

**THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2020**

## **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 2020, 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 statement of financial position as at 31 March 2020;
- 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 4 Critical accounting estimates and judgements of allowance for decrease in value of inventories and Note 10 Inventories, net, to the financial statements.</p> <p>As at 31 March 2020, the balance of inventories before the allowance for obsolete and slow-moving inventories was Baht 946.07 million, the allowance for obsolete and slow-moving inventories of Baht 2.38 million. Inventories, net represent 5% of total assets.</p> <p>The assessment for the allowance for obsolete and slow-moving inventories requires a degree of estimation using judgement. Management based their assessment on their experience and historical data. Inventories with no movement over 12 months are subject to 100% allowance for obsolete and slow-moving inventories. Also, the allowance is assessed by considering the historical and recent sales experience due to economic circumstances, the aging of inventories, and other factors that affect obsolete and slow-moving inventories.</p> <p>The valuation of inventories is an area of focus because inventories have a material impact on the total assets and the allowances for obsolete and slow-moving inventories are subject to management's judgement and experience. The appropriateness of the amount becomes subjective and because it is subject to a potential bias in management's judgement, whether intentionally or unintentionally.</p>	<p>My audit procedures included the followings:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and evaluated the management's assumptions used to develop the allowances for obsolete and slow-moving inventories and determined that the accounting policies were consistent with prior years.</li> <li>• Assessed the reasonableness of management's assumptions used when developing the allowances for obsolete and slow-moving inventories by considering historical data and key inventory ratio analysis.</li> <li>• Challenged management's judgement and assumptions of specific inventory aging to whether they were appropriate for determining the allowances for obsolete and slow-moving inventories. Also, I tested the reliability of the inventory aging report by tracing the last movement date of inventories to the supporting documents.</li> <li>• Tested the mathematical accuracy of the allowances for obsolete and slow-moving inventories derived from management's assumptions. No material variances arose from performing this work.</li> <li>• Assessed whether any obsolete and slow-moving inventories were omitted from the detailed analysis by examining the inventory aging analysis and tracing information obtained while observing inventory counts.</li> </ul> <p>From performing the above procedures, I determined that the assumptions management used to estimate the allowances for obsolete and slow-moving inventories were reasonable based on available evidence.</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 2020

Thai Stanley Electric Public Company Limited  
 Statements of Financial Position  
 As at 31 March 2020

	Notes	Equity method		Separate financial statements	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	3,177,436,049	1,671,996,877	3,177,436,049	1,671,996,877
Short-term investments held to maturity	8	1,166,000,000	3,625,000,000	1,166,000,000	3,625,000,000
Trade and other accounts receivable, net	9	2,633,160,707	2,549,177,679	2,633,160,707	2,549,177,679
Inventories, net	10	942,128,066	1,099,780,589	942,128,066	1,099,780,589
Current portion of loans to employees	11	31,764,870	41,877,305	31,764,870	41,877,305
Other current assets		39,653,979	45,970,733	39,653,979	45,970,733
<b>Total current assets</b>		<b>7,990,143,671</b>	<b>9,033,803,183</b>	<b>7,990,143,671</b>	<b>9,033,803,183</b>
<b>Non-current assets</b>					
Loans to employees	11	12,805,720	34,920,939	12,805,720	34,920,939
Investment in an associate	12	1,597,062,806	1,357,930,009	54,044,189	54,044,189
Investment in a joint venture	13	23,397,220	22,165,315	3,132,500	3,132,500
Long-term investments, net	14	125,841,155	112,401,215	125,841,155	112,401,215
Property, plant and equipment, net	15	9,517,130,593	7,703,011,731	9,517,130,593	7,703,011,731
Intangible assets, net	16	1,087,800,467	974,757,302	1,087,800,467	974,757,302
Deferred tax assets, net	17	-	-	117,808,420	94,132,292
Other non-current assets, net		15,748,568	15,514,089	15,748,568	15,514,089
<b>Total non-current assets</b>		<b>12,379,786,529</b>	<b>10,220,700,600</b>	<b>10,934,311,612</b>	<b>8,991,914,257</b>
<b>Total assets</b>		<b>20,369,930,200</b>	<b>19,254,503,783</b>	<b>18,924,455,283</b>	<b>18,025,717,440</b>

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

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

Date \_\_\_\_\_

The notes to the financial statements on page 13 to 42 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Financial Position**  
**As at 31 March 2020**

	Notes	Equity method		Separate financial statements	
		financial statements		2020	2019
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable - other companies		505,701,033	601,416,601	505,701,033	601,416,601
- related parties	29	567,353,140	549,860,146	567,353,140	549,860,146
Other accounts payable - other companies		651,473,811	1,004,252,283	651,473,811	1,004,252,283
- related parties	29	155,304,686	169,764,056	155,304,686	169,764,056
Accrued corporate income tax		218,806,093	218,376,783	218,806,093	218,376,783
Accrued expenses	18	371,259,536	339,438,086	371,259,536	339,438,086
<b>Total current liabilities</b>		<b>2,469,898,299</b>	<b>2,883,107,955</b>	<b>2,469,898,299</b>	<b>2,883,107,955</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities, net	17	194,848,247	170,451,435	-	-
Employee benefit obligations	19	383,368,355	234,385,053	383,368,355	234,385,053
<b>Total non-current liabilities</b>		<b>578,216,602</b>	<b>404,836,488</b>	<b>383,368,355</b>	<b>234,385,053</b>
<b>Total liabilities</b>		<b>3,048,114,901</b>	<b>3,287,944,443</b>	<b>2,853,266,654</b>	<b>3,117,493,008</b>
<b>Equity</b>					
Share capital	20				
Authorised share capital					
76,625,000 ordinary shares, par value					
of Baht 5 each		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		383,125,000	383,125,000	383,125,000	383,125,000
Premium on share capital	20	504,250,000	504,250,000	504,250,000	504,250,000
Retained earnings					
Appropriated					
- Legal reserve	22	38,312,500	38,312,500	38,312,500	38,312,500
Unappropriated		16,595,671,038	15,229,792,248	15,168,253,176	13,979,256,932
Other components of equity		(199,543,239)	(188,920,408)	(22,752,047)	3,280,000
<b>Total equity</b>		<b>17,321,815,299</b>	<b>15,966,559,340</b>	<b>16,071,188,629</b>	<b>14,908,224,432</b>
<b>Total liabilities and equity</b>		<b>20,369,930,200</b>	<b>19,254,503,783</b>	<b>18,924,455,283</b>	<b>18,025,717,440</b>

The notes to the financial statements on page 13 to 42 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited

Statements of Income

For the year ended 31 March 2020

	Notes	Equity method			
		financial statements		Separate financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
Revenues from sales and services	6, 27, 29	15,150,089,554	14,634,621,299	15,150,089,554	14,634,621,299
Cost of sales and services		(12,339,311,542)	(11,864,534,640)	(12,339,311,542)	(11,864,534,640)
<b>Gross profit</b>		2,810,778,012	2,770,086,659	2,810,778,012	2,770,086,659
Other income					
- Dividend income	12, 13, 14	86,130,838	71,979,332	183,865,081	155,496,731
- Gain on exchange rates, net		16,614,030	21,238,295	16,614,030	21,238,295
- Interest income		53,822,846	71,137,511	53,822,846	71,137,511
- Others	23	107,161,139	108,091,969	107,161,139	108,091,969
<b>Profit before expenses</b>		3,074,506,865	3,042,533,766	3,172,241,108	3,126,051,165
Selling expenses		(584,041,365)	(582,126,700)	(584,041,365)	(582,126,700)
Administrative expenses		(363,539,145)	(345,671,294)	(363,539,145)	(345,671,294)
<b>Total expenses</b>		(947,580,510)	(927,797,994)	(947,580,510)	(927,797,994)
<b>Operating profit</b>	24	2,126,926,355	2,114,735,772	2,224,660,598	2,198,253,171
Share of profit from investments					
in an associate and a joint venture	12, 13	318,837,425	316,179,533	-	-
<b>Profit before income tax</b>		2,445,763,780	2,430,915,305	2,224,660,598	2,198,253,171
Income tax	25	(448,266,425)	(453,153,181)	(404,045,789)	(406,620,754)
<b>Net profit for the year</b>		1,997,497,355	1,977,762,124	1,820,614,809	1,791,632,417
<b>Earnings per share</b>					
Basic earnings per share	26	26.07	25.81	23.76	23.38

