

**THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2018**

# Independent Auditor's Report

To the shareholders and the Board of Directors of Thai Stanley Electric Public Company Limited

## My opinion

In my opinion, the financial statements in which the equity method is applied and the separate financial statements of Thai Stanley Electric Public Company Limited (the Company) present fairly, in all material respects, the financial position in which the equity method is applied and the separate financial position of the Company as at 31 March 2018, and its financial performance in which the equity method is applied and the separate financial performance and its cash flows in which the equity method is applied and the separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## What I have audited

The Company's financial statements comprise:

- the statement of financial position in which the equity method is applied and the separate financial position as at 31 March 2018;
- the statement of income in which the equity method is applied and the separate statement of income for the year then ended;
- the statement of comprehensive income in which the equity method is applied and the separate statement of comprehensive income for the year then ended;
- the statement of changes in equity in which the equity method is applied and the separate statement of changes in equity for the year then ended;
- the statement of cash flows in which the equity method is applied and the separate statement of cash flows for the year then ended; and
- the notes to the financial statements which include a summary of significant accounting policies.

## Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of inventories. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b>Valuation of inventories</b></p> <p>Refer to note 2.6 (accounting policies) and note 9 (inventories).</p> <p>The valuation of inventories is an area of focus because inventories are a significant part of the total assets and the allowances for obsolete and slow-moving inventories are subject to management's judgement. The appropriateness of the amount becomes subjective and is subject to potential bias in management's judgement, whether intentionally or unintentionally.</p> <p>The assessment for the allowances for obsolete and slow-moving inventories requires a degree of estimation from judgement. Management based their assessment on their experience and historical data. Inventories with no movement over 12 months are subject to 100% allowance. The level of the allowances is assessed by taking into account the historical and recent sales experience, the aging of inventories and other factors that affect obsolete and slow-moving inventories.</p>	<p>I updated my understanding of the entity's assumptions used to develop the allowances for obsolete and slow-moving inventories and determined that the accounting policies are consistent with prior years.</p> <p>I assessed the reasonableness of management's assumptions used in developing the allowances for obsolete and slow-moving inventories by considering historical data and prior years' experience including key inventory ratios. I also challenged management's assumption of specific periods as to whether they were appropriate to be used in determining the valuation of inventory.</p> <p>I tested the reliability of the inventory aging report that was used to assess the valuation of inventory by tracing the last movement date of the inventory aging report to the supporting documents to confirm that inventories were assigned to the correct aging category by the system.</p> <p>I tested the mathematical accuracy of the allowances of the inventory balance derived from management's assumptions. No material variances arose from performing this work.</p> <p>I also assessed whether any obsolete and slow-moving inventories were omitted from the detailed analysis by examining the inventory aging analysis and tracing information obtained during inventory stock counts.</p> <p>Using the above procedures, I determined that management's assumption was properly applied. In addition, the estimation of the allowances for obsolete and slow-moving inventories was applied appropriately.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

**Varaporn Vorathitikul**  
Certified Public Accountant (Thailand) No. 4474  
Bangkok  
15 May 2018

Thai Stanley Electric Public Company Limited  
 Statements of Financial Position  
 As at 31 March 2018

	Notes	Financial statements in which the equity method is applied		The Company only	
		31 March 2018 Baht	31 March 2017 Baht	31 March 2018 Baht	31 March 2017 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	2,012,032,313	1,085,634,900	2,012,032,313	1,085,634,900
Short-term investments held to maturity	7	4,212,450,217	3,836,983,912	4,212,450,217	3,836,983,912
Trade and other accounts receivable, net	8	2,347,804,952	2,052,024,750	2,347,804,952	2,052,024,750
Inventories, net	9	674,727,701	721,737,217	674,727,701	721,737,217
Current portion of loans to employees	10	25,348,038	33,874,533	25,348,038	33,874,533
Other current assets		17,692,303	7,813,081	17,692,303	7,813,081
<b>Total current assets</b>		<b>9,290,055,524</b>	<b>7,738,068,393</b>	<b>9,290,055,524</b>	<b>7,738,068,393</b>
<b>Non-current assets</b>					
Loans to employees	10	10,806,651	36,891,950	10,806,651	36,891,950
Corporate income tax refundable		-	35,804,368	-	35,804,368
Investments in associates	11	1,154,393,271	1,048,232,284	57,176,689	57,176,689
Long-term investments, net	12	113,201,215	114,161,215	113,201,215	114,161,215
Property, plant and equipment, net	13	5,564,806,688	5,460,123,334	5,564,806,688	5,460,123,334
Intangible assets, net	14	775,113,671	720,008,805	775,113,671	720,008,805
Deferred tax assets, net	15	-	-	87,036,833	86,424,176
Other non-current assets, net		30,394,712	32,541,430	30,394,712	32,541,430
<b>Total non-current assets</b>		<b>7,648,716,208</b>	<b>7,447,763,386</b>	<b>6,638,536,459</b>	<b>6,543,131,967</b>
<b>Total assets</b>		<b>16,938,771,732</b>	<b>15,185,831,779</b>	<b>15,928,591,983</b>	<b>14,281,200,360</b>

Director \_\_\_\_\_  
 ( Mr. Koichi Nagano )

Director \_\_\_\_\_  
 ( Mr. Apichart Leeissaranukul )

Date \_\_\_\_\_

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Financial Position**  
**As at 31 March 2018**

	Notes	Financial statements in which the equity method is applied		The Company only	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable - other companies		514,745,721	457,449,854	514,745,721	457,449,854
- related parties	27	498,282,289	423,590,332	498,282,289	423,590,332
Other accounts payable - other companies		322,204,024	151,035,576	322,204,024	151,035,576
- related parties	27	223,210,120	129,660,328	223,210,120	129,660,328
Accrued corporate income tax		181,649,546	126,654,342	181,649,546	126,654,342
Accrued expenses	16	326,088,616	259,845,713	326,088,616	259,845,713
<b>Total current liabilities</b>		<b>2,066,180,316</b>	<b>1,548,236,145</b>	<b>2,066,180,316</b>	<b>1,548,236,145</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities, net	15	132,406,483	111,786,943	-	-
Provision for post-employment benefits	17	208,805,352	184,330,737	208,805,352	184,330,737
<b>Total non-current liabilities</b>		<b>341,211,835</b>	<b>296,117,680</b>	<b>208,805,352</b>	<b>184,330,737</b>
<b>Total liabilities</b>		<b>2,407,392,151</b>	<b>1,844,353,825</b>	<b>2,274,985,668</b>	<b>1,732,566,882</b>
<b>Equity</b>					
Share capital					
Authorised share capital					
76,625,000 ordinary shares, par value of Baht 5 each	18	383,125,000	383,125,000	383,125,000	383,125,000
Issued and paid-up share capital					
76,625,000 ordinary shares, par value of Baht 5 each	18	383,125,000	383,125,000	383,125,000	383,125,000
Premium on share capital	18	504,250,000	504,250,000	504,250,000	504,250,000
Retained earnings					
Appropriated					
- Legal reserve	20	38,312,500	38,312,500	38,312,500	38,312,500
Unappropriated		13,788,404,424	12,512,867,321	12,723,998,815	11,618,257,978
Other components of equity		(182,712,343)	(97,076,867)	3,920,000	4,688,000
<b>Total equity</b>		<b>14,531,379,581</b>	<b>13,341,477,954</b>	<b>13,653,606,315</b>	<b>12,548,633,478</b>
<b>Total liabilities and equity</b>		<b>16,938,771,732</b>	<b>15,185,831,779</b>	<b>15,928,591,983</b>	<b>14,281,200,360</b>

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Income**  
**For the year ended 31 March 2018**

