

Part 3 Financial Statement & Operation Result

13. Financial Statements

(1) Summary of Financial Status and operation for 3 year

A) For the past 3 year we assure the financial position and the results of its operations and its cash flows in conformity with generally accepted accounting principles.

B) Table of the Financial Statement

Thai Stanley Electric Public Company Limited

Statement of Financial Position

As at 31 March 2014 to 31 March 2016

(Financial statement in which the equity method is applied)

| | Audited | | | | | |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Mar 31,2016 | (%) | Mar 31,2015 | (%) | Mar 31,2014 | (%) |
| Asset | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 1,839,888 | 12.77 | 2,350,313 | 17.68 | 2,667,175 | 21.33 |
| Short-term investment held to maturity | 2,120,000 | 14.71 | 727,358 | 5.47 | 159,913 | 1.28 |
| Trade and other accounts receivable , net | 2,282,885 | 15.85 | 1,884,060 | 14.17 | 1,663,302 | 13.30 |
| Inventories , net | 772,442 | 5.36 | 939,180 | 7.06 | 729,396 | 5.83 |
| Corporate income tax refundable | 35,804 | 0.25 | 35,804 | 0.27 | 35,804 | 0.29 |
| Other current assets | 8,485 | 0.06 | 10,291 | 0.08 | 6,380 | 0.05 |
| Total current assets | 7,059,504 | 49.00 | 5,947,007 | 44.73 | 5,261,970 | 42.08 |
| Non-current assets | | | | | | |
| Investments in associates | 931,423 | 6.46 | 728,045 | 5.48 | 601,562 | 4.81 |
| Long-term investments , net | 112,681 | 0.78 | 138,380 | 1.04 | 137,940 | 1.10 |
| Property , plant and equipment, net | 5,536,093 | 38.43 | 5,823,148 | 43.80 | 5,975,284 | 47.78 |
| Intangible assets , net | 731,687 | 5.08 | 633,700 | 4.77 | 508,441 | 4.06 |
| Other non-current assets, net | 35,882 | 0.25 | 23,625 | 0.18 | 20,879 | 0.17 |
| Total non-current assets | 7,347,766 | 51.00 | 7,346,898 | 55.27 | 7,244,106 | 57.92 |
| Total assets | 14,407,271 | 100.00 | 13,293,905 | 100.00 | 12,506,076 | 100.00 |

Thai Stanley Electric Public Company Limited
Statement of Financial Position

As at 31 March 2014 to 31 March 2016 (Unit : Thousand Baht)

| | Audited | | | | | |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Mar 31,2016 | (%) | Mar 31,2015 | (%) | Mar 31,2014 | (%) |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Trade accounts payable - other companies | 515,856 | 3.58 | 499,825 | 3.76 | 460,247 | 3.68 |
| - related companies | 428,297 | 2.97 | 370,910 | 2.79 | 232,632 | 1.86 |
| Other accounts payable - other companies | 176,226 | 1.22 | 154,773 | 1.16 | 281,971 | 2.25 |
| - related parties | 141,174 | 0.98 | 148,707 | 1.12 | 113,384 | 0.91 |
| Accrued corporate income tax | 124,546 | 0.86 | 159,832 | 1.20 | 160,083 | 1.28 |
| Advance received from customers | - | - | - | - | 12,085 | 0.10 |
| Accrued expenses | 257,133 | 1.78 | 217,340 | 1.64 | 223,881 | 1.79 |
| Total current liabilities | 1,643,232 | 11.41 | 1,551,388 | 11.67 | 1,484,284 | 11.87 |
| Non-current liabilities | 92,780 | 0.64 | | | | |
| Deferred tax liabilities , net | | | 59,977 | 0.45 | 45,765 | 0.37 |
| Provision for post-employee benefits | 163,313 | 1.13 | 143,208 | 1.08 | 144,192 | 1.15 |
| Total liabilities | 256,093 | 1.77 | 203,186 | 1.53 | 189,956 | 1.52 |
| Shareholders' equity | 1,899,326 | 13.18 | 1,754,574 | 13.20 | 1,674,240 | 13.39 |
| Authorised Share capital | | | | | | |
| Premium on share capital | 383,125 | 2.66 | 383,125 | 2.88 | 383,125 | 3.06 |
| Retained earnings | 504,250 | 3.50 | 504,250 | 3.79 | 504,250 | 4.03 |
| Appropriated | | | | | | |
| Legal reserve | 38,313 | 0.27 | 38,313 | 0.29 | 38,313 | 0.31 |
| Unappropriated | 11,624,962 | 80.69 | 10,689,308 | 80.41 | 9,990,720 | 79.89 |
| Other components of equity | (42,704) | (0.30) | (75,664) | (0.57) | (84,572) | (0.68) |
| Total shareholders' equity | 12,507,945 | 86.82 | 11,539,331 | 86.80 | 10,831,836 | 86.61 |
| Total liabilities and shareholders' equity | 14,407,271 | 100.00 | 13,293,905 | 100.00 | 12,506,076 | 100.00 |
| Book Value * (Baht) | 163.24 | | 150.59 | | 141.36 | |
| Par Value (Baht) | 5.00 | | 5.00 | | 5.00 | |
| Number of share (thousand shares) | 76,625 | | 76,625 | | 76,625 | |
| Weighted average ordinary number of share (thousand shares) | 76,625 | | 76,625 | | 76,625 | |

