

THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2020

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

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

I have reviewed the interim financial information of Thai Stanley Electric Public Company Limited, which comprises the statement of financial position in which the equity method is applied and the separate statement of financial position as at 30 June 2020, the statement of income in which the equity method is applied and the separate statement of income, the statement of comprehensive income in which the equity method is applied and the separate statement of comprehensive income, the statement of changes in equity in which the equity method is applied and the separate statement of changes in equity, and the statement of cash flows in which the equity method is applied and the separate statement of cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

I draw attention to note 4 of the interim financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.

Varaporn Vorathitikul

Certified Public Accountant (Thailand) No. 4474

Bangkok

31 July 2020

Thai Stanley Electric Public Company Limited
Statement of Financial Position
As at 30 June 2020

	Notes	Equity method financial information		Separate financial information	
		Unaudited	Audited	Unaudited	Audited
		30 June 2020 Baht	31 March 2020 Baht	30 June 2020 Baht	31 March 2020 Baht
Assets					
Current assets					
Cash and cash equivalents		3,386,356,311	3,177,436,049	3,386,356,311	3,177,436,049
Short-term investments	9	976,000,000	1,166,000,000	976,000,000	1,166,000,000
Trade and other accounts receivable, net	10, 11	1,414,234,710	2,633,160,707	1,414,234,710	2,633,160,707
Inventories, net	12	900,962,261	942,128,066	900,962,261	942,128,066
Current portion of loans to employees		30,820,236	31,764,870	30,820,236	31,764,870
Other current assets		16,325,935	39,653,979	16,325,935	39,653,979
Total current assets		6,724,699,453	7,990,143,671	6,724,699,453	7,990,143,671
Non-current assets					
Loans to employees		12,340,994	12,805,720	12,340,994	12,805,720
Investments in equity instruments	8	1,327,171,637	-	1,327,171,637	-
Investment in an associate	13	1,465,203,840	1,597,062,806	54,044,189	54,044,189
Investment in a joint venture	13	22,192,823	23,397,220	3,132,500	3,132,500
Long-term investments, net		-	125,841,155	-	125,841,155
Property, plant and equipment, net	14	9,675,211,931	9,517,130,593	9,675,211,931	9,517,130,593
Intangible assets, net	15	1,053,993,450	1,087,800,467	1,053,993,450	1,087,800,467
Deferred tax assets, net		-	-	-	117,808,420
Other non-current assets, net		15,415,181	15,748,568	15,415,181	15,748,568
Total non-current assets		13,571,529,856	12,379,786,529	12,141,309,882	10,934,311,612
Total assets		20,296,229,309	20,369,930,200	18,866,009,335	18,924,455,283

Director _____
(Mr. Koichi Nagano)

Director _____
(Mr. Apichart Leeissaranukul)

Date _____

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statement of Financial Position
As at 30 June 2020

	Notes	Equity method financial information		Separate financial information	
		Unaudited 30 June 2020 Baht	Audited 31 March 2020 Baht	Unaudited 30 June 2020 Baht	Audited 31 March 2020 Baht
Liabilities and equity					
Current liabilities					
Trade accounts payable - other companies		217,585,193	505,701,033	217,585,193	505,701,033
- related parties	11	352,344,151	567,353,140	352,344,151	567,353,140
Other accounts payable - other companies		306,091,865	651,473,811	306,091,865	651,473,811
- related parties	11	92,844,829	155,304,686	92,844,829	155,304,686
Derivatives liabilities	8	2,059,055	-	2,059,055	-
Accrued corporate income tax		218,337,475	218,806,093	218,337,475	218,806,093
Accrued expenses	16	261,599,367	371,259,536	261,599,367	371,259,536
Total current liabilities		1,450,861,935	2,469,898,299	1,450,861,935	2,469,898,299
Non-current liabilities					
Deferred tax liabilities, net		413,647,407	194,848,247	127,603,412	-
Employee benefit obligations	17	379,794,472	383,368,355	379,794,472	383,368,355
Total non-current liabilities		793,441,879	578,216,602	507,397,884	383,368,355
Total liabilities		2,244,303,814	3,048,114,901	1,958,259,819	2,853,266,654
Equity					
Share capital					
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, paid-up of Baht 5 each		383,125,000	383,125,000	383,125,000	383,125,000
Premium on share capital		504,250,000	504,250,000	504,250,000	504,250,000
Retained earnings					
Appropriated					
- Legal reserve		38,312,500	38,312,500	38,312,500	38,312,500
Unappropriated		16,411,620,024	16,595,671,038	15,043,749,677	15,168,253,176
Other components of equity		714,617,971	(199,543,239)	938,312,339	(22,752,047)
Total equity		18,051,925,495	17,321,815,299	16,907,749,516	16,071,188,629
Total liabilities and equity		20,296,229,309	20,369,930,200	18,866,009,335	18,924,455,283