	Notes	Financial statements in which the equity method is applied		The Company only	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues from sales and services	5, 25, 27	13,220,445,698	11,024,796,625	13,220,445,698	11,024,796,625
Cost of sales and services		(10,775,579,608)	(9,087,200,921)	(10,775,579,608)	(9,087,200,921)
<b>Gross profit</b>		<b>2,444,866,090</b>	<b>1,937,595,704</b>	<b>2,444,866,090</b>	<b>1,937,595,704</b>
Other income					
- Dividend income	11, 12	10,303,166	23,417,685	92,815,488	92,882,941
- Gain on exchange rates, net		19,754,392	21,100,465	19,754,392	21,100,465
- Interest income		69,486,678	64,876,186	69,486,678	64,876,186
- Others	21	99,330,130	76,580,255	99,330,130	76,580,255
<b>Profit before expenses</b>		<b>2,643,740,456</b>	<b>2,123,570,295</b>	<b>2,726,252,778</b>	<b>2,193,035,551</b>
Selling expenses		(539,043,028)	(464,056,579)	(539,043,028)	(464,056,579)
Administrative expenses		(350,907,911)	(334,950,203)	(350,907,911)	(334,950,203)
<b>Total expenses</b>		<b>(889,950,939)</b>	<b>(799,006,782)</b>	<b>(889,950,939)</b>	<b>(799,006,782)</b>
<b>Operating profit</b>	22	<b>1,753,789,517</b>	<b>1,324,563,513</b>	<b>1,836,301,839</b>	<b>1,394,028,769</b>
Share of profit from investments in associates	11	294,757,654	255,720,107	-	-
<b>Profit before income tax</b>		<b>2,048,547,171</b>	<b>1,580,283,620</b>	<b>1,836,301,839</b>	<b>1,394,028,769</b>
Income tax	23	(389,885,568)	(309,515,723)	(347,436,502)	(272,264,753)
<b>Net profit for the year</b>		<b>1,658,661,603</b>	<b>1,270,767,897</b>	<b>1,488,865,337</b>	<b>1,121,764,016</b>
<b>Basic earnings per share</b>	24				
Net profit for the year		21.65	16.58	19.43	14.64

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
 Statements of Comprehensive Income  
 For the year ended 31 March 2018

	Financial statements in which the equity method is applied		The Company only		
	2018	2017	2018	2017	
	Note	Baht	Baht	Baht	
<b>Net profit for the year</b>		1,658,661,603	1,270,767,897	1,488,865,337	1,121,764,016
<b>Other comprehensive income (expenses) for the year after tax:</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Unrealised gain (loss) on change in fair value of available-for-sale investment	23	(768,000)	1,184,000	(768,000)	1,184,000
Exchange differences relating to investments in associates	23	(84,867,476)	(55,556,681)	-	-
<b>Other comprehensive income (expenses) for the year - net of tax</b>	23	(85,635,476)	(54,372,681)	(768,000)	1,184,000
<b>Total comprehensive income for the year</b>		<u>1,573,026,127</u>	<u>1,216,395,216</u>	<u>1,488,097,337</u>	<u>1,122,948,016</u>

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
 Statements of Changes in Equity  
 For the year ended 31 March 2018

		Financial statements in which the equity method is applied							
		Other components of equity							
		Retained earnings			Other comprehensive income (expenses)		Exchange	Total	Total
		Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated retained earnings	Unrealised gain (loss) on change in fair value of available-for-sale investment	differences relating to investments in associates	other components of equity	equity
Note	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 April 2017</b>	383,125,000	504,250,000	38,312,500	12,512,867,321	4,688,000	(101,764,867)	(97,076,867)	13,341,477,954	
Total comprehensive income for the year	-	-	-	1,658,661,603	(768,000)	(84,867,476)	(85,635,476)	1,573,026,127	
Dividends paid	19	-	-	(383,124,500)	-	-	-	(383,124,500)	
<b>Closing balance as at 31 March 2018</b>	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>13,788,404,424</u>	<u>3,920,000</u>	<u>(186,632,343)</u>	<u>(182,712,343)</u>	<u>14,531,379,581</u>	
<b>Opening balance as at 1 April 2016</b>	383,125,000	504,250,000	38,312,500	11,624,962,054	3,504,000	(46,208,186)	(42,704,186)	12,507,945,368	
Total comprehensive income for the year	-	-	-	1,270,767,897	1,184,000	(55,556,681)	(54,372,681)	1,216,395,216	
Dividends paid	19	-	-	(382,862,630)	-	-	-	(382,862,630)	
<b>Closing balance as at 31 March 2017</b>	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>12,512,867,321</u>	<u>4,688,000</u>	<u>(101,764,867)</u>	<u>(97,076,867)</u>	<u>13,341,477,954</u>	

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
 Statements of Changes in Equity  
 For the year ended 31 March 2018

								The Company only
								Other components of equity
								Other comprehensive income (expenses)
								Unrealised gain (loss) on change in fair value of available-for-sale investment
								Total other components of equity
								Total equity
Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings Legal reserve Baht	Unappropriated retained earnings Baht	Unrealised gain (loss) on change in fair value of available-for-sale investment Baht	Total other components of equity Baht	Total equity Baht	
<b>Opening balance as at 1 April 2017</b>	383,125,000	504,250,000	38,312,500	11,618,257,978	4,688,000	4,688,000	12,548,633,478	
Total comprehensive income for the year	-	-	-	1,488,865,337	(768,000)	(768,000)	1,488,097,337	
Dividends paid	-	-	-	(383,124,500)	-	-	(383,124,500)	
	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>12,723,998,815</u>	<u>3,920,000</u>	<u>3,920,000</u>	<u>13,653,606,315</u>	
<b>Closing balance as at 31 March 2018</b>								
<b>Opening balance as at 1 April 2016</b>	383,125,000	504,250,000	38,312,500	10,879,356,592	3,504,000	3,504,000	11,808,548,092	
Total comprehensive income for the year	-	-	-	1,121,764,016	1,184,000	1,184,000	1,122,948,016	
Dividends paid	-	-	-	(382,862,630)	-	-	(382,862,630)	
	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>11,618,257,978</u>	<u>4,688,000</u>	<u>4,688,000</u>	<u>12,548,633,478</u>	
<b>Closing balance as at 31 March 2017</b>								

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Cash Flows**  
**For the year ended 31 March 2018**

	Notes	Financial statements in which the equity method is applied		The Company only	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Cash flows from operating activities:</b>					
Profit before income tax for the year		2,048,547,171	1,580,283,620	1,836,301,839	1,394,028,769
Adjustments to reconcile profit before income tax for the year to net cash provided by operations:					
- Depreciation	13	1,051,782,513	1,020,514,275	1,051,782,513	1,020,514,275
- Amortisation	14	214,489,984	177,654,757	214,489,984	177,654,757
- Interest income		(69,486,678)	(64,876,186)	(69,486,678)	(64,876,186)
- Share of profit from investments in associates	11	(294,757,654)	(255,720,107)	-	-
- Dividend income					
- Investments in associates	11	-	-	(82,512,322)	(69,465,256)
- Long-term investments	12	(10,303,166)	(23,417,685)	(10,303,166)	(23,417,685)
- Gain on disposal of property, plant and equipment, net	21	(4,184,100)	(989,039)	(4,184,100)	(989,039)
- Loss on write-off of intangible assets	14	-	1	-	1
- (Reversal of) Allowance for doubtful account	8	(400,327)	26,755,769	(400,327)	26,755,769
- (Reversal of) Allowance for obsolete and slow moving inventories and net realisable value lower than cost of inventories	9	(21,802,363)	7,533,106	(21,802,363)	7,533,106
- Corporate income tax refund offset against withholding tax on dividend and surcharge		16,882,357	-	16,882,357	-
- Provision for corporate income tax	29	17,628,090	-	17,628,090	-
- (Reversal of) Provision for post-employment benefits	17	26,616,720	22,843,440	26,616,720	22,843,440
- Unrealised loss (gain) on exchange rates, net		(467,965)	374,385	(467,965)	374,385
Cash flows before changes in operating assets and liabilities		2,974,544,582	2,490,956,336	2,974,544,582	2,490,956,336
Changes in operating assets and liabilities					
- Trade and other accounts receivable		(296,916,174)	192,193,260	(296,916,174)	192,193,260
- Inventories		68,811,879	43,172,090	68,811,879	43,172,090
- Other current assets		(9,879,222)	672,293	(9,879,222)	672,293
- Cash received from corporate income tax refund		18,922,011	-	18,922,011	-
- Other non-current assets		2,146,718	(11,517,996)	2,146,718	(11,517,996)
- Trade accounts payable - other companies		57,295,867	(58,406,558)	57,295,867	(58,406,558)
- Trade accounts payable - related parties		74,691,957	(4,706,131)	74,691,957	(4,706,131)
- Other accounts payable - other companies		45,984,989	(14,430,536)	45,984,989	(14,430,536)
- Other accounts payable - related parties		27,893,805	(11,072,707)	27,893,805	(11,072,707)
- Accrued expenses		48,614,813	2,712,386	48,614,813	2,712,386
- Payment for post-employment benefit obligation	17	(2,142,105)	(1,826,200)	(2,142,105)	(1,826,200)
Cash generated from operations		3,009,969,120	2,627,746,237	3,009,969,120	2,627,746,237
Interest received		15,590,920	19,142,653	15,590,920	19,142,653
Income tax paid		(292,861,955)	(274,807,045)	(292,861,955)	(274,807,045)
Net cash received from operating activities		2,732,698,085	2,372,081,845	2,732,698,085	2,372,081,845

