

THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2017

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 2017, and 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 in which the equity method is applied and the separate 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".

PricewaterhouseCoopers ABAS Ltd.

Varaporn Vorathitikul

Certified Public Accountant (Thailand) No. 4474

Bangkok

4 August 2017

Thai Stanley Electric Public Company Limited
Statements of Financial Position
As at 30 June 2017

| | Notes | Financial information in which the equity method is applied | | Separate financial information | |
|--|-------|--|-----------------------|--------------------------------|-----------------------|
| | | Unaudited | Audited | Unaudited | Audited |
| | | 30 June 2017 | 31 March 2017 | 30 June 2017 | 31 March 2017 |
| | | Baht | Baht | Baht | Baht |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 1,873,594,158 | 1,085,634,900 | 1,873,594,158 | 1,085,634,900 |
| Short-term investments held to maturity | 4 | 3,490,381,621 | 3,836,983,912 | 3,490,381,621 | 3,836,983,912 |
| Trade and other accounts receivable, net | 5, 6 | 2,204,664,595 | 2,052,024,750 | 2,204,664,595 | 2,052,024,750 |
| Inventories, net | | 833,802,022 | 721,737,217 | 833,802,022 | 721,737,217 |
| Current portion of loans to employees | | 32,501,733 | 33,874,533 | 32,501,733 | 33,874,533 |
| Other current assets | | 6,775,813 | 7,813,081 | 6,775,813 | 7,813,081 |
| Total current assets | | 8,441,719,942 | 7,738,068,393 | 8,441,719,942 | 7,738,068,393 |
| Non-current assets | | | | | |
| Loans to employees | | 29,305,805 | 36,891,950 | 29,305,805 | 36,891,950 |
| Corporate income tax refundable | | 35,804,368 | 35,804,368 | 35,804,368 | 35,804,368 |
| Investments in associates | 7 | 1,054,546,883 | 1,048,232,284 | 57,176,689 | 57,176,689 |
| Long-term investments, net | 8 | 114,841,215 | 114,161,215 | 114,841,215 | 114,161,215 |
| Property, plant and equipment, net | 9 | 5,348,754,977 | 5,460,123,334 | 5,348,754,977 | 5,460,123,334 |
| Intangible assets, net | 10 | 730,013,160 | 720,008,805 | 730,013,160 | 720,008,805 |
| Deferred tax assets, net | | - | - | 86,731,581 | 86,424,176 |
| Other non-current assets, net | | 30,535,701 | 32,541,430 | 30,535,701 | 32,541,430 |
| Total non-current assets | | 7,343,802,109 | 7,447,763,386 | 6,433,163,496 | 6,543,131,967 |
| Total assets | | 15,785,522,051 | 15,185,831,779 | 14,874,883,438 | 14,281,200,360 |

Director _____
(Mr. Koichi Nagano)

Director _____
(Mr. Apichart Leeissaranukul)

Date _____

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Financial Position
As at 30 June 2017

| | Note | Financial information in which the equity method is applied | | Separate financial information | |
|---|------|--|--------------------------|--------------------------------|--------------------------|
| | | Unaudited 30 June 2017 | Audited 31 March 2017 | Unaudited 30 June 2017 | Audited 31 March 2017 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Trade accounts payable - other companies | | 512,511,498 | 457,449,854 | 512,511,498 | 457,449,854 |
| Trade accounts payable - related parties | 6 | 549,009,836 | 423,590,332 | 549,009,836 | 423,590,332 |
| Other accounts payable - other companies | | 145,185,095 | 151,035,576 | 145,185,095 | 151,035,576 |
| Other accounts payable - related parties | 6 | 130,844,675 | 129,660,328 | 130,844,675 | 129,660,328 |
| Accrued corporate income tax | | 196,973,903 | 126,654,342 | 196,973,903 | 126,654,342 |
| Accrued expenses | | 302,110,051 | 259,845,713 | 302,110,051 | 259,845,713 |
| Total current liabilities | | 1,836,635,058 | 1,548,236,145 | 1,836,635,058 | 1,548,236,145 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities, net | | 112,742,458 | 111,786,943 | - | - |
| Provision for post-employment benefits | | 190,523,817 | 184,330,737 | 190,523,817 | 184,330,737 |
| Total non-current liabilities | | 303,266,275 | 296,117,680 | 190,523,817 | 184,330,737 |
| Total liabilities | | 2,139,901,333 | 1,844,353,825 | 2,027,158,875 | 1,732,566,882 |
| 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 | | 12,808,412,253 | 12,512,867,321 | 11,916,805,063 | 11,618,257,978 |
| Other components of equity | | (88,479,035) | (97,076,867) | 5,232,000 | 4,688,000 |
| Total equity | | 13,645,620,718 | 13,341,477,954 | 12,847,724,563 | 12,548,633,478 |
| Total liabilities and equity | | 15,785,522,051 | 15,185,831,779 | 14,874,883,438 | 14,281,200,360 |

