

THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2011

AUDITOR'S REPORT

To the Shareholders of Thai Stanley Electric Public Company Limited

I have audited the accompanying balance sheets in which the equity method is applied and the company only as at 31 March 2011 and 2010 and the related statements of income, changes in shareholders' equity and cash flows in which the equity method is applied and the company only for the years then ended of Thai Stanley Electric Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 March 2011 and 2010 and the results of its operations and its cash flows for the years then ended of Thai Stanley Electric Public Company Limited in accordance with generally accepted accounting principles.

Nangnoi Charoenthaveesub
Certified Public Accountant (Thailand) No. 3044
PricewaterhouseCoopers ABAS Limited

Bangkok
20 May 2011

Thai Stanley Electric Public Company Limited

Balance Sheets

As at 31 March 2011 and 2010

	Notes	Financial statements in which the equity method is applied		The company only	
		2011	2010	2011	2010
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	6	3,133,889,742	1,858,789,839	3,133,889,742	1,858,789,839
Short-term investments held to maturity	7	560,985,995	975,579,011	560,985,995	975,579,011
Trade accounts receivable					
- other companies	8	1,319,060,943	1,190,976,426	1,319,060,943	1,190,976,426
- related parties	8, 25	79,530,332	90,584,726	79,530,332	90,584,726
Inventories, net	9	584,334,488	419,593,486	584,334,488	419,593,486
Other current assets		68,666,983	62,370,792	68,666,983	62,370,792
Total current assets		5,746,468,483	4,597,894,280	5,746,468,483	4,597,894,280
Non-current assets					
Investments in associates	10	291,218,231	298,878,138	57,176,689	57,176,689
Long-term investments, net	11	151,667,138	144,219,255	151,667,138	144,219,255
Property, plant and equipment, net	12	3,268,205,285	3,031,174,297	3,268,205,285	3,031,174,297
Intangible assets, net	13	389,393,430	345,681,414	389,393,430	345,681,414
Other non-current assets, net		18,361,471	23,650,869	18,361,471	23,650,869
Total non-current assets		4,118,845,555	3,843,603,973	3,884,804,013	3,601,902,524
Total assets		9,865,314,038	8,441,498,253	9,631,272,496	8,199,796,804

Director _____
(Mr. Hiroyuki Nakano)

Director _____
(Mr. Apichart Leeissaranukul)

Date _____

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited

Balance Sheets

As at 31 March 2011 and 2010

	Notes	Financial statements in which the equity method is applied		The company only	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable - other companies		518,227,310	435,330,914	518,227,310	435,330,914
- related parties	25	242,011,426	141,633,374	242,011,426	141,633,374
Other accounts payable - other companies		188,823,394	114,054,926	188,823,394	114,054,926
- related parties	25	120,892,213	109,726,795	120,892,213	109,726,795
Foreign currency forward contract payables, net		303,030	68,022	303,030	68,022
Accrued income tax		269,432,571	227,204,365	269,432,571	227,204,365
Advances received from customers		85,710,323	15,650,068	85,710,323	15,650,068
Other current liabilities	14	107,240,866	89,237,312	107,240,866	89,237,312
Total current liabilities		1,532,641,133	1,132,905,776	1,532,641,133	1,132,905,776
Non-current liabilities					
Retirement benefits obligation	15	92,290,415	46,753,113	92,290,415	46,753,113
Total non-current liabilities		92,290,415	46,753,113	92,290,415	46,753,113
Total liabilities		1,624,931,548	1,179,658,889	1,624,931,548	1,179,658,889
Shareholders' equity					
Share capital					
Authorised share capital					
76,625,000 ordinary shares, par value of Baht 5 each	16	383,125,000	383,125,000	383,125,000	383,125,000
Issued and paid-up 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
Premium on share capital	16	504,250,000	504,250,000	504,250,000	504,250,000
Unrealised gain on revaluation of available-for-sale securities		4,620,000	4,860,000	4,620,000	4,860,000
Retained earnings					
Appropriated					
- Legal reserve	18	38,312,500	38,312,500	38,312,500	38,312,500
Unappropriated		7,449,618,260	6,405,016,663	7,076,033,448	6,089,590,415
Translation adjustment	10	(139,543,270)	(73,724,799)	-	-
Total shareholders' equity		8,240,382,490	7,261,839,364	8,006,340,948	7,020,137,915
Total liabilities and shareholders' equity		9,865,314,038	8,441,498,253	9,631,272,496	8,199,796,804

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Income
For the years ended 31 March 2011 and 2010

	Notes	Financial statements in which the equity method is applied		The company only	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Sales	23, 25	8,939,609,350	7,286,366,678	8,939,609,350	7,286,366,678
Cost of sales		(6,581,400,088)	(5,715,725,346)	(6,581,400,088)	(5,715,725,346)
Gross profit		2,358,209,262	1,570,641,332	2,358,209,262	1,570,641,332
Other income					
- Dividend income	10, 11	52,603,444	48,064,248	78,516,663	78,213,425
- Gain on exchange rates, net		2,120,492	7,573,500	2,120,492	7,573,500
- Others	19, 25	171,047,520	128,563,259	171,047,520	128,563,259
Profit before expenses		2,583,980,718	1,754,842,339	2,609,893,937	1,784,991,516
Selling expenses		(415,162,992)	(318,714,682)	(415,162,992)	(318,714,682)
Administrative expenses		(214,264,034)	(195,266,012)	(214,264,034)	(195,266,012)
Directors' and managements' remuneration	22	(26,705,302)	(25,002,073)	(26,705,302)	(25,002,073)
Total expenses		(656,132,328)	(538,982,767)	(656,132,328)	(538,982,767)
Operating profit	20	1,927,848,390	1,215,859,572	1,953,761,609	1,246,008,749
Share of profit from investments in associates	10	84,071,783	92,750,960	-	-
Profit before finance costs and income tax		2,011,920,173	1,308,610,532	1,953,761,609	1,246,008,749
Finance costs - interest expenses		-	(5,178)	-	(5,178)
Profit before income tax		2,011,920,173	1,308,605,354	1,953,761,609	1,246,003,571
Income tax		(584,208,576)	(351,164,234)	(584,208,576)	(351,164,234)
Net profit for the year		1,427,711,597	957,441,120	1,369,553,033	894,839,337
Basic earnings per share	21				
Net profit for the year		18.63	12.50	17.87	11.68