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Cash Flows**  
**For the year ended 31 March 2018**

	Notes	Financial statements in which the equity method is applied		The Company only	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Cash flows from investing activities:</b>					
Loans made to employees	10	(329,854)	(55,494,180)	(329,854)	(55,494,180)
Loans repayments from employees	10	34,941,648	20,281,283	34,941,648	20,281,283
Purchases of property, plant and equipment		(962,220,796)	(960,556,948)	(962,220,796)	(960,556,948)
Proceeds from disposals of property, plant and equipment		4,865,975	1,791,570	4,865,975	1,791,570
Interest received on short-term investments held to maturity		55,432,057	33,136,165	55,432,057	33,136,165
Dividends received					
- Investments in associates		82,512,322	73,278,046	82,512,322	73,278,046
- Long-term investments	12	10,303,166	23,417,685	10,303,166	23,417,685
Purchases of intangible assets		(273,682,350)	(161,967,194)	(273,682,350)	(161,967,194)
Cash receipts from short-term investments held to maturity	7	8,954,000,000	5,531,400,000	8,954,000,000	5,531,400,000
Cash payment on short-term investments held to maturity	7	(9,329,466,305)	(7,248,383,912)	(9,329,466,305)	(7,248,383,912)
Net cash used in investing activities		(1,423,644,137)	(2,743,097,485)	(1,423,644,137)	(2,743,097,485)
<b>Cash flow from financing activity:</b>					
Dividends paid	19	(383,124,500)	(382,862,630)	(383,124,500)	(382,862,630)
Net cash used in financing activity		(383,124,500)	(382,862,630)	(383,124,500)	(382,862,630)
<b>Net increase (decrease) in cash and cash equivalents</b>		925,929,448	(753,878,270)	925,929,448	(753,878,270)
Cash and cash equivalents at beginning of the year		1,085,634,900	1,839,887,555	1,085,634,900	1,839,887,555
Effects of exchange rate changes		467,965	(374,385)	467,965	(374,385)
Cash and cash equivalents at end of the year		2,012,032,313	1,085,634,900	2,012,032,313	1,085,634,900
<b>Non-cash transaction:</b>					
Outstanding liabilities arisen from purchases of plant, equipment and intangible assets		245,043,729	54,204,283	245,043,729	54,204,283

The notes to the financial statements on page 13 to 41 are an integral part of these financial statements.

## **1 General information**

Thai Stanley Electric Public Company Limited (the "Company") is a public limited company, incorporated in Thailand. The address of its registered office is 29/3 Moo 1 Bangpoon-Rungsit Road, Banklang, Amphur Muang, Pathumthanee, Thailand 12000. The Company is listed on the Stock Exchange of Thailand.

The principal business operation of the Company is the manufacture and sales of automotive bulbs, lighting equipment, molds & dies and product designs.

These financial statements have been approved by the Company's Board of directors on 15 May 2018.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention except the measurement of available-for-sale investment as explained in the relevant accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017 which have significant changes and are relevant to the Company:

TAS 27 (revised 2016)	Separate financial statements
TAS 38 (revised 2016)	Intangible assets

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revised 2016). While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

The management has assessed and considered that the above revised standards do not have significant impact on the Company.

**2 Accounting policies (Cont'd)**

**2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company. The Company has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale according to TFRS 5 (revised 2017), except for the summarised financial information.

The management has assessed and considered that the above revised standards will not have a significant impact on the Company.

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this standard.

TFRS 15 will replace the following standards and interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a goods or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- 1) identify contracts with customers
- 2) identify the performance obligations in the contract
- 3) determine the transaction price of the contract
- 4) allocate the transaction price to each of the separate performance obligations, and
- 5) recognise the revenue as each performance obligation is satisfied.

## **2 Accounting policies (Cont'd)**

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

### **2.3 Foreign currency translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**2 Accounting policies (Cont'd)**

**2.4 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are not used as collateral.

**2.5 Trade accounts receivable**

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are recognised in the statement of income as part of administrative expenses.

**2.6 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts and rebates. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads which are allocated based on normal capacity. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**2.7 Investments in associates**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and accounted for using the equity method in the financial statements in which the equity method is applied.

The Company's shares of its associates' post-acquisition profits or losses are recognised in the statement of income and its shares of post-acquisition movements in reserves are recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Company.

In the Company financial statements, investments in associates are accounted for using the cost method.

A list of the Company's associates is disclosed in Note 11.

**2.8 Other Investments**

Investments other than investments in associates are classified into the following three categories which are held-to-maturity, available-for-sale and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale, and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- Investments in non-marketable equity securities are classified as general investments.

## **2 Accounting policies (Cont'd)**

### **2.8 Other Investments**

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the investments. Cost of investment includes transaction costs.

Held-to-maturity investments are carried at amortised cost.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. The fair value of investments is based on the quoted bid price by reference to the Stock Exchange of Thailand. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of income as gains and losses from investment.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Company's holding of a particular investment in equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

### **2.9 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset, except for land which is considered to have indefinite life, to its residual value over the estimated useful lives.

	<b>Useful life (years)</b>
Buildings	30
Land and building improvements	5 - 20
Machinery, equipment and factory tools	5 - 10
Molds	4
Motor vehicles	5
Furniture, fixtures and office equipment	3 - 5

The assets' useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.

## **2.10 Intangible assets**

### **Computer software**

Acquired computer software licences are capitalised on the basis of the direct costs incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line method over their estimated useful lives of which between 5 and 10 years. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

### **Product design costs**

Costs incurred on development projects relating to the design of new products are recognised as intangible assets when it is probable that the project will be successful considering its commercial and technological feasibility, and only if the cost can be measured reliably. Product design costs previously recognised as an expense are not recognised as an asset in a subsequent period. Product design costs are amortised from the commencement of the commercial production of the product based on the straight-line method over the period of its expected benefit which is 4 years.

## **2.11 Impairment of assets**

Asset and intangible assets with a definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2.12 Employee benefits**

The Company has post-employment benefits both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

- Defined contribution plan

### Provident fund

The Company operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Company. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

- Defined benefit plan

### Retirement benefit

Under Labour Laws applicable in Thailand and Company's employment policy, the severance pay will be at the rate according to salary and number of years of service which will happen in the future. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bond interest rate that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Gain and loss from actuarial estimation for employee benefit is recognised as other comprehensive income (expenses) in the statement of comprehensive income.

## **2 Accounting policies (Cont'd)**

### **2.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### **2.14 Revenue recognition**

Revenue from sales comprises the fair value of the consideration received or receivable for the sales of goods net of rebates and discounts. Revenue from sales is recognised when significant risks and rewards of ownership of the goods are transferred to the buyers.

Revenue from rendering services is recognised when services are rendered.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised when right to receive payment is established.

### **2.15 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **2.16 Dividends**

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders and the Board of Directors.

## **2 Accounting policies (Cont'd)**

### **2.17 Financial instruments**

Financial assets carried in the statements of financial position include cash and cash equivalents, short-term investments held to maturity, and trade accounts receivable. Financial liabilities carried in the statements of financial position are trade accounts payable and other accounts payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Company parties to financial instruments that reduce exposure to fluctuations in exchange rates by using foreign currency forward contracts to protect its exposure from movements in exchange rates. Foreign currency forward contracts established a predetermined exchange rate ("forward rate") at which the Company will receive/ pay foreign currency amounts on a predetermined future date. At the statement of financial position date, the foreign currency amounts receivable under these contracts are translated into Baht at the rates ruling at that date. Unrealised gains or losses that result from the translation are recognised in the statement of income. The foreign currency amounts payable under these contracts are translated into Baht at the forward rates. Any premiums or discounts equal to the difference between the exchange rates and the forward rates at the inception of the contracts are amortised over the lives of the contracts. The foreign currency amounts receivable and payable have been presented net in the statement of financial position.