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Income
For the three-month period ended 30 June 2020

	Notes	Equity method		Separate financial information	
		financial information		financial information	
		Unaudited 2020 Baht	Unaudited 2019 Baht	Unaudited 2020 Baht	Unaudited 2019 Baht
Revenues from sales and services		1,718,642,381	3,418,672,672	1,718,642,381	3,418,672,672
Costs of sales and services		(1,793,100,126)	(2,892,987,509)	(1,793,100,126)	(2,892,987,509)
Gross profit (loss)		(74,457,745)	525,685,163	(74,457,745)	525,685,163
Other income					
- Dividend income	11, 13	-	-	94,579,667	89,963,357
- Gain on exchange rates, net		4,734,020	1,927,055	4,734,020	1,927,055
- Interest income		7,805,279	16,903,436	7,805,279	16,903,436
- Others		9,026,073	34,948,170	9,026,073	34,948,170
Profit (loss) before expenses		(52,892,373)	579,463,824	41,687,294	669,427,181
Selling expenses		(82,213,296)	(148,183,464)	(82,213,296)	(148,183,464)
Administrative expenses		(78,831,761)	(97,468,414)	(78,831,761)	(97,468,414)
Total expenses		(161,045,057)	(245,651,878)	(161,045,057)	(245,651,878)
Operating profit (loss)		(213,937,430)	333,811,946	(119,357,763)	423,775,303
Share of profit from investments in an associate and a joint venture	13	20,145,274	79,477,410	-	-
Profit (loss) before income tax		(193,792,156)	413,289,356	(119,357,763)	423,775,303
Income tax	18	9,741,142	(79,239,144)	(5,145,736)	(81,336,333)
Net profit (loss) for the period		(184,051,014)	334,050,212	(124,503,499)	342,438,970
Earnings per share					
Basic earnings per share		(2.40)	4.36	(1.62)	4.47

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
 Statements of Comprehensive Income
 For the three-month period ended 30 June 2020

	Equity method financial information		Separate financial information	
	Unaudited 2020 Baht	Unaudited 2019 Baht	Unaudited 2020 Baht	Unaudited 2019 Baht
Net profit (loss) for the period	(184,051,014)	334,050,212	(124,503,499)	342,438,970
Other comprehensive income (expenses) for the period after tax:				
Items that will not be reclassified subsequently to profit or loss				
Changes in fair value of investments in equity instruments through other comprehensive income	11,823,959	-	11,823,959	-
Income tax on items that will not be reclassified	(2,364,792)	-	(2,364,792)	-
Total items that will not be reclassified subsequently to profit or loss	9,459,167	-	9,459,167	-
Items that will be reclassified subsequently to profit or loss				
Unrealised loss on change in fair value of available-for-sale investment	-	(160,000)	-	(160,000)
Exchange differences relating to investments in an associate and a joint venture	(58,628,970)	(52,180,785)	-	-
Income tax on items that will be reclassified	11,725,794	10,468,157	-	32,000
Total items that will be reclassified subsequently to profit or loss	(46,903,176)	(41,872,628)	-	(128,000)
Other comprehensive income (expenses) for the period, net of tax	(37,444,009)	(41,872,628)	9,459,167	(128,000)
Total comprehensive income (expenses) for the period	(221,495,023)	292,177,584	(115,044,332)	342,310,970

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
 Statements of Changes in Equity
 For the three-month period ended 30 June 2020

