



*The Royal Trophy from  
Her Royal Highness Princess Maha Chakri Sirindhorn  
The Thailand Labour Management  
Excellence Award 2017*

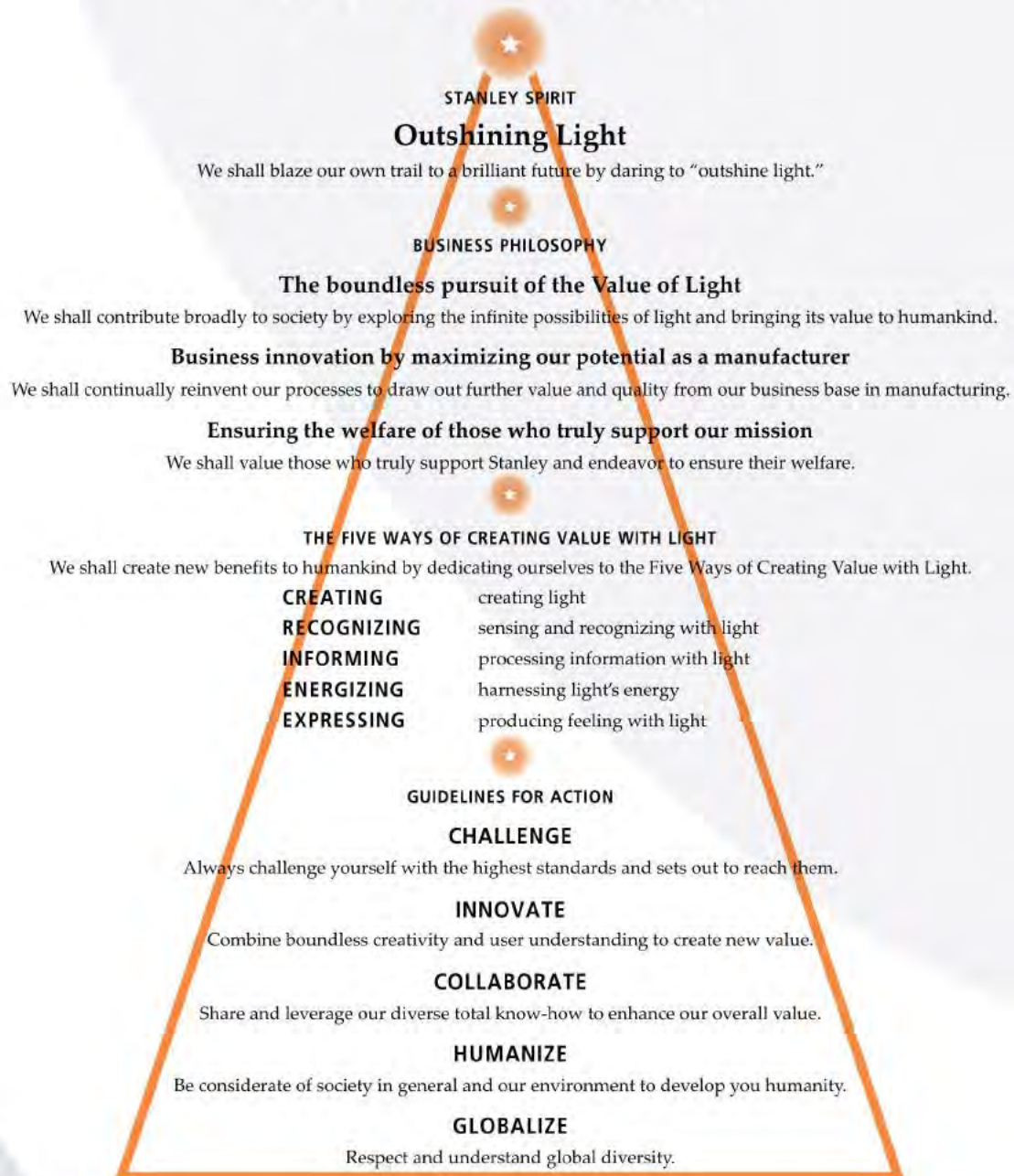
ANNUAL  
REPORT 2017

รายงานประจำปี 2560  
สำหรับปีสิ้นสุด 31 มีนาคม 2561  
Fiscal Year Ended March 31, 2018

**STANLEY**

Thai Stanley Electric Public Company Limited

# STANLEY GROUP VISION



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## HIGHLIGHTS

## Operating Report

	For the year ended 31 March 2018 (Thousand)	For the year ended 31 March 2017 (Thousand)	Change (%)
Sales	13,220,446	11,024,797	19.92
Total Revenues	13,419,320	11,210,771	19.70
Cost of Sales	10,775,580	9,087,201	18.58
Selling and Administrative Expense and other	889,951	799,007	11.39
Profit before income tax	2,048,547	1,580,284	29.64
Net Profit (Loss)	1,658,662	1,270,768	30.53

## Financial Statement

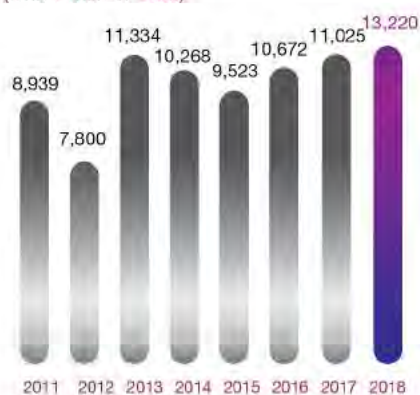
Current Assets	9,290,056	7,738,068	20.06
Total Assets	16,938,772	15,185,832	11.55
Current Liabilities	2,066,180	1,548,236	33.46
Total Liabilities	2,407,392	1,844,354	30.53
Shareholders'Equity	14,531,380	13,341,478	8.92

## Financial Ratio

Net Profit Margin (%)	12.36	11.34
Return on Equity (ROE) (%)	11.91	9.83
Return on Total Asset (ROA) (%)	10.33	8.59
Debt to Equity (DE) (time)	0.17	0.14
Price Earning ratio (PE) time	10.67	12.12
Current Ratio (time)	4.50	5.00
Net Profit (Loss) per share	21.65	16.58
Par Value	5.00	5.00
Book Value per Share	189.65	174.11

