

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

I have reviewed the accompanying balance sheet of Thai Stanley Electric Public Company Limited as at 31 December 2004 and the related statements of income for the three-month and nine-month periods ended 31 December 2004 and 2003 and the related statements of changes in shareholders' equity and cash flows for the nine-month periods ended 31 December 2004 and 2003. These financial statements are the responsibility of the Company's management. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform a review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have audited the financial statements for the period ended 31 March 2004 of Thai Stanley Electric Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 30 April 2004. The balance sheet as at 31 March 2004, presented for comparative purposes, is part of the financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

UNAKORN PHRUITTHADA

Certified Public Accountant

(Thailand) No. 3257

PricewaterhouseCoopers ABAS Limited

Bangkok

27 January 2005

Thai Stanley Electric Public Company Limited

Balance Sheets

As at 31 December 2004 and 31 March 2004

		Unaudited 31 December 2004 Baht' 000	Audited 31 March 2004 Baht' 000
	Notes		
Assets			
Current assets			
Cash and cash equivalents		100,967	107,281
Trade accounts receivable, net - other companies	2	963,521	883,429
- related companies	2,3	174,372	143,128
Foreign currency forward contracts receivable, net		-	1,932
Inventories, net		571,016	357,096
Other current assets		67,255	33,068
Total current assets		1,877,131	1,525,934
Non-current assets			
Investments in associates	4	111,520	96,542
Long-term investments		149,295	150,435
Property, plant and equipment, net	5	2,324,451	2,415,699
Other non-current assets, net		19,457	22,037
Total non-current assets		2,604,723	2,684,713
Total assets		4,481,854	4,210,647

Director Mr. Hiroyuki Nakano Director Mr. Apichart Leeissaranukul
 (Mr. Hiroyuki Nakano) (Mr. Apichart Leeissaranukul)

Date _____

The notes to the financial statements on pages 8 to 14 are an integral part of these interim financial statements.

Thai Stanley Electric Public Company Limited

Balance Sheets

As at 31 December 2004 and 31 March 2004

		Unaudited 31 December 2004 Baht' 000	Audited 31 March 2004 Baht' 000
	Notes		
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks		160,000	300,000
Trade accounts payable - other companies		414,309	353,959
- related companies	3	238,124	218,639
Other payables - other companies		97,829	82,499
- related companies	3	75,809	46,553
Foreign currency forward contracts payable, net		1,395	-
Accrued income tax		61,755	118,181
Other current liabilities		92,335	115,343
Total current liabilities		<u>1,141,556</u>	<u>1,235,174</u>
Total liabilities		<u>1,141,556</u>	<u>1,235,174</u>
Shareholders' equity			
Share capital	6	383,125	383,125
Premium on share capital		504,250	504,250
Unrealised gain on revaluation of available for-sale-securities		3,440	4,580
Legal reserve		38,313	38,313
Unappropriated retained earnings		2,411,170	2,045,205
Total shareholders' equity		<u>3,340,298</u>	<u>2,975,473</u>
Total liabilities and shareholders' equity		<u><u>4,481,854</u></u>	<u><u>4,210,647</u></u>

The notes to the financial statements on pages 8 to 14 are an integral part of these interim financial statements.

Thai Stanley Electric Public Company Limited

Statements of Income (Unaudited)

For the three-month and the nine-month periods ended 31 December 2004 and 2003

	Notes	For the three-month		For the nine-month	
		2004 Baht' 000	2003 Baht' 000	2004 Baht' 000	2003 Baht' 000
Revenues					
Sales		1,788,559	1,466,078	5,028,642	4,624,977
Share of net profit from investments					
in associates	4	10,162	4,201	30,062	17,084
Gain on exchange rate		-	-	2,987	-
Other income		21,752	21,715	84,499	105,282
Total revenues		<u>1,820,473</u>	<u>1,491,994</u>	<u>5,146,190</u>	<u>4,747,343</u>
Expenses					
Cost of sales		1,421,571	1,209,109	3,959,485	3,644,581
Selling and administrative expenses		118,007	107,639	333,062	317,632
Loss on exchange rate		4,767	12,795	-	6,305
Directors' remuneration		480	480	1,440	1,410
Total expenses		<u>1,544,825</u>	<u>1,330,023</u>	<u>4,293,987</u>	<u>3,969,928</u>
Operating profit before interest expense					
and income tax		275,648	161,971	852,203	777,415
Interest expenses		662	1,205	2,424	3,704
Income tax		63,034	36,999	196,492	174,946
Net profit for the period		<u>211,952</u>	<u>123,767</u>	<u>653,287</u>	<u>598,765</u>
		(Restated)		(Restated)	
Basic earnings per share	7				
Net profit for the period (Baht)		<u>2.77</u>	<u>1.62</u>	<u>8.53</u>	<u>7.81</u>

The notes to the financial statements on pages 8 to 14 are an integral part of these interim financial statements.