Equity method financial information (Unaudited)											
	Other components of equity										
	Other comprehensive income (expenses)										
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Measurement of available-for-sale investment Baht	Measurement of investments in equity instruments at fair value through other comprehensive income Baht	Exchange differences relating to investments in an associate and a joint venture Baht	Remeasurements of post-employment benefit obligations Baht	Total other components of equity Baht	Total equity Baht
				Legal reserve Baht	Unappropriated retained earnings Baht						
Opening balance as at 1 April 2019		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 (expenses) for the period		-	-	-	334,050,212	(128,000)	-	(41,744,628)	-	(41,872,628)	292,177,584
Closing balance as at 30 June 2019		<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>15,563,842,460</u>	<u>3,152,000</u>	<u>-</u>	<u>(233,945,036)</u>	<u>-</u>	<u>(230,793,036)</u>	<u>16,258,736,924</u>
Opening balance as at 1 April 2020											
- as reported		383,125,000	504,250,000	38,312,500	16,595,671,038	448,000	-	(176,791,192)	(23,200,047)	(199,543,239)	17,321,815,299
Impact of first-time adoption of new financial reporting standards	5	-	-	-	-	(448,000)	952,053,219	-	-	951,605,219	951,605,219
Opening balance as at 1 April 2020											
- restated		383,125,000	504,250,000	38,312,500	16,595,671,038	-	952,053,219	(176,791,192)	(23,200,047)	752,061,980	18,273,420,518
Total comprehensive income (expenses) for the period		-	-	-	(184,051,014)	-	9,459,167	(46,903,176)	-	(37,444,009)	(221,495,023)
Closing balance as at 30 June 2020		<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>16,411,620,024</u>	<u>-</u>	<u>961,512,386</u>	<u>(223,694,368)</u>	<u>(23,200,047)</u>	<u>714,617,971</u>	<u>18,051,925,495</u>

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
 Statements of Changes in Equity
 For the three-month period ended 30 June 2020

Separate financial information (Unaudited)									
Other components of equity									
Other comprehensive income (expenses)									
Measurement of investments in equity instruments at fair value									
Total other components of equity									
Total equity									
Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Measurement of available-for-sale investment	Measurement of investments in equity instruments at fair value through other comprehensive income	Remeasurements of post-employment benefit obligations	Total other components of equity	Total equity
	Baht	Baht	Legal reserve	Unappropriated retained earnings					
	383,125,000	504,250,000	38,312,500	13,979,256,932	3,280,000	-	-	3,280,000	14,908,224,432
	-	-	-	342,438,970	(128,000)	-	-	(128,000)	342,310,970
	383,125,000	504,250,000	38,312,500	14,321,695,902	3,152,000	-	-	3,152,000	15,250,535,402
	383,125,000	504,250,000	38,312,500	15,168,253,176	448,000	-	(23,200,047)	(22,752,047)	16,071,188,629
5	-	-	-	-	(448,000)	952,053,219	-	951,605,219	951,605,219
	383,125,000	504,250,000	38,312,500	15,168,253,176	-	952,053,219	(23,200,047)	928,853,172	17,022,793,848
	-	-	-	(124,503,499)	-	9,459,167	-	9,459,167	(115,044,332)
	383,125,000	504,250,000	38,312,500	15,043,749,677	-	961,512,386	(23,200,047)	938,312,339	16,907,749,516

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows
For the three-month period ended 30 June 2020