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Income (Unaudited)
For the three-month period ended 30 June 2017

| | Notes | Financial information in which the equity method is applied | | Separate financial information | |
|---|-------|--|--------------------|--------------------------------|--------------------|
| | | 2017 Baht | 2016 Baht | 2017 Baht | 2016 Baht |
| Revenues from sales and services | 6 | 2,968,550,334 | 2,631,785,883 | 2,968,550,334 | 2,631,785,883 |
| Costs of sales and services | 6 | (2,517,970,730) | (2,229,774,477) | (2,517,970,730) | (2,229,774,477) |
| Gross profit | | 450,579,604 | 402,011,406 | 450,579,604 | 402,011,406 |
| Other income | | | | | |
| - Dividend income | 6 | 1,578,571 | 2,788,586 | 78,174,571 | 65,058,956 |
| - Gain on exchange rates, net | | 4,786,151 | 66,820 | 4,786,151 | 66,820 |
| - Interest income | | 17,793,118 | 16,574,756 | 17,793,118 | 16,574,756 |
| - Others | | 21,679,192 | 18,794,108 | 21,679,192 | 18,794,108 |
| Profit before expenses | | 496,416,636 | 440,235,676 | 573,012,636 | 502,506,046 |
| Selling expenses | 6 | (125,276,466) | (115,176,774) | (125,276,466) | (115,176,774) |
| Administrative expenses | 6 | (76,451,679) | (73,338,238) | (76,451,679) | (73,338,238) |
| Total expenses | | (201,728,145) | (188,515,012) | (201,728,145) | (188,515,012) |
| Operating profit | | 294,688,491 | 251,720,664 | 371,284,491 | 313,991,034 |
| Share of profit from investments in associates | 7 | 72,843,309 | 48,865,775 | - | - |
| Profit before income tax | | 367,531,800 | 300,586,439 | 371,284,491 | 313,991,034 |
| Income tax | | (71,986,868) | (57,282,583) | (72,737,406) | (59,963,503) |
| Net profit for the period | | <u>295,544,932</u> | <u>243,303,856</u> | <u>298,547,085</u> | <u>254,027,531</u> |
| Basic earnings per share | 11 | | | | |
| Net profit for the period | | <u>3.86</u> | <u>3.18</u> | <u>3.90</u> | <u>3.32</u> |

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
 Statements of Comprehensive Income (Unaudited)
 For the three-month period ended 30 June 2017

| | Financial information in which the equity method is applied | | Separate financial information | |
|---|--|--------------------|--------------------------------|--------------------|
| | 2017 Baht | 2016 Baht | 2017 Baht | 2016 Baht |
| Net profit for the period | 295,544,932 | 243,303,856 | 298,547,085 | 254,027,531 |
| Other comprehensive income for the period after tax: | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Unrealised gain on change in fair value of available-for-sale investment | 544,000 | 352,000 | 544,000 | 352,000 |
| Exchange differences relating to investments in associates | 8,053,832 | (3,156,038) | - | - |
| Other comprehensive income (expenses) for the period, net of tax | 8,597,832 | (2,804,038) | 544,000 | 352,000 |
| Total comprehensive income for the period | <u>304,142,764</u> | <u>240,499,818</u> | <u>299,091,085</u> | <u>254,379,531</u> |

