



THAI STANLEY ELECTRIC PUBLIC COMPANY LIMITED

ANNUAL REPORT

2 0 0 6



NEW FACTORY (Production 5 Factory)

STANLEY GROUP VISION



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	For the year ended 31 March 2007 (Thousand Baht)	For the year ended 31 March 2006 (Thousand Baht)	Change (%)
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Operating Report

Sales	7,906,951	8,315,522	- 4.91
Total Revenues	8,256,604	8,568,560	- 3.64
Cost of Sales	6,273,877	6,657,336	- 5.76
Selling and Administrative Expense	459,533	530,553	- 13.39
Net income before income tax and extraordinary item	1,523,193	1,380,670	10.32
Net Profit (Loss)	1,151,618	1,066,910	7.94

Financial Statement

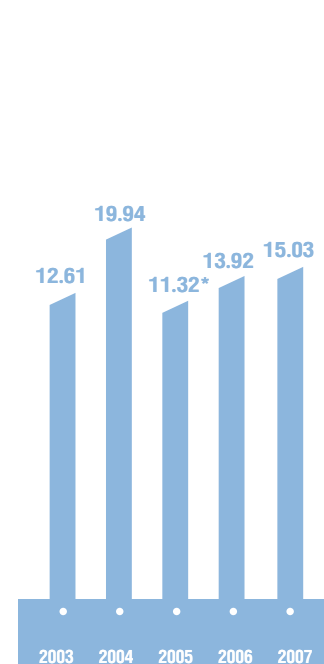
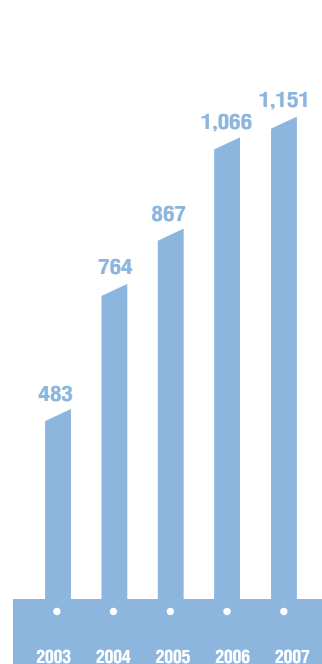
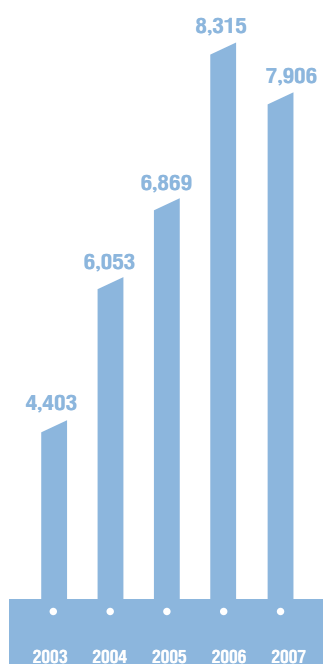
Current Assets	2,872,510	2,629,600	9.24
Total Assets	6,514,992	5,553,590	17.31
Current Liabilities	1,375,276	1,218,458	12.87
Total Liabilities	1,382,608	1,220,584	13.27
Shareholders' Equity	5,132,384	4,333,006	18.45

	Baht	Baht
Net Profit (Loss) per Share	15.03	13.92
Par Value	5.00	5.00
Book Value per Share	66.98	56.55

Net Sales (Unit : Million Baht)

Net Profit (Unit : Million Baht)

Earning Per Share (Unit : Baht)



* Split PAR from 10 Baht to 5 Baht

TO OUR SHAREHOLDERS

Economic Situation in General

In accordance with last year's Economic Situation of Thailand, the problem of crude oil prices increasing has become a rising problem at a very high level which caused the price of Consumer Products to be relatively high, and also affected the inflation situation to be severely adjusted to a very high level, while the Interest Rate adjusted itself to be high continuously, these are the main factors that caused the decreasing of Consumption Rate of Population, and also the burst of Coup since September 2006, and vast Flooding in October, and occurrence of Bomb Threats in many places from December 2006 to January 2007, those situations will cause Thailand's Economic to go further down. The Consumer's Index decreased from 6 percent in the first half of the year and down to 3.5 percent in the last half of the year. Even though the Inflation Condition has the trend to come down, but the Exchange Rate for International Currency in the last 6 months of the year happened to be stronger, and caused the Total Amount of Export to get stuck, but the situation of Export for Electronics Products and Automobiles still can go on pretty well and made our International Currency Reserve at the end of December 2006 become 67,000 million US dollars, the income from International Trade of Year 2006 was the profit of 2,200 million US dollars, which turned the situation from being minus 8,500 million US dollars since the previous year.

As the Big Picture, the Growth Rate of GDP for Year 2006 was at the rate of 5% which was much more than the previous year that was at the level of 4.5 percent, anyhow, from the Economic Situation of Thailand which is not stable and the direction is still not so clear, we must perform our Business carefully in the following year.

The Trend of Automobile Industry

The Automobile Market in Thailand which is the Industrial Group that related to our Business has been continuously gain more and more of the Total Sales Amount since Year 1998, up until Year 2006 the occurrence of many Negative Factors such as Price Increasing of Gasoline, Increasing value of Interest Rate, Political instability, and all concern in Security of Life and Property caused our Total Sales Amount to come down to 682,693 automobiles, which can be considered as 3 percent decreasing compared to last year which has the Total Sales Amount of 703,261 automobiles from the number of 1,176,840 automobiles which was 5 percent increasing of Year 2005, this was the result from increasing of continuous Export Promotion, and can be considered that Automobile Industry played the major role to push forward of our economic, and we expected that from now on the number of Automobiles being manufactured for Export will keep on increasing. The Total Sales Amount of Motorcycle for Year 2006 has been decreasing because of Political Situation, and the effect from occurrence of Flooding of vast area in Thailand, that made the Market Requirement Quantity for Motorcycle was only 2,054,588 Motorcycles or can be considered as 3 percent decreasing compared to previous year, while the scooter Motorcycle which has been introduced since Year 2005 has been expected to be continuously expand, and once the Motorcycle Market is now become neutral condition, therefore the Big Picture of Motorcycle Market will not expand any further.

Our Business

As per the current Economic Situation in Thailand, our Total Sales Amount has been decreasing to 5 percent compared to last year, this can be considered as our first time since Year 1998. Anyway, mentioning the Production Activities Process, we still always give the importance to 5S Activities, and Decreasing of Production Capital, especially for this year we have expanded the limitation of KAIZEN Activities (Improvement Activities) in order to perform the improving of our work to all support units, which has been highlighted on Cooperation Policy from all units at the same direction, and for those Profit from the Business, we can claim that it's a successful one, because we have received the increasing Profit of 3 percent compared to last year.

We are not only perform the continuous Production Efficiency Development Activities, but we also expand to Quality System Development Cooperation by setting up of Policy for all units and allow them to share their cooperation in “Decreasing of Defect to Zero Activities” and “Waste Elimination or MUDA Activities” which is now becomes tangible.

For the Factory Expansion to Increase Production Efficiency Project, both of Jig and Mold Production as well as Bulb Production Factory” has been completely done, and we will start our Production for the Fifth Lamp Production Factory by next quarter, which will be the investment for Production Capability Expansion of Lamp which highlighted on high efficiency.