	Notes	Equity method financial information		Separate financial information	
		Unaudited 2020	Unaudited 2019	Unaudited 2020	Unaudited 2019
		Baht	Baht	Baht	Baht
Cash flows from operating activities:					
Profit (loss) before income tax for the period		(193,792,156)	413,289,356	(119,357,763)	423,775,303
Adjustments to reconcile profit (loss) before income tax to net cash provided by operations:					
- Depreciation	14	303,276,915	281,507,945	303,276,915	281,507,945
- Amortisation	15	63,094,373	59,774,147	63,094,373	59,774,147
- Interest income		(7,805,279)	(16,903,436)	(7,805,279)	(16,903,436)
- Share of profit from investments in an associate and a joint venture	13	(20,145,274)	(79,477,410)	-	-
- Dividend income					
- Investments in an associate and a joint venture 11, 13		-	-	(94,579,667)	(89,963,357)
- Gain on disposal of equipment		(83,591)	(5,472,014)	(83,591)	(5,472,014)
- Loss from changes in fair value of derivatives		2,059,055	-	2,059,055	-
- Allowance for obsolete and slow moving inventories		510,745	750,374	510,745	750,374
- Reversal of allowance for net realisable value lower than cost of inventories		(78,060)	(776,000)	(78,060)	(776,000)
- Employee benefit obligations	17	17,672,512	89,427,855	17,672,512	89,427,855
- Unrealised loss on exchange rates		1,185,676	2,570,766	1,185,676	2,570,766
Cash flows before changes in operating assets and liabilities		165,894,916	744,691,583	165,894,916	744,691,583
Changes in operating assets and liabilities					
- Trade and other accounts receivable		1,220,945,519	186,098,298	1,220,945,519	186,098,298
- Inventories		40,733,120	(180,312,662)	40,733,120	(180,312,662)
- Other current assets		23,328,044	17,553,168	23,328,044	17,553,168
- Other non-current assets		333,387	147,119	333,387	147,119
- Trade accounts payable - other companies		(288,115,840)	(68,879,357)	(288,115,840)	(68,879,357)
- Trade accounts payable - related parties		(215,008,989)	12,381,296	(215,008,989)	12,381,296
- Other accounts payable - other companies		(20,977,854)	(53,566,706)	(20,977,854)	(53,566,706)
- Other accounts payable - related parties		(61,682,686)	19,329,814	(61,682,686)	19,329,814
- Accrued expenses		(109,660,169)	(12,092,493)	(109,660,169)	(12,092,493)
- Payment for employee benefit obligations		(21,246,395)	(1,991,251)	(21,246,395)	(1,991,251)
Cash generated from operations		734,543,053	663,358,809	734,543,053	663,358,809
Interest received		3,503,675	5,005,514	3,503,675	5,005,514
Income tax paid		(468,618)	(272,744)	(468,618)	(272,744)
Net cash received from operating activities		737,578,110	668,091,579	737,578,110	668,091,579

The notes to the interim financial information are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows
For the three-month period ended 30 June 2020

	Notes	Equity method financial information		Separate financial information	
		Unaudited 2020	Unaudited 2019	Unaudited 2020	Unaudited 2019
		Baht	Baht	Baht	Baht
Cash flows from investing activities:					
Loans made to employees		(48,146,889)	(460,000)	(48,146,889)	(460,000)
Loans repayments from employees		49,556,249	10,986,319	49,556,249	10,986,319
Purchases of property, plant and equipment		(777,491,525)	(1,231,171,472)	(777,491,525)	(1,231,171,472)
Proceeds from disposals of equipment		83,600	5,472,151	83,600	5,472,151
Interest received on short-term investments		2,282,082	12,586,266	2,282,082	12,586,266
Dividends received from investments					
- Investments in an associate and a joint venture	11, 13	94,579,667	89,963,357	94,579,667	89,963,357
Purchases of intangible assets		(38,335,356)	(103,392,350)	(38,335,356)	(103,392,350)
Cash receipts from short-term investments	9	190,000,000	2,036,000,000	190,000,000	2,036,000,000
Cash payments on short-term investments	9	-	(1,011,000,000)	-	(1,011,000,000)
Net cash used in investing activities		(527,472,172)	(191,015,729)	(527,472,172)	(191,015,729)
Net increase in cash and cash equivalents		210,105,938	477,075,850	210,105,938	477,075,850
Cash and cash equivalents at beginning of the period		3,177,436,049	1,671,996,877	3,177,436,049	1,671,996,877
Effects of exchange rate changes		(1,185,676)	(2,570,766)	(1,185,676)	(2,570,766)
Cash and cash equivalents at end of the period		3,386,356,311	2,146,501,961	3,386,356,311	2,146,501,961
Non-cash transactions:					
Outstanding liabilities arisen from purchase of plant and equipment and intangible assets		156,125,200	499,925,995	156,125,200	499,925,995
Outstanding liabilities arisen from purchase of plant and equipment from related parties		178,356	-	178,356	-

The notes to the interim financial information are an integral part of this interim financial information.

1 General information

Thai Stanley Electric Public Company Limited ('the Company') is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

29/3 Moo 1 Bangpoon-Rungsit Road, Banklang, Amphur Muang, Pathumthanee, Thailand 12000.