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 March 2011 and 2010

		Financial statements in which the equity method is applied						
		Issued and paid-up share capital	Premium on share capital	Unrealised gain on revaluation of available-for-sale securities	Legal reserve	Unappropriated retained earnings	Translation adjustments	Total
	Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 April 2010		383,125,000	504,250,000	4,860,000	38,312,500	6,405,016,663	(73,724,799)	7,261,839,364
Change in fair value of investment	11	-	-	(240,000)	-	-	-	(240,000)
Net profit for the year		-	-	-	-	1,427,711,597	-	1,427,711,597
Dividends paid	17	-	-	-	-	(383,110,000)	-	(383,110,000)
Translation adjustment	10	-	-	-	-	-	(65,818,471)	(65,818,471)
Closing balance as at 31 March 2011		<u>383,125,000</u>	<u>504,250,000</u>	<u>4,620,000</u>	<u>38,312,500</u>	<u>7,449,618,260</u>	<u>(139,543,270)</u>	<u>8,240,382,490</u>
Opening balance as at 1 April 2009		383,125,000	504,250,000	2,280,000	38,312,500	5,830,685,543	-	6,758,653,043
Change in fair value of investment	11	-	-	2,580,000	-	-	-	2,580,000
Net profit for the year		-	-	-	-	957,441,120	-	957,441,120
Dividends paid	17	-	-	-	-	(383,110,000)	-	(383,110,000)
Translation adjustment	10	-	-	-	-	-	(73,724,799)	(73,724,799)
Closing balance as at 31 March 2010		<u>383,125,000</u>	<u>504,250,000</u>	<u>4,860,000</u>	<u>38,312,500</u>	<u>6,405,016,663</u>	<u>(73,724,799)</u>	<u>7,261,839,364</u>

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 March 2011 and 2010

The company only						
Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Unrealised gain on revaluation of available-for-sale securities Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Total Baht
Opening balance as at 1 April 2010	383,125,000	504,250,000	4,860,000	38,312,500	6,089,590,415	7,020,137,915
Change in fair value of investment	11	-	-	(240,000)	-	(240,000)
Net profit for the year	-	-	-	-	1,369,553,033	1,369,553,033
Dividends paid	17	-	-	-	(383,110,000)	(383,110,000)
Closing balance as at 31 March 2011	<u>383,125,000</u>	<u>504,250,000</u>	<u>4,620,000</u>	<u>38,312,500</u>	<u>7,076,033,448</u>	<u>8,006,340,948</u>
Opening balance as at 1 April 2009	383,125,000	504,250,000	2,280,000	38,312,500	5,577,861,078	6,505,828,578
Change in fair value of investment	11	-	-	2,580,000	-	2,580,000
Net profit for the year	-	-	-	-	894,839,337	894,839,337
Dividends paid	17	-	-	-	(383,110,000)	(383,110,000)
Closing balance as at 31 March 2010	<u>383,125,000</u>	<u>504,250,000</u>	<u>4,860,000</u>	<u>38,312,500</u>	<u>6,089,590,415</u>	<u>7,020,137,915</u>

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows
For the years ended 31 March 2011 and 2010

	Notes	Financial statements in which the equity method is applied		The company only	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash flows from operating activities:					
Profit before income tax for the year		2,011,920,173	1,308,605,354	1,953,761,609	1,246,003,571
Adjustments to reconcile profit before income tax to net cash provided by operations:					
- Depreciation	12	692,551,030	761,425,375	692,551,030	761,425,375
- Amortisation	13	93,131,697	75,896,295	93,131,697	75,896,295
- Interest expenses		-	5,178	-	5,178
- Interest income	19	(51,324,828)	(23,718,260)	(51,324,828)	(23,718,260)
- Share of profit from investments in associates	10	(84,071,783)	(92,750,960)	-	-
- Dividend income					
- Investments in associates	10	-	-	(25,913,219)	(30,149,177)
- Long-term investments	11	(52,603,444)	(48,064,248)	(52,603,444)	(48,064,248)
- Net gains on disposal of equipment		(5,886,332)	(1,528,347)	(5,886,332)	(1,528,347)
- Losses on write off intangible assets	13	-	8,038,374	-	8,038,374
- Allowance for slow moving inventories and net realisable value lower than cost of inventories		(5,335,106)	361,236	(5,335,106)	361,236
- Retirement benefits obligation	15	45,980,272	28,475,891	45,980,272	28,475,891
- Unrealised (gains) losses on exchange rates		(469,347)	107,871	(469,347)	107,871
Cash flows before changes in operating assets and liabilities		2,643,892,332	2,016,853,759	2,643,892,332	2,016,853,759
Changes in operating assets and liabilities					
- Trade accounts receivable					
- other companies		(128,084,517)	(533,508,103)	(128,084,517)	(533,508,103)
- related parties		11,054,394	(12,522,314)	11,054,394	(12,522,314)
- Inventories		(159,405,896)	92,697,000	(159,405,896)	92,697,000
- Other current assets		(3,471,918)	504,410	(3,471,918)	504,410
- Other non-current assets		5,289,398	(5,249,068)	5,289,398	(5,249,068)
- Trade accounts payable - other companies		82,896,396	196,412,809	82,896,396	196,412,809
- related parties		100,378,052	62,398,153	100,378,052	62,398,153
- Other accounts payable - other companies		33,225,673	24,478,779	33,225,673	24,478,779
- related parties		11,165,418	22,202,140	11,165,418	22,202,140
- Advances received from customers		70,060,255	(39,023,974)	70,060,255	(39,023,974)
- Other current liabilities		18,149,032	13,312,909	18,149,032	13,312,909
- Payments for retirement benefits obligation	15	(442,970)	(66,072)	(442,970)	(66,072)
Cash generated from operations		2,684,705,649	1,838,490,428	2,684,705,649	1,838,490,428
Interest paid		-	(5,178)	-	(5,178)
Interest received		37,998,953	18,964,648	37,998,953	18,964,648
Income tax paid		(541,980,370)	(214,871,193)	(541,980,370)	(214,871,193)
Net cash received from operating activities		2,180,724,232	1,642,578,705	2,180,724,232	1,642,578,705

