

THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2016

AUDITOR'S REPORT

To the Shareholders of Thai Stanley Electric Public Company Limited

I have audited the accompanying financial statements in which the equity method is applied and the Company only of Thai Stanley Electric Public Company Limited, which comprise the statements of financial position in which the equity method is applied and the Company only as at 31 March 2016, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows in which the equity method is applied and the Company only for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements in which the equity method is applied and the Company only referred to above present fairly, in all material respects, the financial position of Thai Stanley Electric Public Company Limited as at 31 March 2016, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Varaporn Vorathitikul
Certified Public Accountant (Thailand) No. 4474
PricewaterhouseCoopers ABAS Ltd.

Bangkok
27 May 2016

Thai Stanley Electric Public Company Limited
Statements of Financial Position
As at 31 March 2016

	Notes	Financial statements in which the equity method is applied		The Company only	
		31 March 2016 Baht	31 March 2015 Baht	31 March 2016 Baht	31 March 2015 Baht
Assets					
Current assets					
Cash and cash equivalents	6	1,839,887,555	2,350,313,187	1,839,887,555	2,350,313,187
Short-term investments held to maturity	7	2,120,000,000	727,358,415	2,120,000,000	727,358,415
Trade and other accounts receivable, net	8	2,282,884,697	1,884,059,909	2,282,884,697	1,884,059,909
Inventories, net	9	772,442,413	939,179,959	772,442,413	939,179,959
Corporate income tax refundable		35,804,368	35,804,368	35,804,368	35,804,368
Other current assets		8,485,374	10,291,260	8,485,374	10,291,260
Total current assets		7,059,504,407	5,947,007,098	7,059,504,407	5,947,007,098
Non-current assets					
Investments in associates	10	931,423,285	728,044,842	57,176,689	57,176,689
Long-term investments, net	11	112,681,215	138,379,738	112,681,215	138,379,738
Property, plant and equipment, net	12	5,536,093,265	5,823,148,164	5,536,093,265	5,823,148,164
Intangible assets, net	13	731,687,189	633,700,194	731,687,189	633,700,194
Deferred tax assets, net	14	-	-	82,069,808	74,196,279
Other non-current assets, net		35,881,524	23,624,876	35,881,524	23,624,876
Total non-current assets		7,347,766,478	7,346,897,814	6,555,589,690	6,750,225,940
Total assets		14,407,270,885	13,293,904,912	13,615,094,097	12,697,233,038

Director _____
(Mr. Koichi Nagano)

Director _____
(Mr. Apichart Leeissaranukul)

Date _____

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Financial Position
As at 31 March 2016

	Notes	Financial statements in which the equity method is applied		The Company only	
		31 March	31 March	31 March	31 March
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable - other companies		515,856,412	499,825,139	515,856,412	499,825,139
- related parties	26	428,296,463	370,910,202	428,296,463	370,910,202
Other accounts payable - other companies		176,226,229	154,772,965	176,226,229	154,772,965
- related parties	26	141,173,810	148,707,283	141,173,810	148,707,283
Accrued corporate income tax		124,546,267	159,832,142	124,546,267	159,832,142
Accrued expenses	15	257,133,327	217,340,176	257,133,327	217,340,176
Total current liabilities		1,643,232,508	1,551,387,907	1,643,232,508	1,551,387,907
Non-current liabilities					
Deferred tax liabilities, net	14	92,779,512	59,977,352	-	-
Provision for post-employment benefits	16	163,313,497	143,208,284	163,313,497	143,208,284
Total non-current liabilities		256,093,009	203,185,636	163,313,497	143,208,284
Total liabilities		1,899,325,517	1,754,573,543	1,806,546,005	1,694,596,191
Shareholders' equity					
Share capital					
Authorised share capital					
76,625,000 ordinary shares, par value of Baht 5 each	17	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	17	383,125,000	383,125,000	383,125,000	383,125,000
Premium on share capital	17	504,250,000	504,250,000	504,250,000	504,250,000
Retained earnings					
Appropriated					
- Legal reserve	19	38,312,500	38,312,500	38,312,500	38,312,500
Unappropriated		11,624,962,054	10,689,307,893	10,879,356,592	10,074,629,347
Other components of equity		(42,704,186)	(75,664,024)	3,504,000	2,320,000
Total shareholders' equity		12,507,945,368	11,539,331,369	11,808,548,092	11,002,636,847
Total liabilities and shareholders' equity		14,407,270,885	13,293,904,912	13,615,094,097	12,697,233,038

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Income
For the year ended 31 March 2016

	Notes	Financial statements in which the equity method is applied		The Company only	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenues from sales and services	5, 24, 26	10,672,223,586	9,523,828,663	10,672,223,586	9,523,828,663
Cost of sales and services		(8,929,409,699)	(7,808,825,451)	(8,929,409,699)	(7,808,825,451)
Gross profit		1,742,813,887	1,715,003,212	1,742,813,887	1,715,003,212
Other income					
- Dividend income	10, 11	9,375,743	10,851,279	63,068,653	63,597,715
- Gain on exchange rates, net		19,371,111	22,474,110	19,371,111	22,474,110
- Gain on sale of long-term investment	11	261,911,319	-	261,911,319	-
- Others	20	146,642,537	255,920,301	146,642,537	255,920,301
Profit before expenses		2,180,114,597	2,004,248,902	2,233,807,507	2,056,995,338
Selling expenses		(472,130,882)	(444,742,708)	(472,130,882)	(444,742,708)
Administrative expenses		(302,723,021)	(282,912,819)	(302,723,021)	(282,912,819)
Total expenses		(774,853,903)	(727,655,527)	(774,853,903)	(727,655,527)
Operating profit	21	1,405,260,694	1,276,593,375	1,458,953,604	1,329,339,811
Share of profit from investments in associates	10	217,351,555	168,533,923	-	-
Profit before income tax		1,622,612,249	1,445,127,298	1,458,953,604	1,329,339,811
Income tax	22	(319,172,008)	(287,479,789)	(286,440,279)	(264,322,291)
Net profit for the year		1,303,440,241	1,157,647,509	1,172,513,325	1,065,017,520
Basic earnings per share	23				
Net profit for the year		17.01	15.11	15.30	13.90

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Comprehensive Income
For the year ended 31 March 2016