Disclosures about financial instruments to which the Company is a party are provided in Note 26.

### **2.18 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as "the board of directors" that makes strategic decisions.

## **3 Critical accounting estimates, assumptions and judgments**

Accounting estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During the year ended 31 March 2018, the significant accounting estimates of the Company are as follows:

### **Allowances for obsolete and slow-moving inventories**

The Company has estimated the allowances for obsolete and slow-moving inventories to reflect their impairment. The allowances are taken into account inventory aging, recent sales experience and other factors that affecting obsolete and slow-moving inventories.

### **Plant, equipment and intangible assets**

Management has determined the estimated useful lives and residual value of plant, equipment and intangible assets of which are principally based on technical information. The management will also review to write down technically obsolete or non-used assets by sales or abandon.

### **Post-employment benefits**

The Company provides for post-employment benefits, payable to employees under the Thai Labour Law. The present value of post-employment benefit obligation is determined based on various assumptions which include the discount rate, the rate of salary inflation, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for provision for post-employment benefits.

## **4 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**5 Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors who makes strategic decision.

**Business segment**

The Company manufactures and sells auto bulbs, automotive lighting equipment, molds & dies and product designs. The Company does not prepare segment information of molds & dies and product designs business because the Company's management considers that the revenues, assets and profit of molds & dies and product designs segment do not meet quantitative thresholds of reportable segment. The chief operating decision-maker review operating results in the same dimension as presented in the financial statements.

**Revenues by product group**

During the year ended 31 March 2018 and 2017, the revenues by product group are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Auto bulbs and automotive lighting equipment	12,778,957,295	10,493,677,557
Molds & dies and product designs	441,488,403	531,119,068
	<u>13,220,445,698</u>	<u>11,024,796,625</u>

**Major customers**

During the year ended 31 March 2018, the Company has revenues from 2 major customer groups which each of them contributed equal or over 10% of the Company's total revenues (2017: 2 customer groups). The revenue from customer group no.1 is Baht 5,590 million (2017: Baht 4,037 million). The revenue from customer group no. 2 is Baht 3,692 million (2017: Baht 2,000 million). The customers under common control are considered as one customer and referred to as the customer group.

**6 Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Cash and cheques on hand	832,923	974,006
Current accounts with banks	88,751,798	73,942,342
Savings accounts with banks	109,447,592	89,218,552
Short-term investments in bills of exchange	1,813,000,000	921,500,000
	<u>2,012,032,313</u>	<u>1,085,634,900</u>

Savings accounts with banks and short-term investments bear interest at the rates of 0.01% - 1.12% per annum (2017: 0.01% - 1.23% per annum).

**7 Short-term investments held to maturity**

As at 31 March 2018 and 2017, short-term investments held to maturity represent bills of exchange and fixed deposits which have original maturities over 3 months but not over 12 months.

Movements in short-term investments held to maturity are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Opening book amount	3,836,983,912	2,120,000,000
Additions during the year	9,329,466,305	7,248,383,912
Redemptions during the year	(8,954,000,000)	(5,531,400,000)
	<u>4,212,450,217</u>	<u>3,836,983,912</u>

**7 Short-term investments held to maturity (Cont'd)**

Short-term investments held to maturity bear interest at the rates of 1.12% - 1.60% per annum (2017: 1.23% - 1.65% per annum).

As at 31 March 2018 and 2017, the fair value are based on discounted cash flows using a discount rate based upon the interest rates of bills of exchange and fixed deposits as at 31 March 2018 and 2017 (Level 2 of fair value hierarchy). However, the fair value of short-term investments held to maturity is close to their carrying amount as the impact of discounting is not significant.

**8 Trade and other accounts receivable, net**

Trade and other accounts receivable, net as at 31 March 2018 and 2017 are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Trade accounts receivable - other companies	2,057,557,201	1,767,680,327
<u>Less</u> Allowance for doubtful account	<u>(23,859,076)</u>	<u>(24,259,403)</u>
Trade accounts receivable - other companies, net	2,033,698,125	1,743,420,924
Trade accounts receivable - related parties (Note 27)	206,516,522	219,476,915
Prepaid expenses	48,727,691	47,525,692
Accrued income, net	26,716,955	25,669,254
Value added tax receivable	23,335,262	9,417,726
Other receivables	8,810,397	6,514,239
	<u>2,347,804,952</u>	<u>2,052,024,750</u>

Trade accounts receivable as at 31 March 2018 and 2017 can be analysed as follows:

	<b>Trade accounts receivable- other companies</b>		<b>Trade accounts receivable- related parties</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Current	2,005,630,823	1,734,347,477	197,682,647	217,547,362
Overdue:				
less than 3 months	21,089,398	7,806,621	8,218,924	1,655,383
3 - 6 months	6,686,761	9,070	13,185	253,485
6 - 12 months	-	-	591,331	20,685
more than 1 year	24,150,219	25,517,159	10,435	-
	<u>2,057,557,201</u>	<u>1,767,680,327</u>	<u>206,516,522</u>	<u>219,476,915</u>

**9 Inventories, net**

	<b>2018 Baht</b>	<b>2017 Baht</b>
Raw materials and packaging	240,711,873	259,443,568
Work in process	255,320,170	316,283,260
Finished goods	97,143,936	81,741,447
Goods in transit	89,566,795	94,086,378
	<u>682,742,774</u>	<u>751,554,653</u>
<u>Less</u> Allowance for net realisable value lower than cost and obsolete and slow moving inventories		
- Raw materials and packaging	(4,875,428)	(19,702,705)
- Work in process	(2,031,543)	(3,169,432)
- Finished goods	(1,108,102)	(6,945,299)
	<u>674,727,701</u>	<u>721,737,217</u>

During the year ended 31 March 2018, the Company recognised allowance for obsolete and slow-moving inventories amounting to Baht 472,520 and reversed allowance for obsolete and slow-moving inventories amounting to Baht 22,274,883 as a part of cost of sales in the statement of income (2017: the Company recognised allowance for obsolete and slow-moving inventories amounting to Baht 10,655,761 and reversed allowance for obsolete and slow-moving inventories amounting to Baht 3,122,655 as a part of cost of sales in the statement of income).

**10 Loans to employees**

Movements in loans to employees during the year are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Opening balance	70,766,483	35,553,586
Additions	329,854	55,494,180
Received during the year	(34,941,648)	(20,281,283)
	<u>36,154,689</u>	<u>70,766,483</u>

Loans to employees bear interest rate at 1.90% per annum (2017: 1.90% per annum). The repayment periods are between 2 months - 3 years.

The analysis of loans to employees is as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Current portion of loans to employees	25,348,038	33,874,533
Non-current portion of loans to employees	10,806,651	36,891,950
	<u>36,154,689</u>	<u>70,766,483</u>

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**11 Investments in associates**

The details of investments in associates as at 31 March 2018 and 2017 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity method			
				2018		2017	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
<b>Associates</b>							
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	22,706,618	5,916,322	20,501,287	7,194,886
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	1,131,686,653	76,596,000	1,027,730,997	62,270,370
				<u>1,154,393,271</u>	<u>82,512,322</u>	<u>1,048,232,284</u>	<u>69,465,256</u>
Name	Business activity	Paid-up share capital	% of holding	Cost method			
				2018		2017	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
<b>Associates</b>							
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	3,132,500	5,916,322	3,132,500	7,194,886
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	54,044,189	76,596,000	54,044,189	62,270,370
				<u>57,176,689</u>	<u>82,512,322</u>	<u>57,176,689</u>	<u>69,465,256</u>

Associates are private companies and there is no quoted market price available for them. There are no contingent liabilities relating to the Company's interest in associates.