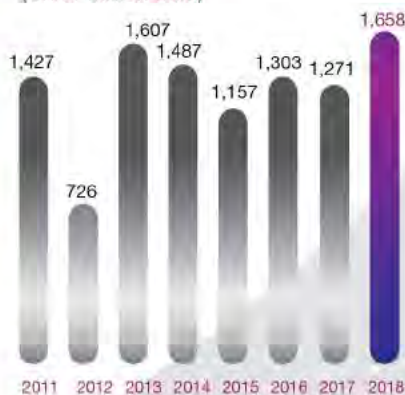
## Net Sales

(Unit : million baht)



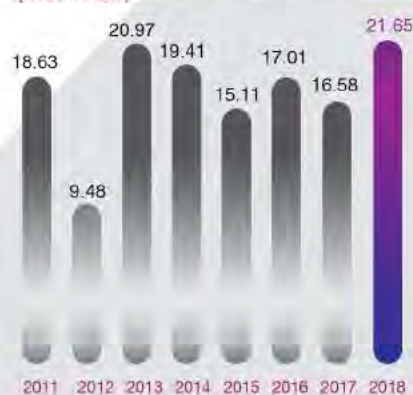
## Net Profit

(Unit : million baht)



## Net Profit (Loss) per Share

(Unit : baht)



## OUR AWARDS



the royal trophy from Her Royal Highness Princess Maha Chakri Sirindhorn  
Thailand Labour Management Excellence Award 2017

Thai Stanley Electric Public Company Limited to win The Thailand Labour Management Excellence Award 2017 from The Department of Labor Protection and Welfare , Ministry of Labour for excellent performance in three aspects as

1. The award to maintain the Thai Labor Standards System for 11 consecutive years
2. The Outstanding workplace Award for Labor Relations and Welfares for 12 consecutive years
3. The Outstanding prototype of safety, occupational health and working environment for 14 consecutive years

The company has won the royal trophy from Her Royal Highness Princess Maha Chakri Sirindhorn and The Prime Minister , General Prayut Chan-ocha was the witness at the award ceremony on August 25 , 2017 at Grand Diamond Ballroom , IMPACT Exhibition and Convention Center , Muangthong Thani , Nonthaburi.





### ASEAN – OSHNET - Excellence Award

The company received Excellence Award in ASEAN – OSHNET Award from The ASEAN – OCCUPATIONAL SAFETY AND HEALTH NETWORK (ASEAN-OSHNET) in April 2018 at Siem Reap, Cambodia



In August 2017 the company received “The Best Performance Company of Safety, Occupational Health and Working Environment Award 2017” from Ministry of Labour for the 14 years continuously



In September 2017 the company received “An Outstanding Establishment in the year 2017 for achievement on Labour Relations and Welfare Relations Award” for 12 years continuously



In March 2018 the company received “VAVE Award” from Toyota Motor Thailand Co., Ltd.



In September 2017 the company received “Q-Award Excellent Quality Status Recognition” from Auto Alliance Thailand Co., Ltd.

## TO OUR SHAREHOLDER

### 1.General Economic Aspects

Thailand's economy had seen a sign of expansion in 2017, considered another year of economic stability, backed by a positive GDP growth of 3.9% compared to 3.3% achieved in the previous year. According to a report, the Thai economy had expanded at its fastest pace for the first time in five years after achieving a remarkable growth of 6.4% in 2012.

Thailand's GDP shifted 3.4% during January-March, 3.9% during April-June, 4.3% during July-September, and 4.0% during October-December, unveiling that the country was capable of maintaining its continuing economic growth since 2016.

In 2018, the Ministry of Finance had forecasted that the Thai economy would expand 3.8% and rise to 4.2%, as the export situation may improve and government stimulus spending.



### 2.Automotive Industry Trends

The automotive industry expanded in a more positive direction in 2017. As a result, the domestic sales of automobiles increased to 872,000 units, a rise of 13.4% compared to 2016. Meanwhile, Thailand's automobile production capacity was estimated to shift to 1,989,000 units, an increase of 2.3% compared to the previous year. This was a consequence of the expansion of the domestic motor vehicle market.

Regarding the quarterly production, the automotive industry achieved 486,000 units during January-March, 465,000 units during April-June, 527,000 units during July-September, and 511,000 units during October-December.

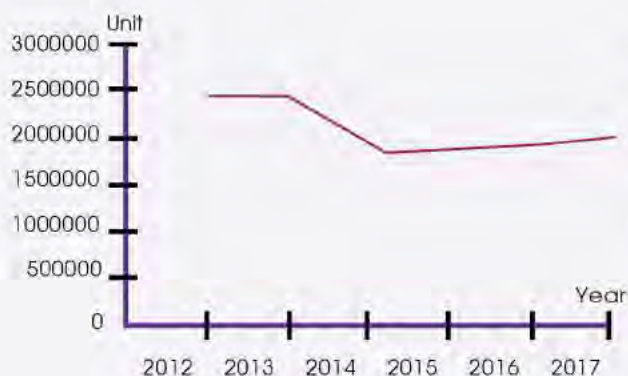
The Federation of Thai Industries had predicted that Thailand's automobile production capacity would increase 0.6 percent to around 2,000,000 units in 2018 compared to the previous year, where 900,000 units, a shift of 4.4%, were manufactured for domestic distribution, while 1,100,000 units, a drop of 2.4%, would be maintained for exports. It was widely anticipated that the rising domestic sales would help maintain the export target in a steady manner.

A positive outlook of Thailand's automotive market was partly resulted from the government's policy to propel the country towards the preparedness of infrastructure investments, reflecting in the improved economic situation.