The notes to the financial statements on page 13 to 42 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
Statements of Comprehensive Income  
For the year ended 31 March 2020

	Note	Equity method		Separate financial statements	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Net profit for the year</b>		1,997,497,355	1,977,762,124	1,820,614,809	1,791,632,417
<b>Other comprehensive expenses for the period after tax:</b>					
<b>Items that will not be reclassified to profit or loss</b>	25				
Remeasurements of post-employment benefit obligations		(29,000,059)	-	(29,000,059)	-
Income tax on items that will not be reclassified		5,800,012	-	5,800,012	-
<b>Total items that will not be reclassified to profit or loss</b>		(23,200,047)	-	(23,200,047)	-
<b>Items that will be reclassified subsequently to profit or loss</b>					
Unrealised loss on change in fair value of available-for-sale investment		(3,540,000)	(800,000)	(3,540,000)	(800,000)
Exchange differences relating to investments in an associate and a joint venture		19,261,520	(6,960,081)	-	-
Income tax relating to items that will be reclassified		(3,144,304)	1,552,016	708,000	160,000
<b>Total items that will be reclassified subsequently to profit or loss</b>	25	12,577,216	(6,208,065)	(2,832,000)	(640,000)
<b>Other comprehensive expenses for the year, net of tax</b>		(10,622,831)	(6,208,065)	(26,032,047)	(640,000)
<b>Total comprehensive income for the year</b>		<u>1,986,874,524</u>	<u>1,971,554,059</u>	<u>1,794,582,762</u>	<u>1,790,992,417</u>

The notes to the financial statements on page 13 to 42 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 2020

Equity method financial statements										
	Capital contributed		Retained earnings		Other components of equity				Total equity	
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Other comprehensive income (expenses)				Total other components of equity Baht
Unrealised gain (loss) on change in fair value of available-for-sale investment Baht						Exchange differences relating to investments in an associate and a joint venture Baht	Remeasurements of post-employment benefit obligations Baht			
<b>Opening balance as at 1 April 2018</b>		383,125,000	504,250,000	38,312,500	13,788,404,424	3,920,000	(186,632,343)	-	(182,712,343)	14,531,379,581
Total comprehensive income for the year		-	-	-	1,977,762,124	(640,000)	(5,568,065)	-	(6,208,065)	1,971,554,059
Dividends paid	21	-	-	-	(536,374,300)	-	-	-	-	(536,374,300)
<b>Closing balance as at 31 March 2019</b>		<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>15,229,792,248</u>	<u>3,280,000</u>	<u>(192,200,408)</u>	<u>-</u>	<u>(188,920,408)</u>	<u>15,966,559,340</u>
<b>Opening balance as at 1 April 2019</b>		383,125,000	504,250,000	38,312,500	15,229,792,248	3,280,000	(192,200,408)	-	(188,920,408)	15,966,559,340
Total comprehensive income for the year		-	-	-	1,997,497,355	(2,832,000)	15,409,216	(23,200,047)	(10,622,831)	1,986,874,524
Dividends paid	21	-	-	-	(631,618,565)	-	-	-	-	(631,618,565)
<b>Closing balance as at 31 March 2020</b>		<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>16,595,671,038</u>	<u>448,000</u>	<u>(176,791,192)</u>	<u>(23,200,047)</u>	<u>(199,543,239)</u>	<u>17,321,815,299</u>

The notes to the financial statements on page 13 to 42 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 2020

		Separate financial statements							
		Capital contributed		Retained earnings		Other components of equity			
						Other comprehensive income (expenses)			
						Unrealised gain (loss)		Total	
						on change in fair value		other	
						of available-for-sale		components	
						investment		of equity	
						of post-employment		Total	
						benefit obligations		equity	
Note	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
<b>Opening balance as at 1 April 2018</b>	383,125,000	504,250,000	38,312,500	12,723,998,815		3,920,000	-	13,653,606,315	
Total comprehensive income for the year	-	-	-	1,791,632,417		(640,000)	-	1,790,992,417	
Dividends paid	21	-	-	(536,374,300)		-	-	(536,374,300)	
<b>Closing balance as at 31 March 2019</b>	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>13,979,256,932</u>		<u>3,280,000</u>	<u>-</u>	<u>14,908,224,432</u>	
<b>Opening balance as at 1 April 2019</b>	383,125,000	504,250,000	38,312,500	13,979,256,932		3,280,000	-	14,908,224,432	
Total comprehensive income for the year	-	-	-	1,820,614,809		(2,832,000)	(23,200,047)	1,794,582,762	
Dividends paid	21	-	-	(631,618,565)		-	-	(631,618,565)	
<b>Closing balance as at 31 March 2020</b>	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>15,168,253,176</u>		<u>448,000</u>	<u>(23,200,047)</u>	<u>16,071,188,629</u>	

The notes to the financial statements on page 13 to 42 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Cash Flows**  
**For the year ended 31 March 2020**

	Notes	Equity method financial statements		Separate financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities:</b>					
Profit before income tax for the year		2,445,763,780	2,430,915,305	2,224,660,598	2,198,253,171
Adjustments to reconcile profit before income tax for the year to net cash provided by operations:					
- Depreciation	15	1,199,995,115	1,020,563,009	1,199,995,115	1,020,563,009
- Amortisation	16	245,384,850	228,988,633	245,384,850	228,988,633
- Interest income		(53,822,846)	(71,137,511)	(53,822,846)	(71,137,511)
- Share of profit from investments in an associate and a joint venture	12, 13	(318,837,425)	(316,179,533)	-	-
- Dividend income					
- Investments in an associate and a joint venture	12, 13	-	-	(97,734,243)	(83,517,399)
- Long-term investments	14	(86,130,838)	(71,979,332)	(86,130,838)	(71,979,332)
- Gain on disposals of property, plant and equipment, net	23	(10,124,263)	(4,118,553)	(10,124,263)	(4,118,553)
- Reversal of allowance for doubtful account	9	-	(3,413,075)	-	(3,413,075)
- (Reversal of) Allowance for obsolete and slow moving inventories	10	1,981,107	(7,614,579)	1,981,107	(7,614,579)
- (Reversal of) Allowance for net realisable value lower than cost of inventories	10	(3,506,944)	5,066,000	(3,506,944)	5,066,000
- Employee benefit obligations	19	127,457,579	28,844,046	127,457,579	28,844,046
- Unrealised gain on exchange rates, net		(1,369,417)	(791,567)	(1,369,417)	(791,567)
Cash flows before changes in operating assets and liabilities		3,546,790,698	3,239,142,843	3,546,790,698	3,239,142,843
Changes in operating assets and liabilities					
- Trade and other accounts receivable		(88,344,564)	(202,338,308)	(88,344,564)	(202,338,308)
- Inventories		159,178,360	(422,504,309)	159,178,360	(422,504,309)
- Other current assets		6,316,754	(28,278,430)	6,316,754	(28,278,430)
- Other non-current assets		(234,479)	14,880,623	(234,479)	14,880,623
- Trade accounts payable - other companies		(95,715,568)	86,670,880	(95,715,568)	86,670,880
- Trade accounts payable - related parties		17,492,994	51,577,857	17,492,994	51,577,857
- Other accounts payable - other companies		(88,960,164)	117,088,401	(88,960,164)	117,088,401
- Other accounts payable - related parties		(1,459,450)	(1,745,524)	(1,459,450)	(1,745,524)
- Accrued expenses		31,821,450	13,349,470	31,821,450	13,349,470
- Payment for employee benefit obligations	19	(7,474,336)	(3,264,345)	(7,474,336)	(3,264,345)
Cash generated from operations		3,479,411,695	2,864,579,158	3,479,411,695	2,864,579,158
Interest received		16,430,980	16,019,633	16,430,980	16,019,633
Income tax paid		(420,784,595)	(376,828,976)	(420,784,595)	(376,828,976)
Net cash received from operating activities		3,075,058,080	2,503,769,815	3,075,058,080	2,503,769,815

The notes to the financial statements on page 13 to 42 are an integral part of these financial statements.