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
 Statements of Changes in Equity (Unaudited)
 For the three-month period ended 30 June 2017

| | Financial information in which the equity method is applied | | | | | | | Total equity Baht |
|---|---|--|--------------------------|--|---|--|---|-----------------------|
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Retained earnings | | Unrealised gain on change in fair value of available-for-sale investment Baht | Other components of equity | | |
| | | | Legal reserve Baht | Unappropriated retained earnings Baht | | Other comprehensive income | | |
| | | | | | | Cumulative exchange differences relating to investments in associates Baht | Total other components of equity Baht | |
| Opening balance as at 1 April 2017 | 383,125,000 | 504,250,000 | 38,312,500 | 12,512,867,321 | 4,688,000 | | | (101,764,867) |
| Total comprehensive income for the period | - | - | - | 295,544,932 | 544,000 | 8,053,832 | 8,597,832 | 304,142,764 |
| Closing balance as at 30 June 2017 | <u>383,125,000</u> | <u>504,250,000</u> | <u>38,312,500</u> | <u>12,808,412,253</u> | <u>5,232,000</u> | <u>(93,711,035)</u> | <u>(88,479,035)</u> | <u>13,645,620,718</u> |
| Opening balance as at 1 April 2016 | 383,125,000 | 504,250,000 | 38,312,500 | 11,624,962,054 | 3,504,000 | (46,208,186) | (42,704,186) | 12,507,945,368 |
| Total comprehensive income for the period | - | - | - | 243,303,856 | 352,000 | (3,156,038) | (2,804,038) | 240,499,818 |
| Closing balance as at 30 June 2016 | <u>383,125,000</u> | <u>504,250,000</u> | <u>38,312,500</u> | <u>11,868,265,910</u> | <u>3,856,000</u> | <u>(49,364,224)</u> | <u>(45,508,224)</u> | <u>12,748,445,186</u> |

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
 Statements of Equity (Unaudited)
 For the three-month period ended 30 June 2017

| | Separate financial information | | | | | | |
|---|--|--|--------------------------|--|---|---|-------------------------|
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Retained earnings | | Other components of equity | | Total equity Baht |
| | | | Legal reserve Baht | Unappropriated retained earnings Baht | Unrealised gain on change in fair value of available-for-sale investment Baht | Total other components of equity Baht | |
| | | | | | | | |
| Opening balance as at 1 April 2017 | 383,125,000 | 504,250,000 | 38,312,500 | 11,618,257,978 | 4,688,000 | 4,688,000 | 12,548,633,478 |
| Total comprehensive income for the period | - | - | - | 298,547,085 | 544,000 | 544,000 | 299,091,085 |
| Closing balance as at 30 June 2017 | <u>383,125,000</u> | <u>504,250,000</u> | <u>38,312,500</u> | <u>11,916,805,063</u> | <u>5,232,000</u> | <u>5,232,000</u> | <u>12,847,724,563</u> |
| Opening balance as at 1 April 2016 | 383,125,000 | 504,250,000 | 38,312,500 | 10,879,356,592 | 3,504,000 | 3,504,000 | 11,808,548,092 |
| Total comprehensive income for the period | - | - | - | 254,027,531 | 352,000 | 352,000 | 254,379,531 |
| Closing balance as at 30 June 2016 | <u>383,125,000</u> | <u>504,250,000</u> | <u>38,312,500</u> | <u>11,133,384,123</u> | <u>3,856,000</u> | <u>3,856,000</u> | <u>12,062,927,623</u> |