Movements in investments in associates are as follows:

For the years ended 31 March	Equity method		Cost method	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening book amount	1,048,232,284	931,423,285	57,176,689	57,176,689
Share of profit	294,757,654	255,720,107	-	-
Dividends received	(82,512,322)	(69,465,256)	-	-
Translation adjustments	(106,084,345)	(69,445,852)	-	-
Closing book amount	<u>1,154,393,271</u>	<u>1,048,232,284</u>	<u>57,176,689</u>	<u>57,176,689</u>

11 Investments in associates (Cont'd)

Summarised statement of financial position and statement of income of the associates:

	Lao Stanley Company Limited		Vietnam Stanley Electric Company Limited	
	As at 31 March		As at 31 March	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current assets	135,266,442	110,483,620	5,342,521,329	4,740,729,395
Non-current assets	12,479,345	17,508,898	916,377,931	1,146,043,382
<b>Total assets</b>	<b>147,745,787</b>	<b>127,992,518</b>	<b>6,258,899,260</b>	<b>5,886,772,777</b>
Current liabilities	99,967,323	86,040,492	584,590,269	714,441,718
Non-current liabilities	2,365,227	949,452	15,875,725	33,676,073
<b>Total liabilities</b>	<b>102,332,550</b>	<b>86,989,944</b>	<b>600,465,994</b>	<b>748,117,791</b>
	Lao Stanley Company Limited		Vietnam Stanley Electric Company Limited	
	For the year ended 31 March		For the year ended 31 March	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues from sales and services	453,364,727	411,118,669	5,574,641,366	5,989,888,208
Net profit for the year	20,937,872	14,903,230	1,421,443,589	1,241,342,457

12 Long-term investments, net

Long-term investments, net as at 31 March 2018 and 2017 are as follows:

As at 31 March 2018	Available- for-sale investments	General investments	Total	
	Baht	Baht		Baht
<b>Equity securities</b>				
- Related parties	8,280,000	104,921,215	113,201,215	
- Other companies	-	-	-	
Long-term investments, net	<b>8,280,000</b>	<b>104,921,215</b>	<b>113,201,215</b>	
	Available- for-sale investments		General investments	
	Baht		Baht	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Equity securities</b>				
- Related parties	9,240,000	104,921,215	114,161,215	
- Other companies	-	-	-	
Long-term investments, net	<b>9,240,000</b>	<b>104,921,215</b>	<b>114,161,215</b>	

**Thai Stanley Electric Public Company Limited**  
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**12 Long-term investments, net (Cont'd)**

The details of long-term investments, net as at 31 March 2018 and 2017 are as follows:

Name	Business activity	Paid-up share capital	% of holding	2018		2017	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
<b>Related parties - available-for-sale</b>							
Inoue Rubber (Thailand) Public Company Limited	Manufacture of tyre	Baht 200 million	0.2	3,380,000	339,040	3,380,000	410,920
Change in fair value of investments				4,900,000	-	5,860,000	-
				<u>8,280,000</u>	<u>339,040</u>	<u>9,240,000</u>	<u>410,920</u>
<b>Related parties - general investments (at cost)</b>							
Asian Stanley International Company Limited	Manufacture of small bulbs, LED and electronic components	Baht 400 million	15.0	60,000,000	-	60,000,000	16,183,642
Sirivit Stanley Company Limited	Manufacture of electronic equipment and automotive lighting equipment	Baht 21 million	15.0	3,000,000	1,578,571	3,000,000	2,788,586
Lumax Industries Limited	Manufacture of automotive lighting equipment and auto parts	RS 93.5 million	1.73	8,793,715	1,144,090	8,793,715	-
PT. Indonesia Stanley Electric	Manufacture of molds and automotive lighting equipment	USD 7.5 million	10.0	33,127,500	7,241,465	33,127,500	4,034,537
				<u>104,921,215</u>	<u>9,964,126</u>	<u>104,921,215</u>	<u>23,006,765</u>
<b>Other companies - general investments (at cost)</b>							
Top Hitech (Thailand) Company Limited	Manufacture of plastic products and molds	Baht 35.9 million	13.9	5,000,000	-	5,000,000	-
<u>Less</u> Impairment of investments				<u>(5,000,000)</u>	<u>-</u>	<u>(5,000,000)</u>	<u>-</u>
				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term investments, net				<u>113,201,215</u>	<u>10,303,166</u>	<u>114,161,215</u>	<u>23,417,685</u>

The available-for-sale investment is carried at fair value which is based on the quoted price by reference to Stock Exchange of Thailand (Level 1).

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**13 Property, plant and equipment, net**

	Land Baht	Land and building improvements Baht	Buildings Baht	Machinery, equipment and factory tools Baht	Molds Baht	Motor vehicles Baht	Furniture, fixtures and office equipment Baht	Machinery under installation and construction in progress Baht	Total Baht
<b>As at 1 April 2016</b>									
Cost	1,177,324,309	1,751,873,323	1,431,276,164	6,487,018,434	4,536,968,196	63,669,289	111,662,192	277,988,800	15,837,780,707
<u>Less</u> Accumulated depreciation	-	(1,108,166,461)	(584,701,119)	(4,663,404,975)	(3,818,479,950)	(42,799,464)	(84,135,473)	-	(10,301,687,442)
Net book amount	<u>1,177,324,309</u>	<u>643,706,862</u>	<u>846,575,045</u>	<u>1,823,613,459</u>	<u>718,488,246</u>	<u>20,869,825</u>	<u>27,526,719</u>	<u>277,988,800</u>	<u>5,536,093,265</u>
<b>For the year ended 31 March 2017</b>									
Opening net book amount	1,177,324,309	643,706,862	846,575,045	1,823,613,459	718,488,246	20,869,825	27,526,719	277,988,800	5,536,093,265
Additions	20,666,000	1,168,000	-	71,357,507	-	6,877,991	2,359,797	842,917,581	945,346,876
Disposals / write-offs, net	-	(268,260)	-	(530,437)	(25)	(4)	(3,806)	-	(802,532)
Transfers	-	53,548,115	13,449,833	128,835,036	481,988,156	160,000	24,126,753	(702,107,893)	-
Depreciation charge (Note 22)	-	(138,321,211)	(59,724,031)	(478,238,749)	(322,478,743)	(9,243,974)	(12,507,567)	-	(1,020,514,275)
Closing net book amount	<u>1,197,990,309</u>	<u>559,833,506</u>	<u>800,300,847</u>	<u>1,545,036,816</u>	<u>877,997,634</u>	<u>18,663,838</u>	<u>41,501,896</u>	<u>418,798,488</u>	<u>5,460,123,334</u>
<b>As at 31 March 2017</b>									
Cost	1,197,990,309	1,794,028,995	1,444,125,997	6,553,353,236	5,008,550,919	68,182,779	132,428,874	418,798,488	16,617,459,597
<u>Less</u> Accumulated depreciation	-	(1,234,195,489)	(643,825,150)	(5,008,316,420)	(4,130,553,285)	(49,518,941)	(90,926,978)	-	(11,157,336,263)
Net book amount	<u>1,197,990,309</u>	<u>559,833,506</u>	<u>800,300,847</u>	<u>1,545,036,816</u>	<u>877,997,634</u>	<u>18,663,838</u>	<u>41,501,896</u>	<u>418,798,488</u>	<u>5,460,123,334</u>
<b>For the year ended 31 March 2018</b>									
Opening net book amount	1,197,990,309	559,833,506	800,300,847	1,545,036,816	877,997,634	18,663,838	41,501,896	418,798,488	5,460,123,334
Additions	6,090,000	161,860	-	38,594,197	19,281,013	10,269,565	1,623,469	1,081,127,638	1,157,147,742
Disposals / write-offs, net	-	-	-	(673,942)	(22)	(7,852)	(59)	-	(681,875)
Transfers	-	31,466,496	43,961,884	529,484,365	213,918,035	-	8,446,532	(827,277,312)	-
Depreciation charge (Note 22)	-	(133,325,317)	(61,279,401)	(476,248,054)	(358,659,050)	(8,181,906)	(14,088,785)	-	(1,051,782,513)
Closing net book amount	<u>1,204,080,309</u>	<u>458,136,545</u>	<u>782,983,330</u>	<u>1,636,193,382</u>	<u>752,537,610</u>	<u>20,743,645</u>	<u>37,483,053</u>	<u>672,648,814</u>	<u>5,564,806,688</u>
<b>As at 31 March 2018</b>									
Cost	1,204,080,309	1,825,657,351	1,488,087,881	6,977,157,059	5,234,186,734	67,246,344	140,449,612	672,648,814	17,609,514,104
<u>Less</u> Accumulated depreciation	-	(1,367,520,806)	(705,104,551)	(5,340,963,677)	(4,481,649,124)	(46,502,699)	(102,966,559)	-	(12,044,707,416)
Net book amount	<u>1,204,080,309</u>	<u>458,136,545</u>	<u>782,983,330</u>	<u>1,636,193,382</u>	<u>752,537,610</u>	<u>20,743,645</u>	<u>37,483,053</u>	<u>672,648,814</u>	<u>5,564,806,688</u>