	Note	Financial statements in which the equity method is applied		The Company only	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Net profit for the year		1,303,440,241	1,157,647,509	1,172,513,325	1,065,017,520
Other comprehensive income (expenses) for the year after tax:					
Items that will be reclassified subsequently to profit or loss					
Unrealised gain on change in fair value of available-for-sale investment	22	1,184,000	352,000	1,184,000	352,000
Exchange differences relating to investments in associates	22	31,775,838	8,556,009	-	-
Other comprehensive income for the year - net of tax	22	32,959,838	8,908,009	1,184,000	352,000
Total comprehensive income for the year		<u>1,336,400,079</u>	<u>1,166,555,518</u>	<u>1,173,697,325</u>	<u>1,065,369,520</u>

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Changes in Shareholders' Equity
For the year ended 31 March 2016

		Financial statements in which the equity method is applied							
		Other components of equity							
		Other comprehensive income							
		Retained earnings			Unrealised gain on	Exchange	Total	Total	
		Issued and	Premium	Legal	Unappropriated	change in fair value	differences	other	Total
		paid-up	on share	reserve	retained	of available-for-sale	relating to	components	shareholders'
		share capital	capital	Baht	earnings	investment	investments in	of equity	equity
Note	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 April 2015	383,125,000	504,250,000	38,312,500	10,689,307,893	2,320,000	(77,984,024)	(75,664,024)	11,539,331,369	
Total comprehensive income for the year	-	-	-	1,303,440,241	1,184,000	31,775,838	32,959,838	1,336,400,079	
Dividends paid	18	-	-	(367,786,080)	-	-	-	(367,786,080)	
Closing balance as at 31 March 2016	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>11,624,962,054</u>	<u>3,504,000</u>	<u>(46,208,186)</u>	<u>(42,704,186)</u>	<u>12,507,945,368</u>	
Opening balance as at 1 April 2014	383,125,000	504,250,000	38,312,500	9,990,720,384	1,968,000	(86,540,033)	(84,572,033)	10,831,835,851	
Total comprehensive income for the year	-	-	-	1,157,647,509	352,000	8,556,009	8,908,009	1,166,555,518	
Dividends paid	18	-	-	(459,060,000)	-	-	-	(459,060,000)	
Closing balance as at 31 March 2015	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>10,689,307,893</u>	<u>2,320,000</u>	<u>(77,984,024)</u>	<u>(75,664,024)</u>	<u>11,539,331,369</u>	

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Changes in Shareholders' Equity
For the year ended 31 March 2016

								The Company only		
								Other components of equity		
								Other comprehensive income		
								Unrealised gain on	Total	Total
								change in fair value	other	Total
								of available-for-sale	components	shareholders'
								investment	of equity	equity
Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings 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	Total shareholders' equity Baht			
Opening balance as at 1 April 2015	383,125,000	504,250,000	38,312,500	10,074,629,347	2,320,000	2,320,000	11,002,636,847			
Total comprehensive income for the year	-	-	-	1,172,513,325	1,184,000	1,184,000	1,173,697,325			
Dividends paid	-	-	-	(367,786,080)	-	-	(367,786,080)			
Closing balance as at 31 March 2016	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>10,879,356,592</u>	<u>3,504,000</u>	<u>3,504,000</u>	<u>11,808,548,092</u>			
Opening balance as at 1 April 2014	383,125,000	504,250,000	38,312,500	9,468,671,827	1,968,000	1,968,000	10,396,327,327			
Total comprehensive income for the year	-	-	-	1,065,017,520	352,000	352,000	1,065,369,520			
Dividends paid	-	-	-	(459,060,000)	-	-	(459,060,000)			
Closing balance as at 31 March 2015	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>10,074,629,347</u>	<u>2,320,000</u>	<u>2,320,000</u>	<u>11,002,636,847</u>			

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows
For the year ended 31 March 2016

	Notes	Financial statements in which the equity method is applied		The Company only	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash flows from operating activities:					
Profit before income tax for the year		1,622,612,249	1,445,127,298	1,458,953,604	1,329,339,811
Adjustments to reconcile profit before income tax for the year to net cash provided by operations:					
- Depreciation	12	1,045,341,281	996,187,670	1,045,341,281	996,187,670
- Amortisation	13	181,969,304	149,984,158	181,969,304	149,984,158
- Interest income	20	(55,112,043)	(42,369,096)	(55,112,043)	(42,369,096)
- Gain on sale of long-term investment	11	(261,911,319)	-	(261,911,319)	-
- Share of profit from investments in associates	10	(217,351,555)	(168,533,923)	-	-
- Dividend income					
- Investments in associates	10	-	-	(53,692,910)	(52,746,436)
- Long-term investments	11	(9,375,743)	(10,851,279)	(9,375,743)	(10,851,279)
- Gain on disposal of property, plant and equipment, net	20	(3,623,089)	(96,330,949)	(3,623,089)	(96,330,949)
- Loss on write-off of intangible assets	13	21	-	21	-
- (Reversal of) Allowance for doubtful account	8	9,514,111	(636,120)	9,514,111	(636,120)
- Reversal of allowance for slow moving inventories and net realisable value lower than cost of inventories	9	(3,001,853)	(11,936,514)	(3,001,853)	(11,936,514)
- (Reversal of) Provision for post-employment benefits	16	23,120,520	(257,436)	23,120,520	(257,436)
- Unrealised gain on exchange rates, net		(184,330)	(565,963)	(184,330)	(565,963)
Cash flows before changes in operating assets and liabilities		2,331,997,554	2,259,817,846	2,331,997,554	2,259,817,846
Changes in operating assets and liabilities					
- Trade and other accounts receivable		(412,611,108)	(208,177,728)	(412,611,108)	(208,177,728)
- Inventories		169,739,399	(197,847,112)	169,739,399	(197,847,112)
- Other current assets		1,805,886	(3,911,317)	1,805,886	(3,911,317)
- Other non-current assets		(12,256,648)	(2,745,876)	(12,256,648)	(2,745,876)
- Trade accounts payable - other companies		16,031,273	39,578,428	16,031,273	39,578,428
- Trade accounts payable - related parties		57,386,261	138,277,928	57,386,261	138,277,928
- Other accounts payable - other companies		2,499,355	(62,431,079)	2,499,355	(62,431,079)
- Other accounts payable - related parties		(7,383,079)	34,837,951	(7,383,079)	34,837,951
- Advances received from customers		-	(12,084,984)	-	(12,084,984)
- Accrued expenses		39,793,151	(6,540,730)	39,793,151	(6,540,730)
- Payment for post-employment benefit obligation	16	(3,015,307)	(725,900)	(3,015,307)	(725,900)
Cash generated from operations		2,183,986,737	1,978,047,427	2,183,986,737	1,978,047,427
Interest received		19,452,008	34,935,853	19,452,008	34,935,853
Income tax paid		(329,895,683)	(275,745,210)	(329,895,683)	(275,745,210)
Net cash received from operating activities		1,873,543,062	1,737,238,070	1,873,543,062	1,737,238,070