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month period ended 30 June 2017

| | Notes | Financial information in which the equity method is applied | | Separate financial information | |
|---|-------|--|--------------|--------------------------------|--------------|
| | | 2017 Baht | 2016 Baht | 2017 Baht | 2016 Baht |
| Cash flows from operating activities: | | | | | |
| Profit before income tax for the period | | 367,531,800 | 300,586,439 | 371,284,491 | 313,991,034 |
| Adjustments to reconcile profit before income tax to net cash provided by operations: | | | | | |
| - Depreciation | 9 | 265,454,703 | 262,182,518 | 265,454,703 | 262,182,518 |
| - Amortisation | 10 | 49,796,907 | 45,615,818 | 49,796,907 | 45,615,818 |
| - Interest income | | (17,793,118) | (16,574,756) | (17,793,118) | (16,574,756) |
| - Share of profit from investments in associates | 7 | (72,843,309) | (48,865,775) | - | - |
| - Dividend income | | | | | |
| - Investments in associates | 7 | - | - | (76,596,000) | (62,270,370) |
| - Long-term investments | 8 | (1,578,571) | (2,788,586) | (1,578,571) | (2,788,586) |
| - (Gain) loss on disposal of equipment | | (1,648,003) | (28,273) | (1,648,003) | (28,273) |
| - (Reversal of) allowance for doubtful account | | (149,400) | (477,090) | (149,400) | (477,090) |
| - (Reversal of) allowance for slow-moving inventories and net realisable value lower than cost of inventories | | 2,612,665 | (2,227,113) | 2,612,665 | (2,227,113) |
| - (Reversal of) provision for post-employment benefits | | 6,654,180 | 5,710,860 | 6,654,180 | 5,710,860 |
| - Unrealised loss (gain) on exchange rates | | 446,757 | 368,846 | 446,757 | 368,846 |
| Cash flows before changes in operating assets and liabilities | | 598,484,611 | 543,502,888 | 598,484,611 | 543,502,888 |
| Changes in operating assets and liabilities | | | | | |
| - Trade and other accounts receivable | | (157,733,926) | 368,304,423 | (157,733,926) | 368,304,423 |
| - Inventories | | (114,677,470) | (71,746,957) | (114,677,470) | (71,746,957) |
| - Other current assets | | 1,037,268 | 743,832 | 1,037,268 | 743,832 |
| - Other non-current assets | | 2,005,729 | (1,715,388) | 2,005,729 | (1,715,388) |
| - Trade accounts payable - other companies | | 55,061,644 | (46,663,546) | 55,061,644 | (46,663,546) |
| - Trade accounts payable - related parties | | 125,419,504 | (23,598,418) | 125,419,504 | (23,598,418) |
| - Other accounts payable - other companies | | (4,813,327) | 2,009,077 | (4,813,327) | 2,009,077 |
| - Other accounts payable - related parties | | (2,010,021) | (16,668,416) | (2,010,021) | (16,668,416) |
| - Accrued expenses | | 42,264,338 | (12,513,692) | 42,264,338 | (12,513,692) |
| - Payment for post-employment benefits | | (461,100) | (604,100) | (461,100) | (604,100) |
| Cash generated from operations | | 544,577,250 | 741,049,703 | 544,577,250 | 741,049,703 |
| Interest received | | 4,087,327 | 5,783,367 | 4,087,327 | 5,783,367 |
| Income tax paid | | (2,861,250) | (1,800,736) | (2,861,250) | (1,800,736) |
| Net cash received from operating activities | | 545,803,327 | 745,032,334 | 545,803,327 | 745,032,334 |

The notes to the interim financial information on page 10 to 18 are an integral part of this interim financial information.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month period ended 30 June 2017