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 March 2011 and 2010

	Notes	Financial statements in which the equity method is applied		The company only	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash flows from investing activities:					
Purchases of property, plant and equipment		(888,547,498)	(435,790,283)	(888,547,498)	(435,790,283)
Proceeds from disposals of equipment		6,394,607	9,564,556	6,394,607	9,564,556
Interest received		10,501,602	2,955,392	10,501,602	2,955,392
Dividends received					
- Investments in associates	10	25,913,219	30,149,177	25,913,219	30,149,177
- Long-term investments	11	52,603,444	48,064,248	52,603,444	48,064,248
Purchases of intangible assets	13	(136,843,713)	(108,630,882)	(136,843,713)	(108,630,882)
Purchase of long-term investments					
- other company	11	(7,687,883)	-	(7,687,883)	-
Cash receipts from short term investments held to maturity	7	2,289,498,398	498,745,505	2,289,498,398	498,745,505
Cash payment on short term investments held to maturity	7	(1,874,905,382)	(975,579,011)	(1,874,905,382)	(975,579,011)
Net cash used in investing activities		(523,073,206)	(930,521,298)	(523,073,206)	(930,521,298)
Cash flows from financing activities:					
Dividends paid	17	(383,110,000)	(383,110,000)	(383,110,000)	(383,110,000)
Net cash used in financing activities		(383,110,000)	(383,110,000)	(383,110,000)	(383,110,000)
Net increase in cash and cash equivalents		1,274,541,026	328,947,407	1,274,541,026	328,947,407
Cash and cash equivalents at beginning of the year		1,858,789,839	1,529,911,350	1,858,789,839	1,529,911,350
Effects of exchange rate changes		558,877	(68,918)	558,877	(68,918)
Cash and cash equivalents at end of the year		3,133,889,742	1,858,789,839	3,133,889,742	1,858,789,839
Non-cash transactions:					
Purchase of plant and equipment by credit		53,496,126	11,953,331	53,496,126	11,953,331

The notes to the financial statements on pages 9 to 33 are an integral part of these financial statements.

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 and molds and dies.

These financial statements have been approved by the Company’s Board of directors on 20 May 2011.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been 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 Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention except the measurement of available-for-sale investment as explained in the relevant accounting policies.

The preparation of 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 financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Company has not early adopted them:

Effective for the periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

- b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Company has not early adopted them: (Cont'd)

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented, except for TAS 12 Income Taxes and TAS 16 Property, Plant and Equipment. The management is currently assessing the impact of applying these standards.

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Company will apply this standard from 1 April 2013. The management is currently assessing the impact of applying this standard.

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of property, plant and equipment, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Company will apply this standard from 1 April 2011. The management is currently assessing the impact of applying this standard.

2 Accounting policies (Cont'd)

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.4 Trade accounts receivable

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are recognised in the statement of income as part of administrative expenses.

2.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts and rebates. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads which are allocated following ordinary course of business. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.6 Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and accounted for using the equity method in the financial statements in which the equity method is applied.

The Company's shares of its associates' post-acquisition profits or losses are recognised in the statement of income and its shares of post-acquisition movements in reserves are recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Company.

In the company financial statements, investments in associates are accounted for using the cost method.

A list of the Company's principal associates is disclosed in Note 10.

2 Accounting policies (Cont'd)

2.7 Investments

Investments other than investments in associates are classified into the following three categories which are held-to-maturity, available-for-sale and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets.
- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale, and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the investments. Cost of investment includes transaction costs.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. The fair value of investments is based on the quoted bid price by reference to the Stock Exchange of Thailand. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of income as gains and losses from investment.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Company's holding of a particular investment in equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2 Accounting policies (Cont'd)

2.8 Property, plant and equipment

Property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset, except for land which is considered to have indefinite life, to its residual value over the estimated useful lives as follows:

	Years
Buildings	20
Land and building improvements	10
Machinery, equipment and factory tools	5 - 10
Molds	4
Motor vehicles	5
Furniture, fixtures and office equipment	3 - 5

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

Repairs and maintenance expenses are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of income.

2.9 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the direct costs incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line method over their estimated useful lives of which between 5 and 10 years. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

2 Accounting policies (Cont'd)

2.9 Intangible assets (Cont'd)

Product design costs

Costs incurred on development projects relating to the design of new products are recognised as intangible assets when it is probable that the project will be successful considering its commercial and technological feasibility, and only if the cost can be measured reliably. Product design costs previously recognised as an expense are not recognised as an asset in a subsequent period. Product design costs are amortised from the commencement of the commercial production of the product based on the straight-line method over the period of its expected benefit which is 4 years.

2.10 Impairment of assets

Asset and intangible assets with a definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Employee benefits

The Company operates a provident fund that is a defined contribution plan. The assets are held in a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act B.E. 2530. The provident fund is funded by contributions from employees and the Company. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

The Company provides for post-employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and years of service of the respective employees. The liability arising as a result of such regulation is recorded as the present value of estimated future cash outflows using interest rates which have terms to maturities approximating the terms of the related liabilities.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2 Accounting policies (Cont'd)

2.13 Revenue recognition

Revenue from sales comprises the invoice value for the sales of goods net of output tax, rebates and discounts. Revenue from sales is recognised when significant risks and rewards of ownership of the goods are transferred to the buyers.

Revenue from rendering services is recognised when services are rendered.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised when right to receive payment is established.