The notes to the financial statements on page 11 to 44 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Statements of Cash Flows
For the year ended 31 March 2016

	Notes	Financial statements in which the equity method is applied		The Company only	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash flows from investing activities:					
Purchases of property, plant and equipment		(740,365,610)	(1,013,843,686)	(740,365,610)	(1,013,843,686)
Proceeds from disposals of property, plant and equipment		4,469,512	207,730,243	4,469,512	207,730,243
Interest received on short-term investments held to maturity		32,834,876	5,489,055	32,834,876	5,489,055
Cash receipts from sale of long-term investment	11	290,000,000	-	290,000,000	-
Dividends received					
- Investments in associates	10	59,880,120	42,746,436	59,880,120	42,746,436
- Long-term investments	11	9,375,743	10,851,279	9,375,743	10,851,279
Purchases of intangible assets		(279,920,000)	(281,133,673)	(279,920,000)	(281,133,673)
Cash receipts from short-term investments held to maturity	7	4,987,000,000	1,003,000,000	4,987,000,000	1,003,000,000
Cash payment on short-term investments held to maturity	7	(6,379,641,585)	(1,570,445,374)	(6,379,641,585)	(1,570,445,374)
Net cash used in investing activities		(2,016,366,944)	(1,595,605,720)	(2,016,366,944)	(1,595,605,720)
Cash flow from financing activity:					
Dividends paid	18	(367,786,080)	(459,060,000)	(367,786,080)	(459,060,000)
Net cash used in financing activity		(367,786,080)	(459,060,000)	(367,786,080)	(459,060,000)
Net decrease in cash and cash equivalents					
Cash and cash equivalents at beginning of the year		2,350,313,187	2,667,174,874	2,350,313,187	2,667,174,874
Effects of exchange rate changes		184,330	565,963	184,330	565,963
Cash and cash equivalents at end of the year		1,839,887,555	2,350,313,187	1,839,887,555	2,350,313,187
Non-cash transaction:					
Outstanding liabilities arisen from purchases of plant, equipment and intangible assets		65,405,175	46,601,660	65,405,175	46,601,660
Accrued dividend income from investment in associate	10	3,812,790	10,000,000	3,812,790	10,000,000

The notes to the financial statements on page 11 to 44 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, molds & dies and product designs.

These financial statements have been approved by the Company’s Board of directors on 27 May 2016.

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 the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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 financial reporting standards and revised financial reporting standards and interpretations

2.2.1 New financial reporting standards, revised accounting standards, and revised financial reporting standards which are effective on 1 January 2015.

a) Financial reporting standards which have a significant impact to the Company:

TAS 1 (revised 2014)	Presentation of financial statements
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRS.

b) Financial reporting standards with minor changes and do not have impact to the Company are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 16 (revised 2014)	Property, plant and equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee benefits
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 34 (revised 2014)	Interim financial reporting
TAS 36 (revised 2014)	Impairment of assets

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards and interpretations (Cont'd)

2.2.1 New financial reporting standards, revised accounting standards, and revised financial reporting standards which are effective on 1 January 2015. (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Company are as follows: (Cont'd)

TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under TAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 14	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers
TFRIC 20	Stripping costs in the production phase of a surface mine

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards and interpretations (Cont'd)

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards which are effective on 1 January 2016. These standards are not early adopted.

Financial reporting standards with minor changes and do not have impact to the Company are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 16 (revised 2015)	Property, plant and equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee benefits
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 24 (revised 2015)	Related party disclosures
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2015)	Separate financial statements
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 36 (revised 2015)	Impairment of assets
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 4 (revised 2015)	Insurance contracts
TFRS 5 (revised 2015)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 11 (revised 2015)	Joint arrangements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement
TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards and interpretations (Cont'd)

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards which are effective on 1 January 2016. These standards are not early adopted. (Cont'd)

Financial reporting standards with minor changes and do not have impact to the Company are as follows: (Cont'd)

TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine
TFRIC 21	Levies

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2 Accounting policies (Cont'd)

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are not used as collateral.

2.5 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.

2.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the 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 based on normal capacity. 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.

2.7 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 associates is disclosed in Note 10.

2 Accounting policies (Cont'd)

2.8 Other 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 statement of financial position 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 statement of financial position 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.

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)

2.9 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.

	Useful life (years)
Buildings	30
Land and building improvements	5 - 20
Machinery, equipment and factory tools	5 - 10
Molds	4
Motor vehicles	5
Furniture, fixtures and office equipment	3 - 5

The assets' useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

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

2.10 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.

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 Accounting policies (Cont'd)

2.11 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.

2.12 Employee benefits

The Company has post-employment benefits both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

- Defined contribution plan

Provident fund

The Company operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Company. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

- Defined benefit plan

Retirement benefit

Under Labour Laws applicable in Thailand and Company's employment policy, the severance pay will be at the rate according to salary and number of years of service which will happen in the future. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bond interest rate that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Gain and loss from actuarial estimation for employee benefit is recognised as other comprehensive income (expenses) in the statement of comprehensive income.

2 Accounting policies (Cont'd)

2.13 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.

2.14 Revenue recognition

Revenue from sales comprises the fair value of the consideration received or receivable for the sales of goods net of 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.

2.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

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.

2.17 Financial instruments

Financial assets carried in the statements of financial position include cash and cash equivalents, short-term investments held to maturity, and trade accounts receivable. Financial liabilities carried in the statements of financial position 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 statement of financial position 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 statement of financial position.

Disclosures about financial instruments to which the Company is a party are provided in Note 25.

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 the year ended 31 March 2016, the significant accounting estimates of the Company are as follows:

Plant, equipment and intangible assets

Management has determined the estimated useful lives and residual value of plant, 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.

Post-employment benefits

The Company provides for post-employment benefits, payable to employees under the Thai Labour Law. The present value of post-employment benefit 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 post-employment 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 Entity-wide disclosures

Revenues by product group

During the year ended 31 March 2016 and 2015, the revenues by product group are as follows:

	2016	2015
	Baht	Baht
Auto bulbs and automotive lighting equipment	9,910,883,009	9,064,585,114
Molds & dies and product designs	761,340,577	459,243,549
	<u>10,672,223,586</u>	<u>9,523,828,663</u>

Major customers

During the year ended 31 March 2016, the Company has revenues from 2 major customer groups which each of them contributed equal or over 10% of the Company's total revenues (2015 : 2 customer groups). The revenue from customer group no.1 is Baht 3,899 million (2015 : Baht 3,924 million). The revenue from customer group no. 2 is Baht 2,070 million (2015 : Baht 1,185 million). The customers under common control are considered as one customer and referred to as the customer group.