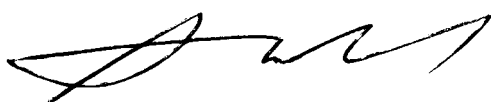
Moreover, we still go straight forward to our Strategic Plan to challenge any kind new things such as the Decreasing of Production Capital Activities at higher level, and performing of improvement for Management Structure in order to gain the Maximum Profit as well.

The Future Trend

Although the inflation situation is getting better now, but the Economic Environment such as the Baht Currency Value which is now becoming continuously stronger and stronger, as well as the Decreasing of Interest Rate, both still caused the Negative Effect to our Business. Therefore, we assumed that the Business Direction of Thailand in Year 2007 will still be unpredictable, anyway for those related to those business related to Automobile Industrial, can be considered that our channel through Exporting still can provide us the strong point of business, which allow us the future trend for the increasing of Total Sales Amount. Our company always try very hard to adjust our Business Direction to be harmonious with all changing of situation, in order to achieve this we have set our Policy to motivate the Production Capability Strengthened Activities as well as increasing of Product Pattern Development Activities. We are currently, foresee that the Competition at International Level is now getting aggressively increased, but since our Sales Promotion Activities has been launched together with Providing of Fantastic Service for our customers, and we also expected that we will be able to increase our Purchasing Order Quantity, and will finally taking control of the situation, this should be our good Business Opportunity, therefore, our Main Policy in the future is “to promote the unity of all to be as one, in order to help us through the current situation, and this will always base on the importance of Sufficiency Economy”. We are strongly believe that our hard trying through cooperation as well as a great support with confidence from our Shareholders will definitely take us to achieve our expected Profit, which means the more and more value of share will be distributed to you in the near future.

However, there still be many more things left for us to perform in both Developing and Improving of our future Business, we will also run our business most effectively in order to gain the capability for better distribution of share to the shareholders, and we will always strictly follow the above Policy. We will be looking forward to your kind cooperation, as well as your valuable advice and all great support from every shareholders and always.

Thai Stanley Electric Public Company Limited



Mr. Apichart Lee-issaranukul
Executive Vice President



Mr. Hiroyuki Nakano
President

THE BOARD OF DIRECTORS

CHAIRMAN
PRESIDENT
EXECUTIVE VICE PRESIDENT
EXECUTIVE DIRECTOR
DIRECTOR

-
Mr.Hiroyuki Nakano
Mr.Apichart Lee-issaranukul
Mr.Masahiro Nakamura
Mr.Shigeo Suzuki
Mr.Kaoru Kuramoto
Mr.Thanong Lee-issaranukul
Mrs.Pimjai Laochinda
Mrs.Pornthip Sethiwan
Mrs.Porndee Lee-issaranukul
Mr.Toshio Uchikawa
Mr.Akira Hosoda
Mr.Hidenari Yamazaki
Mr.Katsumi Kondo
Mr.Kiat Shinno
Mr.Krisada Visavateeranon
Mr.Chokechai Tanpoonsinthana

THE EXECUTIVES



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1. Mr. Hiroyuki Nakano

President

2. Mr. Apichart Lee-issaranukul

Executive Vice President

3. Mr. Masahiro Nakamura

Executive Director

4. Mr. Shigeo Suzuki

Director

5. Mr. Kaoru Kuramoto

Director

6. Mr. Shinichiro Kojima

Executive General Manager

New Products for Year 2006

Since last year, even though Thailand has faced against a lot of changing in both Political side and Economical side, but the automobile manufacturers still kept everything run as planned, a lot of new model automobile and motorcycle has been manufactured and launched out in order to motivate the automobile market in Thailand, which mostly highlighted in the better capability, economic of gasoline consumption, and environment friendly, as well as making the most of utilization, the model mentioned above are as follow,

MOTORCYCLE

HONDA • CLICK PLAY



HONDA • AIR BLADE



YAMAHA • FINO



YAMAHA • MIO Z



YAMAHA • X1R



SUZUKI • HAYATE



SUZUKI • SHOGUN



Motorcycle:

- HONDA : CLICK PLAY, AIR BLADE
- YAMAHA : FINO, MIO Z, X1R
- SUZUKI : HAYATE, SHOGUN

Automobile:

- HONDA CRV
- TOYOTA VIOS
- ISUZU D-MAX
- FORD EVERET
- NISSAN TIIDA

AUTOMOBILE

HONDA • CRV



TOYOTA • VIOS



ISUZU • D-MAX



FORD • EVEREST



NISSAN • TIIDA



5S ACTIVITIES

Since Year 2006, the company has added on 5S activities in order to increase the awareness of continuous 5S activities, we have arranged the month of 5S activities in October 2006 which comprised of a lot of special activities that allowed the participation of all levels of employees, the said activities has established not only the motivation of continuous 5S awareness for all employees, but also established 664 KAIZEN related to 5S in working within one month as well. Beside, the pushing forward of 5S activities has been performed to make it visible (mieruka), in order to upgrade our 5S activities to achieve the same standard as a whole through out the company, and also gaining of value added from 5S.

We are also keep on performing of Visit and Advice activities by our executives in order to maintain the continuous improvement, as well as performing of Big Cleaning Day activities within the period before New Year's Day holiday which is now making an improvement of Grading Form for 5S and Standard of Good 5S Form, which has been broken down in details for each process to make it easier for each judgment and also gaining of the best outcome in each process.



STANLEY NEW APPROACH FOR HIGHER PRODUCTIVITY (SNAP)

SNAP Activities (Stanley New Approach for Higher Productivity) has been continuously performed in form of the organization culture together with 5S Activities and Greeting Activities. Since last year the company has arranged Personnel Training Program to train the total of 63 Players, and also extend the introduction of this training to our supplier companies by appointing the employees at chief unit level and manager level to participate in the said training. besides, we also achieved the training of 5 Trainers too.

Since last year, our Improvement Result came out with the decreasing of 390 employees, and decreasing of 3,500 square meters of working area, and was able to increase the productivity value of 1,412 baht/person, which caused the Improvement Result to come out at the total value of 4,500,000 baht.

The company will keep on performing of Production Improvement Activities, and at the same time maintaining of continuous training to produce the Player in the coming future as well.



• Education

1. 2006 Scholarship Ceremony

Scholarship Ceremony for year 2006 held on December 15, 2006 at Thai Stanley Electric Public Company Limited. Provided 770 scholarship to students from 25 educational institutions in Pathumthani total amount 900,000 baht. And on January 19, 2007 provided 329 scholarship to students from 8 educational institutions in Nakornratchasima total amount 270,000 baht.



2. Outshining Nakamura Fund

1. Outshining Nakamura Fund Scholarship

Outshining Nakamura Fund Ceremony for year 2006 held on July 3, 2006 at Thai Stanley Electric Public Company Limited provide to 4 students as 1. Siwaporn Yodjai from Watmakarm School 2. Supaporn Buakam from Watdaorueng School 3. Sukanya Jermisri from Watboathong School and 4. Worakrit Peekong from Sangkarakbamrung school and students from year 2001 until 2005 joined too. Now student in Outshining Nakamura Fund Project have 18 students.



2. Visual Education for Outshining Nakamura Fund Activity

On October 28, 2006 STF arranged visual education for students in this project at Siam Ocean World and TK Park, Bangkok.