14 Intangible assets, net

	Computer software Baht	Product design cost Baht	Product design cost under development Baht	Total Baht
<b>As at 1 April 2016</b>				
Cost	245,639,208	751,422,991	326,106,036	1,323,168,235
<u>Less</u> Accumulated amortisation	(195,267,679)	(396,213,367)	-	(591,481,046)
Net book amount	<u>50,371,529</u>	<u>355,209,624</u>	<u>326,106,036</u>	<u>731,687,189</u>
<b>For the year ended 31 March 2017</b>				
Opening net book amount	50,371,529	355,209,624	326,106,036	731,687,189
Additions	9,948,400	-	156,027,974	165,976,374
Transfers	-	249,178,025	(249,178,025)	-
Write-offs, net	(1)	-	-	(1)
Amortisation charge (Note 22)	(18,018,113)	(159,636,644)	-	(177,654,757)
Closing net book amount	<u>42,301,815</u>	<u>444,751,005</u>	<u>232,955,985</u>	<u>720,008,805</u>
<b>As at 31 March 2017</b>				
Cost	239,538,169	924,898,147	232,955,985	1,397,392,301
<u>Less</u> Accumulated amortisation	(197,236,354)	(480,147,142)	-	(677,383,496)
Net book amount	<u>42,301,815</u>	<u>444,751,005</u>	<u>232,955,985</u>	<u>720,008,805</u>
<b>For the year ended 31 March 2018</b>				
Opening net book amount	42,301,815	444,751,005	232,955,985	720,008,805
Additions	15,356,790	-	254,238,060	269,594,850
Transfers	-	228,976,620	(228,976,620)	-
Amortisation charge (Note 22)	(18,535,285)	(195,954,699)	-	(214,489,984)
Closing net book amount	<u>39,123,320</u>	<u>477,772,926</u>	<u>258,217,425</u>	<u>775,113,671</u>
<b>As at 31 March 2018</b>				
Cost	254,894,959	1,012,509,569	258,217,425	1,525,621,953
<u>Less</u> Accumulated amortisation	(215,771,639)	(534,736,643)	-	(750,508,282)
Net book amount	<u>39,123,320</u>	<u>477,772,926</u>	<u>258,217,425</u>	<u>775,113,671</u>

15 Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	Financial statements in which the equity method is applied		The Company only	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Deferred tax assets:</b>				
Deferred tax assets to be utilised within 12 months	4,384,210	17,082,747	4,384,210	17,082,747
Deferred tax assets to be utilised more than 12 months	95,797,036	82,504,232	95,797,036	82,504,232
	<u>100,181,246</u>	<u>99,586,979</u>	<u>100,181,246</u>	<u>99,586,979</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(11,990,803)	(11,331,213)	(11,990,803)	(11,331,213)
Deferred tax liabilities to be settled more than 12 months	(220,596,926)	(200,042,709)	(1,153,610)	(1,831,590)
	<u>(232,587,729)</u>	<u>(211,373,922)</u>	<u>(13,144,413)</u>	<u>(13,162,803)</u>
<b>Deferred tax assets (liabilities) (net)</b>	<u>(132,406,483)</u>	<u>(111,786,943)</u>	<u>87,036,833</u>	<u>86,424,176</u>

The gross movement of the deferred tax is as follows:

	Financial statements in which the equity method is applied		The Company only	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening balance	(111,786,943)	(92,779,512)	86,424,176	82,069,808
Credited/ (charged) to profit or loss (Note 23)	(42,028,409)	(32,600,602)	420,657	4,650,368
Credited/ (charged) to other comprehensive income (Note 23)	21,408,869	13,593,171	192,000	(296,000)
Closing balance	<u>(132,406,483)</u>	<u>(111,786,943)</u>	<u>87,036,833</u>	<u>86,424,176</u>

15 Deferred tax (Cont'd)

The movements in deferred tax assets and liabilities during the year are as follows:

	<b>Financial statements in which the equity method is applied and the Company only</b>					
	<b>Inventories Baht</b>	<b>Equipment Baht</b>	<b>Intangible assets Baht</b>	<b>Employee benefit liabilities Baht</b>	<b>Others Baht</b>	<b>Total Baht</b>
<b>Deferred tax assets :</b>						
As at 1 April 2016	4,456,866	39,441,888	16,446,873	32,662,699	1,268,694	94,277,020
Credited/(charged) to profit or loss	1,506,621	(4,446,136)	1,152,312	4,203,448	2,893,714	5,309,959
As at 31 March 2017	5,963,487	34,995,752	17,599,185	36,866,147	4,162,408	99,586,979
Credited/(charged) to profit or loss	(4,360,472)	(1,584,858)	1,644,675	4,894,922	-	594,267
As at 31 March 2018	<u>1,603,015</u>	<u>33,410,894</u>	<u>19,243,860</u>	<u>41,761,069</u>	<u>4,162,408</u>	<u>100,181,246</u>

15 Deferred tax (Cont'd)

	Financial statements in which the equity method is applied			
	Investments in associates Baht	Long-term investment Baht	Buildings Baht	Total Baht
<b>Deferred tax liabilities :</b>				
As at 1 April 2016	(174,849,320)	(876,000)	(11,331,212)	(187,056,532)
Credited/(charged) to profit or loss	(37,250,970)	-	(659,591)	(37,910,561)
Credited/(charged) to other comprehensive income	13,889,171	(296,000)	-	13,593,171
As at 31 March 2017	(198,211,119)	(1,172,000)	(11,990,803)	(211,373,922)
Credited/(charged) to profit or loss	(42,449,066)	-	(173,610)	(42,622,676)
Credited/(charged) to other comprehensive income	21,216,869	192,000	-	21,408,869
As at 31 March 2018	(219,443,316)	(980,000)	(12,164,413)	(232,587,729)

	The Company only		
	Long-term investment Baht	Buildings Baht	Total Baht
<b>Deferred tax liabilities :</b>			
As at 1 April 2016	(876,000)	(11,331,212)	(12,207,212)
Credited/(charged) to profit or loss	-	(659,591)	(659,591)
Credited/(charged) to other comprehensive income	(296,000)	-	(296,000)
As at 31 March 2017	(1,172,000)	(11,990,803)	(13,162,803)
Credited/(charged) to profit or loss	-	(173,610)	(173,610)
Credited/(charged) to other comprehensive income	192,000	-	192,000
As at 31 March 2018	(980,000)	(12,164,413)	(13,144,413)

16 Accrued expenses

	2018 Baht	2017 Baht
Accrued staff costs	214,531,614	189,255,369
Accrued electricity expense	28,698,989	26,660,971
Accrued rebate	43,270,000	12,660,000
Others	39,588,013	31,269,373
	<u>326,088,616</u>	<u>259,845,713</u>

**17 Provision for post-employment benefits**

The amounts recognised in the statement of financial position are determined as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Present value of defined benefit obligations	208,805,352	184,330,737
Liability in the statement of financial position	<u>208,805,352</u>	<u>184,330,737</u>

Movements in provision for post-employment benefits are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Opening balance	184,330,737	163,313,497
Current service cost	21,226,027	18,057,958
Interest cost	5,390,693	4,785,482
Benefits paid	<u>(2,142,105)</u>	<u>(1,826,200)</u>
Closing balance	<u>208,805,352</u>	<u>184,330,737</u>

The amounts recognised in the statement of income are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Current service cost	21,226,027	18,057,958
Interest cost	<u>5,390,693</u>	<u>4,785,482</u>
Total	<u>26,616,720</u>	<u>22,843,440</u>

These expenses are included in cost of sales, selling and administrative expenses as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Cost of sales	23,857,560	20,215,560
Selling expenses	846,480	770,040
Administrative expenses	<u>1,912,680</u>	<u>1,857,840</u>
Total	<u>26,616,720</u>	<u>22,843,440</u>

The principal actuarial assumptions used are as follows:

Discount rate	3.01%	3.01%
Salary increase rate	5.00%	5.00%

**17 Provision for post-employment benefits (Cont'd)**

Sensitivity analysis for each principal actuarial assumptions used were as follows:

	<b>Impact on defined benefit obligation - Post-employment benefits</b>		
	<b>Change in assumption %</b>	<b>Increase in obligation Baht</b>	<b>Decrease in obligation Baht</b>
Discount rate			
Increase	1.00	-	20,133,953
Decrease	1.00	23,493,521	-
Salary growth rate			
Increase	1.00	23,817,243	-
Decrease	1.00	-	20,796,715

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

**18 Share capital and premium on share capital**

	<b>Number of shares</b>	<b>Ordinary shares Baht</b>	<b>Premium on share capital Baht</b>	<b>Total Baht</b>
As at 31 March 2018 and 2017	76,625,000	383,125,000	504,250,000	887,375,000

The total authorised number of ordinary shares is 76,625,000 shares with a par value of Baht 5 per share (2017: 76,625,000 shares with a par value of Baht 5 per share). All shares are issued and fully paid.

