of total sales and increased 28% , most of which were sales of new products to automakers in the Export Free Zone.

In terms of product categories, sales of Auto Bulbs total Baht 450.01 million or 2.97% of total sales and decreased 24.13% from the previous year. Sales of auto lamps accounted for Baht 13,897.49 million, or 91.73% of total sales and increased 0.86% from the previous year. Mold and design sales total Baht 802.58 million. or 5.30% of total sales, which a significant increase of 204.97% from the previous year , following sales to automakers who had launched new models throughout the past year.

Other incomes total Baht 263.73 million, decreased 3.20% from the previous year, most of which were from gains on foreign exchange and interest incomes as a result of economic volatility. Incomes from dividends meanwhile increased 19.66%, which reflected healthy performances of companies we have invested in. Other incomes included revenues from sales of raw material and defect, tax refund from exports, and royalty incomes which were slightly down.

Costs of sales total Baht 12,339.31 million, or 81.45% of total sales , increase of Baht 474.78 million or a 4% increase from the previous year . Meanwhile, costs of sales rose in proportion to higher sales activities together with higher expenses of depreciation costs from new factory expansion.

Gross profit total Baht 2,810.78 million, or 18.55% of total sales and which increase 1.47% .

Sales and administrative expenses total Baht 947.58 million or 6.25% of total sales. This increase 2.13% , most of which were from increasing costs of royalties as a result of increasing sales.

Operation profits total Baht 2,126.93 million, or 14.04% of total sales and a slight increase of merely 0.58% from the previous year. Net profit meanwhile total Baht 1,997.50 million, or 13.18% of total sales and increased 1% from the previous year.

Asset Management

Total Assets

As of March 31, 2020, The company's total assets stood at Baht 20,369.93 million, an increase of 5.79% from the previous year , Details are as follows.

Current assets total Baht 7,990.14 million or 39.23% of total assets, which decreased 11.55% from the previous year. Current assets consisted of cash and cash equivalents total Baht 3,177.44 million or 15.60% of total assets and an increase by 90.04%; short-term investment held up to maturity total Baht 1.166 billion or 5.72% of total assets, which was decreased 67.83%; and trade receivables and other net receivables total Baht 2,633.16 million, or 12.93% of total assets and increased 3.29% from the previous year. All current assets decreased after the company continued to invest fixed assets to expand its business.

Net inventory total Baht 942.13 billion or 4.63% of total assets, which was decreased 14.33% from the previous year , most of which were work in process. This accounted for 54.87% of work in process in the mold factory.

Non-current assets total Baht 12,379.79 million, or 60.77% of total assets and increased 21.12% from the previous year . Net property , plant and equipment total Baht 9,517.13 million or 46.72% of the total assets, which increased 23.55% . During the past year, the company invested in the construction of mold plant and a research and development center, which are now completed. Meanwhile, the construction of the new Lamp 8 factory has started and expected to complete in late 2020.

The company's profit slightly increased from the previous year, leading to an increase of Return of Assets (ROA) by 10.08%, which was close to last year's 10.93%. Return on Fixed Assets total 37.14%, decreased from last year's 45.20%. Meanwhile, the Asset Turnover Ratio total 0.78, which was slightly down from last year's 0.82.

Total Liabilities

Equity

Total liabilities were Baht 3,048.11 million, or 14.96% of total assets , decreased 7.29%. This was a result of trade payables and other payables following the company's investment in plant construction and purchases of raw and other materials, which rose in proportion to additional production expansion and production activities. The Payable Turnover Ratio total 5.87, down from last year's 6.11.

Shareholders' Equity

Total shareholders' equity was Baht 17,321.82 million, or 85.04% of the total assets or an increase by 8.49% from the previous year. This drove the Return on Equity (ROE) slightly down to 12% compared to last year's 12.97%.

Liquidity and Capital Adequacy

Net cash and cash equivalents total Baht 3,177.44 million, which increased 90.04% from the previous year, that from to short-term investment held to maturity. This led to the liquidity ratio of 3.24, up from last year's 3.13, which was further separate to cash derived from operating activities total Baht 3,075.06 million, cash spent in investment activities total Baht 939.37 million and in financing activities following Baht 631.62 million dividend payment.

In 2019, the company invested in the Lamp 8 factory, which represented an additional investment to respond to a new technology-oriented production process at a time the auto industry was embracing the new electric car technology. In addition, the company invested in new mold required for producing new models of auto lamps.

Obligations relating to liabilities and management of obligations outside balance sheet

The company remains committed to using cashflow for investment and corporate expenses. In other words, we are not focusing on borrowing. During the past year, we did not record any loan or interest expense liabilities. Our liabilities were limited to trade payables and normal payables resulting from our operation. The Debt to Equity ratio stood at 0.18, which was slightly down from last year's 0.21, due to new construction and increasing purchases of raw materials. However, the ratio was considered very low considering that the level of debt was very small compared to the asset size.

14.2 Factors or incidents that may materially affect future financial position/operation

The economic condition and the auto industry outlook are major factors directly affecting our operation. At present, both local and global economy are experiencing a major meltdown as a result of Covid-19, whose effect is widely felt by every sector. The situation requires closer and continued monitoring and we have started to exercise cost-cutting measures to adapt to the circumstance.

The company continues to focus on and have supported budget for research and development of new products. Customers continue planning to launch new products while we have been trusted to produce their lamps.