* Calculated by using The Weighted Average number of ordinary share

Thai Stanley Electric Public Company Limited

Statements of Income

As at 31 March 2014 to 31 March 2016

(The equity method) (Unit : Thousand Baht)

| | Audited | | | | | |
|---|-------------------|---------------|------------------|---------------|-------------------|---------------|
| | Mar 31,2016 | (%) | Mar 31,2015 | (%) | Mar 31,2014 | (%) |
| Revenue | | | | | | |
| Sales | 10,672,224 | 100.00 | 9,523,829 | 100.00 | 10,268,617 | 100.00 |
| Dividend income | 9,376 | 0.09 | 10,851 | 0.11 | 41,766 | 0.41 |
| Gain on exchange rates , net | 19,371 | 0.18 | 22,474 | 0.24 | 7,022 | 0.07 |
| Others | 146,643 | 1.37 | 255,920 | 2.69 | 310,382 | 3.02 |
| Total Revenue | 10,848,881 | 101.65 | 9,813,074 | 103.04 | 10,627,787 | 103.50 |
| Cost of sales | 8,929,410 | 83.67 | 7,808,825 | 81.99 | 8,080,350 | 78.69 |
| Selling and administrative expenses | 774,854 | 7.26 | 727,656 | 7.64 | 830,962 | 8.09 |
| Total Expenses | 9,704,264 | 90.93 | 8,536,481 | 89.63 | 8,911,312 | 86.78 |
| Operation profit | 1,405,261 | 13.17 | 1,276,593 | 13.40 | 1,716,475 | 16.72 |
| Share of profit from investment in Associates | 217,352 | 2.04 | 168,534 | 1.77 | 130,545 | 1.27 |
| Profit before income tax | 1,622,612 | 15.20 | 1,445,127 | 15.17 | 1,847,021 | 17.99 |
| Income tax | 319,172 | 2.99 | 287,480 | 3.02 | 359,508 | 3.50 |
| Net profit for the year | 1,303,440 | 12.21 | 1,157,648 | 12.16 | 1,487,512 | 14.49 |
| Net profit per share | 17.01 | | 15.11 | | 19.41 | |
| Par Value (Baht / Share) | 5 | | 5 | | 5 | |
| Weighted Average Number of Share (thousand share) | 76,625 | | 76,625 | | 76,625 | |

Auditor Ms.Varaporn Vorathitikul
Certified Public Accountant (Thailand) No.4474
PricewaterhouseCoopers ABAS Limited

Thai Stanley Electric Public Company Limited
Statements of Cash flows
For the years ended 31 March 2014 to 31 March 2016