Thai Stanley Electric Public Company Limited

Statements of Changes in Shareholders' Equity (Unaudited)

For the nine-month periods ended 31 December 2004 and 2003

		2004					
		Issued and paid-up share capital	Premium on share capital	Unrealised gain on revaluation of available-for- sale securities	Legal reserve	Unappropriated retained earnings	Total
	Note	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000
Opening balance		383,125	504,250	4,580	38,313	2,045,205	2,975,473
Reserve for fair value		-	-	(1,140)	-	-	(1,140)
Dividend paid	8	-	-	-	-	(287,322)	(287,322)
Net profit for the period		-	-	-	-	653,287	653,287
Closing balance		<u>383,125</u>	<u>504,250</u>	<u>3,440</u>	<u>38,313</u>	<u>2,411,170</u>	<u>3,340,298</u>
		2003					
		Issued and paid-up share capital	Premium on share capital	Unrealised gain on revaluation of available-for- sale securities	Legal reserve	Unappropriated retained earnings	Total
	Note	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000
Opening balance		383,125	504,250	1,960	38,313	1,451,718	2,379,366
Reserve for fair value		-	-	5,380	-	-	5,380
Dividend paid	8	-	-	-	-	(160,901)	(160,901)
Net profit for the period		-	-	-	-	598,765	598,765
Closing balance		<u>383,125</u>	<u>504,250</u>	<u>7,340</u>	<u>38,313</u>	<u>1,889,582</u>	<u>2,822,610</u>

The notes to the financial statements on pages 8 to 14 are an integral part of these interim financial statements.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows (Unaudited)
For the nine-month periods ended 31 December 2004 and 2003

	Note	2004 Baht' 000	2003 Baht' 000
Cash flows from operating activities :			
Net profit for the period		653,287	598,765
Adjustments for:			
Depreciation and amortisation		428,777	344,221
Donation of machine and equipment		905	18
Share of net profit from investments in associated companies	4	(30,062)	(17,084)
Dividend income		(18,876)	(17,023)
Gain on disposal of fixed assets		(4,116)	(4,522)
Provision for doubtful accounts		688	-
Interest expenses		2,424	3,704
Income tax expense		196,492	174,946
Unrealised gain on exchange rate		3,246	(1,239)
Changes in operating assets and liabilities			
Trade accounts receivable - other companies		(80,780)	(10,358)
Trade accounts receivable - related companies		(31,244)	(8,051)
Inventories		(213,920)	78,470
Other current assets		(20,992)	(15,172)
Other non-current assets		(441)	(51)
Trade accounts payable - other companies		60,351	(22,238)
Trade accounts payable - related companies		19,485	(32,629)
Other payables - other companies		5,468	21,943
Other payables - related companies		29,255	52,723
Other current liabilities		(23,092)	(62,571)
		976,855	1,083,852
Interest paid		(2,340)	(3,665)
Income tax paid		(252,918)	(139,266)
Net cash provided by operating activities		721,597	940,921

The notes to the financial statements on pages 8 to 14 are an integral part of these interim financial statements.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows (Unaudited)
For the nine-month periods ended 31 December 2004 and 2003

	Notes	2004 Baht' 000	2003 Baht' 000
Cash flows from investing activities :			
Purchases of property, plant and equipment	5	(338,484)	(768,133)
Advance payment of property, plant and equipment		(13,974)	-
Proceeds from disposals of property, plant and equipment		17,829	10,531
Dividends received		33,960	26,918
Net cash used in investing activities		<u>(300,669)</u>	<u>(730,684)</u>
Cash flows from financing activities :			
Decrease in short-term loans from banks		(140,000)	(70,000)
Dividend paid	8	(287,322)	(160,901)
Net cash used in financing activities		<u>(427,322)</u>	<u>(230,901)</u>
Effects of exchange rate changes		<u>80</u>	<u>(427)</u>
Net decrease in cash and cash equivalents		(6,314)	(21,091)
Cash and cash equivalents at beginning of the period		107,281	79,798
Cash and cash equivalents at end of the period		<u><u>100,967</u></u>	<u><u>58,707</u></u>
Non-cash items			
Purchase of property, plant and equipment by credit		9,862	96,477

The notes to the financial statements on pages 8 to 14 are an integral part of these interim financial statements.

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

1 Accounting policies

These financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in owner's equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 41, 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission.

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Thailand. Consequently, these financial statements are prepared based on the assumption that the users of the financial statements have an understanding of Thai generally accepted accounting principles and practices.

The interim financial statements have been prepared under the historical cost convention except for the fair value application to investments as disclosed in the accounting policies.