6 Cash and cash equivalents

	2016	2015
	Baht	Baht
Cash and cheques on hand	2,404,896	1,522,537
Current accounts with banks	75,823,471	174,143,303
Savings accounts with banks	81,659,188	88,847,347
Short-term investments in treasury bills and bills of exchange	1,680,000,000	2,085,800,000
	<u>1,839,887,555</u>	<u>2,350,313,187</u>

Savings accounts with banks and short-term investments bear interest at the rates of 0.01% - 1.58% per annum (2015 : 0.01% - 1.75% per annum).

Thai Stanley Electric Public Company Limited
Notes to the Financial Statements
For the year ended 31 March 2016

7 Short-term investments held to maturity

As at 31 March 2016 and 2015, short-term investments held to maturity represent bills of exchange, treasury bills and fixed deposits which have original maturities over 3 months but not later than 12 months.

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

	2016	2015
	Baht	Baht
Opening book amount	727,358,415	159,913,041
Additions during the year	6,379,641,585	1,570,445,374
Redemptions during the year	<u>(4,987,000,000)</u>	<u>(1,003,000,000)</u>
Closing book amount	<u>2,120,000,000</u>	<u>727,358,415</u>

Short-term investments held to maturity bear interest at the rates of 1.38% - 2.00% per annum (2015 : 1.50% - 1.92% per annum).

8 Trade and other accounts receivable, net

Trade and other accounts receivable, net as at 31 March 2016 and 2015 are as follows:

	2016	2015
	Baht	Baht
Trade accounts receivable - other companies	1,892,424,946	1,504,472,662
<u>Less</u> Allowance for doubtful account	<u>(11,972,198)</u>	<u>(2,458,087)</u>
Trade accounts receivable - other companies, net	1,880,452,748	1,502,014,575
Trade accounts receivable - related parties (Note 26)	274,364,191	262,219,706
Prepaid expenses	42,929,076	43,261,182
Accrued income	29,618,917	33,243,832
Value added tax receivable	22,703,743	3,400,157
Other receivables	32,816,022	39,920,457
	<u>2,282,884,697</u>	<u>1,884,059,909</u>

Trade accounts receivable as at 31 March 2016 and 2015 can be analysed as follows:

	Trade accounts receivable- other companies		Trade accounts receivable- related parties	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current	1,852,861,451	1,468,125,761	203,115,095	256,826,882
Overdue:				
less than 3 months	9,512,405	10,893,337	69,944,903	5,298,512
3 - 6 months	3,946,286	602,522	616,223	-
6 - 12 months	52,478	-	687,970	94,312
more than 1 year	26,052,326	24,851,042	-	-
	<u>1,892,424,946</u>	<u>1,504,472,662</u>	<u>274,364,191</u>	<u>262,219,706</u>

Thai Stanley Electric Public Company Limited
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9 Inventories, net

	2016	2015
	Baht	Baht
Raw materials and packaging	217,430,648	224,717,169
Work in process	406,452,992	587,589,284
Finished goods	91,455,481	76,954,089
Goods in transit	79,387,622	75,205,600
	<u>794,726,743</u>	<u>964,466,142</u>
<u>Less</u> Allowance for net realisable value lower than cost and slow moving inventories		
- Raw materials and packaging	(14,837,725)	(11,185,012)
- Work in process	(1,221,964)	(8,133,695)
- Finished goods	(6,224,641)	(5,967,476)
	<u>772,442,413</u>	<u>939,179,959</u>

10 Investments in associates

The details of investments in associates as at 31 March 2016 and 2015 are as follows:

Name	Business activity	Paid-up share capital	% of holding	Equity method			
				2016		2015	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Associates							
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	24,203,192	3,812,790	24,432,928	15,573,688
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	907,220,093	49,880,120	703,611,914	37,172,748
				<u>931,423,285</u>	<u>53,692,910</u>	<u>728,044,842</u>	<u>52,746,436</u>
Name	Business activity	Paid-up share capital	% of holding	Cost method			
				2016		2015	
				Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Associates							
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	3,132,500	3,812,790	3,132,500	15,573,688
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	54,044,189	49,880,120	54,044,189	37,172,748
				<u>57,176,689</u>	<u>53,692,910</u>	<u>57,176,689</u>	<u>52,746,436</u>

The Company has classified investment in Lao Stanley Company Limited as investment in an associate because the Company's voting right in Lao Stanley Company Limited is not more than 50% of the total voting right.

Thai Stanley Electric Public Company Limited
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10 Investments in associates (Cont'd)

Movements in investments in associates are as follows:

For the years ended 31 March	Equity method		Cost method	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening book amount	728,044,842	601,562,344	57,176,689	57,176,689
Share of profit	217,351,555	168,533,923	-	-
Dividends received	(53,692,910)	(52,746,436)	-	-
Translation adjustments	39,719,798	10,695,011	-	-
Closing book amount	931,423,285	728,044,842	57,176,689	57,176,689

Summarised statement of financial position of the associates:

	Lao Stanley Company Limited		Vietnam Stanley Electric Company Limited	
	As at 31 March		As at 31 March	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current assets	103,533,600	81,388,505	3,866,909,586	2,842,899,720
Non-current assets	21,761,477	12,085,654	1,272,300,050	1,205,541,056
Total assets	125,295,077	93,474,159	5,139,209,636	4,048,440,776
Current liabilities	75,645,363	44,608,303	586,570,720	515,239,296
Non-current liabilities	1,243,330	-	16,538,451	15,141,462
Total liabilities	76,888,693	44,608,303	603,109,171	530,380,758
Revenues from sales and services	375,288,549	226,433,307	4,928,757,905	4,045,943,989
Net profit for the year	19,113,974	15,753,091	1,026,923,809	803,286,889

11 Long-term investments, net

Long-term investments, net as at 31 March 2016 and 2015 are as follows:

As at 31 March 2016	Available- for-sale investments Baht	General investments Baht	Total Baht
Equity securities			
- Related parties	7,760,000	104,921,215	112,681,215
- Other companies	-	-	-
Long-term investments, net	7,760,000	104,921,215	112,681,215

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

As at 31 March 2015	Available- for-sale investments Baht	General investments Baht	Total Baht
Equity securities			
- Related parties	6,280,000	104,921,215	111,201,215
- Other companies	-	27,178,523	27,178,523
Long-term investments, net	<u>6,280,000</u>	<u>132,099,738</u>	<u>138,379,738</u>