**Thai Stanley Electric Public Company Limited**  
**Statements of Cash Flows**  
**For the year ended 31 March 2020**

	Notes	Equity method		Separate financial statements	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities:</b>					
Loans made to employees	11	(460,000)	(81,931,306)	(460,000)	(81,931,306)
Loans repayments from employees	11	32,687,654	41,287,751	32,687,654	41,287,751
Purchases of property, plant and equipment		(3,298,191,124)	(2,647,383,944)	(3,298,191,124)	(2,647,383,944)
Proceeds from disposals of property, plant and equipment		10,175,182	4,153,763	10,175,182	4,153,763
Interest received on short-term investments held to maturity		41,753,402	59,496,534	41,753,402	59,496,534
Purchase of long-term investment		(16,979,940)	-	(16,979,940)	-
Dividends received					
- Investments in an associate and a joint venture	12. 13	97,734,243	83,517,399	97,734,243	83,517,399
- Long-term investments	14	86,130,838	71,979,332	86,130,838	71,979,332
Purchases of intangible assets		(351,220,015)	(426,792,264)	(351,220,015)	(426,792,264)
Cash receipts from short-term investments held to maturity	8	4,806,000,000	10,647,000,000	4,806,000,000	10,647,000,000
Cash payment on short-term investments held to maturity	8	(2,347,000,000)	(10,059,549,783)	(2,347,000,000)	(10,059,549,783)
Net cash used in investing activities		(939,369,760)	(2,308,222,518)	(939,369,760)	(2,308,222,518)
<b>Cash flow from financing activity:</b>					
Dividends paid	21	(631,618,565)	(536,374,300)	(631,618,565)	(536,374,300)
Net cash used in financing activity		(631,618,565)	(536,374,300)	(631,618,565)	(536,374,300)
<b>Net increase (decrease) in cash and cash equivalents</b>		1,504,069,755	(340,827,003)	1,504,069,755	(340,827,003)
Cash and cash equivalents at beginning of the year		1,671,996,877	2,012,032,313	1,671,996,877	2,012,032,313
Effects of exchange rate changes		1,369,417	791,567	1,369,417	791,567
Cash and cash equivalents at end of the year		3,177,436,049	1,671,996,877	3,177,436,049	1,671,996,877
<b>Non-cash transactions:</b>					
Outstanding liabilities arisen from purchases of plant, equipment and intangible assets		480,529,292	744,347,600	480,529,292	744,347,600
Outstanding liabilities arisen from purchase of plant and equipment from related parties		955,527	13,955,447	955,527	13,955,447

The notes to the financial statements on page 13 to 42 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 Bangpooon-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 equity method and separate financial statements have been approved by the Company’s Board of directors on 15 May 2020.

## **2 Accounting policies**

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

### **2.1 Basis of preparation**

The equity method and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The equity method and separate 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 management to certain critical accounting estimates and to exercise its judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materiality adjusted due to changes in estimates and assumptions are disclosed in Note 4.

An English version of the equity method and separate 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 New and amended financial reporting standards that are relevant and have significant impacts to the Company**

#### **2.2.1 The Company has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019**

##### **a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers**

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Company will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

The Company has adopted the new TFRS 15, Revenue from contracts with customers from 1 April 2019 by applying the modified retrospective approach and the comparative figures have not been restated. The Company applies practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15.

The adoption of TFRS 15 mainly does not have a significant impact on the Company’s accounting treatment on revenue recognition from sales and services.

### 2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 March 2020 reporting period and have not been early adopted by the Company.

#### a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

#### b) TFRS 16, Leases

Where the Company is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

#### c) Other new/amended standards

The new and amended financial reporting standards that are relevant to the Company are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 28	Investments in associates and joint ventures
TFRIC 23	Uncertainty over income tax treatments

**Amendment to TAS 12, Income tax** - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

**Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement)** - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

**Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures)** - clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under TFRS 9, Financial instruments before applying the loss allocation and impairment requirements in TAS 28, Investments in associates and joint ventures.

**TFRIC 23, Uncertainty over income tax treatments** - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

### **2.3 Principles of equity accounting**

(1) Associate

Associate is an entity over which the Company has significant influence but not control or joint control.

In the separate financial statements, investment in an associate is accounted for using cost method.

(2) Joint arrangement

An investment in joint arrangement is classified as either joint operation or joint venture depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

*Joint venture*

A joint venture is a joint arrangement whereby the Company has a right to the net assets of the arrangement. An interest in a joint venture is accounted for using the equity method.

In the separate financial statements, investments in a joint venture is accounted for using cost method.

(3) Equity method

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Company's subsequently recognises shares of its associate and joint venture' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Company's share of losses in an associate and a joint venture equals or exceeds its interest in the associate and joint venture, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate and joint venture.

(4) Intercompany transactions on equity method financial statements

Unrealised gains on transactions between the Company and its associate and joint venture are eliminated to the extent of the Company's interest in the associate and joint venture. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

### **2.4 Foreign currency translation**

(a) Functional and presentation 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.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

### **2.5 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date.

## **2.6 Trade accounts receivable**

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Company presented trade receivables at cost less allowance for doubtful accounts.

## **2.7 Inventories**

Inventories are stated at the lower of cost and net realisable value .

Cost of inventories is determined by the average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

## **2.8 Investments in debt and equity securities**

Investments other than investments in associates and joint ventures are initially recognised at fair value of consideration paid plus direct transaction cost.

### *Available-for-sale investment*

An available-for-sale investment is subsequently measured at fair value. The unrealised gains and losses of an available for sale investment are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

### *Held-to-maturity investments*

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment.

### *General investments*

General investments are carried at cost less impairment.

### *Disposal of investments*

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Company disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.

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

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company. capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<u>Useful life (years)</u>
Buildings and other constructions	10 - 30
Land and building improvements	5 - 10
Machinery, equipment and factory tools	5 - 15
Molds	4
Motor vehicles	5
Furniture, fixtures and office equipment	3 - 5

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

## **2.10 Intangible assets**

### **Acquired computer software**

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives 5 years to 10 years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

### **Product design costs**

Research expenditure is recognised as an expense as incurred.

Cost incurred on development projects relating to the design of new products is recognised as an asset when the Company can demonstrate all of the following:

- the product design costs can be measured reliably;
- the Company can demonstrate that it is technically, financially, commercially, and resourcefully feasible; and
- the Company intends to and has the ability to complete the project for the purpose of using for the commercial production.

Product design costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised product design costs are amortised when the asset is ready to use by applying a straight-line method over the period of its expected benefit, not exceeding 4 years.

## **2.11 Impairment of assets**

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

## **2.12 Leases**

### **Leases - where the Company is the lessee**

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### **2.13 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.

#### **Current tax**

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Deferred income tax**

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **2.14 Employee benefits**

#### **a) Short-term employee benefits**

Liabilities for short-term employee benefits such as salaries, wages, bonuses, contributions to the social security fund and others, that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

#### **b) Defined contribution plan**

The Company pays contributions to a separate fund (under the Provident Fund Act B.E. 2530). 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.

#### **c) Defined benefit plans**

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are presented as a separate item in statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

d) **Termination benefits**

The Company recognises termination benefits at the earlier of (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for the related restructuring. Benefits due more than 12 months are discounted to their present value.