(Unit: Thousand baht)

| | Audited | | |
|--|------------------|------------------|------------------|
| | Mar 31,2016 | Mar 31,2015 | Mar 31,2014 |
| Cash flows from operating activities: | | | |
| Profit before income tax for the year | 1,622,612 | 1,445,127 | 1,847,021 |
| Adjustments to reconcile profit before income tax | | | |
| For the year to net cash provided by operations: | | | |
| Depreciation and amortisation | 1,227,311 | 1,146,172 | 1,031,075 |
| Interest income | (55,112) | (42,369) | (45,997) |
| Gain on sale of long-term investment | (261,911) | | |
| Share profit (loss) from investments in associates | (217,352) | (168,534) | (130,545) |
| Dividend income from | | | |
| - Long-term investments | (9,376) | (10,851) | (41,766) |
| Gains on disposal of property , plant and equipment , net | (3,623) | (96,331) | (224) |
| Reversal of allowance for slow moving inventories and net realizable value lower than cost of inventories | (3,002) | (11,936) | 3,349 |
| (Reversal of) Allowance for doubtful account | 9,514 | (636) | (273) |
| (Reversal of) Provision for post-employment benefit | 23,121 | (257) | 12,886 |
| Unrealised gain on exchange rates | (184) | (566) | (236) |
| Cash flows before changes in operating assets and Liabilities | 2,331,998 | 2,259,818 | 2,675,291 |
| Changes in operating assets and liabilities | | | |
| Trade and other account receivable | (412,611) | (208,178) | 371,579 |
| Inventories | 169,739 | (197,847) | 111,581 |
| Other current assets | 1,806 | (3,911) | 844 |
| Other non-current assets | (12,257) | (2,746) | (1,039) |
| Trade accounts payable- other companies | 16,031 | 39,578 | (104,142) |
| Trade accounts payable related parties | 57,386 | 138,278 | (67,993) |
| Other accounts payable other companies | 2,499 | (62,431) | (36,818) |
| Other accounts payable related parties | (7,383) | 34,838 | (17,449) |
| Advance received from customers | - | (12,085) | (26,555) |
| Accrued expenses | 39,793 | (6,541) | (22,369) |
| Payments for post-employment benefits obligation | (3,015) | (726) | (457) |
| Cash generated from operation | 2,183,987 | 1,978,047 | 2,882,473 |
| - Interest received | 19,452 | 34,936 | 40,859 |
| - Income tax paid | (329,896) | (275,745) | (420,611) |
| Net cash received from operating activities | 1,873,543 | 1,737,238 | 2,502,722 |

Thai Stanley Electric Public Company Limited
Statements of Cash flows
For the years ended 31 March 2014 to 31 March 2016

(Unit: Thousand baht)

| | Audited | | |
|--|--------------------|--------------------|--------------------|
| | Mar 31,2016 | Mar 31,2015 | Mar 31,2014 |
| Cash flows from investing activities: | | | |
| Purchases of property , plant and equipment | (740,366) | (1,013,844) | (907,451) |
| Proceeds from disposals of property , plant and equipment | 4,470 | 207,730 | 8,549 |
| Interest received on short-term investments held to maturity | 32,835 | 5,489 | 4,975 |
| Cash receipts from sale of long-term investment | 290,000 | - | - |
| Dividends received from | | | |
| - Investment in associates | 59,880 | 42,746 | 39,146 |
| - Long-term investments | 9,376 | 10,821 | 41,766 |
| Purchase of intangible assets | (279,920) | (281,134) | (162,205) |
| Cash receipts from short-term investment held to maturity | 4,987,000 | 1,003,000 | 770,000 |
| Cash payment on short –term investment held to maturity | (6,379,642) | (1,570,445) | (820,208) |
| Net Cash used in investing activities | (2,016,367) | (1,595,606) | (1,025,428) |
| Cash flow from financing activity : | | | |
| Dividends paid | (367,786) | (459,060) | (517,186) |
| Net cash used in financing activities | (367,786) | (459,060) | (517,186) |
| Net decrease in cash and cash equivalents | (510,610) | (317,428) | 960,108 |
| Cash and cash equivalents at beginning of the year | 2,350,313 | 2,667,175 | 1,706,831 |
| Effects of exchange rate changes | 184 | 566 | 236 |
| Cash and cash equivalents at end of the year | 1,839,888 | 2,350,313 | 2,667,175 |