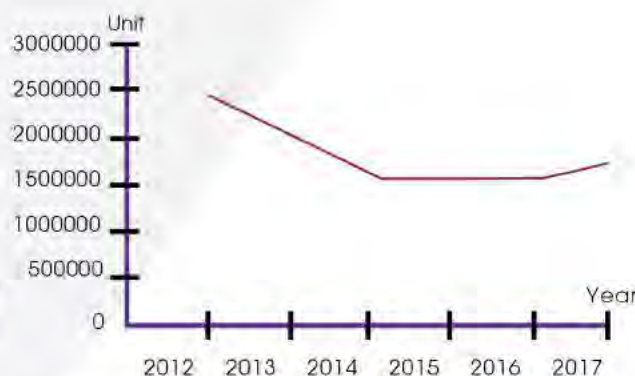
However, as exports would continuously be plagued by legal restrictions, the situation still remained negative and unpredictable.

For the motorcycle market, the domestic sales shifted to 1,811,000 units and the finished production capacity went up to 2,055,000 units, increased by 4.2% and 12.9 %, respectively.

According to the Federation of Thai Industries, the finished production capacity had been expected to grow 3.2% to 2,120,000 units in 2018, in which 1,750,000 units, an increase of 3.7%, were manufactured for domestic distribution and 370,000 units, a rise of 0.5%, would be available for exports.



Automobile Manufacturing Volume (2012-2017)  
(Domestic + Export)  
(Source: Thailand Automotive Institute)



Motorcycle Manufacturing Volume (2012-2017)  
(Source: Thailand Automotive Institute)

### 3. Business Performances

With reference to the above-mentioned situations and expectations, the entire automotive industry was able to achieve rising sales of 19.92% in 2017, compared to the same period of the previous year.

In 2017, we had upgraded our operational systems by emphasizing more on enhanced production efficiency under the 'Stanley New Approach for Higher Productivity (SNAP)' concept evolved to promote the reform of production practices, as part of the goal to efficiently reduce the number of defects to zero, while being able to boost customers' confidence leading to greater business performances via our well-developed strategies.

#### <Sales Structure>

In 2017, our main businesses were divided into three major categories, consisting of Automotive bulb business, Automotive Lamp business, and Mold / Design business.

The Automotive Lamp business achieved the highest sales of 92.18%, followed by Automotive bulb business sale 4.48% and Mold/Design businesses sale 3.34%.

The Automotive Bulb products were not only manufactured for direct distribution, but they also supported our lamp production as they were considered significant components of lamps.

The mold products, aside from being used as a tool for molding a lamp, they were also distributed to business companies under Stanley Group and other trading partners across the country.

The design products were also second to none. We not only created exceptional designs for our lamps, but also sold them to business companies under Stanley Group and other trading partners in Thailand.

## Sales

Values and proportion of sale volume structure by each business during 2017 as follows

Unit : Million Baht

	FY 2017 (Apr.2017 – Mar 2018)		FY 2016 (Apr.2016 – Mar.2017)		Inc./Dec. Rate
	Amount	Proportion	Amount	Proportion	
Automotive Bulb business	592.37	4.48%	627.77	5.69%	(5.63%)
Automotive Lamp business	12,186.60	92.18%	9,865.91	89.49%	23.52%
Mold and Design business	441.49	3.34%	531.12	4.82%	(16.88%)
<b>Total</b>	<b>13,220.46</b>	<b>100.00%</b>	<b>11,024.80</b>	<b>100.00%</b>	<b>19.92%</b>

\* Automotive Bulb business and Mold and Design business do not include internal transfer

## Investment

Investment in 2017 were as follow

Unit : Million Baht

	FY 2017 (Apr.2017 – Mar 2018)		FY 2016 (Apr.2016 – Mar.2017)	Inc./Dec. Rate
	Amount		Amount	
Land	6.09		20.66	(70.52%)
Building	142.58		2.20	6,380.91%
Equipment, Machines and tools	728.09		574.48	26.74%
Mold and Jig	270.12		338.77	(20.26%)
Other	10.27		9.24	11.15%
<b>Total</b>	<b>1,157.15</b>		<b>945.35</b>	<b>22.40%</b>

## Employment

Numbers of personnel at the end of 2017 were as follow

Unit : Person

	Personnel at the end of 2017	Personnel at the end of 2016	Inc./Dec.
Thai workers (Male)	1,590	1,556	34
Thai workers (Female)	1,381	1,313	68
Japanese workers	26	28	(2)
<b>Total</b>	<b>2,997</b>	<b>2,897</b>	<b>100</b>

#### 4. Future Trends

In 2018, the government has been expected to continue its responsibility to substantially generate both economic progress and political development. Due to its strategic infrastructure investment plans and ongoing economic stimulus measures, the Thai economy can grow steadily throughout the year.

Besides, the existence of ASEAN Economic Community (AEC) has prompted several countries in Asia to keep pace with economic growth. At the same time, the automotive sector will play its vital role in stimulating economic growth, particularly since Thailand has become the automotive hub of ASEAN.

Production is expanding significantly in many countries, for instance, China and India, reflecting in a better economic outlook. Additionally, several ASEAN nations are willing to take part in fierce pricing competitions in order to sparkle on a global stage.

In the view of development, we must be committed to becoming the hub of product development in the ASEAN region, while customers and competitors are also expected to cope well with technological advancement.

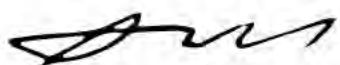
The automotive industry, including cars and motorcycles, will continue to expand in 2018. The expansion is also expected to support the production of electric vehicles as well as the advancement of self-driving cars. At this point, we may have to transform ourselves into the manufacturer of lamp and lighting system. It is necessary for us to seek new business solutions and work harder to be prepared for upcoming challenges and unpredictable consumer demands, ensuring that we are developed with business efficiency and accuracy.

We must combine the intelligence and competence of our manpower aiming for unity, as part of the strategy to overcome business rivals under the changing business environment. We have managed to expand our production capacity for future sustainability. The aforementioned SNAP concept will be used as a tool to generate production reform to be supported by technological advancement and product development. We have made a great effort to achieve sustainable growth and become a high-potential player in the industry to keep providing customers with the highest satisfaction.

We remain firm in strengthening our operational performances by focusing on Quality (Q), Cost (C), and Delivery (D) aiming to obtain the highest confidence and trust from customers.