2.14 Foreign currency translation

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

Statements of income and cash flows of foreign entities are translated into the Company's reporting currency which is Baht at the weighted average exchange rates for the year. The balance sheet items are translated at the exchange rate ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

2.15 Corporate income tax

The Company calculates corporate income tax in accordance with the Revenue Code and records income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods in respect of temporary differences arising between the tax bases and their carrying amounts. The corporate income tax as shown in the statement of income reflects the exemption of corporate income tax of the promotional privileges from the Board of Investment (BOI).

2.16 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders and the Board of Directors.

2 Accounting policies (Cont'd)

2.17 Financial instruments

Financial assets carried in the balance sheets include cash and cash equivalents, short-term investments held to maturity, trade accounts receivable and investments. Financial liabilities carried in the balance sheets are trade accounts payable and other accounts payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Company parties to financial instruments that reduce exposure to fluctuations in exchange rates by using foreign currency forward contracts to protect its exposure from movements in exchange rates. Foreign currency forward contracts established a predetermined exchange rate ("forward rate") at which the Company will receive/ pay foreign currency amounts on a predetermined future date. At the balance sheet date, the foreign currency amounts receivable under these contracts are translated into Baht at the rates ruling at that date. Unrealised gains or losses that result from the translation are recognised in the statement of income. The foreign currency amounts payable under these contracts are translated into Baht at the forward rates. Any premiums or discounts equal to the difference between the exchange rates and the forward rates at the inception of the contracts are amortised over the lives of the contracts. The foreign currency amounts receivable and payable have been presented net in the balance sheet.

Disclosures about financial instruments to which the Company is a party are provided in Note 24.

3 Critical accounting estimates, assumptions and judgments

Accounting estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During 2011, the significant accounting estimates of the Company are as follows:

Plant and equipment and intangible assets

Management has determined the estimated useful lives and residual value of plant and equipment and intangible assets of which are principally based on technical information. The management will also review to write down technically obsolete or non-used assets by sales or abandon.

Retirement benefits obligation

The Company provides for post-employment benefits, payable to employees under the Thai Labour Law. The present value of retirement benefits obligation is determined based on various assumptions which include the discount rate, the rate of salary inflation, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for provision for retirement benefits.

4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5 Business segment information

The Company currently manufactures and sells auto bulbs, automotive lighting equipment and molds & 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 1.03% of total sales (2010 : 4.08% of total sales).

6 Cash and cash equivalents

	2011	2010
	Baht	Baht
Cash and cheques on hand	1,038,163	2,279,108
Current accounts with banks	48,723,322	39,425,444
Savings accounts with banks	35,453,567	29,654,172
Short-term investments in treasury bills and bills of exchange	3,048,674,690	1,787,431,115
	<u>3,133,889,742</u>	<u>1,858,789,839</u>

Savings accounts with banks and short-term investments bear interest at the average rate at 0.01% - 2.37% per annum (2010 : 0.01% - 1.19% per annum).

7 Short-term investments held to maturity

As at 31 March 2011 and 2010, short-term investments held to maturity represent bills of exchange, treasury bills and fixed deposits which have an original maturity between 3 and 12 months.

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

	2011	2010
	Baht	Baht
Opening net book amount	975,579,011	498,745,505
Additions during the year	1,874,905,382	975,579,011
Redemptions during the year	(2,289,498,398)	(498,745,505)
Closing net book amount	<u>560,985,995</u>	<u>975,579,011</u>

Short-term investments held to maturity bear interest at the average rate at 1.10% - 2.28% per annum (2010 : 1.19% - 1.34% per annum).

8 Trade accounts receivable

Trade accounts receivable as at 31 March 2011 and 2010 can be analysed as follows:

	Trade accounts receivable- other companies		Trade accounts receivable- related parties	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Current	1,304,993,755	1,185,001,934	79,241,795	89,638,988
Overdue:				
less than 3 months	7,817,929	4,311,489	56,004	916,829
3 - 6 months	2,318,952	1,663,003	88,557	-
6 - 12 months	3,930,307	-	143,976	28,909
	<u>1,319,060,943</u>	<u>1,190,976,426</u>	<u>79,530,332</u>	<u>90,584,726</u>

As at 31 March 2011 and 2010, the Company has no allowance for doubtful accounts.

9 Inventories, net

	2011 Baht	2010 Baht
Raw materials and packaging	142,034,304	142,364,494
Work in process	350,017,727	207,394,740
Finished goods	50,327,082	39,129,147
Goods in transit	50,137,137	44,221,973
	<u>592,516,250</u>	<u>433,110,354</u>
<u>Less</u> Allowance for net realisable value lower than cost and slow moving inventories		
- Raw material and packaging	(6,538,433)	(5,872,281)
- Work in process	(1,000,000)	(6,840,000)
- Finished goods	(643,329)	(804,587)
	<u>(8,181,762)</u>	<u>(13,516,868)</u>
Inventories, net	<u>584,334,488</u>	<u>419,593,486</u>

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10 Investments in associates

The details of investments in associates as at 31 March 2011 and 2010 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity method			
				2011		2010	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Associates							
Lao Stanley Company Limited	Manufacture automotive lighting equipment	USD 0.25 million	50	12,376,223	973,842	13,630,274	1,174,258
Vietnam Stanley Electric Company Limited	Manufacture automotive lighting equipment	USD 8.30 million	20	278,842,008	24,939,377	285,247,864	28,974,919
				<u>291,218,231</u>	<u>25,913,219</u>	<u>298,878,138</u>	<u>30,149,177</u>
Name	Business activity	Paid-up share capital	% of holding	Cost method			
				2011		2010	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Associates							
Lao Stanley Company Limited	Manufacture automotive lighting equipment	USD 0.25 million	50	3,132,500	973,842	3,132,500	1,174,258
Vietnam Stanley Electric Company Limited	Manufacture automotive lighting equipment	USD 8.30 million	20	54,044,189	24,939,377	54,044,189	28,974,919
				<u>57,176,689</u>	<u>25,913,219</u>	<u>57,176,689</u>	<u>30,149,177</u>

Movements in investments in associates are as follows:

For the years ended 31 March	Equity method		Cost method	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Opening net book amount	298,878,138	310,001,154	57,176,689	57,176,689
Share of profit	84,071,783	92,750,960	-	-
Dividends received	(25,913,219)	(30,149,177)	-	-
Translation adjustments	(65,818,471)	(73,724,799)	-	-
Closing net book amount	<u>291,218,231</u>	<u>298,878,138</u>	<u>57,176,689</u>	<u>57,176,689</u>

The assets, liabilities, revenues and net profit of its associates according to the percentage of holding are as follows:

	Total assets Baht	Total liabilities Baht	Revenues Baht	Net profit Baht	% Ownership interest
For the year ended 31 March 2011					
Lao Stanley Company Limited	16,596,452	4,220,229	55,410,817	4,178,129	50
Vietnam Stanley Electric Company Limited	361,854,589	83,012,582	483,281,375	79,893,654	20
	<u>378,451,041</u>	<u>87,232,811</u>	<u>538,692,192</u>	<u>84,071,783</u>	
For the year ended 31 March 2010					
Lao Stanley Company Limited	14,621,179	5,042,418	36,753,009	2,981,120	50
Vietnam Stanley Electric Company Limited	359,345,920	74,098,055	468,287,183	89,769,840	20
	<u>373,967,099</u>	<u>79,140,473</u>	<u>505,040,192</u>	<u>92,750,960</u>	

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11 Long-term investments, net

Long-term investments, net as at 31 March 2011 and 2010 are as follows:

As at 31 March 2011	Available- for-sale investments Baht	General investments Baht	Total Baht
Equity securities			
- Related parties	4,800,000	114,688,615	119,488,615
- Other companies	-	32,178,523	32,178,523
Long-term investments, net	<u>4,800,000</u>	<u>146,867,138</u>	<u>151,667,138</u>
 As at 31 March 2010			
Equity securities			
- Related parties	5,040,000	114,688,615	119,728,615
- Other companies	-	24,490,640	24,490,640
Long-term investments, net	<u>5,040,000</u>	<u>139,179,255</u>	<u>144,219,255</u>

Thai Stanley Electric Public Company Limited
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11 Long-term investments, net (Cont'd)

The details of long-term investments, net as at 31 March 2011 and 2010 are as follows:

Name	Business activity	Paid-up share capital	% of holding	2011		2010	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Related parties - available-for-sale							
Inoue Rubber (Thailand) Public Company Limited	Manufacture of tyre	Baht 200 million	0.2	5,040,000	200,000	2,460,000	168,000
Change in fair value of investments				(240,000)	-	2,580,000	-
				<u>4,800,000</u>	<u>200,000</u>	<u>5,040,000</u>	<u>168,000</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	12,320,692	60,000,000	22,484,852
Sirivit Stanley Company Limited	Manufacture of electronic equipment and automotive lighting	Baht 21 million	15.0	3,000,000	622,775	3,000,000	1,093,324
Lumax Industries Limited	Manufacture of automotive lighting equipment and auto parts	RS 93.5 million	1.73	8,793,715	330,996	8,793,715	110,631
PT. Indonesia Stanley Electric	Manufacture of molds and automotive lighting	USD 7.5 million	10.0	33,127,500	37,428,581	33,127,500	22,647,441
Stanley Electric Engineering India PVT.	Design molds and manufacture of lamps and molds	RS 161 million	10.0	16,263,000	-	16,263,000	-
<u>Less</u> Impairment of investments				<u>(6,495,600)</u>	<u>-</u>	<u>(6,495,600)</u>	<u>-</u>
				<u>114,688,615</u>	<u>50,703,044</u>	<u>114,688,615</u>	<u>46,336,248</u>
Other companies - general investments (at cost)							
Sum Hitechs Company Limited	Chrome plating on plastic products	Baht 104 million	16.35	27,178,523	1,700,400	19,490,640	1,560,000
Top Hitech (Thailand) Company Limited	Manufacture of plastic products and molds	Baht 35.9 million	13.9	5,000,000	-	5,000,000	-
				<u>32,178,523</u>	<u>1,700,400</u>	<u>24,490,640</u>	<u>1,560,000</u>
Total long-term investments, net				<u>151,667,138</u>	<u>52,603,444</u>	<u>144,219,255</u>	<u>48,064,248</u>

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12 Property, plant and equipment, net

	Land Baht	Land and building improvements Baht	Buildings Baht	Machinery, equipment and factory tools Baht	Molds Baht	Motor vehicles Baht	Furniture, fixtures and office equipment Baht	Machinery under installation and construction in progress Baht	Total Baht
As at 31 March 2009									
Cost	493,372,231	234,879,324	691,863,645	4,752,852,393	2,543,016,937	76,591,552	124,181,575	213,757,868	9,130,515,525
Less Accumulated depreciation	-	(139,390,176)	(331,495,420)	(3,159,264,728)	(1,998,392,499)	(45,836,735)	(88,612,944)	-	(5,762,992,502)
Net book amount	<u>493,372,231</u>	<u>95,489,148</u>	<u>360,368,225</u>	<u>1,593,587,665</u>	<u>544,624,438</u>	<u>30,754,817</u>	<u>35,568,631</u>	<u>213,757,868</u>	<u>3,367,523,023</u>
For the year ended 31 March 2010									
Opening net book amount	493,372,231	95,489,148	360,368,225	1,593,587,665	544,624,438	30,754,817	35,568,631	213,757,868	3,367,523,023
Additions	111,755,861	1,903,000	475,000	38,507,700	490,941	1,563,000	884,750	277,532,605	433,112,857
Disposals / write-offs, net	-	(10)	(6)	(1,149,908)	(6,787,473)	(69,886)	(28,925)	-	(8,036,208)
Transfers	-	4,800,000	-	160,281,544	137,189,092	-	18,063	(302,288,699)	-
Depreciation charge (Note 20)	-	(16,934,202)	(32,379,947)	(444,600,297)	(243,856,402)	(10,839,714)	(12,814,813)	-	(761,425,375)
Closing net book amount	<u>605,128,092</u>	<u>85,257,936</u>	<u>328,463,272</u>	<u>1,346,626,704</u>	<u>431,660,596</u>	<u>21,408,217</u>	<u>23,627,706</u>	<u>189,001,774</u>	<u>3,031,174,297</u>
As at 31 March 2010									
Cost	605,128,092	235,078,824	692,050,045	4,586,861,013	2,669,086,018	67,760,368	119,054,114	189,001,774	9,164,020,248
Less Accumulated depreciation	-	(149,820,888)	(363,586,773)	(3,240,234,309)	(2,237,425,422)	(46,352,151)	(95,426,408)	-	(6,132,845,951)
Net book amount	<u>605,128,092</u>	<u>85,257,936</u>	<u>328,463,272</u>	<u>1,346,626,704</u>	<u>431,660,596</u>	<u>21,408,217</u>	<u>23,627,706</u>	<u>189,001,774</u>	<u>3,031,174,297</u>