**2.15 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 the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.16 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

**2.17 Revenue recognition**

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Company's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

**Sale of goods**

The Company manufactures and sells products. Sales are recognised when control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The product is often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accrued expenses) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice.

The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision and cost of sales.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Services**

Revenue from rendering services is recognised when services are rendered.

**Payments to customers**

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

### **Financing components**

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

### **Other income**

Other revenue are recognised on the following bases:

- dividend income is recognised when the right to receive payment is established.
- interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.
- scrap income is recognised when the scrap is actually sold.

### **2.18 Dividends**

Dividend distributed to the Company's shareholders is recognised as a liability when the annual dividends are approved by the shareholders.

## **3 Financial risk management**

### **3.1 Financial risk factors**

The Company exposes to a variety of financial risks: foreign currency exchange rate risk and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

- **Credit risk**

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

- **Foreign exchange risk**

The Company's primary functional currency is Thai Baht. The Company has exposure to foreign currency exchange fluctuations on 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. The Company uses forward contracts to hedge their exposure to foreign correct risk in connection with measurement currency.

### **3.2 Accounting for derivative financial instruments and hedging activities**

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing 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 (included in other current assets) in the statement of financial position.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 28.

### **3.3 Fair value estimation**

The different levels of financial instruments carried at fair value, by valuation method have been defined as follows:

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

There was no transfer between level 1 and 2 during the year.

There were no change in valuation techniques during the year.

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

Estimates and judgements 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.

### **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.

### **Useful life of plant, equipment and intangible assets**

The management estimates useful life for plant, equipment and intangible assets of the Company. The management revises depreciation expense whenever the useful life is different from the estimation in the prior period or there is a disposal or retirement.

On 1 April 2019, the Company changed the estimated useful life of machinery from 10 years to 15 years because of a technological improvement of machinery that made extension of useful life. The change in estimation resulted to the decrease in depreciation expenses of machinery for the year ended 31 March 2020 of Baht 57.87 million.

### **Employee benefit obligation**

The Company provides for employee benefit obligation, 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 employee benefit obligation.

## **5 Capital 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.

## 6 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.

For the year ended 31 March 2020, total revenue from sales and services has timing of revenue recognition as a point in time.

### 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 reviews operating results in the same dimension as presented in the financial statements.

### Revenues by product group

During the year ended 31 March 2020 and 2019, the revenues by product group are as follows:

	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Auto bulbs and automotive lighting equipment	14,347,501,637	14,371,449,321
Molds & dies and product designs	802,587,917	263,171,978
	<b>15,150,089,554</b>	<b>14,634,621,299</b>

### Major customers

During the year ended 31 March 2020, the Company has revenues from 3 major customer groups which each of them contributed equal or over 10% of the Company's total revenues (2019: 2 customer groups). The revenue from customer group no.1 is Baht 6,216 million (2019: Baht 6,774 million). The revenue from customer group no. 2 is Baht 4,142 million (2019: Baht 4,268 million) The revenue from customer group no. 3 is Baht 1,692 million. The customers under common control are considered as one customer and referred to as the customer group.

## 7 Cash and cash equivalents

	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Cash and cheques on hand	1,303,566	862,767
Current accounts with banks	149,687,789	98,537,327
Savings accounts with banks	86,444,694	42,596,783
Fixed deposits at banks with less than 3-month term	2,940,000,000	1,530,000,000
	<b>3,177,436,049</b>	<b>1,671,996,877</b>

As at 31 March 2020, savings accounts with banks and fixed deposits at banks with less than 3-month term bear interest at the rates of 0.01% - 0.80% per annum (2019: 0.01% - 1.37% per annum).

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

As at 31 March 2020, short-term investments held to maturity represent fixed deposits at banks which have original maturities over 3 months but not over 12 months (2019: maturity represent fixed deposits at banks which have original maturities over 3 months but not over 12 months).

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

	<b>2020 Baht</b>	<b>2019 Baht</b>
Opening book amount	3,625,000,000	4,212,450,217
Additions during the year	2,347,000,000	10,059,549,783
Redemptions during the year	(4,806,000,000)	(10,647,000,000)
Closing book amount	1,166,000,000	3,625,000,000

As at 31 March 2020, short-term investments held to maturity bear interest at the rates of 1.43% - 1.63% per annum (2019: 1.25% - 1.63% per annum).

As at 31 March 2020 and 2019, the fair value is based on discounted cash flows using a discount rate based upon the interest rates of treasury bills and fixed deposits as at 31 March 2020 and 2019 (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.

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

Trade and other accounts receivable, net as at 31 March 2020 and 2019 are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Trade accounts receivable - other companies	2,223,826,925	2,166,149,433
<u>Less</u> Allowance for doubtful account	(20,446,001)	(20,446,001)
Trade accounts receivable - other companies, net	2,203,380,924	2,145,703,432
Trade accounts receivable - related parties (Note 29)	225,126,816	233,322,287
Prepaid expenses	57,471,577	53,025,056
Accrued income, net	13,165,956	19,663,252
Value added tax receivable	95,763,631	64,601,020
Other receivables	38,251,803	32,862,632
	2,633,160,707	2,549,177,679

Trade accounts receivable as at 31 March 2020 and 2019 can be analysed as follows:

	<b>Trade accounts receivable- other companies</b>		<b>Trade accounts receivable- related parties</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>	<b>2020 Baht</b>	<b>2019 Baht</b>
Current	2,191,436,288	2,121,550,183	218,487,515	174,739,248
Overdue:				
less than 3 months	13,504,451	24,556,963	6,639,301	58,583,039
3 - 6 months	-	1,380,000	-	-
6 - 12 months	-	280,081	-	-
more than 1 year	18,886,186	18,382,206	-	-
	2,223,826,925	2,166,149,433	225,126,816	233,322,287

**10 Inventories, net**

	<b>2020 Baht</b>	<b>2019 Baht</b>
Raw materials and packaging	232,922,159	249,139,873
Work in process	516,955,061	688,942,839
Finished goods	78,278,295	81,679,548
Goods in transit	117,913,208	85,484,823
	<b>946,068,723</b>	<b>1,105,247,083</b>
<u>Less</u> Allowance for net realisable value lower than cost		
- Work in process	(1,559,056)	(5,066,000)
Allowance for obsolete and slow-moving inventories		
- Raw materials and packaging	(1,525,185)	(240,999)
- Work in process	(559,820)	(86,015)
- Finished goods	(296,596)	(73,480)
Inventories, net	<b>942,128,066</b>	<b>1,099,780,589</b>

During the years ended 31 March 2020 and 2019, amounts recognised as cost of sales in profit or loss are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Cost of sales and cost of services	12,339,311,542	11,864,534,640
Allowance for net realisable value lower than cost	1,559,056	11,266,000
Reversal of allowance for net realisable value lower than cost	(5,066,000)	(6,200,000)
Allowance for obsolete and slow-moving inventories	1,981,107	1,582,257
Reversal of allowance for obsolete and slow-moving inventories	-	(9,196,836)

The Company sold inventory that was previously write-down to a customer at original cost. Therefore, the Company reversed the allowance for net realisable value during the year.

**11 Loans to employees**

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

	<b>2020 Baht</b>	<b>2019 Baht</b>
Opening balance	76,798,244	36,154,689
Additions	460,000	81,931,306
Received during the year	(32,687,654)	(41,287,751)
Closing balance	<b>44,570,590</b>	<b>76,798,244</b>

Loans to employees bear interest rate at 1.70% per annum (2019: 1.70% per annum). The repayment periods are between 2 months - 3 years.