We have placed a great emphasis on our profit-sharing policy, encouraging all relevant parties, varying in shareholders, customers, employees, and people in the surrounding communities, to be part of our achievement.

Above all, we are fully committed to achieving the aforementioned objectives to maximize profits and ensure the highest satisfaction for all valued shareholders. Finally, we would like to thank you for all of your confidence, trust, and never-ending support.



Mr. Apichart Lee-issaranukul

Executive Chairman



Mr. Koichi Nagano

President

Thai Stanley Electric Public Company Limited

## THE BOARD OF DIRECTORS & THE EXECUTIVES



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## THE BOARD OF DIRECTORS

Mr. Apichart Lee-issaranukul  
Director  
Executive Chairman

Mrs. Pimjai Lee-issaranukul  
Director

Mr. Krisada Visavateeranon  
Independent Director  
Chairman of the Audit Committee

Mr. Koichi Nagano  
Director  
President

Mrs. Pornthip Sethiwan  
Director

Mr. Chokechai Tanpoonsinthana  
Independent Director  
Audit Committee

Mr. Tadao Suzumura  
Director  
Executive General Manager  
Lighting Equipment Division

Mr. Toru Tanabe  
Director

Mr. Suchart Phisitvanich  
Independent Director  
Audit Committee

Mr. Thanong Lee-issaranukul  
Director

Mr. Katsutoshi Iino  
Director

Mr. Picharn Sukparangsee  
Independent Director

## THE BOARD OF DIRECTORS & THE EXECUTIVES



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### THE EXECUTIVES

1.Mr. Apichart Lee-issaranukul  
Executive Chairman  
Executive General Manager  
Administration Division

2.Mr. Koichi Nagano  
Director  
President

3.Mr. Tadao Suzumura  
Executive General Manager  
Lighting Equipment Division

4.Mr. Koji Kobayashi  
Executive General Manager  
R&D Center Division

5.Mr. Hideki Matsui  
Executive General Manager  
Marketing Division

6.Mr. Etsuya Kawashima  
Executive General Manager  
Die & Mold Division

## NEW PRODUCTS

Last year, Manufacturers have produced motorcycles and automobiles with new models as follow :

### Motorcycles

**HONDA**  
SUPER CUB



**HONDA**  
MONKEY



**HONDA**  
PCX 150



**HONDA**  
FORZA 300



**YAMAHA**  
FINN



### Automobile

**TOYOTA**  
ATIV



**NISSAN**  
TERRA



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## Report of the board of directors' responsibilities for the financial reports

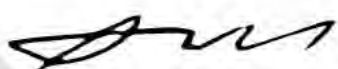
### To Shareholders

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 under the Accounting Act B.E.2543 , and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E.2535 . The accounting policies adopted are deemed appropriate and applied consistently with completely and adequate disclosure of significant information in the notes to the financial statements and information data that appears in the 2017 annual report and this was to ensure transparency and benefits to the shareholders and investors.

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 company 's financial statements were audited by PricewaterhouseCoopers ABAS Co.,Ltd. , the company's auditor. During the audit, the Board of Directors supported the auditor with various information and documents so that the auditor could audit and express its opinions according to the accounting standards. The auditor's opinions appear in the report of auditor in this 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 with generally accepted accounting principles and compliance with related laws and regulations.



( Mr.Apichart Lee-issaranukul)  
Executive Chairman



(Mr.Koichi Nagano)  
President

## Report of the Audit Committee

The Audit Committee of the Thai Stanley Electric Public Company Limited was appointed following a resolution at the Board of Directors Meeting on 29 July 2016. The Audit Committee's scope of responsibility was assigned in the "Audit Committee Charter", which was revised on 10 February 2017, according to the regulations of the Stock Exchange of Thailand.

The Audit Committee consists of three independent members who are fully qualified according to the Capital Market Committee's notification. They are Mr. Krisada Visavateeranon as Chairman of the Audit Committee, with Mr. Chokechai Tanpoonsinthana and Mr. Suchart Phisitvanich as the Audit Committee members, Mrs. Nongyao Apiram is the secretary.

In fiscal 2017, running from 1<sup>st</sup> April 2017 – 31<sup>st</sup> March 2018, the Audit Committee performed its duty according to the responsibility as delegated by the company's Board of Directors which corresponding to the regulations of the Stock Exchange of Thailand. There were 9 Audit Committee meetings, all members of the Audit Committee attend every meeting. The Audit Committee meeting to discussion with the management, auditors and internal auditors base on good corporate governance principles and the adequacy of internal control. The Chairman of Audit Committee has reported the performance to the Board of Directors on a quarterly basis. Major activities were as follows.

1. Reviewed the financial report. The Audit Committee reviewed the interim and annual financial statements of 2017 that were reviewed and audited by the auditor for propose to The Board of Director Meeting. The Audit Committee were questioning and listening to the executives' and auditors' clarifications concerning the correctness and completeness of the financial statements and the adequacy of information disclosure for the year 2017. The Audit Committee agreed with the auditors that the financial statements were correct and adhered to the general accepted accounting principles.

2. Reviewed the internal audit system by considering the scope of work, the responsibilities and independence of the Internal Audit and approved the annual internal audit plan, in which the Audit Committee was opinion that the Company conducts sufficient and appropriate internal audit control.

3. Reviewed the company's internal control system to evaluate the sufficiency, appropriateness and effectiveness of the internal control by considering the annual internal audit report according to the approved audit plan, which was audited including financial, compliance, operational, performance and information technology. The Audit Committee has provided suggestions to the management to improve the internal control system adequately and appropriately and ongoing monitoring continuous improvement. It was found that there were no significant faults and there was appropriate, accurate, complete, and reliable of information disclosed. Auditor was no serious concerns about the internal control. In addition, the Audit Committee had considered the evaluation of internal control in accordance with the guidelines established by SEC. The Audit Committee had opinion that the internal controls system sufficient and appropriate and accordance to internal control framework of COSO.

4. Reviewed the company's risk management of 2017 for its appropriateness and adequacy. The Audit Committee to consider all internal and external risk factors, opportunities for significant impacts and risk management are acceptable level. The Company has appointed the Risk Management Committee to manage the risk to achieve goals.