| | Notes | Financial information in which the equity method is applied | | Separate financial information | |
|---|-------|--|-----------------|--------------------------------|-----------------|
| | | 2017 Baht | 2016 Baht | 2017 Baht | 2016 Baht |
| Cash flows from investing activities: | | | | | |
| Loans made to employees | | (329,855) | (44,932,929) | (329,855) | (44,932,929) |
| Loans repayments from employees | | 9,288,800 | 4,354,918 | 9,288,800 | 4,354,918 |
| Purchases of property, plant and equipment | | (147,869,050) | (235,659,490) | (147,869,050) | (235,659,490) |
| Proceeds from disposals of equipment | | 1,675,421 | 28,331 | 1,675,421 | 28,331 |
| Interest received on short-term investments held to maturity | | 18,949,272 | 6,359,279 | 18,949,272 | 6,359,279 |
| Dividends received from investments | | | | | |
| - Investments in associates | 7 | 76,596,000 | 66,083,160 | 76,596,000 | 66,083,160 |
| - Long-term investments | 8 | 1,578,571 | - | 1,578,571 | - |
| Purchases of intangible assets | | (63,888,762) | (23,322,394) | (63,888,762) | (23,322,394) |
| Cash receipts from short-term investments held to maturity | 4 | 2,494,500,000 | 1,080,000,000 | 2,494,500,000 | 1,080,000,000 |
| Cash payments on short-term investments held to maturity | 4 | (2,147,897,709) | (1,495,000,000) | (2,147,897,709) | (1,495,000,000) |
| Net cash received from (used in) investing activities | | 242,602,688 | (642,089,125) | 242,602,688 | (642,089,125) |
| Net increase in cash and cash equivalents | | 788,406,015 | 102,943,209 | 788,406,015 | 102,943,209 |
| Cash and cash equivalents at beginning of the period | | 1,085,634,900 | 1,839,887,555 | 1,085,634,900 | 1,839,887,555 |
| Effects of exchange rate changes | | (446,757) | (368,846) | (446,757) | (368,846) |
| Cash and cash equivalents at end of the period | | 1,873,594,158 | 1,942,461,918 | 1,873,594,158 | 1,942,461,918 |
| Non-cash transactions: | | | | | |
| Outstanding liabilities arisen from purchase of plant, equipment and intangible assets | | 56,361,497 | 40,505,573 | 56,361,497 | 40,505,573 |
| Accrued dividend income from investment in associates | | - | 2,788,586 | - | 2,788,586 |

The notes to the interim financial information on page 10 to 18 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, incorporated in Thailand. The address of its registered office is 29/3 Moo 1 Bangpoon-Rungsit Road, Banklang, Amphur Muang, Pathumthanee, Thailand 12000. The Company is listed on the Stock Exchange of Thailand.

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

This interim financial information has been approved by the Company’s Board of directors on 4 August 2017.

This interim financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission 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 2017.

An English version of the interim 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.

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 2017.

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

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

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

| | |
|-----------------------|--------------------------------------|
| TAS 1 (revised 2016) | Presentation of financial statements |
| TAS 16 (revised 2016) | Property, plant and equipment |
| TAS 27 (revised 2016) | Separate financial statements |
| TAS 38 (revised 2016) | Intangible assets |

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

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

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

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

3 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.

In preparing this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2017.

Thai Stanley Electric Public Company Limited
Unaudited Condensed Notes to the Interim Financial Information
For the three-month period ended 30 June 2017

4 Short-term investments held to maturity

Short-term investments held to maturity represent bills of exchange, treasury bills and fixed deposits which have original maturities between 3 and 12 months.

Movement in short-term investments held to maturity is as follows:

| For the three-month period ended 30 June 2017 | Unaudited Baht |
|--|---------------------------|
| Opening balance | 3,836,983,912 |
| Additions during the period | 2,147,897,709 |
| Redemptions during the period | <u>(2,494,500,000)</u> |
| Closing balance | <u>3,490,381,621</u> |

As at 30 June 2017, short-term investments held to maturity bore interest at the average rate of 1.18% - 1.60% per annum (31 March 2017 : 1.23% - 1.65% per annum).

5 Trade and other accounts receivable, net

Trade and other accounts receivable, net as at 30 June 2017 and 31 March 2017 are as follows:

| | Unaudited 30 June 2017 Baht | Audited 31 March 2017 Baht |
|--|--|---|
| Trade accounts receivable - other companies | 2,001,135,728 | 1,767,680,327 |
| <u>Less</u> Allowance for doubtful account | <u>(24,110,003)</u> | <u>(24,259,403)</u> |
| Trade accounts receivable - other companies, net | 1,977,025,725 | 1,743,420,924 |
| Trade accounts receivable - related parties (Note 6) | 151,816,664 | 219,476,915 |
| Prepaid expenses | 39,085,703 | 47,525,692 |
| Accrued income | 20,646,895 | 25,669,254 |
| Value added tax receivable | 8,265,477 | 9,417,726 |
| Other receivables | 7,824,131 | 6,514,239 |
| | <u>2,204,664,595</u> | <u>2,052,024,750</u> |