The details of long-term investments, net as at 31 March 2016 and 2015 are as follows:

Name	Business activity	Paid-up share capital	% of holding	2016		2015	
				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	3,380,000	353,200	3,380,000	250,760
Change in fair value of investments				<u>4,380,000</u>	<u>-</u>	<u>2,900,000</u>	<u>-</u>
				<u>7,760,000</u>	<u>353,200</u>	<u>6,280,000</u>	<u>250,760</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	-
Srivit Stanley Company Limited	Manufacture of electronic equipment and automotive lighting equipment	Baht 21 million	15.0	3,000,000	-	3,000,000	-
Lumax Industries Limited	Manufacture of automotive lighting equipment and auto parts	RS 93.5 million	1.73	8,793,715	1,440,580	8,793,715	292,153
PT. Indonesia Stanley Electric	Manufacture of molds and automotive lighting equipment	USD 7.5 million	10.0	<u>33,127,500</u>	<u>7,581,963</u>	<u>33,127,500</u>	<u>8,607,966</u>
				<u>104,921,215</u>	<u>9,022,543</u>	<u>104,921,215</u>	<u>8,900,119</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
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 investments				<u>(5,000,000)</u>	<u>-</u>	<u>(5,000,000)</u>	<u>-</u>
				<u>-</u>	<u>-</u>	<u>27,178,523</u>	<u>1,700,400</u>
Total long-term investments, net				<u>112,681,215</u>	<u>9,375,743</u>	<u>138,379,738</u>	<u>10,851,279</u>

On 7 August 2015, the Company sold all investments in Sum Hitechs Company Limited with the cost of Baht 27 million to C. Uyemura & Co., Ltd., a company incorporated in Japan, at Baht 290 million. The expenses relating to this sale transaction were about Baht 1 million. As a result, the Company had gain on sale of this investment amounting to Baht 262 million.

The fair value of available-for-sale investment is determined by using the quoted price of asset in active market (Level 1).

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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 1 April 2014									
Cost	1,209,451,960	1,554,743,292	1,348,330,138	5,945,441,338	3,856,081,610	71,805,516	90,182,583	507,063,757	14,583,100,194
<u>Less</u> Accumulated depreciation	-	(847,988,780)	(523,466,252)	(3,967,575,328)	(3,153,998,772)	(43,814,385)	(70,972,810)	-	(8,607,816,327)
Net book amount	<u>1,209,451,960</u>	<u>706,754,512</u>	<u>824,863,886</u>	<u>1,977,866,010</u>	<u>702,082,838</u>	<u>27,991,131</u>	<u>19,209,773</u>	<u>507,063,757</u>	<u>5,975,283,867</u>
For the year ended 31 March 2015									
Opening net book amount	1,209,451,960	706,754,512	824,863,886	1,977,866,010	702,082,838	27,991,131	19,209,773	507,063,757	5,975,283,867
Additions	18,146,230	-	-	56,630,423	171,468	3,066,000	2,581,335	874,855,805	955,451,261
Disposals / write-offs, net	(54,415,953)	(3)	(54,243,697)	(2,225,520)	(502,116)	(12)	(11,993)	-	(111,399,294)
Transfers	-	143,191,724	140,370,284	401,894,352	333,313,170	-	11,083,942	(1,029,853,472)	-
Depreciation charge (Note 21)	-	(137,507,624)	(52,712,300)	(448,511,288)	(340,130,771)	(9,811,898)	(7,513,789)	-	(996,187,670)
Closing net book amount	<u>1,173,182,237</u>	<u>712,438,609</u>	<u>858,278,173</u>	<u>1,985,653,977</u>	<u>694,934,589</u>	<u>21,245,221</u>	<u>25,349,268</u>	<u>352,066,090</u>	<u>5,823,148,164</u>
As at 31 March 2015									
Cost	1,173,182,237	1,679,518,763	1,385,469,239	6,291,161,353	4,188,962,385	64,910,201	99,517,606	352,066,090	15,234,787,874
<u>Less</u> Accumulated depreciation	-	(967,080,154)	(527,191,066)	(4,305,507,376)	(3,494,027,796)	(43,664,980)	(74,168,338)	-	(9,411,639,710)
Net book amount	<u>1,173,182,237</u>	<u>712,438,609</u>	<u>858,278,173</u>	<u>1,985,653,977</u>	<u>694,934,589</u>	<u>21,245,221</u>	<u>25,349,268</u>	<u>352,066,090</u>	<u>5,823,148,164</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 2016									
Opening net book amount	1,173,182,237	712,438,609	858,278,173	1,985,653,977	694,934,589	21,245,221	25,349,268	352,066,090	5,823,148,164
Additions	4,142,072	150,000	-	76,448,592	967,122	8,889,862	1,361,199	667,173,958	759,132,805
Disposals / write-offs, net	-	(36,932)	-	(702,581)	(87,403)	(11)	(19,496)	-	(846,423)
Transfers	-	72,547,972	45,806,925	241,063,217	370,568,992	-	11,264,142	(741,251,248)	-
Depreciation charge (Note 21)	-	(141,392,787)	(57,510,053)	(478,849,746)	(347,895,054)	(9,265,247)	(10,428,394)	-	(1,045,341,281)
Closing net book amount	<u>1,177,324,309</u>	<u>643,706,862</u>	<u>846,575,045</u>	<u>1,823,613,459</u>	<u>718,488,246</u>	<u>20,869,825</u>	<u>27,526,719</u>	<u>277,988,800</u>	<u>5,536,093,265</u>
As at 31 March 2016									
Cost	1,177,324,309	1,751,873,323	1,431,276,164	6,487,018,434	4,536,968,196	63,669,289	111,662,192	277,988,800	15,837,780,707
<u>Less</u> Accumulated depreciation	-	(1,108,166,461)	(584,701,119)	(4,663,404,975)	(3,818,479,950)	(42,799,464)	(84,135,473)	-	(10,301,687,442)
Net book amount	<u>1,177,324,309</u>	<u>643,706,862</u>	<u>846,575,045</u>	<u>1,823,613,459</u>	<u>718,488,246</u>	<u>20,869,825</u>	<u>27,526,719</u>	<u>277,988,800</u>	<u>5,536,093,265</u>