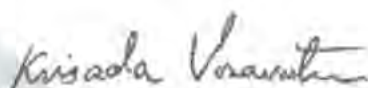
5. Review and supervise the company's operation to comply with the laws relevant to business, Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand and company's regulations including keep monitoring of changes to the rules. The Audit Committee has opinion that did not found significant non-compliance or nonconformity with the law and regulations.

6. Reviewed and opined related transactions or transactions that may have conflicts of interest, and disclosure of such transactions to comply with regulation of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC). The external auditors opined that the significant transactions with related persons were disclosed and shown in the Financial Statement and Notes to the Financial Statements. The Audit Committee had the same opinion as the external auditors and also considered that such transactions were reasonable and beneficial to the business of the company and was disclosed correctly and completely.

7. Considered appointing the external auditors and their remuneration for the year 2018 for propose their appointment to the Board of Directors for approval at the annual ordinary shareholder's meeting for the year 2018. The Audit Committee considered the performance, independence and remuneration and agreed to propose appointing Miss Varaporn Vorathitikul, Certified Public Accountant (Thailand) No. 4474 and/or Mrs. Unakorn Phruithithada, Certified Public Accountant (Thailand) No. 3257 and/or Mr. Prasit Yuengsrikul, Certified Public Accountant (Thailand) No. 4174 and/or Mr. Vichien Khingmontri, Certified Public Accountant (Thailand) No. 3977 in the name of the Pricewaterhouse - Coopers ABAS Co., Ltd. as the Company's auditors for 2018. The Audit Committee has the following opinions regarding the external auditors;

- They demonstrate a good work standard and expertise in auditing and have performed their duty efficiently.
- The aforesaid audit company and auditors have no relationship or stakes with the Company/ executives/ major shareholders or persons related to those mentioned. Therefore there will be auditing independence and opinion in the Company's financial statement.
- The remuneration is deemed appropriate.

The Audit Committee fulfilled the responsibility of the Audit Committee Charter as approved by the Board of Directors and found that the Company's disclosed financial and operation in fiscal 2017, running from 1<sup>st</sup> April 2017 – 31<sup>st</sup> March 2018, had appropriate and effective internal control and audit, complied with laws, regulations and obligations, disclosed the connected transaction correctly, performed duties in compliance with the Good Corporate Governance principles with adequacy, transparency and reliability.



Mr. Krisada Visavateeranon  
Chairman of the Audit Committee

## Auditor's Report

To the shareholders and the Board of Directors of Thai Stanley Electric Public Company Limited

### My opinion

In my opinion, the financial statements in which the equity method is applied and the separate financial statements of Thai Stanley Electric Public Company Limited (the Company) present fairly, in all material respects, the financial position in which the equity method is applied and the separate financial position of the Company as at 31 March 2018, and its financial performance in which the equity method is applied and the separate financial performance and its cash flows in which the equity method is applied and the separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The Company's financial statements comprise:

- the statement of financial position in which the equity method is applied and the separate financial position as at 31 March 2018;
- the statement of income in which the equity method is applied and the separate statement of income for the year then ended;
- the statement of comprehensive income in which the equity method is applied and the separate statement of comprehensive income for the year then ended;
- the statement of changes in equity in which the equity method is applied and the separate statement of changes in equity for the year then ended;
- the statement of cash flows in which the equity method is applied and the separate statement of cash flows for the year then ended; and
- the notes to the financial statements which include a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of inventories. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

## Key audit matter

## How my audit addressed the key audit matter

### Valuation of inventories

Refer to note 2.6 (accounting policies) and note 9 (inventories).

The valuation of inventories is an area of focus because inventories are a significant part of the total assets and the allowances for obsolete and slow-moving inventories are subject to management's judgement. The appropriateness of the amount becomes subjective and is subject to potential bias in management's judgement, whether intentionally or unintentionally.

The assessment for the allowances for obsolete and slow-moving inventories requires a degree of estimation from judgement. Management based their assessment on their experience and historical data. Inventories with no movement over 12 months are subject to 100% allowance. The level of the allowances is assessed by taking into account the historical and recent sales experience, the aging of inventories and other factors that affect obsolete and slow-moving inventories.

I updated my understanding of the entity's assumptions used to develop the allowances for obsolete and slow-moving inventories and determined that the accounting policies are consistent with prior years.

I assessed the reasonableness of management's assumptions used in developing the allowances for obsolete and slow-moving inventories by considering historical data and prior years' experience including key inventory ratios. I also challenged management's assumption of specific periods as to whether they were appropriate to be used in determining the valuation of inventory.

I tested the reliability of the inventory aging report that was used to assess the valuation of inventory by tracing the last movement date of the inventory aging report to the supporting documents to confirm that inventories were assigned to the correct aging category by the system.

I tested the mathematical accuracy of the allowances of the inventory balance derived from management's assumptions. No material variances arose from performing this work.

I also assessed whether any obsolete and slow-moving inventories were omitted from the detailed analysis by examining the inventory aging analysis and tracing information obtained during inventory stock counts.

Using the above procedures, I determined that management's assumption was properly applied. In addition, the estimation of the allowances for obsolete and slow-moving inventories was applied appropriately.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Varaporn Vorathitikul**

Certified Public Accountant (Thailand) No. 4474

Bangkok

15 May 2018

Thai Stanley Electric Public Company Limited  
**Statements of Financial Position**  
For the year ended 31 March 2018