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12 Property, plant and equipment, net (Cont'd)

	Land Baht	Land and building improvements Baht	Buildings Baht	Machinery, equipment and factory tools Baht	Molds Baht	Motor vehicles Baht	Furniture, fixtures and office equipment Baht	Machinery under installation and construction in progress Baht	Total Baht
For the year ended 31 March 2011									
Opening net book amount	605,128,092	85,257,936	328,463,272	1,346,626,704	431,660,596	21,408,217	23,627,706	189,001,774	3,031,174,297
Additions	227,876,230	1,275,000	414,676	99,567,870	604,368	12,376,575	2,385,883	585,589,691	930,090,293
Disposals / write-offs, net	-	-	-	(90,646)	-	(12)	(417,617)	-	(508,275)
Transfers	-	7,060,000	44,000,000	132,761,052	156,483,030	-	3,002,479	(343,306,561)	-
Depreciation charge (Note 20)	-	(16,465,335)	(32,030,509)	(412,137,826)	(209,634,523)	(10,285,010)	(11,997,827)	-	(692,551,030)
Closing net book amount	<u>833,004,322</u>	<u>77,127,601</u>	<u>340,847,439</u>	<u>1,166,727,154</u>	<u>379,113,471</u>	<u>23,499,770</u>	<u>16,600,624</u>	<u>431,284,904</u>	<u>3,268,205,285</u>
As at 31 March 2011									
Cost	833,004,322	243,413,824	736,464,721	4,768,851,377	2,826,173,416	68,862,763	120,340,703	431,284,904	10,028,396,030
Less Accumulated depreciation	-	(166,286,223)	(395,617,282)	(3,602,124,223)	(2,447,059,945)	(45,362,993)	(103,740,079)	-	(6,760,190,745)
Net book amount	<u>833,004,322</u>	<u>77,127,601</u>	<u>340,847,439</u>	<u>1,166,727,154</u>	<u>379,113,471</u>	<u>23,499,770</u>	<u>16,600,624</u>	<u>431,284,904</u>	<u>3,268,205,285</u>

As at 31 March 2011, the gross carrying amount of fully depreciated fixed assets amounting to Baht 4,786 million (2010 : Baht 4,045 million). The fully depreciated fixed assets mostly comprise molds reserved for production and machinery and equipment that is still in use.

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13 Intangible assets, net

	Computer software Baht	Product design cost Baht	Total Baht
As at 31 March 2009			
Cost	121,357,062	309,872,387	431,229,449
<u>Less</u> Accumulated amortisation	(57,871,862)	(52,372,386)	(110,244,248)
Net book amount	<u>63,485,200</u>	<u>257,500,001</u>	<u>320,985,201</u>
For the year ended 31 March 2010			
Opening net book amount	63,485,200	257,500,001	320,985,201
Additions	16,202,239	92,428,643	108,630,882
Disposals /write-offs, net	-	(8,038,374)	(8,038,374)
Amortisation charge (Note 20)	(15,957,888)	(59,938,407)	(75,896,295)
Closing net book amount	<u>63,729,551</u>	<u>281,951,863</u>	<u>345,681,414</u>
As at 31 March 2010			
Cost	137,559,301	394,262,656	531,821,957
<u>Less</u> Accumulated amortisation	(73,829,750)	(112,310,793)	(186,140,543)
Net book amount	<u>63,729,551</u>	<u>281,951,863</u>	<u>345,681,414</u>
For the year ended 31 March 2011			
Opening net book amount	63,729,551	281,951,863	345,681,414
Additions	36,313,172	100,530,541	136,843,713
Amortisation charge (Note 20)	(17,179,189)	(75,952,508)	(93,131,697)
Closing net book amount	<u>82,863,534</u>	<u>306,529,896</u>	<u>389,393,430</u>
As at 31 March 2011			
Cost	173,872,473	494,793,197	668,665,670
<u>Less</u> Accumulated amortisation	(91,008,939)	(188,263,301)	(279,272,240)
Net book amount	<u>82,863,534</u>	<u>306,529,896</u>	<u>389,393,430</u>

14 Other current liabilities

	2011 Baht	2010 Baht
Accrued salaries	57,764,941	48,433,394
Accrued electricity	22,521,129	22,343,707
Others	26,954,796	18,460,211
	<u>107,240,866</u>	<u>89,237,312</u>

15 Retirement benefits obligation

Movements in retirement benefits obligation are as follows:

	2011	2010
	Baht	Baht
Opening balance	46,753,113	18,343,294
Additions	45,980,272	28,475,891
Benefits paid	(442,970)	(66,072)
Closing balance	<u>92,290,415</u>	<u>46,753,113</u>

From the third quarter for the year ended 31 March 2011, the Company has changed the estimation method for retirement benefits obligation from discounting the present value of estimated future cash outflows using interest rates which have terms to maturities approximating the terms of the related liabilities to projected unit credit method. The Company records the different amount as expense in the statement of income for the year ended 31 March 2011.