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13 Intangible assets, net

	Computer software Baht	Product design cost Baht	Total Baht
As at 1 April 2014			
Cost	247,367,046	586,093,062	833,460,108
<u>Less</u> Accumulated amortisation	<u>(158,814,865)</u>	<u>(166,204,564)</u>	<u>(325,019,429)</u>
Net book amount	<u>88,552,181</u>	<u>419,888,498</u>	<u>508,440,679</u>
For the year ended 31 March 2015			
Opening net book amount	88,552,181	419,888,498	508,440,679
Additions	11,141,478	264,102,195	275,243,673
Amortisation charge (Note 21)	<u>(25,571,831)</u>	<u>(124,412,327)</u>	<u>(149,984,158)</u>
Closing net book amount	<u>74,121,828</u>	<u>559,578,366</u>	<u>633,700,194</u>
As at 31 March 2015			
Cost	258,508,524	850,195,257	1,108,703,781
<u>Less</u> Accumulated amortisation	<u>(184,386,696)</u>	<u>(290,616,891)</u>	<u>(475,003,587)</u>
Net book amount	<u>74,121,828</u>	<u>559,578,366</u>	<u>633,700,194</u>
For the year ended 31 March 2016			
Opening net book amount	74,121,828	559,578,366	633,700,194
Additions	935,220	279,021,100	279,956,320
Write-offs, net	(21)	-	(21)
Amortisation charge (Note 21)	<u>(24,685,498)</u>	<u>(157,283,806)</u>	<u>(181,969,304)</u>
Closing net book amount	<u>50,371,529</u>	<u>681,315,660</u>	<u>731,687,189</u>
As at 31 March 2016			
Cost	245,639,208	1,077,529,027	1,323,168,235
<u>Less</u> Accumulated amortisation	<u>(195,267,679)</u>	<u>(396,213,367)</u>	<u>(591,481,046)</u>
Net book amount	<u>50,371,529</u>	<u>681,315,660</u>	<u>731,687,189</u>

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14 Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	Financial statements in which the equity method is applied		The Company only	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Deferred tax assets:				
Deferred tax assets to be utilised within 12 months	1,747,961	2,733,234	1,747,961	2,733,234
Deferred tax assets to be utilised more than 12 months	92,529,059	81,725,545	92,529,059	81,725,545
	<u>94,277,020</u>	<u>84,458,779</u>	<u>94,277,020</u>	<u>84,458,779</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(586,323)	(4,816,357)	(586,323)	(4,816,357)
Deferred tax liabilities to be settled more than 12 months	(186,470,209)	(139,619,774)	(11,620,889)	(5,446,143)
	<u>(187,056,532)</u>	<u>(144,436,131)</u>	<u>(12,207,212)</u>	<u>(10,262,500)</u>
Deferred tax assets (liabilities) (net)	<u>(92,779,512)</u>	<u>(59,977,352)</u>	<u>82,069,808</u>	<u>74,196,279</u>

The gross movement of the deferred tax is as follows:

	Financial statements in which the equity method is applied		The Company only	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening balance	(59,977,352)	(45,764,824)	74,196,279	63,112,307
Credited/ (charged) to profit or loss (Note 22)	(24,562,200)	(11,985,526)	8,169,529	11,171,972
Credited/ (charged) to other comprehensive income (Note 22)	(8,239,960)	(2,227,002)	(296,000)	(88,000)
Closing balance	<u>(92,779,512)</u>	<u>(59,977,352)</u>	<u>82,069,808</u>	<u>74,196,279</u>

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14 Deferred tax (Cont'd)

The movements in deferred tax assets and liabilities during the year are as follows:

	Financial statements in which the equity method is applied and the Company only					
	Inventories Baht	Equipment Baht	Intangible assets Baht	Employee benefit liabilities Baht	Others Baht	Total Baht
Deferred tax assets :						
As at 1 April 2014	7,444,539	24,876,726	10,219,164	28,838,324	1,268,694	72,647,447
Credited/(charged) to profit or loss	(2,387,303)	9,232,877	5,162,425	(196,667)	-	11,811,332
As at 31 March 2015	5,057,236	34,109,603	15,381,589	28,641,657	1,268,694	84,458,779
Credited/(charged) to profit or loss	(600,370)	5,332,285	1,065,284	4,021,042	-	9,818,241
As at 31 March 2016	4,456,866	39,441,888	16,446,873	32,662,699	1,268,694	94,277,020

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14 Deferred tax (Cont'd)

	Financial statements in which the equity method is applied			
	Investments in associates Baht	Long-term investment Baht	Buildings Baht	Total Baht
Deferred tax liabilities :				
As at 1 April 2014	(108,877,131)	(492,000)	(9,043,140)	(118,412,271)
Credited/(charged) to profit or loss	(23,157,498)	-	(639,360)	(23,796,858)
Credited/(charged) to other comprehensive income	(2,139,002)	(88,000)	-	(2,227,002)
As at 31 March 2015	(134,173,631)	(580,000)	(9,682,500)	(144,436,131)
Credited/(charged) to profit or loss	(32,731,729)	-	(1,648,712)	(34,380,441)
Credited/(charged) to other comprehensive income	(7,943,960)	(296,000)	-	(8,239,960)
As at 31 March 2016	(174,849,320)	(876,000)	(11,331,212)	(187,056,532)

	The Company only		
	Long-term investment Baht	Buildings Baht	Total Baht
Deferred tax liabilities :			
As at 1 April 2014	(492,000)	(9,043,140)	(9,535,140)
Credited/(charged) to profit or loss	-	(639,360)	(639,360)
Credited/(charged) to other comprehensive income	(88,000)	-	(88,000)
As at 31 March 2015	(580,000)	(9,682,500)	(10,262,500)
Credited/(charged) to profit or loss	-	(1,648,712)	(1,648,712)
Credited/(charged) to other comprehensive income	(296,000)	-	(296,000)
As at 31 March 2016	(876,000)	(11,331,212)	(12,207,212)

15 Accrued expenses

	2016 Baht	2015 Baht
Accrued staff costs	174,132,501	153,647,132
Accrued electricity expense	29,778,158	28,721,168
Others	53,222,668	34,971,876
	<u>257,133,327</u>	<u>217,340,176</u>

16 Provision for post-employment benefits

The amounts recognised in the statement of financial position are determined as follows:

	2016	2015
	Baht	Baht
Present value of defined benefit obligations	163,313,497	143,208,284
Liability in the statement of financial position	<u>163,313,497</u>	<u>143,208,284</u>

Movements in provision for post-employment benefits are as follows:

	2016	2015
	Baht	Baht
Opening balance	143,208,284	144,191,620
(Reversal of) Current service cost	18,886,077	(4,977,235)
Interest cost	4,234,443	4,719,799
Benefits paid	(3,015,307)	(725,900)
Closing balance	<u>163,313,497</u>	<u>143,208,284</u>