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

The interim financial information in which the equity method is applied and interim separate financial information are presented in Thai Baht, unless otherwise stated.

The interim financial information in which the equity method is applied and interim separate financial information have been approved by the Company's Board of Directors on 31 July 2020.

2 Significant events during the current period

The outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020 has adverse effects on the Company's operating results for the 3-month period ended 30 June 2020. 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.

3 Basis of preparation

The interim financial information in which the equity method is applied and interim separate financial information have been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting and other financial reporting requirements issued under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2020.

An English version of the interim financial information in which the equity method is applied and interim separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

4 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2020, except for the following:

- 1) the adoption of the new financial reporting standards together with the application of the relevant relief measures as described in Note 5; and
- 2) the following application of the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ending between 1 January 2020 and 31 December 2020.

Reversal of deferred tax assets

The Company has chosen to exclude information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, The Company writes down the carrying amount of the deferred tax assets when it's not probable that the future taxable profit will be available for utilising the deductible temporary differences.

Impairment of assets

The Company has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

For impairment of trade receivables, The Company has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020 by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables. As at 30 June 2020, the expected credit loss was assessed based on historical credit loss together with the management's judgement in estimating the expected credit loss.

5 Adoption of new financial reporting standards and change in accounting policies

The Company has adopted financial reporting standards relating to financial instruments (TAS 32, TFRS 7 and TFRS 9) and leases standard (TFRS 16) retrospectively from 1 April 2020, but has not restated comparatives for the year ended 31 March 2020, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 April 2020.

The adoption of leases standard (TFRS 16) does not have a significant impact on the Company's accounting treatment.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9):

	Equity method financial information		
	As at 31 March 2020 Previously reported Baht	TAS 32 and TFRS 9 Reclassifications and adjustments Baht	As at 1 April 2020 Restated Baht
Assets			
Current assets			
Derivatives assets	-	1,923,710	1,923,710
Other current assets	39,653,979	(1,703,420)	37,950,559
Non-current assets			
Investments in equity instruments	-	1,315,347,679	1,315,347,679
Long-term investments, net	125,841,155	(125,841,155)	-
Total assets	165,495,134	1,189,726,814	1,355,221,948
Liabilities			
Current liabilities			
Derivatives liabilities	-	220,290	220,290
Non-current liabilities			
Deferred tax liabilities, net	194,848,247	237,901,305	432,749,552
Total liabilities	194,848,247	238,121,595	432,969,842
Equity			
Other components of equity			
- Measurement of available-for-sale investment	448,000	(488,000)	-
- Measurement of investments in equity instruments at fair value through other comprehensive income	-	952,053,219	952,053,219
Total equity	448,000	951,605,219	952,053,219

Thai Stanley Electric Public Company Limited
Unaudited Condensed Notes to the Interim Financial Information
For the three-month period ended 30 June 2020

	Separate financial information		
	As at 31 March 2020 Previously reported Baht	TAS 32 and TFRS 9 Reclassifications and adjustments Baht	As at 1 April 2020 Restated Baht
Assets			
Current assets			
Derivatives assets	-	1,923,710	1,923,710
Other current assets	39,653,979	(1,703,420)	37,950,559
Non-current assets			
Investments in equity instruments	-	1,315,347,679	1,315,347,679
Long-term investments, net	125,841,155	(125,841,155)	-
Deferred tax assets, net	117,808,420	(117,808,420)	-
Total assets	283,303,554	1,071,918,394	1,355,221,948
Liabilities			
Current liabilities			
Derivatives liabilities	-	220,290	220,290
Non-current liabilities			
Deferred tax liabilities, net	-	120,092,885	120,092,885
Total liabilities	-	120,313,175	120,313,175
Equity			
Other components of equity			
- Measurement of available-for-sale investment	448,000	(488,000)	-
- Measurement of investments in equity instruments at fair value through other comprehensive income	-	952,053,219	952,053,219
Total equity	448,000	951,605,219	952,053,219

Financial reporting standards relating to financial instruments (TAS 32 and TFRS 9)

The Company has adopted the new financial reporting standards relating to financial instruments from 1 April 2020 by applying the modified retrospective approach.

The adoption of the new financial reporting standards on financial instruments mainly affects the Company's accounting treatment as follows;

Classification and measurement of investments in equity instruments (previously called general investments)

All equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss, or ii) at fair value through other comprehensive income without subsequent recycling to profit or loss.