	Notes	Financial statements in which the equity method is applied		The Company only	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	2,012,032,313	1,085,634,900	2,012,032,313	1,085,634,900
Short-term investments held to maturity	7	4,212,450,217	3,836,983,912	4,212,450,217	3,836,983,912
Trade and other accounts receivable, net	8	2,347,804,952	2,052,024,750	2,347,804,952	2,052,024,750
Inventories, net	9	674,727,701	721,737,217	674,727,701	721,737,217
Current portion of loans to employees	10	25,348,038	33,874,533	25,348,038	33,874,533
Other current assets		17,692,303	7,813,081	17,692,303	7,813,081
<b>Total current assets</b>		<b>9,290,055,524</b>	<b>7,738,068,393</b>	<b>9,290,055,524</b>	<b>7,738,068,393</b>
<b>Non-current assets</b>					
Loans to employees	10	10,806,651	36,891,950	10,806,651	36,891,950
Corporate income tax refundable		-	35,804,368	-	35,804,368
Investments in associates	11	1,154,393,271	1,048,232,284	57,176,689	57,176,689
Long-term investments, net	12	113,201,215	114,161,215	113,201,215	114,161,215
Property, plant and equipment, net	13	5,564,806,688	5,460,123,334	5,564,806,688	5,460,123,334
Intangible assets, net	14	775,113,671	720,008,805	775,113,671	720,008,805
Deferred tax assets, net	15	-	-	87,036,833	86,424,176
Other non-current assets, net		30,394,712	32,541,430	30,394,712	32,541,430
<b>Total non-current assets</b>		<b>7,648,716,208</b>	<b>7,447,763,386</b>	<b>6,638,536,459</b>	<b>6,543,131,967</b>
<b>Total assets</b>		<b>16,938,771,732</b>	<b>15,185,831,779</b>	<b>15,928,591,983</b>	<b>14,281,200,360</b>

The notes to the financial statements on page 29 to 57  
are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
**Statements of Financial Position**  
For the year ended 31 March 2018

	Notes	Financial statements in which the equity method is applied		The Company only	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable - other companies		514,745,721	457,449,854	514,745,721	457,449,854
- related parties	27	498,282,289	423,590,332	498,282,289	423,590,332
Other accounts payable - other companies		322,204,024	151,035,576	322,204,024	151,035,576
- related parties	27	223,210,120	129,660,328	223,210,120	129,660,328
Accrued corporate income tax		181,649,546	126,654,342	181,649,546	126,654,342
Accrued expenses	16	326,088,616	259,845,713	326,088,616	259,845,713
<b>Total current liabilities</b>		<u>2,066,180,316</u>	<u>1,548,236,145</u>	<u>2,066,180,316</u>	<u>1,548,236,145</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities, net	15	132,406,483	111,786,943	-	-
Provision for post-employment benefits	17	208,805,352	184,330,737	208,805,352	184,330,737
<b>Total non-current liabilities</b>		<u>341,211,835</u>	<u>296,117,680</u>	<u>208,805,352</u>	<u>184,330,737</u>
<b>Total liabilities</b>		<u>2,407,392,151</u>	<u>1,844,353,825</u>	<u>2,274,985,668</u>	<u>1,732,566,882</u>
<b>Equity</b>					
Share capital					
Authorised share capital					
76,625,000 ordinary shares, par value of Baht 5 each	18	<u>383,125,000</u>	<u>383,125,000</u>	<u>383,125,000</u>	<u>383,125,000</u>
Issued and paid-up share capital					
76,625,000 ordinary shares, par value of Baht 5 each	18	<u>383,125,000</u>	<u>383,125,000</u>	<u>383,125,000</u>	<u>383,125,000</u>
Premium on share capital	18	<u>504,250,000</u>	<u>504,250,000</u>	<u>504,250,000</u>	<u>504,250,000</u>
Retained earnings					
Appropriated					
- Legal reserve	20	<u>38,312,500</u>	<u>38,312,500</u>	<u>38,312,500</u>	<u>38,312,500</u>
Unappropriated		<u>13,788,404,424</u>	<u>12,512,867,321</u>	<u>12,723,998,815</u>	<u>11,618,257,978</u>
Other components of equity		<u>(182,712,343)</u>	<u>(97,076,867)</u>	<u>3,920,000</u>	<u>4,688,000</u>
<b>Total equity</b>		<u>14,531,379,581</u>	<u>13,341,477,954</u>	<u>13,653,606,315</u>	<u>12,548,633,478</u>
<b>Total liabilities and equity</b>		<u>16,938,771,732</u>	<u>15,185,831,779</u>	<u>15,928,591,983</u>	<u>14,281,200,360</u>

The notes to the financial statements on page 29 to 57  
are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
**Statements of Income**  
For the year ended 31 March 2018

	Notes	Financial statements in which the equity method is applied		The Company only	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Revenues from sales and services	5, 25, 27	13,220,445,698	11,024,796,625	13,220,445,698	11,024,796,625
Cost of sales and services		(10,775,579,608)	(9,087,200,921)	(10,775,579,608)	(9,087,200,921)
<b>Gross profit</b>		<b>2,444,866,090</b>	<b>1,937,595,704</b>	<b>2,444,866,090</b>	<b>1,937,595,704</b>
Other income					
- Dividend income	11, 12	10,303,166	23,417,685	92,815,488	92,882,941
- Gain on exchange rates, net		19,754,392	21,100,465	19,754,392	21,100,465
- Interest income		69,486,678	64,876,186	69,486,678	64,876,186
- Others	21	99,330,130	76,580,255	99,330,130	76,580,255
<b>Profit before expenses</b>		<b>2,643,740,456</b>	<b>2,123,570,295</b>	<b>2,726,252,778</b>	<b>2,193,035,551</b>
Selling expenses		(539,043,028)	(464,056,579)	(539,043,028)	(464,056,579)
Administrative expenses		(350,907,911)	(334,950,203)	(350,907,911)	(334,950,203)
<b>Total expenses</b>		<b>(889,950,939)</b>	<b>(799,006,782)</b>	<b>(889,950,939)</b>	<b>(799,006,782)</b>
<b>Operating profit</b>	22	<b>1,753,789,517</b>	<b>1,324,563,513</b>	<b>1,836,301,839</b>	<b>1,394,028,769</b>
Share of profit from investments in associates	11	294,757,654	255,720,107	-	-
<b>Profit before income tax</b>		<b>2,048,547,171</b>	<b>1,580,283,620</b>	<b>1,836,301,839</b>	<b>1,394,028,769</b>
Income tax	23	(389,885,568)	(309,515,723)	(347,436,502)	(272,264,753)
<b>Net profit for the year</b>		<b>1,658,661,603</b>	<b>1,270,767,897</b>	<b>1,488,865,337</b>	<b>1,121,764,016</b>
<b>Basic earnings per share</b>	24				
Net profit for the year		21.65	16.58	19.43	14.64