Trade accounts receivable as at 30 June 2017 and 31 March 2017 can be analysed as follows:

| | Trade accounts receivable- other companies | | Trade accounts receivable- related parties | |
|----------------------|---|---|---|---|
| | Unaudited 30 June 2017 Baht | Audited 31 March 2017 Baht | Unaudited 30 June 2017 Baht | Audited 31 March 2017 Baht |
| Current | 1,956,885,057 | 1,734,347,477 | 144,090,780 | 217,547,362 |
| Overdue | | | | |
| - less than 3 months | 17,997,852 | 7,806,621 | 6,580,451 | 1,655,383 |
| - 3 - 6 months | 2,469,541 | 9,070 | 923,799 | 253,485 |
| - 6 - 12 months | 1,179 | - | 209,349 | 20,685 |
| - more than 1 year | 23,782,099 | 25,517,159 | 12,285 | - |
| | <u>2,001,135,728</u> | <u>1,767,680,327</u> | <u>151,816,664</u> | <u>219,476,915</u> |

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6 Related party transactions

The Company had the significant transactions with its major shareholder, Stanley Electric Company Limited, incorporated in Japan which holds 33.69% 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 29.08% 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 | 2017 | Unaudited |
|--|--------------------|--------------------|
| | Baht | 2016 |
| | | Baht |
| Sales | | |
| Stanley Electric Group companies | 101,505,717 | 183,474,563 |
| Companies related by way of the Company's management and directors as shareholders, or by way of common directors | 39,576,167 | 48,552,019 |
| Associates | 89,795,140 | 83,667,673 |
| | <u>230,877,024</u> | <u>315,694,255</u> |
| Dividend income | | |
| Companies related by way of the Company's management and directors as shareholders, or by way of common directors | 1,578,571 | 2,788,586 |
| Associates | 76,596,000 | 62,270,370 |
| | <u>78,174,571</u> | <u>65,058,956</u> |
| Purchases of goods and services | | |
| Stanley Electric Group companies | 661,088,856 | 444,230,140 |
| Companies related by way of the Company's management and directors as shareholders, or by way of common directors | 99,478,135 | 93,446,272 |
| Associates | 70,233,331 | 63,263,041 |
| | <u>830,800,322</u> | <u>600,939,453</u> |
| Royalty fee | | |
| Stanley Electric Group companies | <u>66,987,040</u> | <u>61,309,017</u> |
| Design and development fee | | |
| Stanley Electric Group companies | <u>24,441,918</u> | <u>15,273,532</u> |
| Technical fee | | |
| Stanley Electric Group companies | <u>1,894,678</u> | <u>2,461,543</u> |
| Training fee | | |
| Stanley Electric Group companies | <u>2,267,997</u> | <u>1,674,037</u> |
| Commission | | |
| Stanley Electric Group companies | <u>11,886,294</u> | <u>9,692,786</u> |
| Directors' and managements' remuneration | | |
| Short-term benefits | <u>10,327,226</u> | <u>10,498,369</u> |

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6 Related party transactions (Cont'd)

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 2017 and 31 March 2017 are as follows:

| | Unaudited 30 June 2017 Baht | Audited 31 March 2017 Baht |
|--|--|---|
| Trade accounts receivable - related parties | | |
| Stanley Electric Group companies | 54,135,024 | 88,612,128 |
| Companies related by way of the Company's management and directors as shareholders, or by way of common directors | 44,410,249 | 45,641,910 |
| Associates | 53,271,391 | 85,222,877 |
| | <u>151,816,664</u> | <u>219,476,915</u> |
| Trade accounts payable - related parties | | |
| Stanley Electric Group companies | 441,247,712 | 310,060,361 |
| Companies related by way of the Company's management and directors as shareholders, or by way of common directors | 37,206,626 | 36,112,969 |
| Associates | 70,555,498 | 77,417,002 |
| | <u>549,009,836</u> | <u>423,590,332</u> |
| Other accounts payable - related parties | | |
| Stanley Electric Group companies | 130,844,675 | 129,660,328 |