Non – cash transaction :

Outstanding liabilities arisen from purchases of plant ,

| | | | |
|--|--------|--------|---------|
| Equipment and intangible assets | 65,405 | 46,602 | 110,884 |
| Accrued dividend income from investment in associate | 3,813 | 10,000 | - |

(C) Financial ratio

Thai Stanley Electric Public Company Limited
Ratio of financial statement

(The Company Only)

| | | Audited | | |
|-------------------------------|---------|-------------|-------------|-------------|
| | | Mar 31,2016 | Mar 31,2015 | Mar 31,2014 |
| Liquidity Ratio | | | | |
| Current Ratio | (Times) | 4.30 | 3.83 | 3.55 |
| Quick Ratio | (Times) | 3.80 | 3.20 | 2.92 |
| Cash Ratio | (Times) | 1.34 | 1.14 | 1.55 |
| Receivable Turnover Ratio | (Times) | 5.12 | 4.30 | 5.55 |
| Collection Period | (Days) | 70.31 | 83.72 | 64.86 |
| Inventory Turnover | (Times) | 106.04 | 108.36 | 88.30 |
| Sale Period | (Days) | 3.39 | 3.32 | 4.08 |
| Account Payable Turnover | (Times) | 7.74 | 9.99 | 10.37 |
| Payment Period | (Days) | 46.51 | 36.04 | 34.72 |
| Cash Cycle | (Days) | 27.19 | 51.00 | 34.22 |
| Profitability Ratio | | | | |
| Gross Profit Margin | (%) | 16.33 | 18.01 | 21.31 |
| Operation Profit Margin | (%) | 13.17 | 13.40 | 16.72 |
| Other profit Margin | (%) | *** | *** | *** |
| Cash margin | (%) | 133.32 | 136.08 | 145.81 |
| Net profit margin | (%) | 11.73 | 11.80 | 14.00 |
| Return on Equity | (%) | 10.84 | 10.38 | 14.39 |
| Efficiency Ratio | | | | |
| Return on Assets | (%) | 9.41 | 8.97 | 12.27 |
| Return on Fixed Assets | (%) | 47.69 | 36.51 | 40.15 |
| Asset Turnover | (Times) | 1.96 | 0.76 | 0.88 |
| Financial Policy Ratio | | | | |
| Debt to Equity | (Times) | 0.15 | 0.15 | 0.15 |
| Interest coverage Ratio | (Times) | *** | *** | - ** |
| Fixed Charge Coverage | (Times) | 0.79 | 0.85 | 1.62 |
| (CASH BASIS) | | | | |
| Pay- out Ratio | (%) | * | 34.53 | 32.51 |

* It will be approved from the ordinary shareholders' meeting year 2016 and calculate from Net Profit – The company only

** The company have no interest payment . ***The company have no other profit

14. Management Analysis and explanations

14.1 Overview results operations

In 2015, the Company's all revenues and profit were increased , sale increased 12.06% and operating profit increased 10.08% better than the automotive industry in Thailand that slow down continue from year 2013 – 2016 , from the overall economy is stagnating due to reduced agricultural productivity from the hot weather , that motorcar sold decreased 9% and motorcycle sold decreased 4% from previous year , the export sale increasing 7% and growth trend .

Operating result and profitability

In 2015, The total sale were 10,672.22 million baht, increased on the previous year 1,148.39 million baht or increased 12.06%, detail as follows.

Domestic sale was 71.49% of total sale and increased 7.03% from the previous year and export sale was 28.51% of total sale and increased 27.01% from the previous year. The export sale that growth same as trend of automotive industry and the domestic sale better than the industry from product Lamp and Die & Mold.

Sale by product as Automotive Bulb was 6.02% decreased 4.89% from the previous year and Lamp was 86.85% of total sale and increased 10.48% from the previous year from lamp for Pick-up Passenger Vehicle (PPV) , Die & Mold and design sold was 7.13% of total sale and increased 65.78% from the previous year that sold to Stanley company group in USA.