Thai Stanley Electric Public Company Limited

## Statements of Income

For the year ended 31 March 2018

	Note	Financial statements in which the equity method is applied		The Company only	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Net profit for the year</b>		1,658,661,603	1,270,767,897	1,488,865,337	1,121,764,016
<b>Other comprehensive income (expenses) for the year after tax:</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Unrealised gain (loss) on change in fair value of available-for-sale investment	23	(768,000)	1,184,000	(768,000)	1,184,000
Exchange differences relating to investments in associates	23	(84,867,476)	(55,556,681)	-	-
<b>Other comprehensive income (expenses) for the year - net of tax</b>	23	(85,635,476)	(54,372,681)	(768,000)	1,184,000
<b>Total comprehensive income for the year</b>		<u>1,573,026,127</u>	<u>1,216,395,216</u>	<u>1,488,097,337</u>	<u>1,122,948,016</u>

Thai Stanley Electric Public Company Limited  
**Statements of changes in equity**  
For the year ended 31 March 2018

Financial statements in which the equity method is applied									
Other components of equity									
Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unrealised gain (loss) on change in fair value of available-for-sale investment	Exchange differences relating to investments in associates		Total other components of equity	Total equity
			Legal reserve	Unappropriated retained earnings		Baht	Baht		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 April 2017</b>	383,125,000	504,250,000	38,312,500	12,512,867,321	4,688,000	(101,764,867)	(97,076,867)	13,341,477,954	
Total comprehensive income for the year	-	-	-	1,658,661,603	(768,000)	(84,867,476)	(85,635,476)	1,573,026,127	
Dividends paid	-	-	-	(383,124,500)	-	-	-	(383,124,500)	
<b>Closing balance as at 31 March 2018</b>	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>13,788,404,424</u>	<u>3,920,000</u>	<u>(186,632,343)</u>	<u>(182,712,343)</u>	<u>14,531,379,581</u>	
<b>Opening balance as at 1 April 2016</b>	383,125,000	504,250,000	38,312,500	11,624,962,054	3,504,000	(46,208,186)	(42,704,186)	12,507,945,368	
Total comprehensive income for the year	-	-	-	1,270,767,897	1,184,000	(55,556,681)	(54,372,681)	1,216,395,216	
Dividends paid	-	-	-	(382,862,630)	-	-	-	(382,862,630)	
<b>Closing balance as at 31 March 2017</b>	<u>383,125,000</u>	<u>504,250,000</u>	<u>38,312,500</u>	<u>12,512,867,321</u>	<u>4,688,000</u>	<u>(101,764,867)</u>	<u>(97,076,867)</u>	<u>13,341,477,954</u>	

The notes to the financial statements on page 29 to 57 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
**Statements of changes in equity**  
For the year ended 31 March 2018

Financial statements in which the equity method is applied

	Note	Other components of equity									
		Other comprehensive income (expenses)									
		Retained earnings		Unrealised gain (loss) on change in fair value of available-for-sale investment		Exchange differences relating to investments in associates		Total other components of equity			
		Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated retained earnings						
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 April 2017</b>		383,125,000	504,250,000	38,312,500	12,512,867,321		4,688,000	(101,764,867)	(97,076,867)	13,341,477,954	
Total comprehensive income for the year		-	-	-	1,658,661,603		(768,000)	(84,867,476)	(85,635,476)	1,573,026,127	
Dividends paid	19	-	-	-	(383,124,500)		-	-	-	(383,124,500)	
<b>Closing balance as at 31 March 2018</b>		383,125,000	504,250,000	38,312,500	13,788,404,424		3,920,000	(186,632,343)	(182,712,343)	14,531,378,581	
<b>Opening balance as at 1 April 2016</b>		383,125,000	504,250,000	38,312,500	11,624,962,054		3,504,000	(46,208,186)	(42,704,186)	12,507,945,368	
Total comprehensive income for the year		-	-	-	1,270,767,897		1,184,000	(55,556,681)	(54,372,681)	1,216,395,216	
Dividends paid	19	-	-	-	(382,862,630)		-	-	-	(382,862,630)	
<b>Closing balance as at 31 March 2017</b>		383,125,000	504,250,000	38,312,500	12,512,867,321		4,688,000	(101,764,867)	(97,076,867)	13,341,477,954	

The notes to the financial statements on page 29 to 57 are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
**Statements of cash flows**  
For the year ended 31 March 2018