16 Share capital and premium on share capital

	Number of	Ordinary	Premium on	Total
	shares	shares	share capital	Baht
		Baht	Baht	Baht
As at 31 March 2011 and 2010	<u>76,625,000</u>	<u>383,125,000</u>	<u>504,250,000</u>	<u>887,375,000</u>

The total authorised number of ordinary shares is 76,625,000 shares with a par value of Baht 5 per share (2010 : 76,625,000 shares with a par value of Baht 5 per share). All shares are issued and fully paid up.

17 Dividends

At the Annual General Shareholders' meeting held on 2 July 2010, the shareholders were unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2010 for 76,625,000 shares of Baht 5 per share, totalling Baht 383,125,000. There are 3,000 shares that were not entitled to receive the dividends, totalling of Baht 15,000 as the depository terms were not in compliance with practices of the Thailand Security Depository Co., Ltd. The Company recorded actual dividends paid amounting to Baht 383,110,000 in the financial statements. The dividends were fully paid to the shareholders on 30 July 2010.

At the Annual General Shareholders' meeting held on 3 July 2009, the shareholders were unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2009 for 76,625,000 shares of Baht 5 per share totalling Baht 383,125,000. There are 3,000 shares that were not entitled to receive the dividends, totalling of Baht 15,000 as the depository terms were not in compliance with practices of the Thailand Security Depository Co., Ltd. The Company recorded actual dividends paid amounting to Baht 383,110,000 in the financial statements. The dividends were fully paid to the shareholders on 30 July 2009.

18 Legal reserve

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of its net profit after the accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The reserve is non-distributable.

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19 Other income

	2011	2010
	Baht	Baht
Scrap sales	72,741,248	60,299,383
Interest income	51,324,828	23,718,260
Tax rebate income	17,215,343	21,421,171
Royalty income	12,839,939	10,741,939
Others	16,926,162	12,382,506
	<u>171,047,520</u>	<u>128,563,259</u>

20 Expense by nature

The following expenditure items have been charged in arriving at operating profit:

	2011			Total
	Cost of sales	Selling	Administrative	
	Baht	expenses	expenses	Baht
	Baht	Baht	Baht	Baht
Changes in finished goods and work in process	(159,822,180)	-	-	(159,822,180)
Raw materials and consumables used	3,874,541,218	-	-	3,874,541,218
Staff costs	856,323,374	44,636,048	60,512,062	961,471,484
Depreciation (Note 12)	667,247,124	1,345,447	23,958,459	692,551,030
Amortisation (Note 13)	93,131,697	-	-	93,131,697
Utility expenses	261,679,522	-	3,072,513	264,752,035
Repairs and maintenance expenditure	148,909,273	460,939	21,084,834	170,455,046
Royalty fees (Note 25)	-	243,180,357	-	243,180,357
Directors' and managements' remuneration (Note 22)	20,655,851	-	-	20,655,851
Others	818,734,209	125,540,201	105,636,166	1,049,910,576
Total	<u>6,581,400,088</u>	<u>415,162,992</u>	<u>214,264,034</u>	<u>7,210,827,114</u>
	2010			Total
	Cost of sales	Selling	Administrative	
	Baht	expenses	expenses	Baht
	Baht	Baht	Baht	Baht
Changes in finished goods and work in process	94,249,331	-	-	94,249,331
Raw materials and consumables used	3,000,233,887	-	-	3,000,233,887
Staff costs	694,924,339	34,716,931	61,319,257	790,960,527
Depreciation (Note 12)	735,638,713	1,438,816	24,347,846	761,425,375
Amortisation (Note 13)	75,896,295	-	-	75,896,295
Utility expenses	232,545,776	-	3,573,469	236,119,245
Repairs and maintenance expenditure	145,347,708	230,236	20,835,693	166,413,637
Royalty fees (Note 25)	-	187,952,769	-	187,952,769
Directors' and managements' remuneration (Note 22)	19,737,943	-	-	19,737,943
Others	717,151,354	94,375,930	85,189,747	896,717,031
Total	<u>5,715,725,346</u>	<u>318,714,682</u>	<u>195,266,012</u>	<u>6,229,706,040</u>

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21 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares issued and paid up during the year.

	Financial statements in which the equity method is applied		The Company only	
	2011	2010	2011	2010
Net profit attributable to shareholders (Baht)	1,427,711,597	957,441,120	1,369,553,033	894,839,337
Weighted average number of ordinary share in issue (Shares)	76,625,000	76,625,000	76,625,000	76,625,000
Basic earnings per share (Baht)	18.63	12.50	17.87	11.68

There are no dilutive potential ordinary shares in issue during the period presented, so no diluted earnings per share is presented.

22 Directors' and managements' remuneration

Directors' remuneration comprises meeting fee and gratuities which were approved from the Annual Shareholders' meeting. Managements' remuneration comprises money incentives and benefits included salaries, bonus and welfare.

Directors and managements' remuneration in the statements of income for the year ended 31 March 2011, totalling Baht 47.36 million of which have been presented in cost of sales amounting Baht 20.66 million and separately presented in statements of income amounting to Baht 26.70 million (2010: Baht 44.74 million of which have been presented in cost of sales amounting Baht 19.74 million and separately presented in statements of income amounting to Baht 25 million).

23 Promotional privileges

The Company has received promotional privileges from the Office of the Board of Investment for the production of molds and electronic prototype design. Under these privileges, the Company will be exempted from corporate income tax for a period of 8 years from the date of commencement of earning revenue. As a promoted entity, the Company is required to comply with the terms and conditions as specified in the promotional certificates.

	2011 Baht	2010 Baht
Sales of products		
BOI	92,382,037	297,026,626
Non-BOI	8,847,227,313	6,989,340,052
	<u>8,939,609,350</u>	<u>7,286,366,678</u>
Service income from mold repairment		
BOI	1,684,000	1,739,700

24 Financial instruments

The principal financial risks faced by the Company are foreign currency exchange rate risk and credit risk. Foreign currency exposure relates to raw materials imported in foreign currencies and certain export sales in foreign currencies. The business transactions are generally on a short-term period which are between 1 and 3 month terms. The foreign currency exchange rate risk of the Company occurs mostly in Japanese Yen and US dollars. Credit risk arises when sales are made on credit terms.