**19 Dividends**

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 7 July 2017, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2017 for 76,625,000 shares of Baht 5 per share, totalling Baht 383,125,000. There were 100 shares that were not entitled to receive the dividends, totalling Baht 500 as the depository terms were not in compliance with practices of the Thailand Security Depository Co., Ltd. The Company recorded actual dividends paid amounting to Baht 383,124,500 in the financial statements. The Company paid the dividends to the shareholders on 27 July 2017.

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 8 July 2016, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2016 for 76,625,000 shares of Baht 5 per share, totalling Baht 383,125,000. There were 52,474 shares that were not entitled to receive the dividends, totalling Baht 262,370 as the depository terms were not in compliance with practices of the Thailand Security Depository Co., Ltd. The Company recorded actual dividends paid amounting to Baht 382,862,630 in the financial statements. The Company paid the dividends to the shareholders on 29 July 2016.

**20 Legal reserve**

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of its net profit after the accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The reserve is non-distributable.

**21 Other income - others**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Scrap sales	46,357,157	36,680,716
Tax rebate income	12,897,362	15,578,382
Royalty income	640,718	861,708
Gain on disposals of property, plant and equipment, net	4,184,100	989,039
Others	35,250,793	22,470,410
	<b>99,330,130</b>	<b>76,580,255</b>

**22 Expenses by nature**

The following expenditure items have been charged in arriving at operating profit:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Changes in finished goods and work in process	45,560,601	99,883,766
Raw materials and consumables used	6,276,803,136	5,022,258,656
Staff costs	1,361,983,492	1,314,294,032
Depreciation of plant and equipment (Note 13)	1,051,782,513	1,020,514,275
Amortisation of intangible assets (Note 14)	214,489,984	177,654,757
Utility expenses	322,462,055	299,472,440
Subcontract service costs	187,376,696	210,904,279
Repairs and maintenance expenses	302,087,758	249,466,619

**23 Income tax**

	<b>Financial statements in which the equity method is applied</b>		<b>The Company only</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Current tax :				
Current tax on profit for the year	347,857,159	276,915,121	347,857,159	276,915,121
Deferred tax :				
Origination and reversal of temporary differences (Note 15)	42,028,409	32,600,602	(420,657)	(4,650,368)
Total income tax expense	<b>389,885,568</b>	<b>309,515,723</b>	<b>347,436,502</b>	<b>272,264,753</b>

**23 Income tax (Cont'd)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Financial statements in which the equity method is applied		The Company only	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Profit before income tax	2,048,547,171	1,580,283,620	1,836,301,839	1,394,028,769
Tax calculated at a tax rate of 20% (2017: 20%)	409,709,434	316,056,724	367,260,368	278,805,754
Tax effect of :				
Income not subject to tax	(383,522)	(3,876,630)	(383,522)	(3,876,630)
Expenses not deductible for tax purpose	8,556,415	2,583,578	8,556,415	2,583,578
Additional expenses deductible for tax purpose	(7,646,636)	(5,471,751)	(7,646,636)	(5,471,751)
Profit from BOI business	(24,990,319)	(3,716,998)	(24,990,319)	(3,716,998)
Under recorded prior year accrued corporate income tax	4,640,196	3,940,800	4,640,196	3,940,800
Tax charge	389,885,568	309,515,723	347,436,502	272,264,753
Average effective tax rate (%)	19.03	19.59	18.92	19.53

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	Financial statements in which the equity method is applied					
	2018			2017		
	Before tax Baht	Tax credit (charge) Baht	After tax Baht	Before tax Baht	Tax credit (charge) Baht	After tax Baht
Unrealised gain (loss) on change in fair value of available-for-sale investment	(960,000)	192,000	(768,000)	1,480,000	(296,000)	1,184,000
Exchange differences relating to investments in associates	(106,084,345)	21,216,869	(84,867,476)	(69,445,852)	13,889,171	(55,556,681)
Other comprehensive income (expenses) for the year	(107,044,345)	21,408,869	(85,635,476)	(67,965,852)	13,593,171	(54,372,681)
	2018			2017		
	Before tax Baht	Tax credit (charge) Baht	After tax Baht	Before tax Baht	Tax credit (charge) Baht	After tax Baht
Unrealised gain (loss) on change in fair value of available-for-sale investment	(960,000)	192,000	(768,000)	1,480,000	(296,000)	1,184,000
Other comprehensive income (expenses) for the year	(960,000)	192,000	(768,000)	1,480,000	(296,000)	1,184,000

**24 Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares issued and paid up during the year.

	Financial statements in which the equity method is applied		The Company only	
	2018	2017	2018	2017
Net profit attributable to shareholders (Baht)	1,658,661,603	1,270,767,897	1,488,865,337	1,121,764,016
Weighted average number of ordinary share in issue (Shares)	76,625,000	76,625,000	76,625,000	76,625,000
Basic earnings per share (Baht)	21.65	16.58	19.43	14.64

There are no dilutive potential ordinary shares in issue during the year presented, so no diluted earnings per share is presented.

**25 Promotional privileges**

The Company has received promotional privileges from the Office of the Board of Investment for the production of molds, mold repairs and production of Eco-car lamps. Under these privileges, the Company will be exempted from corporate income tax for a period of 8 years from the date of commencement of earning revenue. As a promoted entity, the Company is required to comply with the terms and conditions as specified in the promotion certificates.

	2018		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	424,485,034	3,602,402,106	4,026,887,140
Domestic sales	449,454,822	8,744,103,736	9,193,558,558
	<u>873,939,856</u>	<u>12,346,505,842</u>	<u>13,220,445,698</u>
Domestic service income - mold repairs	506,000	-	506,000
	<u>506,000</u>	<u>-</u>	<u>506,000</u>
	2017		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	514,688,662	3,081,126,120	3,595,814,782
Domestic sales	386,886,391	7,042,095,452	7,428,981,843
	<u>901,575,053</u>	<u>10,123,221,572</u>	<u>11,024,796,625</u>
Domestic service income - mold repairs	3,908,636	-	3,908,636
	<u>3,908,636</u>	<u>-</u>	<u>3,908,636</u>

**26 Financial instruments**

The principal financial risks faced by the Company are foreign currency exchange rate risk and credit risk. Foreign currency exposure relates to raw materials imported in foreign currencies and certain export sales in foreign currencies. The business transactions are generally on a short-term period which are between 1 and 3 month terms. The foreign currency exchange rate risk of the Company occurs mostly in Japanese Yen and US dollars. Credit risk arises when sales are made on credit terms.

The objectives of using financial instruments are to reduce the uncertainty over future cash flows arising from movements in exchange rates, and to manage the liquidity of the cash resources. Foreign currency forward contracts are entered into to manage the currency risks. Decisions on the level of risk undertaken are confined to the management which has established limits by transaction type and by counterparty.

Trading for speculative purposes is not allowed. Derivative transactions are subject to approval by the Company's Board of directors.

**Fair value estimation**

When a financial instrument is traded in an active market, its quoted market price provides the best evidence of fair value. The quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, it is the current offer or asking price. When the current bid and offer prices are unavailable, the price of the most recent transaction may provide evidence of the current fair value provided that there has not been a significant change in economic circumstances between the transaction date and the reporting date. When the Company has matching asset and liability positions, it may appropriately use mid-market prices as a basis for establishing fair values.

The fair values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

Information on the fair values of long-term investments is included in Note 12.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

**a) Financial assets and liabilities**

As at 31 March 2018 and 2017, the Company has outstanding foreign currency assets and liabilities as details below.