The amounts recognised in the statement of income are as follows:

	2016	2015
	Baht	Baht
(Reversal of) Current service cost	18,886,077	(4,977,235)
Interest cost	4,234,443	4,719,799
Total	<u>23,120,520</u>	<u>(257,436)</u>

These expenses are included in cost of sales, selling and administrative expenses as follows:

	2016	2015
	Baht	Baht
(Reversal of) Cost of sales	20,734,560	(2,414,967)
Selling expenses	687,960	630,738
Administrative expenses	1,698,000	1,526,793
Total	<u>23,120,520</u>	<u>(257,436)</u>

The principal actuarial assumptions used are as follows:

Discount rate	3.01%	3.82%
Salary increase rate	5.00%	5.00%

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16 Provision for post-employment benefits (Cont'd)

Sensitivity analysis for each principal actuarial assumptions used were as follows:

	Impact on defined benefit obligation - Post-employment benefits		
	Change in assumption	Increase in obligation	Decrease in obligation
	%	Baht	Baht
Discount rate			
Increase	1.00	-	16,962,198
Decrease	1.00	19,866,051	-
Salary growth rate			
Increase	1.00	20,073,569	-
Decrease	1.00	-	17,459,725

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Expected maturity analysis of employee benefit obligations:

	Employee benefit obligations			
	Less than a year Baht	Between 1-5 years Baht	More than 5 years Baht	Total Baht
Post-employment benefits	4,944,600	31,143,322	127,225,575	163,313,497
Total	4,944,600	31,143,322	127,225,575	163,313,497

17 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
As at 31 March 2016 and 2015	76,625,000	383,125,000	504,250,000	887,375,000

The total authorised number of ordinary shares is 76,625,000 shares with a par value of Baht 5 per share (2015 : 76,625,000 shares with a par value of Baht 5 per share). All shares are issued and fully paid.

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18 Dividends

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 3 July 2015, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2015 for 76,625,000 shares of Baht 4.8 per share, totalling Baht 367,800,000. There were 2,900 shares that were not entitled to receive the dividends, totalling Baht 13,920 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 367,786,080 in the financial statements. The Company paid the dividends to the shareholders on 29 July 2015.

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 4 July 2014, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2014 for 76,625,000 shares of Baht 6 per share, totalling Baht 459,750,000. There were 115,000 shares that were not entitled to receive the dividends, totalling Baht 690,000 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 459,060,000 in the financial statements. The Company paid the dividends to the shareholders on 30 July 2014.

19 Legal reserves

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% of the registered capital. The reserve is non-distributable.

20 Other income - others

	2016	2015
	Baht	Baht
Scrap sales	46,626,851	52,222,976
Interest income	55,112,043	42,369,096
Tax rebate income	16,879,491	15,012,079
Royalty income	877,881	242,466
Gain on disposals of property, plant and equipment, net	3,623,089	96,330,949
Others	23,523,182	49,742,735
	<u>146,642,537</u>	<u>255,920,301</u>

Thai Stanley Electric Public Company Limited
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21 Expenses by nature

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

	2016	2015
	Baht	Baht
Changes in finished goods and work in process	166,634,900	(178,042,424)
Raw materials and consumables used	4,911,026,414	4,232,778,531
Staff costs	1,287,518,568	1,212,617,799
Depreciation of plant and equipment (Note 12)	1,045,341,281	996,187,670
Amortisation of intangible assets (Note 13)	181,969,304	149,984,158
Utility expenses	325,449,744	332,570,693
Subcontract service costs	228,863,487	328,290,089
Repairs and maintenance expenses	219,167,547	190,374,770

22 Income tax

	Financial statements in which the equity method is applied		The Company only	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current tax :				
Current tax on profit for the year	294,609,808	275,494,263	294,609,808	275,494,263
Deferred tax :				
Origination and reversal of temporary differences (Note 14)	24,562,200	11,985,526	(8,169,529)	(11,171,972)
Total income tax expense	<u>319,172,008</u>	<u>287,479,789</u>	<u>286,440,279</u>	<u>264,322,291</u>

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22 Income tax (Cont'd)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Financial statements in which the equity method is applied		The Company only	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Profit before income tax	1,622,612,249	1,445,127,298	1,458,953,604	1,329,339,811
Tax calculated at a tax rate of 20% (2015: 20%)	324,522,450	289,025,460	291,790,721	265,867,962
Tax effect of :				
Income not subject to tax	(70,640)	(390,232)	(70,640)	(390,232)
Expenses not deductible for tax purpose	1,950,683	455,485	1,950,683	455,485
Additional expenses deductible for tax purpose	(1,121,554)	(1,610,924)	(1,121,554)	(1,610,924)
Profit from BOI business	(9,636,799)	-	(9,636,799)	-
Adjustments in respect of prior year	3,527,868	-	3,527,868	-
Tax charge	319,172,008	287,479,789	286,440,279	264,322,291
Average effective tax rate (%)	19.67	19.89	19.63	19.88

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	Financial statements in which the equity method is applied					
	2016			2015		
	Before tax Baht	Tax credit (charge) Baht	After tax Baht	Before tax Baht	Tax credit (charge) Baht	After tax Baht
Unrealised gain (loss) on change in fair value of available-for-sale investment	1,480,000	(296,000)	1,184,000	440,000	(88,000)	352,000
Exchange differences relating to investments in associates	39,719,798	(7,943,960)	31,775,838	10,695,011	(2,139,002)	8,556,009
Other comprehensive income (expenses) for the year	41,199,798	(8,239,960)	32,959,838	11,135,011	(2,227,002)	8,908,009

	The Company only					
	2016			2015		
	Before tax Baht	Tax credit (charge) Baht	After tax Baht	Before tax Baht	Tax credit (charge) Baht	After tax Baht
Unrealised gain (loss) on change in fair value of available-for-sale investment	1,480,000	(296,000)	1,184,000	440,000	(88,000)	352,000
Other comprehensive income (expenses) for the year	1,480,000	(296,000)	1,184,000	440,000	(88,000)	352,000

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23 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	
	2016	2015	2016	2015
Net profit attributable to shareholders (Baht)	1,303,440,241	1,157,647,509	1,172,513,325	1,065,017,520
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)	17.01	15.11	15.30	13.90

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

24 Promotional privileges

The Company has received promotional privileges from the Office of the Board of Investment for the production of molds, mold repairs and production of Eco-car lamps. 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 promotion certificates.