3. Sponsored in Stanley Science Contest No.6

On March 21, 2006 STF sponsored Kanarajbamrung Pathumthani School in organizing “Stanley Science Contest No.6” for promote science project to be an education activities in primary school and secondary school level from Pathumthani and neighboring province. STF supported in trophy and prize amount 150,000 baht.



4. Sponsored in TPA Robot Contest

On May 21, 2006 STF Sponsored Technology Promotion Association (Thailand-Japan) in organize “TPA Robot Contest” by bachelor level (TPA Robot Contest) and secondary school level (TPA Robot Gran-Prix Junior) total amount 107,000 baht.



5. 2006 books for Library activity

In December 2006 to January 2007 STF gave books in “The 60th Anniversary celebration of his majesty the King accession to the throne” for library to 90 schools such as school in 2006 Scholarship project 25 schools from Pathumthani area and 8 schools from Nakornratchasima area, school that expired in scholarship project 26 schools, schools that in Teacher Training project 21 schools,



schools that received equipments 7 schools and 3 Sub district Administration in Pathumthani area total amount 726,879 baht.



6. Gave Sport Equipment to school in Pathumthani

On September 12, 2006, STF gave Sport equipment to Watdaorueng school, Watprayoonthamaram school and Watsrisamosorn school total amount 45,840 baht.

• Environment

1. Plant Conservation Activity

On August 26, 2006 STF arranged plant conservation at Chonburi Forest Conserve Center by Stanley associate join 100 person.



• Others

1. Gave the necessary accessories to Ruamphanya Person Lam Association, Nontaburi.

On November 22, 2006 STF gave the necessary accessories such as Dettol, powdered detergent, powder, soap, dentifrice, plastic chairs and rice for lame children at Ruamphanya Person Lam Association, Nontaburi total amount 23,049 baht.



2. Gave necessary accessories to AIDS patients Activity.

On November 16, 2006 STF gave necessary accessories such as Dettol, rice, sauces and other necessary accessories for AIDS patient at Watprabatnampu, Lopburi province total amount 40,177 baht.



3. Gave the washing equipment and electric fans for Banboathong Child Center, Pathumthani.

On June 20, 2006 STF gave the washing equipment and electric fans to Banboathong Child Center, Ladlumkaew, Pathumthani total amount 24,800 baht.



4. Gave necessary accessories to flood victim in Pathumthani.

On October 21, 2006 STF gave the fiber boat, rubber shoes, cotton gloves, drinking water and necessary accessories to flood victims in Muang, Pathumthani total amount 59,145 baht.



CONTENTS OF FINANCIAL STATEMENT

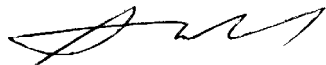
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Report of Directors Responsibilities for Financial Statements.**Thai Stanley Electric Public Company Limited**

The Board of Directors of Thai Stanley Electric Public Company Limited is responsible for the Financial Statements of the Company which have been prepared in accordance with generally accepted accounting standards in Thailand. The accounting policies adopted are deemed appropriate and applied consistently with adequate disclosure of significant information in the notes to the financial statements.

The Board of directors has appointed an Audit Committee consists of independent directors to review of financial statements and the internal control system to ensure that accounting records are accurate, complete and timely. The views of the Audit Committee are report in the Audit Committee's report in the Company's annual report.

The Board of Directors is confident of the company's internal control system that the financial statements of Thai Stanley Electric Public Company Limited presents the financial position, the results of operation and cash flows accurately in all material respects.



Mr. Apichart Lee-issaranukul
Executive Vice President



Mr. Hiroyuki Nakano
President

Report of Audit Committee

The Audit Committee of Thai Stanley Electric Public Company Limited ("**Company**") was set up by a resolution of the Board of Directors Meeting on 23rd June 2006. The Audit Committee has been allocated duties and responsibilities in accordance with "the Audit Committee Charter" of the Company.

The Audit Committee comprises of 3 independent directors as follows:

- | | |
|---------------------------------|--------------------|
| 1. Mr.Kiat Shinno | Committee Chairman |
| 2. Mr.Krisada Visavateeranon | Member |
| 3. Mr.Chokechai Tanpoonsinthana | Member |

For the period April 1, 2006 to March 31, 2007 the Audit Committee convened 4 meetings. The key activities of the Audit Committee during the year are as follows:

1. Reviewing each Quarterly Financial Statements, and the Annual Financial Statements, by obtaining the clarification from management and the auditors, prior to presenting the Board of Directors meeting.
2. Reviewing and approving the Annual Internal Auditing Plan.
3. Reviewing Internal Control of Financial systems operation and compliance, Taxation, Operations, Purchases Payments and Payables, Revenues Receipts and Receivables, Project Management and Environmental legislation and regulations.
4. Reviewing the progress of internal control of Working System that recommending in the past year.
5. Ensuring that the business of the Company is performed in accordance with the applicable laws and regulations.
6. Reviewing transactions between the Company and the related entitles, as well as any matters involving conflict of interest.
7. Ensuring that the Company discloses information in accordance with applicable laws and regulations.
8. Selecting Auditors and approving their remuneration.

The Audit Committee submits to the Board of Directors that, in its opinion, the Company's activities for the period April 1, 2006 to March 31, 2007 are in accordance with the appropriate internal control of the Company. The Financial Statements contain no manifest error, the disclosure of information to those supervising agencies is also deemed to be consistent. The Audit Committee recommends that the shareholders at the annual general meeting re-appoint the PricewaterhouseCoopers ABAS Ltd. as the Company's auditors.



(Mr.Kiat Shinno)
Chairman Audit Committee

AUDITOR'S REPORT

To the Shareholders of Thai Stanley Electric Public Company Limited

I have audited the accompanying balance sheets as at 31 March 2007 and 2006, and the related statements of income, changes in shareholders' equity and cash flows for the year 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 2007 and 2006, the results of operations and its cash flows for the year ended of Thai Stanley Electric Public Company Limited in conformity with generally accepted accounting principles.



Unakorn Phruitithada
Certified Public Accountant (Thailand) No. 3257
PricewaterhouseCoopers ABAS Limited

Bangkok
11 May 2007

BALANCE SHEETS

Thai Stanley Electric Public Company Limited

Balance Sheets

As at 31 March 2007 and 2006

	Notes	2007 Baht	2006 Baht
Assets			
Current assets			
Cash and cash equivalents	3	1,148,679,318	579,420,479
Trade accounts receivable, net - other companies	4	1,010,038,008	1,180,667,256
- related companies	4, 5	147,022,774	177,367,654
Inventories, net	6	508,624,906	653,062,890
Other current assets		58,145,442	39,082,200
Total current assets		2,872,510,448	2,629,600,479
Non-current assets			
Investments in associates	7	207,786,058	152,326,627
Long-term investments	8	148,874,855	148,654,855
Property, plant and equipment, net	9	3,236,239,680	2,606,718,534
Intangible assets, net	10	31,518,735	-
Other non-current assets, net	11	18,062,421	16,289,978
Total non-current assets		3,642,481,749	2,923,989,994
Total assets		6,514,992,197	5,553,590,473

The notes to the financial statements on pages 20 to 40 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited
Balance Sheets
As at 31 March 2007 and 2006

	Notes	2007 Baht	2006 Baht
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable - other companies		428,503,900	447,416,503
- related companies	5	204,776,601	220,576,983
Other payables - other companies		364,695,095	90,738,026
- related companies	5	93,530,028	101,473,876
Foreign currency forward contracts payable, net		1,597,520	3,530,200
Accrued income tax		175,324,249	176,274,344
Advance received from customers		14,916,200	74,899,187
Other current liabilities		91,932,036	103,548,894
Total current liabilities		1,375,275,629	1,218,458,013
Non-Current liabilities			
Retirement benefit obligations		7,332,120	2,126,160
Total non-current liabilities		7,332,120	2,126,160
Total liabilities		1,382,607,749	1,220,584,173
Shareholders' equity			
Share capital	12	383,125,000	383,125,000
Premium on share capital	12	504,250,000	504,250,000
Unrealised gain on revaluation of available for-sale-securities		3,020,000	2,800,000
Appropriated retained earnings			
Legal reserve	13	38,312,500	38,312,500
Unappropriated retained earnings		4,203,676,948	3,404,518,800
Total shareholders' equity		5,132,384,448	4,333,006,300
Total liabilities and shareholders' equity		6,514,992,197	5,553,590,473

The notes to the financial statements on pages 20 to 40 are an integral part of these financial statements.

