Note Contents

1. General information
2. Basis of preparation of the interim financial statements
3. Related parties
4. Investment in subsidiary
5. Property, plant and equipment
6. Segment information and disaggregation of revenue
7. Financial instruments
8. Commitments with non-related parties
9. Events after the reporting period

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 14 May 2020.

1. **General information**

The principal activities of the Company and its subsidiary (“the Group”) are the manufacturing and distributing of batteries for automobiles and motorcycles.

1. **Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

The Group has initially applied TFRS - Financial instruments standards and TFRS 16 *Leases* which have no material impact on the financial statement.

*(b) Use of judgements, estimates and accounting policies*

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019.

1. **Related parties**

Relationships with the subsidiary are described in note 4.

Significant transactions for the three-month period ended 31 March with related parties were as follows:

|  | Consolidated | | |  | Separate | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | | |
| *Three-month periods ended 31 March* | 2020 |  | 2019 |  | 2020 |  | | 2019 |
|  | *(in thousand Baht)* | | | | | | | |
| **Subsidiary** |  |  |  |  |  |  | |  |
| Revenue from sale of goods | **-** |  | **-** |  | 220,294 |  | | 205,912 |
| Rental and service income | **-** |  | **-** |  | 340 |  | | 342 |
| Service income | **-** |  | **-** |  | 50 |  | | 256 |
|  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  | |  |
|  | Consolidated | | |  | Separate | | | |
|  | financial statements | | |  | financial statements | | | |
| ***Three-month periods ended 31 March*** | 2020 |  | 2019 |  | 2020 |  | | 2019 |
|  | *(in thousand Baht)* | | | | | | | |
| **Other related parties** |  |  |  |  |  |  | |  |
| Revenue from sale of goods | 39,854 |  | 40,433 |  | 39,854 |  | | 40,433 |
| Purchase of raw materials and goods | 66,838 |  | 46,154 |  | 66,838 |  | | 46,154 |
| Commission income | 336 |  | 302 |  | 336 |  | | 302 |
| Purchase of machinery and equipment | **-** |  | 1,723 |  | **-** |  | | 1,723 |
| Royalty fee | 8,447 |  | 8,960 |  | 8,447 |  | | 8,960 |
|  |  |  |  |  |  |  | |  |
| **Key management personnel** |  |  |  |  |  |  |  | |
| Key management personnel compensation |  |  |  |  |  |  |  | |
| Short-term employee benefits | 10,692 |  | 10,212 |  | 10,692 |  | 9,089 | |
| Post-employment benefits | 291 |  | 351 |  | 291 |  | 191 | |
| **Total key management personnel** |  |  |  |  |  |  |  | |
| **compensation** | **10,983** |  | **10,563** |  | **10,983** |  | **9,280** | |

Balances as at 31 March 2020 and 31 December 2019 with related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Trade accounts receivable*** | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 31  March |  | 31  December |  | 31  March |  | 31  December |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | **-** |  | **-** |  | 190,115 |  | 213,164 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Yuasa Battery (Malaysia) Sdn Bhd. | 24,181 |  | 21,552 |  | 24,181 |  | 21,552 |
| GS Yuasa International Ltd. | 2,701 |  | 1,154 |  | 2,701 |  | 1,154 |
| Yuasa Battery, Inc. | 121 |  | 116 |  | 121 |  | 116 |
| Yuasa Battery (Shunde) Co., Ltd. | **-** |  | 599 |  | **-** |  | 599 |
| Tata Autocomp GY Battery Private Ltd. | **-** |  | 13 |  | **-** |  | 13 |
| **Total** | **27,003** |  | **23,434** |  | **217,118** |  | **236,598** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Other current receivables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 31  March |  | 31  December |  | 31  March |  | 31  December |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | **-** |  | **-** |  | 285 |  | 550 |
|  |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| Taiwan Yuasa Battery Co., Ltd. | 274 |  | 162 |  | 274 |  | 162 |
| **Total** | **274** |  | **162** |  | **559** |  | **712** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Trade accounts payable* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 31  March |  | 31  December |  | 31  March |  | 31  December |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 36,974 |  | 36,900 |  | 36,974 |  | 36,900 |
| **Total** | **36,974** |  | **36,900** |  | **36,974** |  | **36,900** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Other current payables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 31  March |  | 31  December |  | 31  March |  | 31  December |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Payable for fixed assets purchased*** |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | **-** |  | 284 |  | **-** |  | 284 |
|  |  |  |  |  |  |  |  |
| ***Accrued royalty fee*** |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 8,447 |  | 34,919 |  | 8,447 |  | 34,919 |
| **Total** | **8,447** |  | **35,203** |  | **8,447** |  | **35,203** |