	2016		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	494,793,453	2,547,663,223	3,042,456,676
Domestic sales	616,507,515	7,013,259,395	7,629,766,910
	<u>1,111,300,968</u>	<u>9,560,922,618</u>	<u>10,672,223,586</u>
Domestic service income - mold repairs	<u>222,000</u>	<u>-</u>	<u>222,000</u>
	2015		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	394,191,307	2,001,323,772	2,395,515,079
Domestic sales	309,875,329	6,818,438,255	7,128,313,584
	<u>704,066,636</u>	<u>8,819,762,027</u>	<u>9,523,828,663</u>
Domestic service income - mold repairs	<u>1,684,243</u>	<u>-</u>	<u>1,684,243</u>

25 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.

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

Fair value estimation

When a financial instrument is traded in an active market, its quoted market price provides the best evidence of fair value. The quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, it is the current offer or asking price. When the current bid and offer prices are unavailable, the price of the most recent transaction may provide evidence of the current fair value provided that there has not been a significant change in economic circumstances between the transaction date and the reporting date. When the Company has matching asset and liability positions, it may appropriately use mid-market prices as a basis for establishing fair values.

The fair values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

Information on the fair values of long-term investments is included in Note 11.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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25 Financial instruments (Cont'd)

a) Financial assets and liabilities

As at 31 March 2016 and 2015, the Company has outstanding foreign currency assets and liabilities as details below.

	2016		2015	
	Currency Million	Baht Million	Currency Million	Baht Million
Assets				
Japanese Yen	2.32	0.72	2.20	0.59
US Dollars	8.22	288.16	9.48	307.09
		<u>288.88</u>		<u>307.68</u>
Liabilities				
Japanese Yen	259.62	82.22	216.74	59.39
US Dollars	10.79	381.88	10.82	353.90
		<u>464.10</u>		<u>413.29</u>

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 2016 and 2015, the settlement dates on foreign currency forward contracts were ranged between 1 and 3 months from the statement of financial position date. The equivalent Thai Baht to be paid at the contractual exchange rates of the outstanding contracts were:

	2016 Baht	2015 Baht
USD 1 million at average rate Baht 35.24 = USD 1 (2015 : USD 1 million at average rate Baht 32.89 = USD 1)	35,235,000	32,892,500
JPY 60 million at average rate Baht 31.28 = JPY 100 (2015 : JPY 60 million at average rate Baht 27.13 = JPY 100)	18,769,500	16,275,000
	<u>54,004,500</u>	<u>49,167,500</u>

25 Financial instruments (Cont'd)

a) Financial assets and liabilities (Cont'd)

Fair values

The favourable (unfavourable) differences arising from fair value valuation of the derivative financial instruments at the statement of financial position date were:

	2016	2015
	Baht	Baht
Differences - favourable (unfavourable)	46,289	(311,127)

The fair values of foreign currency forward contracts were calculated using the rates quoted by the Company's bankers which were based on market conditions existing at the statement of financial position date (Level 2).

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.

26 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 30.54% 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.

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26 Related party transactions (Cont'd)

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	2016 Baht	2015 Baht
Sales		
Stanley Electric Group companies	694,942,634	708,267,005
Companies related by way of the Company's management and directors as shareholders, or by way of common directors Associates	171,307,785	150,726,076
	<u>358,982,779</u>	<u>257,997,827</u>
	<u>1,225,233,198</u>	<u>1,116,990,908</u>
Dividend income		
Stanley Electric Group companies	9,022,543	8,900,119
Companies related by way of the Company's management and directors as shareholders, or by way of common directors Associates	353,200	250,760
	<u>53,692,910</u>	<u>52,746,436</u>
	<u>63,068,653</u>	<u>61,897,315</u>
Purchases of goods and services		
Stanley Electric Group companies	1,707,994,305	1,226,325,636
Companies related by way of the Company's management and directors as shareholders, or by way of common directors Associates	343,820,286	262,570,543
	<u>195,137,665</u>	<u>173,380,860</u>
	<u>2,246,952,256</u>	<u>1,662,277,039</u>
Royalty fees		
Stanley Electric Group companies	<u>255,208,888</u>	<u>243,484,422</u>
Design and development fee		
Stanley Electric Group companies	<u>138,136,094</u>	<u>180,818,307</u>
Technical fee		
Stanley Electric Group companies	<u>6,430,674</u>	<u>4,563,467</u>
Training fee		
Stanley Electric Group companies	<u>14,371,150</u>	<u>21,725,354</u>

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26 Related party transactions (Cont'd)

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

For the years ended 31 March	2016 Baht	2015 Baht
Commission		
Stanley Electric Group companies	<u>20,033,595</u>	<u>16,431,872</u>
Directors' and managements' remuneration		
Short-term benefits	<u>47,911,212</u>	<u>45,219,414</u>

Short-term benefits comprise salary, bonus and other welfares.

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 2016 and 2015 are as follows:

	2016 Baht	2015 Baht
Trade accounts receivable - related parties		
Stanley Electric Group companies	158,338,651	166,980,686
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	43,214,874	38,302,018
Associates	<u>72,810,666</u>	<u>56,937,002</u>
	<u>274,364,191</u>	<u>262,219,706</u>
Trade accounts payable - related parties		
Stanley Electric Group companies	338,431,495	297,011,169
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	38,940,993	27,249,363
Associates	<u>50,923,975</u>	<u>46,649,670</u>
	<u>428,296,463</u>	<u>370,910,202</u>
Other accounts payable - related parties		
Stanley Electric Group companies	<u>141,173,810</u>	<u>148,707,283</u>

27 Significant commitments

a) Bank guarantees

As at 31 March 2016, the Company has bank guarantees of Baht 34 million with respect to income tax payment and electricity supply of Baht 18 million and Baht 16 million respectively (2015 : Baht 22 million, mainly with respect to electricity supply).

b) Capital commitments

As at 31 March 2016, the Company has capital commitments of Baht 45 million (2015 : Baht 90 million). The capital commitment mainly comprises construction and machines for production expansion in the future.

28 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 has objected to this letter and currently the case is being considered by the central tax court. The Company has asked the Revenue Department for tax payment relief until the central tax court has made a final resolution, and has asked the bank to issue a letter of guarantee for this tax amount as mentioned in Note 27 a).

29 Subsequent event after the reporting period

At the Board of Directors' meeting held on 27 May 2016, the Board of Directors approved to propose the dividends payment in respect of the operating results for the year ended 31 March 2016 for a total 76,625,000 shares of Baht 5.00 per share totaling Baht 383.13 million to the Annual General Shareholders' meeting which will be held on 8 July 2016.