STATEMENTS OF INCOME

Thai Stanley Electric Public Company Limited
Statements of Income
For the years ended 31 March 2007 and 2006

	Notes	2007 Baht	2006 Baht
Revenues			
Sales	23	7,906,950,769	8,315,522,477
Share of net profit from investments in associates	7	70,022,868	49,365,706
Gain on exchange rate		23,025,016	42,348,021
Other income	14	256,605,173	161,323,302
Total revenues		8,256,603,826	8,568,559,506
Expenses			
Cost of sales		6,273,877,358	6,657,336,241
Selling and administrative expenses		456,627,248	525,624,650
Directors' remuneration	18	2,850,000	2,850,000
Total expenses		6,733,354,606	7,185,810,891
Operating profit before interest expense and income tax	19	1,523,249,220	1,382,748,615
Interest expenses		55,731	2,078,264
Income tax		371,575,521	313,760,621
Net profit for the year		1,151,617,968	1,066,909,730
Basic earnings per share	15		
Net profit for the year		15.03	13.92

The notes to the financial statements on pages 20 to 40 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Thai Stanley Electric Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 March 2007 and 2006

		2007					
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	383,125,000	504,250,000	2,800,000	38,312,500	3,404,518,800	4,333,006,300	
Reserve for fair value	-	-	220,000	-	-	220,000	
Net profit for the year	-	-	-	-	1,151,617,968	1,151,617,968	
Dividends paid	-	-	-	-	(352,459,820)	(352,459,820)	
Closing balance	383,125,000	504,250,000	3,020,000	38,312,500	4,203,676,948	5,132,384,448	

		2006					
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	383,125,000	504,250,000	3,780,000	38,312,500	2,624,941,195	3,554,408,695	
Reserve for fair value	-	-	(980,000)	-	-	(980,000)	
Net profit for the year	-	-	-	-	1,066,909,730	1,066,909,730	
Dividends paid	-	-	-	-	(287,332,125)	(287,332,125)	
Closing balance	383,125,000	504,250,000	2,800,000	38,312,500	3,404,518,800	4,333,006,300	

The notes to the financial statements on pages 20 to 40 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Thai Stanley Electric Public Company Limited
Statements of Cash Flows
For the years ended 31 March 2007 and 2006

	Notes	2007 Baht	2006 Baht
Cash flows from operating activities:			
Net profit for the year		1,151,617,968	1,066,909,730
Adjustments for:			
Depreciation and amortisation	9, 10, 11	708,616,095	673,877,406
Share of net profit from investments in associated companies	7	(70,022,868)	(49,365,706)
Dividend income	14	(40,648,134)	(35,377,188)
Gain on disposal of fixed assets		(2,430,456)	(5,639,197)
Provision for doubtful accounts	4	(674,010)	-
Loss on diminution value of work in progress (reversal)	6	(19,500,000)	30,000,000
Loss on slow moving inventories (reversal)	6	(6,054,927)	1,298,705
Provision for retirement benefits		5,205,960	2,126,160
Unrealised (gain) loss on exchange rate		(1,994,092)	264,187
Changes in operating assets and liabilities			
Trade accounts receivable - other companies		171,292,076	(152,258,411)
- related companies		30,356,062	(23,316,980)
Inventories		169,992,911	(48,715,939)
Other current assets		(22,843,823)	(2,620,652)
Other non-current assets		(3,995,210)	(2,987,887)
Trade accounts payable - other companies		(18,912,603)	31,609,593
- related companies		(15,800,382)	(19,383,143)
Other payables - other companies		83,088,891	(94,714,806)
- related company		(7,943,848)	10,754,675
Accrued income tax		(950,095)	41,551,336
Advance received from customers		(59,982,987)	52,854,545
Other current liabilities		(11,616,858)	14,261,060
Net cash provided by operating activities		2,036,799,670	1,491,127,488

The notes to the financial statements on pages 20 to 40 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Thai Stanley Electric Public Company Limited

Statements of Cash Flows

For the years ended 31 March 2007 and 2006

	Notes	2007 Baht	2006 Baht
Cash flows from investing activities:			
Purchases of land, plant and equipment	9	(1,141,067,174)	(869,174,454)
Advance payment of equipment		-	(510,000)
Proceeds from disposals of equipment		3,798,651	30,727,510
Dividends received	7, 8	55,211,571	50,692,912
Purchases of intangible asset	10	(33,085,474)	-
Net cash used in investing activities		(1,115,142,426)	(788,264,032)
Cash flows from financing activities:			
Dividend paid	16	(352,459,820)	(287,332,125)
Net cash used in financing activities		(352,459,820)	(287,332,125)
Effects of exchange rate changes		61,415	373,653
Net increase in cash and cash equivalents		569,258,839	415,904,984
Cash and cash equivalents at beginning of the year		579,420,479	163,515,495
Cash and cash equivalents at end of the year	3	1,148,679,318	579,420,479
Supplementary information for cash flow:			
Interest paid		55,731	2,078,264
Income tax paid		372,525,616	272,209,285
Non-cash items:			
Purchase of plant and equipment by credit	9	190,868,178	25,628,495
Addition in an associate company	7	14,944,359	-

The notes to the financial statements on pages 20 to 40 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited

Notes to the Financial Statements

For the years ended 31 March 2007 and 2006

1 General information

Thai Stanley Electric Public Company Limited (“the Company”) is incorporated and domiciled in Thailand, and registered as a public company on 26 July 1993. The Company engages in the manufacture of automotive bulbs, lighting equipment and molds and dies.

The Company’s head office is located at 29/3 Moo 1 Bangpoon-Rungsit Road, Banklang, Amphur Muang, Pathumthanee 12000.

As at 31 March 2007, the Company has 2,316 employees (31 March 2006 : 2,302 employees).

These financial statements have been approved for issue by the Board of Directors on 11 May 2007.

2 Significant 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 Profession 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 for the fair value application to investment as disclosed in the accounting policies below.

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. Actual results may differ from those estimates.

When necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

An English version of the financial statements have 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 Significant accounting policies (Cont'd)

2.2 Revenue and expense recognition

Sales net of discounts, are recognised upon delivery of products and customer acceptance. Significant risks and rewards of ownership of the goods are transferred to the customers.

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

Dividend income is recognised when the shareholders' right to receive payment is established.

Other income and expenses are recognised on an accrual basis.