1. **Investment in subsidiary**

Investment in subsidiary as at 31 March 2020 and 31 December 2019, and dividend income from this investment for the three-month periods ended 31 March 2020 and 2019 were as follows:

|  |  |  | Separate financial statements | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income | | |
|  |  |  | Ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost - net | | |  | for the three-month | | |
|  | Country of | Type of | 31  March |  | 31  December |  | 31  March |  | 31  December |  | 31  March |  | 31  December |  | 31  March |  | 31  December |  | 31  March |  | 31  December |  | period ended  31 March | | |
|  | incorporation | business | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Subsidiary*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Yuasa Sales and | Thailand | Distribution |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Distribution Co., Ltd. |  | of battery | 99.99 |  | 99.99 |  | 1,000 |  | 1,000 |  | 1,000 |  | 1,000 |  | - |  | - |  | 1,000 |  | 1,000 |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  |  | **1,000** |  | **1,000** |  | **-** |  | **-** |  | **1,000** |  | **1,000** |  | **-** |  | **-** |

1. **Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment that exclude right-of-use assets during the three-month periods ended 31 March 2020 were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial | | |  | Separate financial | | |
|  | statements | | |  | statements | | |
|  |  |  | Disposals |  |  |  | Disposals |
|  | Acquisitions |  | and |  | Acquisitions |  | and |
|  | and |  | transfers out |  | and |  | transfers out |
|  | transfers in |  | - net book |  | transfers in |  | - net book |
|  | - at cost |  | value |  | - at cost |  | value |
|  | *(in thousand Baht)* | | | | | | |
| Building and construction | 1,006 |  | (138) |  | 1,006 |  | (138) |
| Machinery and equipment | 2,220 |  | (743) |  | 2,220 |  | (743) |
| Furniture, fixtures and office equipment | 2,156 |  | (48) |  | 2,140 |  | (48) |
| Assets under construction and |  |  |  |  |  |  |  |
| machine under installation | 9,231 |  | (3,089) |  | 9,231 |  | (3,089) |
| **Total** | **14,613** |  | **(4,018)** |  | **14,597** |  | **(4,018)** |

During the three-month period ended 31 March 2020, the Group leased machinery, office equipment and vehicles for 1-5 years and made fixed payments during the lease term.

Movement of right-of-use assets is as follows:

|  |  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Right-of-use assets*** |  | Machinery and equipment |  | Office equipment |  | Vehicle |  | Total |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January 2020 |  | 249 |  | 912 |  | 4,251 |  | 5,412 |
| Additions |  | 1,757 |  | - |  | 689 |  | 2,446 |
| *Less* depreciation |  | (103) |  | (77) |  | (430) |  | (610) |
| **At 31 March 2020** |  | **1,903** |  | **835** |  | **4,510** |  | **7,248** |

|  |  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Right-of-use assets*** |  | Machinery and equipment |  | Office equipment |  | Vehicle |  | Total |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January 2020 |  | 249 |  | 740 |  | 4,251 |  | 5,240 |
| Additions |  | 1,757 |  | - |  | 689 |  | 2,446 |
| *Less* depreciation |  | (103) |  | (64) |  | (430) |  | (597) |
| **At 31 March 2020** |  | **1,903** |  | **676** |  | **4,510** |  | **7,089** |

As at 31 March 2020, the Group’s and the Company’s land and constructions thereon with a net book value of Baht 30 million have been mortgaged as collateral for some facilities amounted to Baht 137.5 million obtained from a financial institution.

1. **Segment information and disaggregation of revenue**

The Group’s operations and main revenue streams are revenue from sales of goods. The Group’s main revenue is derived from contracts with customers.

|  | Consolidated financial statements | | |
| --- | --- | --- | --- |
| ***Three-month periods ended 31 March*** | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | |
| ***Information about reportable segments*** |  |  |  |
| External revenue | 520,631 |  | 547,416 |
| Internal revenue | 220,294 |  | 205,912 |
| **Total revenue** | **740,925** |  | **753,328** |
| Elimination of internal revenue | (220,294) |  | (205,912) |
| **Consolidated revenue** | **520,631** |  | **547,416** |

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
| ***Three-month periods ended 31 March*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  |  |  |  |  |  |
|  | *(in thousand Baht)* | | | | | | |
| ***Disaggregation of revenue*** |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  |  |
| Thailand | 419,892 |  | 424,698 |  | 409,989 |  | 408,795 |
| Other countries | 100,739 |  | 122,718 |  | 100,739 |  | 122,718 |
| **Total** | **520,631** |  | **547,416** |  | **510,728** |  | **531,513** |
|  |  |  |  |  |  |  |  |
| **Major products** |  |  |  |  |  |  |  |
| Automobiles batteries | 192,066 |  | 195,928 |  | 187,047 |  | 187,144 |
| Motorcycles batteries | 311,765 |  | 335,475 |  | 306,881 |  | 328,356 |
| Other products | 16,800 |  | 16,013 |  | 16,800 |  | 16,013 |
| **Total** | **520,631** |  | **547,416** |  | **510,728** |  | **531,513** |
|  |  |  |  |  |  |  |  |
| **Customer groups** |  |  |  |  |  |  |  |
| Original Equipment Market (OEM) | 172,668 |  | 186,621 |  | 172,668 |  | 186,621 |
| Replacement Equipment Market (REM) | 230,039 |  | 221,799 |  | 220,136 |  | 205,896 |
| Export market | 100,739 |  | 122,718 |  | 100,739 |  | 122,718 |
| Others | 17,185 |  | 16,278 |  | 17,185 |  | 16,278 |
| **Total** | **520,631** |  | **547,416** |  | **510,728** |  | **531,513** |
|  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |
| At a point in time | **520,631** |  | **547,416** |  | **510,728** |  | **531,513** |