Expense – Cost of sale was 8,929.41 million baht or 84% of total sale and increased 14.35% from the previous year , the cost of sale increased more than sale from increasing production and from fixed cost such as depreciation and labor cost that can not control to decline and production cost from newly model that first time to production so the company must more test to production but now the production is stable and test cost can control and decreasing , the gross margin was 1,742.81 million baht or 16% of total sale and increased 1.62% from the previous year

Selling and Administration expense was 774.85 million baht or 7.26% of total sale , decreased 6.49% from the previous year.

Operation profit was 1,405.26 million baht or 13.17% of total sale and increased 10.08% from the previous year , that operation profit ratio was 13.17% decreased as few from the previous year ratio was 13.40%

Net profit was 1,303.44 million baht or 12.21% of total sale and increased from the previous year 12.59% and net profit ratio was 11.73% that decreased as few from the previous year that ratio was 11.80%.

The company approved the 2nd agreement of New Cost Management System program with Stanley Electric Co.,Ltd., Japan , that expected to cost control sustainable and increasing in profitability .Now the company started to use this program with new model , the result was slightly but can not affecting the overall profitability clearly.

Asset Management

Total Assets

Total Assets of the Company were 14,407.27 million baht increase from the last year 8.38 %.

The main item as follows;

- Trade accounts receivable and other account receivable , net were 2,282.88 million baht , increase 21.17% due to increased of total sales .

- Inventories were 772.44 million baht , increased 17.75% also due to production , main inventory from work in process was 52.62% , raw material and packaging 28.15% and finished goods 11.84%. The company have policy to production as customer order not more stock for inventory control cost , the company have inventory provision 22.28 million baht main in expired raw material and packaging.

- Property, plant and equipment net were 5,536.09 million baht decreased 4.93%, that the company slow down to investment in equipment and machinery due to automotive industry trend decreasing. The company ratio for return on asset was 9.47% increased from the previous year that ratio was 8.97% , fixed asset return ratio was 47.69% increased from the previous year that ratio was 36.51% and asset turnover ratio was 1.96 times increased from the previous year that ratio was 0.76 times.

Total Liabilities

Total liabilities of the company were 1,899.33 million baht increased from last year 8.25% which comes from the trade account payable and other account payable due to production trend increasing in quarterly 4 (January-March 2016), so the company account payable turnover ratio was 7.74 time , nearly the previous year ratio was 9.99 times

Shareholders' equity

Total shareholders' equity was 12,507.95 million baht increased 8.39% from the previous year and return on equity ratio was 10.84% increased from the previous year that ratio was 10.35%

Cash flow structure

In 2015, the company had cash and cash equivalents, net 1,839.89 million, decreased 21.72 % that from as at March 31, 2016 the trade account payable increased 7.44% from the previous year but enough for use in our business , that current ratio was 4.30 times that good ratio and to classified as cash flows from operating activities amount 1,837.54 million baht used in investing activities was 2,016.37 million baht and financing activities for dividend by 367.79 million baht .

The company continues to invest in building improvements, machinery and equipment but lower investment by the automotive industry trend and increased investment for Die & Mold part that for support to new model production that continuing launch .

Debt servicing obligations and management of off-balance sheet obligations.

The Company adopts the policy to use cash flow to invest and spend in the company. Do not focus on lending , in year 2015 the company has no outstanding debt and interest expense. There are only account payable liabilities and commercial liabilities as usual , the company has a debt to equity shareholders ratio was 0.15 times same as last year, which is very small because the company has very little debt.

14.2 Factors or events that could affect the financial position or operations significantly in the future.

The Economic and automotive industry are the main factors that affect the operation of the company directly and current political situation affects the economy and the automotive industry. The production and sales decrease drastically.

Companies need to take measures to reduce costs and slow down investment to comply with this a situation

The company continues to make a significant contribution to research and development. Customers still have plans to launch new models constantly, the company continues to gain the trust of getting to Lamp products throughout.