2.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, 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 receivables

Trade accounts receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

2.5 Inventories

Inventories are stated at the lower of cost and net realizable 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, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realizable 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 Significant accounting policies (Cont'd)

2.6 Investments in associates

Investments in associates are accounted for by the equity method of accounting in the financial statements. Under this method the company's share of the post-acquisition profits or losses of associates is recognised in the income statement. The cumulative post-acquisition movements are adjusted against the cost of the investment. The Company's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates. Associates are entities over which the Company has significant influence, but which it does not control. Unrealized gains or losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless the Company has committed to obligations or payments on behalf of the associates.

A listing of the Company's principal associate undertakings is shown in Note 7.

2.7 Investments in other companies

Investments other than investments in associates are classified into the following two categories: 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 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.

2 Significant accounting policies (Cont'd)

2.7 Investments in other companies (Cont'd)

Investments in marketable securities which are classified as available-for-sale securities, are carried at fair value. Fair value is calculated by reference to the Stock Exchange of Thailand quoted bid prices at the close of business on the balance sheet date. Increase/decreases in the carrying amount of marketable securities classified as available-for-sale securities are recognised as unrealized gains and losses of available-for-sale securities in shareholders' equity.

Investments in non-marketable equity securities which are classified as general investments are carried at cost.

A test for impairment is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is more 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 an investment in the same category of equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investments.

2.8 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost less accumulated depreciation for all property, plant and equipment except land.

Depreciation is calculated on the straight-line method to write off the cost of each asset, except for land as it is deemed to have an indefinite life, over their estimated useful lives as follows:

	%
Buildings	5
Land and building improvement	10
Machinery and equipment	20
Molds and factory tools	20 - 25
Motor vehicles	20
Furniture, fixtures and office equipment	20
Computers	33

2 Significant accounting policies (Cont'd)

2.8 Property, plant and equipment (Cont'd)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditures for additions, renewals and betterments, which result in a substantial increase in an asset's current replacement value, are capitalised. Repair and maintenance costs are recognised as an expense when incurred.

2.9 Intangible asset

Research and development

Research expenditure is recognised as an expense as incurred. 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. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development cost that have been capitalised are amortised from the commencement of the commercial production of the product on the straight-line method over the period of its expected benefit, not exceeding 4 - 5 years.

2.10 Employee benefits

The Company operates a provident fund, which is registered in accordance with the Provident Fund Act B.E. 2530, this being a defined contribution plan, and the assets of the fund are held independently by the Company's assets and managed by an independent fund manager. The provident fund is funded by contributions from employees and the Company.

The Company's 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 Significant accounting policies (Cont'd)

2.11 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Baht at the exchange rates prevailing at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.12 Financial instruments

Significant financial assets carried on the balance sheet include cash and cash equivalents, trade accounts receivable and investments. Significant financial liabilities carried on the balance sheet include trade accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Company is also party to financial instruments that reduce exposure to fluctuations in foreign currency exchange. These instruments, which mainly comprise foreign currency forward contracts, are recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset and liability will be settled. Foreign currency forward contract transactions are recorded as foreign currency forward contracts receivable and payable. Premiums or discounts are amortised and recognised as a component of selling and administrative expenses on the straight-line basis over the contract period.

Disclosures about financial instruments to which the Company is a party are provided in Note 20.

3 Cash and cash equivalents

	2007 Baht	2006 Baht
Cash and cheques on hand	7,759,182	4,846,977
Cash at bank - savings accounts	70,244,189	16,146,759
Cash at bank - current accounts	36,261,899	94,266,423
Short-term investment - treasury bills and bills of exchange	1,034,414,048	464,160,320
	<u>1,148,679,318</u>	<u>579,420,479</u>

The weighted average effective rates of deposits held at call with banks and short-term investment, with maturity of 7 days from the acquisition were 0.25% - 5.24% per annum (2006 : 0.25% - 4.48% per annum).

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

	Trade accounts receivable- other companies		Trade accounts receivable- related companies	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Trade accounts receivable	1,010,038,008	1,181,330,084	147,588,254	177,944,316
<u>Less</u> Allowance for doubtful accounts	-	(662,828)	(565,480)	(576,662)
Trade accounts receivable, net	1,010,038,008	1,180,667,256	147,022,774	177,367,654

	Trade accounts receivable- other companies		Trade accounts receivable- related companies	
	2007 Baht' 000	2006 Baht' 000	2007 Baht' 000	2006 Baht' 000
Current	999,532	1,168,580	126,146	175,424
Overdue 1 - 30 days	5,204	4,844	15,553	513
Overdue 31 - 60 days	1,528	2,067	1,306	80
Overdue 61 - 90 days	2,840	132	-	1,395
Overdue more than 90 days	934	5,707	4,583	532
	1,010,038	1,181,330	147,588	177,944

5 Related party transactions

Enterprises and individuals 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 enterprise, 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 following significant transactions with its major shareholder, Stanley Electric Company Limited, 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.

5 Related party transactions (Cont'd)

	2007 Baht' 000	2006 Baht' 000
Sales		
Stanley Electric Group companies	340,099	608,490
Companies related by way of the Company's management and directors as shareholders, or by way of directors	296,154	258,340
Associated companies	93,542	77,557
	729,795	944,387
Technical assistance income		
Stanley Electric Group companies	1,129	1,732
Others incomes		
Stanley Electric Group companies	38,159	33,886
Companies related by way of the Company's management and directors as shareholders, or by way of directors	1,965	1,968
Associated companies	-	978
	40,124	36,832
Royalty Income		
Companies related by way of the Company's management and directors as shareholders or by way of directors	10,084	9,753
Associated companies	62	71
	10,146	9,824
Purchases of goods and services		
Stanley Electric Group companies	679,871	1,018,199
Companies related by way of the Company's management and directors as Shareholders, or by way of directors	400,450	241,384
Associated companies	16,545	23,945
	1,096,866	1,283,528

5 Related party transactions (Cont'd)

	2007 Baht' 000	2006 Baht' 000
Royalty fees		
Stanley Electric Group companies	207,196	216,435
Design and development fee		
Stanley Electric Group companies	32,635	48,143
Technical fee		
Stanley Electric Group companies	4,427	7,059
Training fee		
Stanley Electric Group companies	7,549	7,029
Commission		
Stanley Electric Group companies	2,832	1,915

Purchases from related companies are specific materials or materials which are manufactured on a large scale at one source for cost saving benefits. Sales to related companies mainly represent export sales, and selling price is determined based on manufacturing cost plus a certain margin. A royalty fee is charged at 3% of sales less materials cost imported from a related company in accordance with the agreement. A design and development fee and other fees are charged in the normal course of business. Outstanding balance of royalty fee, design and development fee and other fees are presented as other payables - related companies.