Currently, the Company has equity instruments measured at cost of Baht 125,281,155. These instruments will be remeasured to fair value through other comprehensive income and reclassified with a corresponding adjustment to other components of equity of million Baht 951,605,219 as of 1 April 2020.

Impairment

The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. As of 1 April 2020, there will be an increase in expected credit losses due to application of the simplified approach for trade receivables which the impact is insignificant.

Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases

Investments and other financial assets

Classification and measurements

From 1 April 2020, the Company classifies its financial assets as follows:

- those to be measured subsequently at fair value through profit or loss (FVPL)
- those to be measured subsequently at fair value through other comprehensive income (FVOCI)
- those to be measured at amortised cost

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The Company initially recognises a financial asset on trade date at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except financial assets that are measured at FVPL whose transaction costs are expensed in profit or loss.

Equity instruments

All equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss, or ii) at fair value through other comprehensive income without subsequent recycling to profit or loss. The classification of equity instruments is considered on investment-by-investment basis. Dividends from such investment continue to be recognised in profit or loss as other income.

Loans to employee

Loans to employee held for collection of contractual cash flows that represent solely payments of principal and interest (SPPI) are initially recognised at fair value and are subsequently measured at amortised cost. Interest income is included in interest income using the effective interest method. Any gain or loss on derecognition is presented in other gains/(losses). Impairment losses are presented as separate line item.

Impairment

From 1 April 2020, the Company assesses expected credit loss on a forward-looking basis for its financial assets carried at FVOCI and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk, except trade receivables which the Company applies the simplified approach in determining its expected credit loss.

The Company has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables. As at 30 June 2020, the expected credit loss was assessed based on historical credit loss together with the management's judgement in estimating the expected credit loss.

Derivatives

Derivative financial instruments related to foreign exchange forward contract are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value is recognised to gains/(losses) on exchange rates.

6 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

7 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 period ended 30 June 2020, total revenue from sales and services has timing of revenue recognition as 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 on the interim financial information.

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8 Fair value

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 within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents financial assets and liabilities that are measured at fair value, excluding where its fair value is approximating the carrying amount.

	Equity method and separate financial information			Total
	Level 1	Level 2	Level 3	
	30 June 2020	30 June 2020	30 June 2020	
Assets				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments	72,423,177	-	1,254,748,460	1,327,171,637
Total assets	72,423,177	-	1,254,748,460	1,327,171,637
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives liabilities				
- Foreign exchange forward contracts	-	2,059,055	-	2,059,055
Total liabilities	-	2,059,055	-	2,059,055

During the period, there were no changes in valuation techniques.

Valuation techniques used to measure fair value level 2

Fair value of foreign exchange forward contracts is determined using forward exchange rate that are quoted in an active market. The effects of discounting are generally insignificant for level 2 derivatives.

Valuation techniques used to measure fair value level 3

Changes in level 3 financial instruments for the three-month period ended 30 June 2020 is as follows:

	Equity method and separate financial information
	Unquoted equity investments
	Unaudited Baht
Opening balance as at 1 April 2020	1,254,748,460
Gains(losses) recognised in other comprehensive income	-
Closing balance as at 30 June 2020	1,254,748,460

The fair value of unquoted equity investments is determined using valuation techniques, market comparable approach and are within level 3 of the fair value hierarchy.

Cash and cash equivalents, trade and other receivables, short-term investments and loans to employee - the carrying amounts of these financial assets approximate their fair values due to the relatively short-term maturity of these financial assets.

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9 Short-term investments

Short-term investments represent fixed deposits which have original maturities over 3 months but not over 12 months.

Movement in short-term investments is as follows:

For the three-month period ended 30 June	2020 Baht
Opening balance	1,166,000,000
Additions during the period	-
Redemptions during the period	(190,000,000)
Closing balance	<u>976,000,000</u>

As at 30 June 2020, short-term investments bore interest at the average rate of 1.43% - 1.63% per annum (31 March 2020 : 1.43% - 1.63% per annum).