	<b>2018</b>		<b>2017</b>
<b>Currency</b>	<b>Baht</b>	<b>Currency</b>	<b>Baht</b>
<b>Million</b>	<b>Million</b>	<b>Million</b>	<b>Million</b>
<b>Assets</b>			
Japanese Yen	2.19	0.63	2.74
US Dollars	6.90	214.14	6.48
	<u>214.77</u>		<u>223.05</u>
<b>Liabilities</b>			
Japanese Yen	166.40	49.55	133.53
US Dollars	14.89	467.48	10.55
	<u>517.03</u>		<u>406.85</u>

**Objectives and significant terms and conditions**

The Company enters into financial instruments which are foreign currency forward contracts to manage the risks arising from fluctuations in foreign currency exchange rates.

**26 Financial instruments (Cont'd)**

**a) Financial assets and liabilities (Cont'd)**

**Foreign currency forward contracts**

Foreign currency forward contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

At 31 March 2018 and 2017, the settlement dates on foreign currency forward contracts were ranged between 1 and 3 months from the statement of financial position date. The equivalent Thai Baht to be paid at the contractual exchange rates of the outstanding contracts were:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
USD 1 million at average rate Baht 31.29 = USD 1 (2017: USD 1 million at average rate Baht 35.14 = USD 1)	31,290,000	35,135,000
JPY 40 million at average rate Baht 29.50 = JPY 100 (2017: JPY 50 million at average rate Baht 30.98 = JPY 100)	11,800,000	15,490,000
	<u>43,090,000</u>	<u>50,625,000</u>

**Fair values**

The favourable (unfavourable) differences arising from fair value valuation of the derivative financial instruments at the statement of financial position date were:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Differences - favourable (unfavourable)	(105,591)	(771,008)

The fair values of foreign currency forward contracts were calculated using the rates quoted by the Company's bankers which were based on market conditions existing at the statement of financial position date (Level 2).

**b) Credit risk**

The Company has no significant concentrations of credit risk. The Company has policy in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institution.

**c) Fair values**

The carrying amounts of the following financial assets and financial liabilities approximate their fair values: cash and cash equivalents, short-term investments held to maturity, trade accounts receivable, trade accounts payable and other accounts payable due to short maturities of these instruments.

**27 Related party transactions**

Individuals or enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company had the significant transactions with its major shareholder, Stanley Electric Company Limited Group, incorporated in Japan which holds 34.77% interest in the Company's share capital. The Company also had significant transactions with a group of individual shareholders who are members of the Company's management who hold 29.09% interest in the Company's share capital. Stanley Electric Group comprises Stanley Electric Company Limited and related companies.

Purchases from related parties are specific materials or materials which are manufactured on a large scale at one source for cost saving benefits. Sales to related parties mainly represent export sales, and selling price is determined based on manufacturing cost plus a certain margin. A royalty fee is charged at 3% of sales less materials cost imported from a related party in accordance with the agreement. A design and development fee and other fees are charged in the normal course of business and are presented as other accounts payable - related parties.

The following significant transactions were carried out with related parties:

<b>For the years ended 31 March</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Sales</b>		
Stanley Electric Group companies	523,408,361	591,412,576
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	161,147,625	175,393,207
Associates	421,244,928	373,921,605
	<u>1,105,800,914</u>	<u>1,140,727,388</u>
<b>Technical assistance income (Other income)</b>		
Stanley Electric Group companies	-	899,427
<b>Dividend income</b>		
Stanley Electric Group companies	8,385,555	20,218,179
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	1,917,611	3,199,506
Associates	82,512,322	69,465,256
	<u>92,815,488</u>	<u>92,882,941</u>
<b>Royalty income</b>		
Associates	640,718	861,708
<b>Other income</b>		
Stanley Electric Group companies	7,830,924	3,372,327
Associates	159,979	1,495,122
	<u>7,990,903</u>	<u>4,867,449</u>
<b>Purchases of goods and services</b>		
Stanley Electric Group companies	2,527,588,725	1,825,882,987
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	396,219,737	361,469,221
Associates	377,949,201	274,972,233
	<u>3,301,757,663</u>	<u>2,462,324,441</u>

**27 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

<b>For the years ended 31 March</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Royalty fees</b>		
Stanley Electric Group companies	<u>302,570,359</u>	<u>262,385,977</u>
<b>Design and development fee</b>		
Stanley Electric Group companies	124,439,993	59,720,490
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	63,422	142,958
Associates	<u>46,058</u>	<u>42,944</u>
	<u>124,549,473</u>	<u>59,906,392</u>
<b>Technical assistance fee</b>		
Stanley Electric Group companies	<u>10,663,658</u>	<u>8,381,395</u>
<b>Training fee</b>		
Stanley Electric Group companies	<u>9,942,854</u>	<u>13,768,883</u>
<b>Commission</b>		
Stanley Electric Group companies	<u>20,000,000</u>	<u>20,031,672</u>
<b>Directors' and managements' remuneration</b>		
Short-term benefits	<u>47,433,823</u>	<u>48,009,730</u>

Short-term benefits comprise salary, bonus and other welfares.

The amounts due to and from related parties are mainly denominated in foreign currencies and relate to purchases and sales transactions. The outstanding balances as at 31 March 2018 and 2017 are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Trade accounts receivable - related parties</b>		
Stanley Electric Group companies	45,981,000	88,612,128
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	63,003,538	45,641,910
Associates	<u>97,531,984</u>	<u>85,222,877</u>
	<u>206,516,522</u>	<u>219,476,915</u>
<b>Trade accounts payable - related parties</b>		
Stanley Electric Group companies	311,539,905	310,060,361
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	36,166,563	36,112,969
Associates	<u>150,575,821</u>	<u>77,417,002</u>
	<u>498,282,289</u>	<u>423,590,332</u>
<b>Other accounts payable - related parties</b>		
Stanley Electric Group companies	<u>223,210,120</u>	<u>129,660,328</u>

**28 Significant commitments**

**a) Bank guarantees**

As at 31 March 2018, the Company has bank guarantees of Baht 34 million with respect to income tax payment and electricity supply of Baht 18 million and Baht 16 million respectively (2017: income tax payment and electricity supply of Baht 18 million and Baht 16 million respectively).

**b) Capital commitments**

As at 31 March 2018, the Company has capital commitments of Baht 535 million (2017: Baht 79 million). The capital commitment mainly comprises construction and machines for production expansion in the future.

**29 Contingent liability**

In 2015, the Company received a ruling letter from the Revenue Department stating that the Company had paid income tax for the accounting periods from 1 February 2003 to 31 January 2004, 1 April 2004 - 31 March 2005, 1 April 2005 - 31 March 2006, 1 April 2008 - 31 March 2009 and 1 April 2009 - 31 March 2010 incorrectly for the total amount of approximately Baht 18 million. The reason given was that the Company didn't average out the Company's net profit between BOI and non-BOI businesses before applying the income tax rate at 25% for the first portion of net profit of Baht 300 million, which is in accordance with the Royal Decree no. 387 B.E. 2544 and no. 475 B.E. 2551. However, the Company has objected to this letter. The Company has asked the bank to issue a letter of guarantee for this tax amount as mentioned in Note 28 (a).

In 2016, the Central Tax Court of Thailand judged to dismiss the Company's appeal. The outcome of the judgment means the Company is liable to pay the additional tax to the Revenue Department. However, the Company has requested the Revenue Department to temporarily suspend the liability for the additional tax payment until a final judgment is issued. The Company submitted an appeal against the Court's judgment to the Court of Appeal for Specialized cases - Tax Case Division.

On 12 March 2018, the Court of Appeal for Specialized cases - Tax Case Division rendered its judgment to affirm the judgement of the Central Tax Court. The Company is now preparing an appeal against the judgment of the Court of Appeal for Specialized cases - Tax Case Division to the Supreme Court.

The Company already recorded liabilities in this financial statements.

**30 Subsequent event after the reporting period**

At the Board of Directors' meeting held on 15 May 2018, the Board of Directors approved to propose the dividends payment in respect of the operating results for the year ended 31 March 2018 for a total 76,625,000 shares of Baht 7.00 per share totaling Baht 536.38 million to the Annual General Shareholders' meeting which will be held on 6 July 2018.