5 Related party transactions (Cont'd)

The amounts due to/from related companies are mainly denominated in foreign currency and relate to purchases and sales transactions. The outstanding balances as at 31 March 2007 and 2006 are as follows:

	2007 Baht' 000	2006 Baht' 000
Trade accounts receivable - related companies		
Stanley Electric Group companies	56,480	102,127
Companies related by way of the Company's management and directors as shareholders, or by way of directors	61,244	56,445
Associated companies	29,299	18,796
	147,023	177,368
Trade accounts payable - related companies		
Stanley Electric Group companies	178,503	187,636
Companies related by way of the Company's management and directors as shareholders, or by way of directors	23,964	26,474
Associated companies	2,310	6,467
	204,777	220,577
Other payables - related companies		
Stanley Electric Group companies	93,530	101,474

6 Inventories, net

Inventories are as follows:

	2007 Baht	2006 Baht
Raw materials and packaging	193,440,789	284,966,517
Work in progress	256,691,060	304,882,736
Finished goods	31,702,175	65,799,949
Goods in transit	40,725,887	36,903,620
	522,559,911	692,552,822
<u>Less</u> Allowance for slow moving inventories	(3,435,005)	(9,489,932)
Provision of WIP	(10,500,000)	(30,000,000)
Inventories, net	508,624,906	653,062,890

7 Investments in associates

	2007	2006
	Baht	Baht
Investments in associated companies - Equity method		
Opening net book amount	152,326,627	118,276,645
Addition	14,944,359	-
Share of net profit	70,022,868	49,365,706
Dividends received	(29,507,796)	(15,315,724)
Closing net book amount	<u>207,786,058</u>	<u>152,326,627</u>

Investments - equity method are made up as follows:

Name	Business activity	Paid-up share capital (million)	% of Holding	2007		2006		
				Amount Baht	Dividend Baht	% of Holding	Amount Baht	Dividend Baht
Associated companies - Lao Stanley Company Limited	Equity method Manufacture automotive lighting equipment	USD 0.25	50.0	9,483,252	161,636	50.0	8,227,331	127,684
Vietnam Stanley Electric Company Limited	Manufacture automotive lighting equipment	USD 8.3	20.0	198,302,806	29,346,160	20.0	144,099,296	15,188,040
				<u>207,786,058</u>	<u>29,507,796</u>		<u>152,326,627</u>	<u>15,315,724</u>

At the Board of Director Meeting of Thai Stanley Electric Public Company Limited held on 27 October 2006, it is unanimously resolved to invest in increased capital of Vietnam Stanley Electric Company Limited, a company incorporated in Vietnam, amounting to US dollar 0.4 million. Percentage of holding still maintain at 20% of authorized share capital. Vietnam Stanley Electric Company Limited increased capital by transfer its profit to increase authorized capital under Vietnamese law from USD 6.3 million to be USD 8.3 million on the same day. Accordingly, the Company does not have to inject cash for additional investment.

The share of profits for the year ended 31 March 2007 from Lao Stanley Company Limited and Vietnam Stanley Electric Company Limited of Baht 1,417,558 and Baht 68,605,310 respectively (2006 : Baht 776,717 and Baht 48,588,989 respectively) are based on unaudited financial statements.

8 Long-term investments

	2007 Baht	2006 Baht
Investments in related companies -available-for-sale		
Opening net book amount	2,980,000	3,960,000
Change in fair value of investment	220,000	(980,000)
Closing net book amount	3,200,000	2,980,000
Investments in related companies - cost method		
Opening net book amount	121,184,215	121,184,215
Closing net book amount	121,184,215	121,184,215
Investments in other companies - cost method		
Opening net book amount	24,490,640	24,490,640
Closing net book amount	24,490,640	24,490,640
	148,874,855	148,654,855

8 Long-term investments (Cont'd)

Long-term investments are as follows :

Name	Business activity	Paid-up share capital (million)	2007			2006		
			% of Holding	Amount Baht	Dividends Baht	% of Holding	Amount Baht	Dividends Baht
Related companies - available for sale								
Inoue Rubber (Thailand) Public Company Limited	Manufacture of tyre	Baht 200	0.2	2,980,000	116,000	0.2	3,960,000	136,000
Change in fair value of investments				220,000	-		(980,000)	-
				3,200,000	116,000		2,980,000	136,000

Dividends received for the year ended 31 March 2007 amounting to Baht 116,000 (2006 : Baht 136,000) have been included in other income.

8 Long-term investments (Cont'd)

Long-term investments are as follows:

Name	Business activity	Paid-up share capital (million)	2007			2006		
			% of Holding	Amount Baht	Dividends Baht	% of Holding	Amount Baht	Dividends Baht
Related companies, at cost								
Asian Stanley International Company Limited	Manufacture of small bulbs, LED and electronic components	Baht 400	15.0	60,000,000	15,375,270	15.0	60,000,000	19,647,322
Sirivit Stanley Company Limited	Manufacture of electronic equipment and automotive lighting	Baht 21	15.0	3,000,000	1,159,211	15.0	3,000,000	1,050,000
Lumax Industries Limited	Manufacture of automotive Lighting equipment and auto parts	RS 83.5	1.9	8,793,715	460,165	1.9	8,793,715	451,068
PT. Indonesia Stanley Electric	Manufacture of molds automotive lighting	USD 7.5	10.0	33,127,500	21,852,488	10.0	33,127,500	12,532,798
Stanley Electric Engineering India PVT.	Design molds Manufacture of lamps	RS 161	10.0	16,263,000	-	10.0	16,263,000	-
				121,184,215	38,847,134		121,184,215	33,681,188

Dividends received from related companies for the year ended 31 March 2007: Baht 38,847,134 (2006: Baht 33,681,188) have been included in other income.

8 Long-term investments (Cont'd)

Long-term investments are as follows:

Name	Business activity	Paid-up share capital (million)	2007			2006		
			% of Holding	Amount Baht	Dividends Baht	% of Holding	Amount Baht	Dividends Baht
Other companies, at cost								
Sum Hitech Company Limited	Chrome plating on plastic products	Baht 104	15.0	19,490,640	1,560,000	15.0	19,490,640	1,560,000
Top Hitech (Thailand) Company Limited	Manufacture of plastic plastic products	Baht 35.9	13.9	5,000,000	125,000	17.3	5,000,000	-
				24,490,640	1,685,000		24,490,640	1,560,000

Dividends received for the year ended 31 March 2007: Baht 1,685,000 (2006: Baht 1,560,000) have been included in other income.

9 Property, plant and equipment, net

	Land Baht	Land and building improvement Baht	Buildings Baht	Machinery and equipment Baht	Molds and factory tools Baht	Motor vehicles Baht	Furniture, fixtures and office equipment Baht	Machinery under installation and construction in progress Baht	Total Baht
At 31 March 2006									
Cost	464,288,272	189,876,881	494,892,284	3,074,725,180	1,908,874,976	59,227,933	75,501,584	147,597,799	6,414,984,909
Less: Accumulated depreciation	-	(94,878,952)	(245,579,370)	(2,107,915,171)	(1,266,889,171)	(34,496,612)	(58,507,099)	-	(3,808,266,375)
Net book amount	464,288,272	94,997,929	249,312,914	966,810,009	641,985,805	24,731,321	16,994,485	147,597,799	2,606,718,534
Year ended 31 March 2007									
Opening net book amount	464,288,272	94,997,929	249,312,914	966,810,009	641,985,805	24,731,321	16,994,485	147,597,799	2,606,718,534
Additions	29,083,959	12,180,000	-	187,297,233	154,166,007	12,001,437	26,076,769	911,129,947	1,331,935,352
Disposals, net/written off	-	(275,917)	-	(512,044)	(130,195)	(348,642)	(101,397)	-	(1,368,195)
Assets transfer	-	248,000	37,046,000	204,232,036	104,064,943	-	2,875,849	(348,466,828)	-
Depreciation charge	-	(14,863,894)	(24,412,058)	(358,686,063)	(283,261,357)	(10,324,024)	(9,498,615)	-	(701,046,011)
Closing net book amount	493,372,231	92,286,118	261,946,856	999,141,171	616,825,203	26,060,092	36,347,091	710,260,918	3,236,239,680
At 31 March 2007									
Cost	493,372,231	200,739,041	531,938,284	3,429,409,062	2,166,029,842	66,282,645	102,519,653	710,260,918	7,700,551,676
Less: Accumulated depreciation	-	(108,452,923)	(269,991,428)	(2,430,267,891)	(1,549,204,639)	(40,222,553)	(66,172,562)	-	(4,464,311,996)
Net book amount	493,372,231	92,286,118	261,946,856	999,141,171	616,825,203	26,060,092	36,347,091	710,260,918	3,236,239,680

As at 31 March 2007, the Company has capital commitment of Baht 138.6 million (2006: Baht 16.5 million). Initial costs of assets, which have already fully depreciated as at 31 March 2007, but the Company still used such assets are Baht 2,687.7 million.