1. **Financial instruments**

***Carrying amount and fair values***

Carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value***.***

***Credit risk***

Allowance for impairment loss for trade receivables are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

|  | Consolidated financial statements | | | | |
| --- | --- | --- | --- | --- | --- |
| ***At 31 March 2020*** | Trade accounts receivables |  | Total carrying amounts |  | Allowance for impairment losses |
|  | *(in thousand Baht)* | | | | |
| Within credit terms | 235,643 |  | 235,643 |  | - |
| Overdue: |  |  |  |  |  |
| 1- 30 days | 46,485 |  | 46,485 |  | - |
| 31- 60 days | 12,841 |  | 12,841 |  | - |
| 61- 90 days | 806 |  | 806 |  | - |
| More than 90 days | 1,559 |  | 1,559 |  | (1,492) |
| **Total** | **297,334** |  | **297,334** |  | **(1,492)** |
| *Less* allowance for impairment | (1,492) |  | (1,492) |  |  |
| **Net** | **295,842** |  | **295,842** |  |  |

|  | Separate financial statements | | | | |
| --- | --- | --- | --- | --- | --- |
| ***At 31 March 2020*** | Trade accounts receivables |  | Total carrying amounts |  | Allowance for impairment losses |
|  | *(in thousand Baht)* | | | | |
| Within credit terms | 287,453 |  | 287,453 |  | - |
| Overdue: |  |  |  |  |  |
| 1- 30 days | 32,977 |  | 32,977 |  | - |
| 31- 60 days | 10,230 |  | 10,230 |  | - |
| 61- 90 days | 799 |  | 799 |  | - |
| **Total** | **331,459** |  | **331,459** |  | **-** |
| *Less* allowance for impairment | - |  | - |  |  |
| **Net** | **331,459** |  | **331,459** |  |  |

| ***Trade accounts receivables*** | Consolidated  financial statements |  | Separate  financial statements | |
| --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 31 December 2019*** |  |  |  | |
| Within credit terms | 278,239 |  | 330,248 | |
| Overdue: |  |  |  | |
| Less than 3 months | 22,944 |  | 5,941 | |
| 6-12 months | 4 |  | - | |
| Over 12 months | 1,622 |  | - | |
| **Total** | **302,809** |  | **336,189** | |
| *Less* allowance for doubtful accounts | (1,492) |  | - | |
| **Net** | **301,317** |  | **336,189** | |

The normal credit term granted by the Group ranges from 30 days to 100 days.

1. **Commitments with non-related parties**

| ***At 31 March 2020*** | Consolidated financial statements |  | Separate financial statements |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***Capital commitments*** |  |  |  |
| *Contracted but not provided for* |  |  |  |
| Building and constructions | 904 |  | 904 |
| Machinery and equipment | 949 |  | 949 |
| **Total** | **1,853** |  | **1,853** |
|  |  |  |  |
| ***Lease commitments*** |  |  |  |
| Within 1 year | 270 |  | 270 |
| **Total** | **270** |  | **270** |
|  |  |  |  |
| ***Other commitments*** |  |  |  |
| Bank guarantees | 6,311 |  | 6,311 |

As at 31 March 2020, the Group had;

(a) lease agreements covering vehicles for the Company for period of 5 years, which will expire in 2020.

(b) letter of guarantees issued by financial institutions in favour of the Company for the use of electricity and for performance bonds guarantee which some letter of guarantees of Baht 6.3 million were secured by the Company’s land and constructions.

(c) purchase order accepted by suppliers of the Company for purchase of raw materials for a total quantity of 5,355 MT, at the prices as determined in purchase order that will be delivered during 2020.

1. **Events after the reporting period**

At the Board of Directors meeting held on 7 April 2020, the directors;

1. approved to indefinitely postponed the Annual General Meeting of Shareholders for the year 2020, which included cancellation of approval the appropriation of dividends from 2019 operations.
2. approved the appropriation of interim dividend of Baht 0.35 per share, amounting to Baht 37.67 million. The dividend was paid to shareholders on 7 May 2020.

Subsequent to the financial reporting date, many countries have enacted several protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Group’s operation, is hard to predict at this stage. The management is monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations in response to the situation.