For the convenience of the user, an English translation of the interim financial statements has been prepared from the interim financial statements that are issued in the Thai language.

The preparation of the interim financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the period ended 31 March 2004.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year applied to Board of Investment ("BOI") and Non-BOI income respectively.

These interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 March 2004.

The Company has changed the accounting period from 1 February to 31 January every year to be from 1 April to 31 March every year which became effective from the two-month accounting period ended 31 March 2004. Therefore, comparative financial information for the current interim periods and the cumulative financial year to date, the balance sheet as at prior interim periods, statements of income, changes in shareholders' equity and cash flows of the prior interim periods and the cumulative financial year to date of the preceding financial year have been presented.

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

2 Trade accounts receivable, net - other companies and related companies

	Trade accounts receivable- other companies		Trade accounts receivable- related companies	
	Unaudited 31 December 2004 Baht'000	Audited 31 March 2004 Baht'000	Unaudited 31 December 2004 Baht'000	Audited 31 March 2004 Baht'000
Trade accounts receivable	964,209	883,429	174,372	143,128
Less Allowance for doubtful accounts	(688)	-	-	-
Trade accounts receivable, net	<u>963,521</u>	<u>883,429</u>	<u>174,372</u>	<u>143,128</u>

As at 31 December 2004, overdue trade accounts receivable - other companies and related companies more than 90 days are approximately Baht 0.7 million and Baht 0.5 million respectively (31 March 2004 : Baht 4.4 million and Baht 6.4 million respectively).

3 Related party transactions

The Company had significant transactions with its major shareholder, Stanley Electric Company Limited, incorporated in Japan which holds a 29.95% interest in the Company's share capital, and a group of individual shareholders who are members of the Company's management who hold a 29.08% interest in the Company's share capital.

Purchases from related companies are specific materials or materials which are manufactured on a large scale at one source for cost saving benefits. Sales to related companies 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 company in accordance with the agreement. A design and development fee and other fees are charged in the normal course of business.

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

3 Related party transactions (Cont'd)

The following transactions were carried out with related parties. Stanley Electric Group companies comprise Stanley Electric Company Limited and its subsidiaries.

	Unaudited			
	For the three-month periods ended 31 December		For the nine-month periods ended 31 December	
	2004 Baht' 000	2003 Baht' 000	2004 Baht' 000	2003 Baht' 000
Sales				
Stanley Electric Group companies	137,797	86,008	382,166	417,359
Companies related by way of the Company's management and directors as shareholders or by way of directors	59,760	43,379	173,098	83,391
Associated companies	17,680	22,783	75,205	78,963
	<u>215,237</u>	<u>152,170</u>	<u>630,469</u>	<u>579,713</u>
Technical assistance income				
Stanley Electric Group companies	(113)	472	437	1,460
Others incomes				
Stanley Electric Group companies	617	1,065	1,862	2,511
Companies related by way of the Company's management and directors as shareholders or by way of directors	900	45	1,290	135
	<u>1,517</u>	<u>1,110</u>	<u>3,152</u>	<u>2,646</u>
Purchases of goods and services				
Stanley Electric Group companies	199,068	193,619	566,198	595,873
Companies related by way of the Company's management and directors as shareholders or by way of directors	61,787	15,536	158,800	46,141
Associated companies	3,599	44	10,480	539
	<u>264,454</u>	<u>209,199</u>	<u>735,478</u>	<u>642,553</u>
Royalty fees				
Stanley Electric Group companies	44,787	34,615	125,841	112,291
Design and development fee				
Stanley Electric Group companies	9,822	1,512	10,550	8,489
Technical fee				
Stanley Electric Group companies	749	1,472	4,468	6,744
Training fee				
Stanley Electric Group companies	197	-	9,600	4,825
Commission				
Stanley Electric Group companies	233	-	233	722

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

3 Related party transactions (Cont'd)

The amounts due to/from related companies are mainly denominated in foreign currency and relate to purchases and sales transactions. The outstanding balances as at 31 December 2004 and 31 March 2004 are as follows:

	Unaudited 31 December 2004 Baht' 000	Audited 31 March 2004 Baht' 000
Trade accounts receivable - related companies		
Stanley Electric Group companies	103,141	78,455
Companies related by way of the Company's management and directors as shareholders or by way of directors	52,557	45,742
Associated companies	18,674	18,931
	<u>174,372</u>	<u>143,128</u>
Trade accounts payable - related companies		
Stanley Electric Group companies	206,595	196,976
Companies related by way of the Company's management and directors as shareholders or by way of directors	26,149	21,328
Associated companies	5,380	335
	<u>238,124</u>	<u>218,639</u>
Other payable - related companies		
Stanley Electric Group companies	<u>75,809</u>	<u>46,553</u>