The analysis of loans to employees is as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Current portion of loans to employees	31,764,870	41,877,305
Non-current portion of loans to employees	12,805,720	34,920,939
	<b>44,570,590</b>	<b>76,798,244</b>

**Thai Stanley Electric Public Company Limited**  
**Notes to the Equity Method and Separate Financial Statements**  
**For the year ended 31 March 2020**

**12 Investment in an associate**

The details of investment in an associate as at 31 March 2020 and 2019 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity method			
				2020		2019	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	1,597,062,806	89,963,357	1,357,930,009	75,531,090
				1,597,062,806	89,963,357	1,357,930,009	75,531,090

  

Name	Business activity	Paid-up share capital	% of holding	Cost method			
				2020		2019	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	54,044,189	89,963,357	54,044,189	75,531,090
				54,044,189	89,963,357	54,044,189	75,531,090

Vietnam Stanley Electric Company Limited is a private company and there is no quoted market price available for it. There are no contingent liabilities relating to the Company's interest in an associate.

Movements in an investment in an associate are as follows:

For the years ended 31 March	Equity method		Cost method	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening book amount	1,357,930,009	1,131,686,653	54,044,189	54,044,189
Share of profit	309,107,582	307,596,290	-	-
Dividends received	(89,963,357)	(75,531,090)	-	-
Translation adjustments	19,988,572	(5,821,844)	-	-
Closing book amount	1,597,062,806	1,357,930,009	54,044,189	54,044,189

*Summarised financial information for an associate*

Summarised statement of financial position and statement of income of Vietnam Stanley Electric Company Limited:

	For the year ended 31 March	
	2020 Baht	2019 Baht
<i>Summarised of performance</i>		
Revenues from sales and services	5,850,295,142	5,908,674,110
Net profit for the year	1,545,357,912	1,537,981,446
Dividend received from associates	89,963,357	75,531,090
	As at 31 March	
	2020 Baht	2019 Baht
<i>Summarised of statement of financial position</i>		
Current assets	6,810,521,242	6,415,086,429
Non-current assets	1,904,622,360	1,024,354,511
Current liabilities	707,848,225	628,933,281
Non-current liabilities	21,981,341	20,857,614
Net assets	7,985,314,036	6,789,650,045
The Company's share in an associate (%)	20	20
The Company's share in an associate (Baht)	1,597,062,806	1,357,930,009
An associate carrying amount	54,044,189	54,044,189

**Thai Stanley Electric Public Company Limited**  
**Notes to the Equity Method and Separate Financial Statements**  
**For the year ended 31 March 2020**

**13 Investment in a joint venture**

The details of investment in a joint venture as at 31 March 2020 and 2019 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity method			
				2020		2019	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	23,397,220	7,770,886	22,165,315	7,986,309
				23,397,220	7,770,886	22,165,315	7,986,309

  

Name	Business activity	Paid-up share capital	% of holding	Cost method			
				2020		2019	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	3,132,500	7,770,886	3,132,500	7,986,309
				3,132,500	7,770,886	3,132,500	7,986,309

Lao Stanley Company Limited is a private company and there is no quoted market price available for it. There are no contingent liabilities relating to the Company's interest in a joint venture.

Movements in an investment in a joint venture are as follows:

For the years ended 31 March	Equity method		Cost method	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening book amount	22,165,315	22,706,618	3,132,500	3,132,500
Share of profit	9,729,843	8,583,243	-	-
Dividends received	(7,770,886)	(7,986,309)	-	-
Translation adjustments	(727,052)	(1,138,237)	-	-
Closing book amount	23,397,220	22,165,315	3,132,500	3,132,500

*Summarised financial information for a joint venture*

Summarised statement of financial position and statement of income of Lao Stanley Company Limited:

	For the year ended 31 March	
	2020 Baht	2019 Baht
<i>Summarised of performance</i>		
Revenues from sales and services	491,892,496	478,093,052
Depreciation and amortisation	2,801,021	2,937,311
Income tax expense	5,981,296	6,257,225
Net profit for the year	19,459,686	17,166,487
Dividend received from a joint venture	7,770,886	7,986,309

**Thai Stanley Electric Public Company Limited**  
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**For the year ended 31 March 2020**

	<b>As at 31 March</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>
<i>Summarised of statement of financial position</i>		
Cash and cash equivalents	60,235,612	95,178,497
Other current assets	33,418,513	30,591,584
<b>Total current assets</b>	<b>93,654,125</b>	<b>95,178,497</b>
Total non-current assets	17,191,655	10,870,984
Current financial liabilities (exclude trade and other payables and provisions)	-	-
Other current liabilities	61,370,331	58,641,582
<b>Total current liabilities</b>	<b>61,370,331</b>	<b>58,641,582</b>
Other non-current liabilities	2,681,009	3,077,267
<b>Total non-current liabilities</b>	<b>2,681,009</b>	<b>3,077,267</b>
<b>Net assets</b>	<b>46,794,440</b>	<b>44,330,632</b>
The Company's share in a joint venture (%)	50	50
The Company's share in a joint venture (Baht)	23,397,220	22,165,315
A joint venture' carrying amount	3,132,500	3,132,500

#### 14 Long-term investments, net

Long-term investments, net as at 31 March 2020 and 2019 are as follows:

##### As at 31 March 2020

	<b>Available- for-sale investments Baht</b>	<b>General investments Baht</b>	<b>Total Baht</b>
<b>Equity securities</b>			
- Related parties	3,940,000	121,901,155	125,841,155
- Other companies	-	-	-
<b>Long-term investments, net</b>	<b>3,940,000</b>	<b>121,901,155</b>	<b>125,841,155</b>

##### As at 31 March 2019

	<b>Available- for-sale investments Baht</b>	<b>General investments Baht</b>	<b>Total Baht</b>
<b>Equity securities</b>			
- Related parties	7,480,000	104,921,215	112,401,215
- Other companies	-	-	-
<b>Long-term investments, net</b>	<b>7,480,000</b>	<b>104,921,215</b>	<b>112,401,215</b>

**Thai Stanley Electric Public Company Limited**  
**Notes to the Equity Method and Separate Financial Statements**  
**For the year ended 31 March 2020**

The details of long-term investments, net as at 31 March 2020 and 2019 are as follows:

Name	Business activity	Paid-up share capital	% of holding	2020		2019	
				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	166,560	3,380,000	358,600
Change in fair value of investments				560,000	-	4,100,000	-
				<u>3,940,000</u>	<u>166,560</u>	<u>7,480,000</u>	<u>358,600</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	72,014,601	60,000,000	59,860,882
Sirivit Stanley Company Limited	Manufacture of electronic equipment and automotive lighting equipment	Baht 21 million	15.0	3,000,000	8,224,571	3,000,000	4,109,576
Lumax Industries Limited	Manufacture of automotive lighting equipment and auto parts	RS 93.5 million	1.73	8,793,715	3,461,480	8,793,715	1,769,156
PT. Indonesia Stanley Electric	Manufacture of molds and automotive lighting equipment	USD 7.5 million	10.0	33,127,500	2,263,626	33,127,500	5,881,118
Electropolymers (Private) Limited	Manufacture of automotive lighting equipment and auto parts	PKR 79.05 million	10.06	16,979,940	-	-	-
				<u>121,901,155</u>	<u>85,964,278</u>	<u>104,921,215</u>	<u>71,620,732</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>125,841,155</u>	<u>86,130,838</u>	<u>112,401,215</u>	<u>71,979,332</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).

As at 31 March 2020, the Company does not disclose information regarding the fair value of its general investments of Baht 121.90 million (2019 : Baht 104.92 million) at book value, as the fair value of these investments cannot be measured reliably because the general investments are the investments in non-listed companies with is no quoted market price available.

On 31 October 2019, the Company invested in ordinary shares of Electropolymers (Private) Limited ("EPL") totalling PKR 79,050,000 (equivalent to Baht 16,979,940), representing 10.06% of total issued share capital of EPL. This investment was approved by the Board of Directors on 11 January 2019.