7 Investments in associates

a) Movements in investments in associates are as follows:

| | Equity Method | Cost Method |
|--|---------------------------|---------------------------|
| | Unaudited Baht | Unaudited Baht |
| For the three-month period ended 30 June 2017 | | |
| Opening net book amount | 1,048,232,284 | 57,176,689 |
| Share of profit | 72,843,309 | - |
| Dividends received | (76,596,000) | - |
| Translation adjustments | 10,067,290 | - |
| Closing net book amount | <u>1,054,546,883</u> | <u>57,176,689</u> |

b) The details of investments in associates are as follows:

| Name | Business activity | Paid-up share capital | % of holding | Equity Method | | | |
|--|--|-----------------------------|-----------------|-----------------------------------|-------------------|----------------------------------|-------------------|
| | | | | Unaudited 30 June 2017 | | Audited 31 March 2017 | |
| | | | | Amount Baht | Dividend Baht | Amount Baht | Dividend Baht |
| Associates | | | | | | | |
| Lao Stanley Company Limited | Manufacture of automotive lighting equipment | USD 0.25 million | 50 | 21,257,247 | - | 20,501,287 | 7,194,886 |
| Vietnam Stanley Electric Company Limited | Manufacture of automotive lighting equipment | USD 8.30 million | 20 | 1,033,289,636 | 76,596,000 | 1,027,730,997 | 62,270,370 |
| | | | | <u>1,054,546,883</u> | <u>76,596,000</u> | <u>1,048,232,284</u> | <u>69,465,256</u> |

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7 Investments in associates (Cont'd)

b) The details of investments in associates are as follows: (Cont'd)

| Name | Business activity | Paid-up share capital | % of holding | Unaudited 30 June 2017 | | Cost Method Audited 31 March 2017 | |
|--|--|-----------------------|--------------|---------------------------|-------------------|---|-------------------|
| | | | | Amount Baht | Dividend Baht | Amount Baht | Dividend Baht |
| Associates | | | | | | | |
| Lao Stanley Company Limited | Manufacture of automotive lighting equipment | USD 0.25 million | 50 | 3,132,500 | - | 3,132,500 | 7,194,886 |
| Vietnam Stanley Electric Company Limited | Manufacture of automotive lighting equipment | USD 8.30 million | 20 | 54,044,189 | 76,596,000 | 54,044,189 | 62,270,370 |
| | | | | <u>57,176,689</u> | <u>76,596,000</u> | <u>57,176,689</u> | <u>69,465,256</u> |

8 Long-term investments, net

Long-term investments, net as at 30 June 2017 and 31 March 2017 are as follows:

As at 30 June 2017 (Unaudited)

| | Available-for-sale investments Baht | General investments Baht | Total Baht |
|----------------------------|-------------------------------------|--------------------------|--------------------|
| Equity securities | | | |
| - Related parties | 9,920,000 | 104,921,215 | 114,841,215 |
| - Other companies | - | - | - |
| Long-term investments, net | <u>9,920,000</u> | <u>104,921,215</u> | <u>114,841,215</u> |

As at 31 March 2017 (Audited)

| | Available-for-sale investments Baht | General investments Baht | Total Baht |
|----------------------------|-------------------------------------|--------------------------|--------------------|
| Equity securities | | | |
| - Related parties | 9,240,000 | 104,921,215 | 114,161,215 |
| - Other companies | - | - | - |
| Long-term investments, net | <u>9,240,000</u> | <u>104,921,215</u> | <u>114,161,215</u> |

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

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8 Long-term investments, net (Cont'd)