10 Intangible assets, net

Development costs

	Baht
At 31 March 2006	
Cost	-
<u>Less:</u> Accumulated amortisation	-
Net book amount	-
Year ended 31 March 2007	
Opening net book amount	-
Development costs recognised as an asset	33,085,474
Amortisation charge	(1,566,739)
Closing net book amount	31,518,735
At 31 March 2007	
Cost	33,085,474
<u>Less:</u> Accumulated amortisation	(1,566,739)
Net book amount	31,518,735

Development costs principally comprise internally generated expenditure that is directly attributable to major development projects where it is probable that the costs will be recovered through future commercial activity.

11 Other non-current assets, net

Other non-current assets are as follows :

	2007 Baht	2006 Baht
Deposits	15,870,958	13,688,338
Software costs and others, net	2,191,463	2,601,640
	18,062,421	16,289,978

Amortisation of software costs and others for the year ended 31 March 2007 amounting to Baht 6,003,345 (2006 : Baht 9,811,860) has been charged to the statements of income.

12 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
Year ended 31 March 2006	76,625,000	383,125,000	504,250,000	887,375,000
Year ended 31 March 2007	76,625,000	383,125,000	504,250,000	887,375,000

The total authorized number of ordinary shares is 76,625,000 shares (2006: 76,625,000 shares) with a par value of Baht 5 per share (2006: Baht 5 per share). All issued shares are fully paid.

13 Legal reserve

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent 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.

14 Other income

Other income is as follows:

	2007 Baht	2006 Baht
Service income	14,115,831	16,940,162
Tax rebate income	17,204,752	22,303,514
Scrap sales	127,645,842	70,145,781
Dividend income	40,648,134	35,377,188
Interest income	41,370,317	3,847,377
Others	15,620,297	12,709,280
	256,605,173	161,323,302

15 Basic earnings per share

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

	2007 Baht	2006 Baht
Net profit attributable to shareholders (Baht)	1,151,617,968	1,066,909,730
Weighted average number of ordinary share in issue during the year (Shares)	76,625,000	76,625,000
Basic earnings per share (Baht)	15.03	13.92

There are no dilutive ordinary shares in issue for the years ended 31 March 2007 and 2006.

16 Dividends paid

The annual shareholders' meeting held on 23 June 2006 approved the payment of dividends from the operating results for the year ended 31 March 2006 of Baht 4.60 per share for a total 76,625,000 shares totaling Baht 352.5 million (for the year ended 31 March 2005 of Baht 3.75 per share. Total dividends was Baht 287.3 million). The dividends was fully paid to the shareholders on 21 July 2006.

17 Employee benefits

The Company established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 23 December 1992.

Under the plan, the employees must contribute 3% of their basic salary and the Company must contribute 3% - 7% according to the number of years it has been in the plan, from 1-12 years, respectively.

The Company's contribution for the year ended 31 March 2007 amounted to Baht 12.5 million (2006 : Baht 10.9 million).

18 Directors' remuneration

During the year ended 31 March 2007, the remuneration of the directors was Baht 2.85 million (2006 : Baht 2.85 million). Directors' remuneration represents meeting fees and gratuities as approved by the shareholders of the Company in the Annual General Meeting.

19 Operating profit

The following expenditures, classified by nature, have been charged in arriving at operating profit:

	2007 Baht	2006 Baht
Staff costs	704,777,876	680,600,124
Depreciation on property, plant and equipment (Note 9)	701,046,011	664,065,546
Amortisation of intangible assets and other non-current assets (Note 10, 11)	7,570,084	9,811,860
Profit on exchange rate	23,025,016	42,348,021

20 Financial instruments

The principal financial risks faced by the Company are foreign currency exchange rate risk, interest rate risk and credit risk. Foreign currency exposure relates to importing of raw materials in foreign currencies and certain export sales in foreign currencies. The business transactions are generally on a short-term period, 1 to 3 month terms, and foreign currencies in respect of imported materials are generally net exposure with trade export. The currency exchange risk of the Company occurs mostly in Japanese Yen and US dollars. Credit risk arises when derivative instruments are used or sales are made on deferred credit terms.

20 Financial instruments (Cont'd)

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 taken out to manage the currency risks in sales and purchase. Decisions on the level of risk undertaken are confined to the Management Committee which has established limits by transaction type and by counterparty. The current policy established by the Management Committee is unchanged from that of the prior year which is to enter into foreign currency forward contracts for approximately 50% of net foreign currency liabilities.

Trading for speculative purposes is prohibited. Foreign currency forward contracts are confined to the Company's principal lending bank.

i) Objectives and significant terms and conditions

The Company enters into the following derivative financial instruments 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 2007 and 2006, the settlement dates on open foreign currency forward contracts ranged between 1 - 4 months. The equivalent Thai Baht to be received at the contractual exchange rates of the outstanding contracts were:

	2007 Baht	2006 Baht
160 Yen million (at rates averaging Baht 30.42 = Yen 100)	48,670,000	
200 Yen million (at rates averaging Baht 34.55 = Yen 100)		69,094,000

At 31 March 2007, trade accounts receivable and payable included aggregate net payable of Japanese Yen 684 million and net receivables of US Dollars 2 million in respect of purchase and sales proceeds due in foreign currencies. There are foreign currency forward contracts to cover the amount of Japanese Yen 160 million (at 31 March 2006 : aggregate net payable of Japanese Yen 517 million and net receivable of US Dollars 3 million in respect of purchase and sale proceeds due in foreign currencies and there were forward exchange contracts to cover the amount of Japanese Yen 200 million).

Net fair values

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

	2007 Baht	2006 Baht
Favourable foreign currency forward contracts (liabilities)	838,163	2,544,852

20 Financial instruments (Cont'd)

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 the contracts at the balance sheet date.

ii) Credit risk

The Company has no significant concentrations of credit risk. Derivative instruments are entered into with, and cash is placed with, high quality financial institutions.

iii) Fair values

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash and cash equivalents, trade accounts receivable, investments, trade accounts payable, and short-term borrowings. Information on the fair values of foreign currency forward contracts is included in Section (i) of this Note.

21 Commitments and contingent liabilities

As of 31 March 2007, the Company has obtained guarantees for electricity supply and telephones from bankers of Baht 19.54 million (31 March 2006 : Baht 15.66 million).

22 Business segment information

The Company currently manufactures and markets auto bulbs, automotive lighting equipment and molds & dies. The business segment information for molds & dies, which is different from auto bulbs and automotive lighting, has not been separately reported as the sales of this segment represent only 3.19% of total sales (2006: 4.76% of total sales).