**Thai Stanley Electric Public Company Limited**  
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**For the year ended 31 March 2020**

**15 Property, plant and equipment, net**

	Land Baht	Land and building improvements Baht	Buildings and other constructions 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 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
Less 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	1,204,080,309	458,136,545	782,983,330	1,636,193,382	752,537,610	20,743,645	37,483,053	672,648,814	5,564,806,688
<b>For the year ended 31 March 2019</b>									
Opening net book amount	1,204,080,309	458,136,545	782,983,330	1,636,193,382	752,537,610	20,743,645	37,483,053	672,648,814	5,564,806,688
Additions	127,803,329	111,000	-	154,476,664	19,636,923	6,958,720	4,165,720	2,845,650,906	3,158,803,262
Disposals / write-offs, net	-	(6)	-	(29,904)	(21)	-	(5,279)	-	(35,210)
Transfers	-	509,490,447	229,980,892	590,468,375	223,259,964	-	12,471,110	(1,565,670,788)	-
Depreciation charge (Note 24)	-	(131,245,980)	(65,569,797)	(459,155,635)	(342,909,840)	(7,328,149)	(14,353,608)	-	(1,020,563,009)
Closing net book amount	1,331,883,638	836,492,006	947,394,425	1,921,952,882	652,524,636	20,374,216	39,760,996	1,952,628,932	7,703,011,731
<b>As at 31 March 2019</b>									
Cost	1,331,883,638	2,333,021,434	1,718,068,773	7,440,945,496	5,465,619,277	74,205,064	155,187,940	1,952,628,932	20,471,560,554
Less Accumulated depreciation	-	(1,496,529,428)	(770,674,348)	(5,518,992,614)	(4,813,094,641)	(53,830,848)	(115,426,944)	-	(12,768,548,823)
Net book amount	1,331,883,638	836,492,006	947,394,425	1,921,952,882	652,524,636	20,374,216	39,760,996	1,952,628,932	7,703,011,731
<b>For the year ended 31 March 2020</b>									
Opening net book amount	1,331,883,638	836,492,006	947,394,425	1,921,952,882	652,524,636	20,374,216	39,760,996	1,952,628,932	7,703,011,731
Additions	18,139,416	172,000	-	347,341,313	-	12,268,000	2,706,917	2,633,537,250	3,014,164,896
Disposals / write-offs, net	-	(5)	-	(50,852)	(7)	(20)	(35)	-	(50,919)
Transfers	-	597,415,010	392,187,743	995,952,969	223,205,990	-	25,137,052	(2,233,898,764)	-
Depreciation charge (Note 24)	-	(209,198,160)	(82,346,534)	(532,956,363)	(351,196,571)	(8,403,150)	(15,894,337)	-	(1,199,995,115)
Closing net book amount	1,350,023,054	1,224,880,851	1,257,235,634	2,732,239,949	524,534,048	24,239,046	51,710,593	2,352,267,418	9,517,130,593
<b>As at 31 March 2020</b>									
Cost	1,350,023,054	2,927,861,721	2,098,556,516	8,580,938,928	5,682,381,957	65,173,565	181,130,856	2,352,267,418	23,238,334,015
Less Accumulated depreciation	-	(1,702,980,870)	(841,320,882)	(5,848,698,979)	(5,157,847,909)	(40,934,519)	(129,420,263)	-	(13,721,203,422)
Net book amount	1,350,023,054	1,224,880,851	1,257,235,634	2,732,239,949	524,534,048	24,239,046	51,710,593	2,352,267,418	9,517,130,593

As at 31 March 2020, the depreciation expense of Baht 1,199,995,115 (2019 : Baht 1,020,563,009) included Baht 1,120,390,464 (2019 : Baht 949,651,224) charged in cost of sales and service Baht 1,885,678 (2019 : Baht 1,281,625) charged in selling expenses and Baht 77,718,973 (2019 : Baht 69,630,160) charged in administrative expenses.

16 Intangible assets, net

	Computer software Baht	Product design cost Baht	Product design cost under development Baht	Total Baht
<b>As at 1 April 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	39,123,320	477,772,926	258,217,425	775,113,671
<b>For the year ended 31 March 2019</b>				
Opening net book amount	39,123,320	477,772,926	258,217,425	775,113,671
Additions	33,398,310	-	395,233,954	428,632,264
Transfers	-	153,251,117	(153,251,117)	-
Amortisation charge (Note 24)	(17,452,800)	(211,535,833)	-	(228,988,633)
Closing net book amount	55,068,830	419,488,210	500,200,262	974,757,302
<b>As at 31 March 2019</b>				
Cost	288,293,269	1,018,993,696	500,200,262	1,807,487,227
<u>Less</u> Accumulated amortisation	(233,224,439)	(599,505,486)	-	(832,729,925)
Net book amount	55,068,830	419,488,210	500,200,262	974,757,302
<b>For the year ended 31 March 2020</b>				
Opening net book amount	55,068,830	419,488,210	500,200,262	974,757,302
Additions	39,220,700	-	319,207,315	358,428,015
Transfers	-	260,310,366	(260,310,366)	-
Amortisation charge (Note 24)	(17,625,067)	(227,759,783)	-	(245,384,850)
Closing net book amount	76,664,463	452,038,793	559,097,211	1,087,800,467
<b>As at 31 March 2020</b>				
Cost	327,513,969	1,170,079,365	559,097,211	2,056,690,545
<u>Less</u> Accumulated amortisation	(250,849,506)	(718,040,572)	-	(968,890,078)
Net book amount	76,664,463	452,038,793	559,097,211	1,087,800,467

Amortisation recognised in profit and loss that are related to intangible assets are as follows:

	2020 Baht	2019 Baht
Cost of sales and services	245,384,850	228,936,727
Administrative expense	-	51,906

## 17 Deferred tax

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

	Equity method financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b>Deferred tax assets:</b>				
Deferred tax assets to be utilised within 12 months	20,053,563	4,426,445	20,053,563	4,426,445
Deferred tax assets to be utilised more than 12 months	121,820,357	102,797,523	121,820,357	102,797,523
	141,873,920	107,223,968	141,873,920	107,223,968
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	-	(107,263)	-	(107,263)
Deferred tax liabilities to be settled more than 12 months	(336,722,167)	(277,568,140)	(24,065,500)	(12,984,413)
	(336,722,167)	(277,675,403)	(24,065,500)	(13,091,676)
<b>Deferred tax assets (liabilities) (net)</b>	<b>(194,848,247)</b>	<b>(170,451,435)</b>	<b>117,808,420</b>	<b>94,132,292</b>

The gross movement of the deferred tax is as follows:

	Equity method financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening balance	(170,451,435)	(132,406,483)	94,132,292	87,036,833
Credited to profit or loss (Note 25)	(27,052,520)	(39,596,968)	17,168,116	6,935,459
Credited to other comprehensive income (Note 25)	2,655,708	1,552,016	6,508,012	160,000
Closing balance	(194,848,247)	(170,451,435)	117,808,420	94,132,292

**Thai Stanley Electric Public Company Limited**  
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The movements in deferred tax assets and liabilities during the year are as follows:

	Equity method and separate financial statements					Total Baht
	Inventories Baht	Equipment Baht	Intangible assets Baht	Employee benefit liabilities Baht	Others Baht	
<b>Deferred tax assets :</b>						
As at 1 April 2018	1,603,015	33,410,894	19,243,860	41,761,069	4,162,408	100,181,246
Credited to profit or loss	(509,716)	679,630	1,756,867	5,115,941	-	7,042,722
As at 31 March 2019	1,093,299	34,090,524	21,000,727	46,877,010	4,162,408	107,223,968
Credited to profit or loss	(305,168)	3,892,349	1,266,110	23,996,649	-	28,849,940
Credited to other comprehensive income	-	-	-	5,800,012	-	5,800,012
As at 31 March 2020	788,131	37,982,873	22,266,837	76,673,671	4,162,408	141,873,920

**Thai Stanley Electric Public Company Limited**  
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**For the year ended 31 March 2020**