The objectives of using financial instruments are to reduce the uncertainty over future cash flows arising from movements in exchange rates, and to manage the liquidity of the cash resources. Foreign currency forward contracts are entered into to manage the currency risks. Decisions on the level of risk undertaken are confined to the management which has established limits by transaction type and by counterparty. The current policy established by the management is unchanged from that of the prior year of which the Company enters into foreign currency forward contracts for approximately 50% of net foreign currency liabilities.

Trading for speculative purposes is not allowed. Derivative transactions are subject to approval by the Company's Board of directors.

a) Financial assets and liabilities

As at 31 March 2011 and 2010, the Company has outstanding foreign currency assets and liabilities as details below.

	2011		2010	
	Currency Million	Thousand Baht	Currency Million	Thousand Baht
Assets				
Japanese Yen	30.42	11,019	37.09	12,725
US Dollars	2.59	78,203	3.56	114,333
		89,222		127,058
Liabilities				
Japanese Yen	639.98	238,146	398.51	139,712
US Dollars	0.86	26,034	0.71	23,191
Euro	-	-	0.04	1,804
		264,180		164,707

24 Financial instruments (Cont'd)

a) Financial assets and liabilities (Cont'd)

Objectives and significant terms and conditions

The Company enters into financial instruments which are foreign currency forward contracts to manage the risks arising from fluctuations in foreign currency exchange rates.

Foreign currency forward contracts

Foreign currency forward contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

At 31 March 2011 and 2010, the settlement dates on foreign currency forward contracts were within 1 month. The equivalent Thai Baht to be received at the contractual exchange rates of the outstanding contracts were:

	2011	2010
	Baht	Baht
Yen 70 million at average rate Baht 36.65 = Yen 100		
(2010 : Yen 9 million at average rate Baht 35.06 = Yen 100)	25,655,000	3,155,670

Fair values

The fair values of the derivative financial instruments at the balance sheet date were:

	2011	2010
	Baht	Baht
Foreign currency forward contracts liabilities	47,450	8,316

The fair values of forward foreign exchange contracts have been calculated using rates quoted by the Company's bankers as if the contracts are terminated at the balance sheet date.

b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policy in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institution.

c) Fair values

The carrying amounts of the following financial assets and financial liabilities approximate their fair values: cash and cash equivalents, short-term investments held to maturity, trade accounts receivable, trade accounts payable and other accounts payable due to short maturities of these investments.

25 Related party transactions

Individuals or enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company had the significant transactions with its major shareholder, Stanley Electric Company Limited Group, incorporated in Japan which holds 29.95% 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.

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

The following significant transactions were carried out with related parties:

For the years ended 31 March	2011	2010
	Baht	Baht
Sales		
Stanley Electric Group companies	419,208,314	441,834,428
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	136,289,127	199,073,817
Associates	138,485,800	128,667,403
	<u>693,983,241</u>	<u>769,575,648</u>
Technical assistance income (other income)		
Stanley Electric Group companies	-	180,500
Associates	-	76,864
	<u>-</u>	<u>257,364</u>
Royalty income (other income)		
Associates	284,282	172,651

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25 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

For the years ended 31 March	2011 Baht	2010 Baht
Dividend income		
Stanley Electric Group companies	50,080,269	45,242,924
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	822,775	1,261,324
Associates	25,913,219	30,149,177
	<u>76,816,263</u>	<u>76,653,425</u>
Other income		
Stanley Electric Group companies	1,437,909	1,437,656
Associates	43,349	42,069
	<u>1,481,258</u>	<u>1,479,725</u>
Purchases of goods and services		
Stanley Electric Group companies	805,440,313	525,105,389
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	275,192,665	228,010,840
Associates	21,341,453	13,366,692
	<u>1,101,974,431</u>	<u>766,482,921</u>
Royalty fees		
Stanley Electric Group companies	<u>243,180,357</u>	<u>187,952,769</u>
Design and development fee		
Stanley Electric Group companies	<u>49,853,307</u>	<u>46,228,513</u>
Technical fee		
Stanley Electric Group companies	<u>8,006,538</u>	<u>4,230,606</u>
Training fee		
Stanley Electric Group companies	<u>24,436,247</u>	<u>19,694,820</u>
Commission		
Stanley Electric Group companies	<u>528,559</u>	<u>2,163,960</u>

25 Related party transactions (Cont'd)

The amounts due to and from related parties are mainly denominated in foreign currencies and relate to purchases and sales transactions. The outstanding balances as at 31 March 2011 and 2010 are as follows:

	2011	2010
	Baht	Baht
Trade accounts receivable - related parties		
Stanley Electric Group companies	29,501,236	42,019,809
Companies related by way of the Company's management and directors as shareholders, or by way of common directors Associates	35,105,287	29,143,954
	<u>14,923,809</u>	<u>19,420,963</u>
	<u>79,530,332</u>	<u>90,584,726</u>
Trade accounts payable - related parties		
Stanley Electric Group companies	209,267,468	123,320,896
Companies related by way of the Company's management and directors as shareholders, or by way of common directors Associates	27,813,373	15,333,640
	<u>4,930,585</u>	<u>2,978,838</u>
	<u>242,011,426</u>	<u>141,633,374</u>
Other accounts payable - related parties		
Stanley Electric Group companies	<u>120,892,213</u>	<u>109,726,795</u>

26 Significant commitments

a) Bank guarantees

As at 31 March 2011, the Company has bank guarantees with respect to electricity supply from bankers of Baht 40 million (2010 : Baht 20 million).

b) Capital commitments

As at 31 March 2011, the Company has capital commitments of Baht 281 million (2010 : Baht 65 million) for plant construction and purchase of machinery.

27 Post balance sheet event

At the Board of Directors' meeting held on 20 May 2011, the Board of Directors approved to propose the dividends payment in respect of the operating results for the year ended 31 March 2011 for a total 76,625,000 shares of Baht 6.5 per share totaling Baht 498.06 million to the Annual General Shareholders' meeting held on 8 July 2011.