10 Trade and other accounts receivable, net

Trade and other accounts receivable, net as at 30 June 2020 and 31 March 2020 are as follows:

	30 June 2020 Baht	31 March 2020 Baht
Trade accounts receivable - other companies	1,028,618,452	2,223,826,925
<u>Less</u> Allowance for doubtful account	<u>(20,446,001)</u>	<u>(20,446,001)</u>
Trade accounts receivable - other companies, net	1,008,172,451	2,203,380,924
Trade accounts receivable - related parties (Note 11)	237,591,171	225,126,816
Prepaid expenses	44,665,997	57,471,577
Accrued income, net	14,274,221	13,165,956
Value added tax receivable	62,956,409	95,763,631
Other receivables	46,574,461	38,251,803
	<u>1,414,234,710</u>	<u>2,633,160,707</u>

Trade accounts receivable as at 30 June 2020 and 31 March 2020 can be analysed as follows:

	Trade accounts receivable- other companies		Trade accounts receivable- related parties	
	30 June 2020 Baht	31 March 2020 Baht	30 June 2020 Baht	31 March 2020 Baht
Current	1,006,894,105	2,191,436,288	201,478,162	218,487,515
Overdue				
- less than 3 months	3,882,253	13,504,451	23,256,777	6,639,301
- 3 - 6 months	-	-	12,856,232	-
- 6 - 12 months	-	-	-	-
- more than 1 year	17,842,094	18,886,186	-	-
	<u>1,028,618,452</u>	<u>2,223,826,925</u>	<u>237,591,171</u>	<u>225,126,816</u>

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11 Related party transactions

The Company had the significant transactions with its major shareholder, Stanley Electric Company Limited, 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 29.53% interest in the Company's share capital. Stanley Electric Group comprises Stanley Electric Company Limited and related companies.

The following significant transactions were carried out with related parties:

For the three-month period ended 30 June

	2020 Baht	2019 Baht
Sales		
Stanley Electric Group companies	188,387,579	127,971,484
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	30,304,017	38,260,114
Associate	16,042,519	41,287,879
Joint venture	26,102,142	87,673,324
	260,836,257	295,192,801
Dividend income		
Associate	94,579,667	89,963,357
Purchases of goods and services		
Stanley Electric Group companies	379,678,062	717,115,608
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	51,730,887	97,602,934
Associate	81,634,600	130,143,081
	513,043,549	944,861,623
Royalty fee		
Stanley Electric Group companies	39,502,421	75,905,678
Design and development fee		
Stanley Electric Group companies	17,289,218	42,565,122
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	-	2,140,652
Associate	372,794	-
	17,662,012	44,705,774
Directors' and managements' remuneration		
Short-term benefits	10,815,108	11,088,509

The amounts due to/from related parties are mainly denominated in foreign currencies and relate to purchases and sales transactions. The outstanding balances as at 30 June 2020 and 31 March 2020 are as follows:

	30 June 2020 Baht	31 March 2020 Baht
Trade accounts receivable - related parties		
Stanley Electric Group companies	184,519,615	120,606,188
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	35,041,033	38,482,860
Associate	9,628,393	13,403,768
Joint venture	8,402,130	52,634,000
	237,591,171	225,126,816

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	30 June 2020 Baht	31 March 2020 Baht
Trade accounts payable - related parties		
Stanley Electric Group companies	254,530,547	392,210,731
Companies related by way of the Company's management and directors as shareholders, or by way of common directors Associate	18,562,607 79,250,997	43,259,910 131,882,499
	352,344,151	567,353,140
Other accounts payable - related parties		
Stanley Electric Group companies	92,844,829	155,304,686

12 Inventories, net

	30 June 2020 Baht	31 March 2020 Baht
Raw materials and packaging	366,191,921	232,922,159
Work in process	396,782,104	516,955,061
Finished goods	71,319,653	78,278,295
Goods in transit	71,041,925	117,913,208
	905,335,603	946,068,723
<u>Less</u> Allowance for net realisable value lower than cost		
- Work in process	(1,480,996)	(1,559,056)
Allowance for obsolete and slow-moving inventories		
- Raw materials and packaging	(2,128,891)	(1,525,185)
- Work in process	(512,677)	(559,820)
- Finished goods	(250,778)	(296,596)
Inventories, net	900,962,261	942,128,066