The details of long-term investments are as follows:

| Name | Business activity | Paid-up share capital | % of holding | Unaudited 30 June 2017 | | Audited 31 March 2017 | |
|--|---|-----------------------|--------------|------------------------|------------------|-----------------------|-------------------|
| | | | | Amount Baht | Dividend Baht | Amount Baht | Dividend Baht |
| Related party - available for sale | | | | | | | |
| Inoue Rubber (Thailand) Public Company Limited | Manufacture of tyre | Baht 200 million | 0.2 | 3,380,000 | - | 3,380,000 | 410,920 |
| Change in fair value of investment | | | | 6,540,000 | - | 5,860,000 | - |
| | | | | <u>9,920,000</u> | <u>-</u> | <u>9,240,000</u> | <u>410,920</u> |
| Related parties - general investments (at cost) | | | | | | | |
| Asian Stanley International Company Limited | Manufacture of small bulbs, LED and electronic components | Baht 400 million | 15.0 | 60,000,000 | - | 60,000,000 | 16,183,642 |
| Sirivit Stanley Company Limited | Manufacture of electronic equipment and automotive lighting | Baht 21 million | 15.0 | 3,000,000 | 1,578,571 | 3,000,000 | 2,788,586 |
| Lumax Industries Limited | Manufacture of automotive lighting equipment and auto parts | RS 93.5 million | 1.73 | 8,793,715 | - | 8,793,715 | - |
| PT. Indonesia Stanley Electric | Manufacture of molds and automotive lighting | USD 7.5 million | 10.0 | 33,127,500 | - | 33,127,500 | 4,034,537 |
| | | | | <u>104,921,215</u> | <u>1,578,571</u> | <u>104,921,215</u> | <u>23,006,765</u> |
| Other companies - general investments (at cost) | | | | | | | |
| 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 investment | | | | <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>114,841,215</u> | <u>1,578,571</u> | <u>114,161,215</u> | <u>23,417,685</u> |

9 Property, plant and equipment, net

For the three-month period ended 30 June 2017

| | Unaudited Baht |
|---------------------------------|-----------------------|
| Opening net book amount | 5,460,123,334 |
| Additions | 154,113,764 |
| Disposals/write - offs, net | (27,418) |
| <u>Less</u> Depreciation charge | <u>(265,454,703)</u> |
| Closing net book amount | <u>5,348,754,977</u> |

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

As at 30 June 2017, the Company has capital commitments amount of Baht 134 million (31 March 2017 : Baht 79 million).

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10 Intangible assets, net

For the three-month period ended 30 June 2017

| | Unaudited Baht |
|---------------------------------|---------------------------|
| Opening net book amount | 720,008,805 |
| Additions | 59,801,262 |
| <u>Less</u> Amortisation charge | <u>(49,796,907)</u> |
| Closing net book amount | <u>730,013,160</u> |

The additions during the period mainly compose of product designs.

11 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of common shares in issue during the period (30 June 2017 : 76,625,000 shares and 30 June 2016 : 76,625,000 shares).

There are no dilutive ordinary shares in issue for the three-month periods ended 30 June 2017 and 2016.

12 Commitments and contingent liabilities

For the three-month period ended 30 June 2017, there were no significant changes in commitments and contingent liabilities and other agreements from the year ended 31 March 2017, except the capital commitment as mentioned in Note 9 and the following item:

Forward exchange contracts

As at 30 June 2017 and 31 March 2017, the Company has the outstanding foreign currency forward contracts which the foreign currency contract amount and settlement dates on the contracts are as follows:

| | Unaudited 30 June 2017 | Audited 31 March 2017 |
|--|---------------------------------------|--------------------------------------|
| Forward exchange contracts | Yen 40 million USD 1 million | Yen 50 million USD 1 million |
| Maturity of forward exchange contracts | 1 - 2 month | 1 - 2 month |

13 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 objected to this letter and submitted the appeal to the Central Tax Court of Thailand. The Company has asked the bank to issue a letter of guarantee for this tax amount.

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 has submitted an appeal against the Court's judgment to the Court of Appeal for Specialized Cases - Tax Case Division. The case is now under the consideration of the Court of Appeal for Specialized Cases - Tax Case Division.

The Company did not record liabilities in this interim financial information.

14 Segment information

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

Business segment

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

15 Subsequent event after reporting period

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