	<b>Equity method financial statements</b>			
	<b>Investments in an associate and a joint venture Baht</b>	<b>Long-term investment Baht</b>	<b>Buildings and machinery Baht</b>	<b>Total Baht</b>
<b>Deferred tax liabilities :</b>				
As at 1 April 2018	(219,443,316)	(980,000)	(12,164,413)	(232,587,729)
Credited to profit or loss	(46,532,427)	-	(107,263)	(46,639,690)
Credited to other comprehensive income	1,392,016	160,000	-	1,552,016
As at 31 March 2019	(264,583,727)	(820,000)	(12,271,676)	(277,675,403)
Credited to profit or loss	(44,220,636)	-	(11,681,824)	(55,902,460)
Credited to other comprehensive income	(3,852,304)	708,000	-	(3,144,304)
As at 31 March 2020	(312,656,667)	(112,000)	(23,953,500)	(336,722,167)

	<b>Separate financial statements</b>		
	<b>Long-term investment Baht</b>	<b>Buildings and machinery Baht</b>	<b>Total Baht</b>
<b>Deferred tax liabilities :</b>			
As at 1 April 2018	(980,000)	(12,164,413)	(13,144,413)
Credited to profit or loss	-	(107,263)	(107,263)
Credited to other comprehensive income	160,000	-	160,000
As at 31 March 2019	(820,000)	(12,271,676)	(13,091,676)
Credited to profit or loss	-	(11,681,824)	(11,681,824)
Credited to other comprehensive income	708,000	-	708,000
As at 31 March 2020	(112,000)	(23,953,500)	(24,065,500)

**18 Accrued expenses**

	<b>2020 Baht</b>	<b>2019 Baht</b>
Accrued staff costs	264,656,450	242,453,382
Accrued electricity expense	30,465,209	32,179,796
Accrued rebate	53,000,000	24,000,000
Others	23,137,877	40,804,908
	<b>371,259,536</b>	<b>339,438,086</b>

**19 Employee benefit obligations**

	<b>2020 Baht</b>	<b>2019 Baht</b>
The statement of financial position :		
Present value of defined benefit obligations	383,368,355	234,385,053
Liability in the statement of financial position	383,368,355	234,385,053
Profit or loss charge included in operating profit for employee benefit obligations	127,457,579	28,844,046
Remeasurement in other comprehensive (income) expense	29,000,059	-

The plans are final salary retirement plans. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement.

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

	<b>2020 Baht</b>	<b>2019 Baht</b>
Present value of defined benefit obligations	383,368,355	234,385,053
Liability in the statement of financial position	383,368,355	234,385,053

Movements in employee benefit obligations are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
At 1 January	234,385,053	208,805,352
Current service cost	36,928,426	23,715,441
Interest cost	5,841,856	5,128,605
Past service cost	84,687,297	-
	127,457,579	28,844,046
Remeasurement:		
Loss from change in financial assumptions	29,000,059	-
	29,000,059	-
Benefits paid	(7,474,336)	(3,264,345)
At 31 December	383,368,355	234,385,053

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law became effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The effects of the amendment resulted to increase in the employee benefit obligation of Baht 84.69 million.

The significant actuarial assumptions used were as follows:

	<b>2020</b>	<b>2019</b>
Discount rate	1.72%	2.45%
Salary growth rate	5.00%	5.00%
Staff turnover rate	0.00%-12.00%	0.00%-12.00%

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Sensitivity analysis for each significant assumption used is as follows:

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2020 %	2019 %	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Discount rate	1.00	1.00	(37,390,263)	(23,052,313)	43,794,615	26,952,512
Salary growth rate	1.00	1.00	43,507,924	29,558,509	(37,933,918)	(25,624,168)
Staff turnover rate	1.00	1.00	(39,165,833)	(24,364,486)	30,098,672	18,795,292

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 has been applied as when calculating the retirement benefits 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.

Expected maturity analysis of undiscounted employee benefit obligations are as follows:

	Less than 1 year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
<b>At 31 March 2020</b>					
Retirement benefits	19,150,171	19,688,238	57,365,724	1,953,224,043	2,049,428,176
<b>At 31 March 2019</b>					
Retirement benefits	8,349,399	11,575,151	40,158,414	1,323,623,706	1,383,706,670

## 20 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
As at 31 March 2020 and 2019	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 (2019: 76,625,000 shares with a par value of Baht 5 per share). All shares are issued and fully paid.

## 21 Dividends

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 5 July 2019, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2019 for 76,625,000 shares of Baht 8.25 per share, totalling Baht 632,156,250. There were 65,174 shares that were not entitled to receive the dividends, totalling Baht 537,685 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 631,618,565 in the financial statements. The Company paid the dividends to the shareholders on 26 July 2019.

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 6 July 2018, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2018 for 76,625,000 shares of Baht 7 per share, totalling Baht 536,375,000. There were 100 shares that were not entitled to receive the dividends, totalling Baht 700 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 536,374,300 in the financial statements. The Company paid the dividends to the shareholders on 26 July 2018.

## 22 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.

## 23 Other income - others

	<b>2020 Baht</b>	<b>2019 Baht</b>
Scrap sales	71,630,039	71,190,217
Tax rebate income	7,590,808	6,836,529
Royalty income	1,925,930	10,022,094
Gain on disposals of property, plant and equipment, net	10,124,263	4,118,553
Others	15,890,099	15,924,576
	<b>107,161,139</b>	<b>108,091,969</b>

## 24 Expenses by nature

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

	<b>2020 Baht</b>	<b>2019 Baht</b>
Changes in finished goods and work in process	175,389,032	(418,158,281)
Raw materials and consumables used	7,167,105,929	7,291,371,572
Staff costs	1,641,260,419	1,503,564,260
Depreciation of plant and equipment (Note 15)	1,199,995,115	1,020,563,009
Amortisation of intangible assets (Note 16)	245,384,850	228,988,633
Utility expenses	365,674,428	346,058,147
Subcontract service costs	108,586,222	165,024,074
Repairs and maintenance expenses	333,498,417	343,542,291

## 25 Income tax

	<b>Equity method financial statements</b>		<b>Separate financial statements</b>	
	<b>2020 Baht</b>	<b>2019 Baht</b>	<b>2020 Baht</b>	<b>2019 Baht</b>
Current tax :				
Current tax on profit for the year	421,213,905	413,556,213	421,213,905	413,556,213
Deferred tax :				
Increase in deferred tax assets (Note 17)	(28,849,940)	(7,042,722)	(28,849,940)	(7,042,722)
Increase in deferred tax liabilities (Note 17)	55,902,460	46,639,690	11,681,824	107,263
Total income tax expense	<b>448,266,425</b>	<b>453,153,181</b>	<b>404,045,789</b>	<b>406,620,754</b>

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

	Equity method financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Profit before income tax	2,445,763,780	2,430,915,305	2,224,660,598	2,198,253,171
Tax calculated at a tax rate of 20% (2019: 20%)	489,152,756	486,183,061	444,932,120	439,650,634
Tax effect of :				
Income not subject to tax	(16,081,147)	(12,865,812)	(16,081,147)	(12,865,812)
Expenses not deductible for tax purpose	7,555,608	1,794,055	7,555,608	1,794,055
Additional expenses deductible for tax purpose	(8,004,300)	(8,143,278)	(8,004,300)	(8,143,278)
Profit from BOI business	(24,356,492)	(13,814,845)	(24,356,492)	(13,814,845)
Tax charge	448,266,425	453,153,181	404,045,789	406,620,754
Average effective tax rate (%)	18.33	18.64	18.16	18.50

The tax credit relating to components of other comprehensive income is as follows:

	Equity method financial statements					
	2020			2019		
	Before tax Baht	Tax credit / (debit) Baht	After tax Baht	Before tax Baht	Tax credit / (debit) Baht	After tax Baht
Remeasurements of employee benefit obligations	(29,000,059)	5,800,012	(23,200,047)	-	-	-
Unrealised loss on change in fair value of available-for-sale investment	(3,540,000)	708,000	(2,832,000)	(800,000)	160,000	(640,000)
Exchange differences relating to investments in an associate and a joint venture	19,261,520	(3,852,304)	15,409,216	(6,960,081)	1,392,016	(5,568,065)
Other comprehensive expenses for the year	(13,278,539)	2,655,708	(10,622,831)	(7,760,081)	1,552,016	(6,208,065)
Current tax	-	-	-	-	-	-
Deferred tax (Note 17)	2,655,708			1,552,016		
	<u>2,655,708</u>			<u>1,552,016</u>		
	Separate financial statements					
	2020			2019		
	Before tax Baht	Tax credit Baht	After tax Baht	Before tax Baht	Tax credit Baht	After tax Baht
Remeasurements of employee benefit obligations	(29,000,059)	5,800,012	(23,200,047)	-	-	-
Unrealised loss on change in fair value of available-for-sale investment	(3,540,000)	708,000	(2,832,000)	(800,000)	160,000	(640,000)
Other comprehensive expenses for the year	(32,540,059)	6,508,012	(26,032,047)	(800,000)	160,000	(640,000)
Current tax	-	-	-	-	-	-
Deferred tax (Note 17)	6,508,012			160,000		
	<u>6,508,012</u>			<u>160,000</u>		

## 26 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.

	Equity method financial statements		Separate financial statements	
	2020	2019	2020	2019
Net profit attributable to shareholders (Baht)	1,997,497,355	1,977,762,124	1,820,614,809	1,791,632,417
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)	26.07	25.81	23.76	23.38

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

## 27 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.

	2020		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	299,348,938	5,195,648,198	5,494,997,136
Domestic sales	770,627,303	8,884,465,115	9,655,092,418
	1,063,976,241	14,080,113,313	15,150,089,554
	2019		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	323,656,336	3,969,304,852	4,292,961,188
Domestic sales	262,232,533	10,079,427,578	10,341,660,111
	585,888,869	14,048,732,430	14,634,621,299
Domestic service income - mold repairs	670,000	-	670,000

## 28 Financial instruments

### 28.1 Financial assets and liabilities in foreign currency

As at 31 March 2020 and 2019, the Company has outstanding foreign currency assets and liabilities as details below.

	2020		2019	
	Currency Million	Baht Million	Currency Million	Baht Million
<b>Assets</b>				
Japanese Yen	3.01	0.89	2.58	0.73
US Dollars	7.46	242.69	6.30	199.31
		243.58		200.04
<b>Liabilities</b>				
Japanese Yen	228.64	69.67	528.48	153.63
US Dollars	14.05	461.42	13.49	431.44
		531.09		585.07

### 28.2 Foreign exchange forward contracts

At 31 March 2020 and 2019, 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:

	2020 Baht	2019 Baht
USD 2 million at average rate Baht 31.75 = USD 1 (2019: USD 2 million at average rate Baht 31.52 = USD 1)	63,490,000	63,040,000
JPY 60 million at average rate Baht 29.47 = JPY 100 (2019: JPY 40 million at average rate Baht 28.74 = JPY 100)	17,679,000	11,496,000
	81,169,000	74,536,000

#### Fair values

The positive (negative) fair value of the derivative financial instruments at the statement of financial position date were:

	2020 Baht	2019 Baht
Positive (negative) fair value	2,254,440	557,875

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).

**29 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 35.66% 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 29.52% 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 normal course of a business and are presented as other accounts payable - related parties.

**a) Transactions with related parties**

The following significant transactions were carried out with related parties:

**For the years ended 31 March**

	<b>2020 Baht</b>	<b>2019 Baht</b>
<b>Sales</b>		
Stanley Electric Group companies	502,333,582	463,849,038
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	139,775,557	153,683,650
Associate	106,698,816	22,557,910
Joint venture	433,365,935	409,808,713
	<b>1,182,173,890</b>	<b>1,049,899,311</b>
<b>Other income</b>		
Stanley Electric Group companies	5,446,542	8,090,688
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	60,000	-
Associate	794,645	1,096,799
Joint venture	143,565	193,790
	<b>6,444,752</b>	<b>9,381,277</b>
<b>Dividend income</b>		
Stanley Electric Group companies	77,739,707	67,511,156
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	8,391,131	4,468,176
Associate	89,963,357	75,531,090
Joint venture	7,770,886	7,986,309
	<b>183,865,081</b>	<b>155,496,731</b>
<b>Royalty income</b>		
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	1,263,933	-
Joint venture	661,997	820,108
	<b>1,925,930</b>	<b>820,108</b>
<b>Purchases of goods and services</b>		
Stanley Electric Group companies	3,038,904,282	2,918,824,259
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	480,046,467	391,102,484
Associate	512,913,154	504,076,007
	<b>4,031,863,903</b>	<b>3,814,002,750</b>

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For the years ended 31 March	2020 Baht	2019 Baht
<b>Royalty fees</b>		
Stanley Electric Group companies	337,918,357	338,491,769
<b>Design and development fee</b>		
Stanley Electric Group companies	151,112,084	252,944,299
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	2,185,730	348,114
Associate	32,305	36,153
	153,330,119	253,328,566
<b>Technical assistance fee</b>		
Stanley Electric Group companies	10,178,841	18,216,604
<b>Training fee</b>		
Stanley Electric Group companies	908,625	9,367,916
<b>Commission</b>		
Stanley Electric Group companies	20,000,000	20,000,000

**b) Outstanding balance arising from sale and purchases of goods and services**

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 2020 and 2019 are as follows:

	2020 Baht	2019 Baht
<b>Trade accounts receivable - related parties (Note 9)</b>		
Stanley Electric Group companies	120,606,188	124,225,417
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	38,482,860	56,256,556
Associate	13,403,768	2,182,252
Joint venture	52,634,000	50,658,062
	225,126,816	233,322,287
<b>Trade accounts payable - related parties</b>		
Stanley Electric Group companies	392,210,731	382,151,845
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	43,259,910	33,278,213
Associate	131,882,499	134,430,088
	567,353,140	549,860,146
<b>Other accounts payable - related parties</b>		
Stanley Electric Group companies	155,304,686	169,764,056

**c) Key management compensation**

For the years ended 31 March	2020 Baht	2019 Baht
<b>Directors' and managements' remuneration</b>		
Short-term benefits	47,578,554	49,515,941

Short-term benefits comprise salary, bonus and other welfares

## **30 Significant commitments**

### **30.1 Bank guarantees**

As at 31 March 2020, the Company has bank guarantees of Baht 20 million with respect to electricity supply of Baht 20 million, respectively (2019: Baht 34 million with respect to income tax payment and electricity supply of Baht 18 million and Baht 16 million, respectively).

### **30.2 Capital commitments**

As at 31 March 2020, the Company has capital commitments of Baht 399 million (2019: Baht 1,972 million). The capital commitment mainly comprises construction and machines for production expansion in the future.

## **31 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 30.1

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 judgment of the Central Tax Court.

On 8 June 2018, the Company submitted an appeal against the Court of Appeal for Specialized cases - Tax Case Division's judgment to the Supreme Court.

On 22 April 2019, the Supreme Court ordered to dismiss the Company's petition. As a result, the final outcome of this case was following the judgment of the Court of Appeal for Specialized cases - Tax Case Division and the Company had to pay the additional tax to the Revenue Department within 22 May 2019. The Company already paid for such corporate income tax on 17 May 2019.

## **32 Events occurring after the date of statement of financial position**

- a) At the Board of Directors' meeting held on 15 May 2020, the Board of Directors approved to propose the dividends payment in respect of the operating results for the year ended 31 March 2020 for a total 76,625,000 shares of Baht 8.25 per share totaling Baht 632.16 million to the Annual General Shareholders' meeting which will be held on 3 July 2020.
- b) The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has negative effects on operating results for many businesses including automotive business. The Company is now paying close attention to the development of the COVID-19 situation, evaluating its impact on the operation while strategizing effective solutions.