13 Investments in an associate and a joint venture

a) Movements in investments in an associate and a joint venture for the three-month period ended 30 June 2020 and 2019 are as follows:

	Equity Method		Cost Method	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening net book amount	1,620,460,026	1,380,095,324	57,176,689	57,176,689
Share of profit	20,145,274	79,477,410	-	-
Dividends received	(94,579,667)	(89,963,357)	-	-
Translation adjustments	(58,628,970)	(52,180,786)	-	-
Closing net book amount	1,487,396,663	1,317,428,591	57,176,689	57,176,689

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- b) The details of investments in an associate and a joint venture as at 30 June 2020 and 31 March 2020 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity Method		Cost Method	
				30 June 2020	31 March 2020	30 June 2020	31 March 2020
				Amount Baht	Amount Baht	Amount Baht	Amount Baht
Associate							
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	1,465,203,840	1,597,062,806	54,044,189	54,044,189
Joint venture							
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	22,192,823	23,397,220	3,132,500	3,132,500
				1,487,396,663	1,620,460,026	57,176,689	57,176,689

- c) The details of dividends received from investments in an associate for the three-month period ended 30 June 2020 and 2019 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity Method		Cost Method	
				2020	2019	2020	2019
				Dividends Baht	Dividends Baht	Dividends Baht	Dividends Baht
Associate							
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	94,579,667	89,963,357	94,579,667	89,963,357

14 Property, plant and equipment, net

For the three-month period ended 30 June

	2020 Baht
Opening net book amount	9,517,130,593
Additions	461,358,262
Disposals/write - offs, net	(9)
<u>Less</u> Depreciation charge	(303,276,915)
Closing net book amount	9,675,211,931

The additions during the period mainly compose of machinery under installation and construction in progress.

As at 30 June 2020, the Company has capital commitments not recognised in the financial information amounting of Baht 253 million (31 March 2020 : Baht 399 million).

15 Intangible assets, net

For the three-month period ended 30 June

	2020 Baht
Opening net book amount	1,087,800,467
Additions	29,287,356
<u>Less</u> Amortisation charge	(63,094,373)
Closing net book amount	1,053,993,450

The additions during the period mainly compose of product designs.

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16 Accrued expenses

	30 June 2020 Baht	31 March 2020 Baht
Accrued staff cost	115,853,112	264,656,450
Accrued electricity expense	15,935,936	30,465,209
Accrued rebate	77,013,289	53,000,000
Others	52,797,030	23,137,877
	261,599,367	371,259,536

17 Employee benefit obligations

	30 June 2020 Baht	31 March 2020 Baht
Statement of financial position: Retirement benefits	379,794,472	383,368,355
For the three-month period ended 30 June	2020 Baht	2019 Baht
Loss charge included in operating profit for: Retirement benefits	17,672,512	89,427,855
Remeasurement in other comprehensive expense	-	-

18 Income tax

Income tax expense for the three-month periods ended 30 June 2020 and 2019 are as follows:

	Equity method financial information		Separate financial information	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Current income tax		97,011,178		97,011,178
Deferred income tax	(9,741,142)	(17,772,034)	5,145,736	(15,674,845)
	(9,741,142)	79,239,144	5,145,736	81,336,333

The interim income tax is accrued based on management's estimate using the tax rate that would be applicable to expected total annual earnings. The estimated average annual tax rate used is 4.31% and (5.03)% for cost method and equity method, respectively. (For the three-month period ended 30 June 2019: 19.19% and 19.17% for cost method and equity method, respectively).

19 Commitments and contingent liabilities

For the three-month period ended 30 June 2020, there were no significant changes in commitments and contingent liabilities and other agreements from the year ended 31 March 2020, except the capital commitment as mentioned in Note 14.

20 Bank guarantees

As at 30 June 2020, the Company has bank guarantees of Baht 20 million (31 March 2020: Baht 20 million) with respect to electricity supply.

21 Events occurring after the reporting date

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 3 July 2020, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2020 for 76,625,000 shares of Baht 8.25 per share, totalling Baht 632,156,250. However, there are 100 shares that are not entitled to receive the dividends, totalling Baht 825 as the depository terms are not in compliance with practices of the Thailand Security Depository Co., Ltd. The Company paid the dividends amounting to Baht 632,155,425 to the shareholders on 29 July 2020.