23 Promotional privileges

As at 31 March 2007, five outstanding promotional privileges exempting the Company from corporate income tax are on 8 March 2000 and 30 August 2002 for the production of manufacturing molds, on 15 January 1998 and 7 October 2003 for the production of lighting equipment for automobiles and on 2 May 2002 for the 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 industry, the Company is required to comply with the terms and conditions as specified in the promotion certificates.

Sales are as follows:

	2007 Baht	2006 Baht
BOI - Within privilege	1,390,575,076	1,695,758,968
- Exceed privilege	659,341,593	298,690,636
Non-BOI	5,857,034,100	6,321,072,873
	<u>7,906,950,769</u>	<u>8,315,522,477</u>

FINANCIAL STATISTICS IN 5 YEARS

(Unit : Thousand Baht Except For Figure Per Share)

	31 Mar 07	31 Mar 06	31 Mar 05	31 Mar 04	31 Jan 04
Report on Operation					
Sales	7,906,951	8,315,522	6,869,653	1,087,413	6,053,228
Cost of Sales	6,273,877	6,657,336	5,430,662	887,346	4,792,336
Net Profit (Loss)	1,151,618	1,066,910	867,058	123,760	764,059
Net Profit (Loss) per Share (Baht)	15.03	13.92	11.32	1.62	19.94
Net Profit Margin (%)	13.95	12.45	12.34	11.06	12.31
Return on Equity (%)	24.33	27.05	26.56	4.25	29.97
Return on Total Assets (%)	19.08	20.79	19.44	3.00	20.46
Dividend per Share (Baht)	*	4.60	3.75	1.00	6.50
Dividend Ratio (%)	*	33.04	33.14	30.96	32.60
Assets & Liabilities and Shareholders' Equity					
Current Assets	2,872,510	2,629,600	2,022,887	1,525,934	1,359,845
Property, Plant and Equipment, Net	3,236,240	2,606,719	2,401,069	2,415,699	2,405,796
Total Assets	6,514,992	5,553,590	4,709,667	4,210,647	4,029,496
Current Liabilities	1,375,276	1,218,458	1,155,258	1,235,174	1,176,023
Long Term Liabilities	7,332	2,126	-	-	-
Shareholders' Equity	5,132,384	4,333,006	3,554,409	2,975,473	2,853,472
Capital Registered	383,125	383,125	383,125	383,125	383,125
Capital	383,125	383,125	383,125	383,125	383,125
Book Value Per Share (Baht)	66.98	56.55	46.39	77.66	74.48
Number of Shares**	76,625	76,625	76,625	38,312.50	38,312.50
Par Value (Baht)	5.00	5.00	5.00	10.00	10.00

* It will be Approved From The Ordinary Shareholders' Meeting.

** Calculated Using The Weighted Average Method

MILESTONE

May	1980	- Establishment and registration of the Company in Bangkok for the purpose of manufacturing and selling automotive bulbs with and initial capital of Bt. 10 million under investment.
August	1984	- Received investment promotion from The Board Of Investment to manufacture Lighting Equipment and completion of factory for Lighting Equipment.
October	1987	- Received investment promotion from The Board Of Investment to manufacture Die & Mold, Increased capital to Bt. 53 million.
March	1988	- Investment in a new company. (Asian Stanley International Co., Ltd.)
April	1988	- Completion of Die & Mold factory.
November	1990	- Completion of new factory for Lighting Equipment.
May	1991	- The Company was listed in The Stock Exchange of Thailand.
June	1991	- Completion of head office building.
November	1991	- Received investment promotion from The Board Of Investment for establishment Research & Development Center.
July	1993	- Registered transform to The Public Company Limited and increased capital to 274.5 million baht and changed name to Thai Stanley Electric Public Company Limited.
September	1993	- Signed technical assistance agreement with Electro Polymers (PVT.) Ltd. in Pakistan to produce automotive lighting equipment.
October	1993	- Establishment of The Stanley (Thailand) Foundation registered capital Bt. 200,000.
November	1993	- Signed joint venture agreement for establishment of Lao Stanley Co., Ltd. in Lao People's Democratic Republic.
September	1994	- Received an award for the best organization from Ministry of Labor and Social Welfare.
October	1994	- Participated of equity for Sum Hitechs Co., Ltd., Sirivit Stanley Co., Ltd. and Lumax Industries Limited.
May	1995	- Signed Joint Venture agreement of establishment of Top Hightech (Thailand) Co., Ltd.
June	1995	- Increased capital to 383.125 million baht.
September	1995	- Completion of Welfare building.
November	1995	- Completion of new factory for Lighting Equipment for Automobiles.
May	1996	- Signed Joint Venture agreement of establishment of Vietnam Stanley Electric Co., Ltd. in Hanoi, Vietnam.
October	1996	- Completion of new factory for Molding Plant.
July	1997	- Completion of expansion factory for Die & Mold.
January	1999	- To certified quality system ISO 9002 in manufacturer of Automotive bulb and Die & Mold.
July	1999	- To certified quality system ISO 9001 in manufacturer of Die & Mold.
May	2000	- Completion of expansion factory for Automotive bulb and Die & Mold.
May	2000	- Signed technical assistance agreement with Unitech Machines Limited in India to produce Automotive Lighting Equipment.
September	2000	- Received "Female and Child Labour Management Achievement" Certificate from Ministry of Labour and Social Welfare.
January	2001	- QS 9000 Quality System has been acquired for Automotive bulb and Lighting Equipment Division.
May	2001	- Joint Investment with Stanley Electric Company Limited to establish Stanley Electric Engineering India PVT. Ltd. (SEI) in India. In order to support the potential expansion of India market.
September	2001	- Joint Investment with Stanley Electric Company Limited to establish P.T. Indonesia Stanley Electric in Indonesia. In order to support the potential expansion of Indonesia market.
September	2002	- To certified environmental management ISO 14001.
July	2003	- Received "Best Performance" Award in category of industrial on "SET AWARD 2003" from The Stock Exchange of Thailand.
October	2003	- Completion of new factory in Navanakorn Industrial Estate for Plastic Injection Parts and Lighting Equipment for vehicle.
May	2004	- Received "The Best Performance Company of Safety, Occupational Health and Environmental at Work" Award 2004 from Ministry of Labour.
July	2004	- Received "Best Performance" Award in category of industrial on "SET AWARD 2004" from The Stock Exchange of Thailand.
November	2004	- Received "Green Factory" Certificate from Pathumthanee Province Labour and Welfare Protection Government.
April	2005	- Received "Best Corporate in Social Security Cooperation" Award from Office of Social Security, Pathumthanee province.
May	2005	- Received "The Best Performance Company of Safety, Occupational Health and Environment at Work" Award 2005 from Ministry of Labour twice years.
March	2006	- To certified quality system ISO/TS 16949

May	2006	- Received "The Best Performance Company of Safety, Occupational Health and Environment at Work" Award 2006 from Ministry of Labour continually for third year.
July	2006	- Received "Best Performance" Award in category of Industrial on "SET AWARD 2006" from The Stock Exchange of Thailand.
August	2006	- Received the Copper Trophy for participant in The National Zero Accident Campaign from Ministry of Labour.
September	2006	- Received "An Outstanding Establishment in the year 2006 for achievement on Labour Relations and Welfare" Award from Ministry of Labour.
March	2007	- Completion of New Production 5 Factory for Lighting Equipment for vehicle.



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