4 Investments in associates

	Unaudited	
	For the nine-month periods ended 31 December	
	2004	2003
	Baht' 000	Baht' 000
Investments in associated companies - Equity method		
Opening net book amount	96,542	72,416
Share of net profit	30,062	17,084
Dividends received	(15,084)	(9,894)
Closing net book amount	<u>111,520</u>	<u>79,606</u>

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

4 Investments in associates (Cont'd)

Investments - equity method are made up as follows :

Name	Business activity	Paid-up share capital (million)	31 December 2004			31 March 2004		
			% of Holding	Amount Baht'000	Dividend Baht'000	% of Holding	Amount Baht'000	Dividend Baht'000
Associated companies								
Lao Stanley Company Limited	Manufacture automotive lighting equipment	USD 0.25	50.0	7,052	36	50.0	5,972	-
Vietnam Stanley Electric Company Limited	Manufacture automotive lighting equipment	USD 6.3	20.0	104,468	15,048	20.0	90,570	-
				<u>111,520</u>	<u>15,084</u>		<u>96,542</u>	<u>-</u>

The share of profits for the nine-month period ended 31 December 2004 from Lao Stanley Company Limited and Vietnam Stanley Electric Company Limited of Baht 1.1 million and Baht 28.9 million, respectively (for the nine-month period ended 31 December 2003 : Baht 0.3 million and Baht 16.8 million, respectively) are based on unaudited financial statements.

5 Property, plant and equipment, net

	Unaudited	
	For the nine-month periods ended 31 December	
	2004 Baht' 000	2003 Baht' 000
Investments in associated companies - Equity method		
Opening net book amount	2,415,699	1,867,575
Additions	348,346	864,610
Disposals	(14,617)	(6,027)
Depreciation	(424,977)	(340,504)
Closing net book amount	<u>2,324,451</u>	<u>2,385,654</u>
Capital commitment	<u>39,996</u>	<u>14,865</u>

6 Share capital and premium on share capital

The annual shareholders' meeting held on 21 May 2004 approved resolutions to change the par value of shares from Baht 10 each to Baht 5 each. This has the effect to increase the number of registered shares from 38,312,500 shares to 76,625,000 shares and to increase the number of paid-up shares from 38,312,500 shares to 76,625,000 shares. The Company registered the change of par value of shares with the Ministry of Commerce on 4 June 2004.

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

7 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	For the nine-month	
	periods ended 31 December	
	2004	2003
Net profit attributable to shareholders (Baht' 000)	653,287	598,765
Weighted average number of ordinary share in issue (Shares)	76,625,000	76,625,000
Basic earnings per share (Baht)	8.53	7.81

There are no dilutive ordinary shares in issue for the nine-month periods ended 31 December 2004 and 2003.

The annual shareholders' meeting held on 21 May 2004 approved resolutions to change the par value of shares from Baht 10 each to Baht 5 each. Therefore, basic earnings per share for the nine-month period ended 31 December 2003 has been adjusted as though the share split had already occurred.

8 Dividends paid

The annual shareholders' meeting held on 21 May 2004 approved the payment of dividends from the operating results for the year ended 31 January 2004 and for the two-month period ended 31 March 2004 of Baht 6.5 per share and Baht 1.0 per share respectively for a total 38,312,500 shares. Total dividends paid amounted to Baht 287.3 million (2003: Baht 4.2 per share of the total 38,312,500 shares totaling Baht 160.9 million).

9 Commitments and contingent liabilities

Forward exchange contracts

As at 31 December 2004, trade accounts receivable and payable include aggregate net payable of Japanese Yen 522.2 million and net receivable of US dollar 2.8 million in respect of sales proceeds and purchases due in foreign currencies. There are forward exchange contracts to cover this in the amount of Japanese Yen 240 million (31 March 2004, aggregate net payable of Japanese Yen 443 million and net receivable of US dollar 2.08 million in respect of sales proceeds and purchase due in foreign currencies with forward exchange contracts to cover this amount of Japanese Yen 240 million).

As at 31 December 2004 and 31 March 2004, the Company had entered into forward foreign exchange contracts with maturity of between 1 to 3 months.

Guarantees

As of 31 December 2004 and 31 March 2004, the Company has obtained guarantees for electricity supply and telephones from bankers of Baht 11.85 million.

Thai Stanley Electric Public Company Limited

Notes to the Interim Financial Statements

For the nine-month periods ended 31 December 2004 and 2003

10 Business segment information

The Company currently manufactures and markets auto bulbs, automotive lighting equipment and molds and dies. The business segment information for molds and dies, which is different from auto bulbs and automotive lighting, has not been separately reported as the sales of this segment represent only 2.9% of total sales (for the nine-month period ended 31 December 2003 : 5.9% of total sales).

THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

31 DECEMBER 2004