	Notes	Financial statements in which the equity method is applied		The Company only	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Cash flows from operating activities:</b>					
Profit before income tax for the year		2,048,547,171	1,580,283,620	1,836,301,839	1,394,028,769
Adjustments to reconcile profit before income tax for the year to net cash provided by operations:					
- Depreciation	13	1,051,782,513	1,020,514,275	1,051,782,513	1,020,514,275
- Amortisation	14	214,489,984	177,654,757	214,489,984	177,654,757
- Interest income		(69,486,678)	(64,876,186)	(69,486,678)	(64,876,186)
- Share of profit from investments in associates	11	(294,757,654)	(255,720,107)	-	-
- Dividend income					
- Investments in associates	11	-	-	(82,512,322)	(69,465,256)
- Long-term investments	12	(10,303,166)	(23,417,685)	(10,303,166)	(23,417,685)
- Gain on disposal of property, plant and equipment, net	21	(4,184,100)	(989,039)	(4,184,100)	(989,039)
- Loss on write-off of intangible assets	14	-	1	-	1
- (Reversal of) Allowance for doubtful account	8	(400,327)	26,755,769	(400,327)	26,755,769
- (Reversal of) Allowance for obsolete and slow moving inventories and net realisable value lower than cost of inventories	9	(21,802,363)	7,533,106	(21,802,363)	7,533,106
- Corporate income tax refund offset against withholding tax on dividend and surcharge		16,882,357	-	16,882,357	-
- Provision for corporate income tax	29	17,628,090	-	17,628,090	-
- (Reversal of) Provision for post-employment benefits	17	26,616,720	22,843,440	26,616,720	22,843,440
- Unrealised loss (gain) on exchange rates, net		(467,965)	374,385	(467,965)	374,385
Cash flows before changes in operating assets and liabilities		2,974,544,582	2,490,956,336	2,974,544,582	2,490,956,336
Changes in operating assets and liabilities					
- Trade and other accounts receivable		(296,916,174)	192,193,260	(296,916,174)	192,193,260
- Inventories		68,811,879	43,172,090	68,811,879	43,172,090
- Other current assets		(9,879,222)	672,293	(9,879,222)	672,293
- Cash received from corporate income tax refund		18,922,011	-	18,922,011	-
- Other non-current assets		2,146,718	(11,517,996)	2,146,718	(11,517,996)
- Trade accounts payable - other companies		57,295,867	(58,406,558)	57,295,867	(58,406,558)
- Trade accounts payable - related parties		74,691,957	(4,706,131)	74,691,957	(4,706,131)
- Other accounts payable - other companies		45,984,989	(14,430,536)	45,984,989	(14,430,536)
- Other accounts payable - related parties		27,893,805	(11,072,707)	27,893,805	(11,072,707)
- Accrued expenses		48,614,813	2,712,386	48,614,813	2,712,386
- Payment for post-employment benefit obligation	17	(2,142,105)	(1,826,200)	(2,142,105)	(1,826,200)
Cash generated from operations		3,009,969,120	2,627,746,237	3,009,969,120	2,627,746,237
Interest received		15,590,920	19,142,653	15,590,920	19,142,653
Income tax paid		(292,861,955)	(274,807,045)	(292,861,955)	(274,807,045)
Net cash received from operating activities		2,732,698,085	2,372,081,845	2,732,698,085	2,372,081,845

The notes to the financial statements on page 29 to 57  
are an integral part of these financial statements.

Thai Stanley Electric Public Company Limited  
**Statements of cash flows**  
 For the year ended 31 March 2018

	Notes	Financial statements in which the equity method is applied		The Company only	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities:</b>					
Loans made to employees	10	(329,854)	(55,494,180)	(329,854)	(55,494,180)
Loans repayments from employees	10	34,941,648	20,281,283	34,941,648	20,281,283
Purchases of property, plant and equipment		(962,220,796)	(960,556,948)	(962,220,796)	(960,556,948)
Proceeds from disposals of property, plant and equipment		4,865,975	1,791,570	4,865,975	1,791,570
Interest received on short-term investments held to maturity		55,432,057	33,136,165	55,432,057	33,136,165
Dividends received					
- Investments in associates		82,512,322	73,278,046	82,512,322	73,278,046
- Long-term investments	12	10,303,166	23,417,685	10,303,166	23,417,685
Purchases of intangible assets		(273,682,350)	(161,967,194)	(273,682,350)	(161,967,194)
Cash receipts from short-term investments held to maturity	7	8,954,000,000	5,531,400,000	8,954,000,000	5,531,400,000
Cash payment on short-term investments held to maturity	7	(9,329,466,305)	(7,248,383,912)	(9,329,466,305)	(7,248,383,912)
Net cash used in investing activities		(1,423,644,137)	(2,743,097,485)	(1,423,644,137)	(2,743,097,485)
<b>Cash flow from financing activity:</b>					
Dividends paid	19	(383,124,500)	(382,862,630)	(383,124,500)	(382,862,630)
Net cash used in financing activity		(383,124,500)	(382,862,630)	(383,124,500)	(382,862,630)
<b>Net increase (decrease) in cash and cash equivalents</b>		925,929,448	(753,878,270)	925,929,448	(753,878,270)
Cash and cash equivalents at beginning of the year		1,085,634,900	1,839,887,555	1,085,634,900	1,839,887,555
Effects of exchange rate changes		467,965	(374,385)	467,965	(374,385)
Cash and cash equivalents at end of the year		2,012,032,313	1,085,634,900	2,012,032,313	1,085,634,900
<b>Non-cash transaction:</b>					
Outstanding liabilities arisen from purchases of plant, equipment and intangible assets		245,043,729	54,204,283	245,043,729	54,204,283

Thai Stanley Electric Public Company Limited

# Notes to the financial statements

For the year ended 31 March 2018

## 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 Bangpoo-Rungsit Road, Bangkang, 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 15 May 2018.

## 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.

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

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

TAS 27 (revised 2016)	Separate financial statements
TAS 38 (revised 2016)	Intangible assets

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

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

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

# Notes to the financial statements

For the year ended 31 March 2018

## 2 Accounting policies (Cont'd)

### 2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company. The Company has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale according to TFRS 5 (revised 2017), except for the summarised financial information.

The management has assessed and considered that the above revised standards will not have a significant impact on the Company.

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this standard.

TFRS 15 will replace the following standards and interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a goods or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- 1) identify contracts with customers
- 2) identify the performance obligations in the contract
- 3) determine the transaction price of the contract
- 4) allocate the transaction price to each of the separate performance obligations, and
- 5) recognise the revenue as each performance obligation is satisfied.

Thai Stanley Electric Public Company Limited

# Notes to the financial statements

For the year ended 31 March 2018

## 2 Accounting policies (Cont'd)

### 2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

### 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.

## Notes to the financial statements

For the year ended 31 March 2018

### 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 11.

#### 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.

Thai Stanley Electric Public Company Limited

# Notes to the financial statements

For the year ended 31 March 2018

## 2 Accounting policies (Cont'd)

### 2.8 Other 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.

### 2.9 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.

## Notes to the financial statements

For the year ended 31 March 2018

### 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.

### 2.11 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.

Thai Stanley Electric Public Company Limited

# Notes to the financial statements

For the year ended 31 March 2018

## 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.

### 2.16 Dividends

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

## Notes to the financial statements

For the year ended 31 March 2018

### 2 Accounting policies (Cont'd)

#### 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 26.

#### 2.18 Segment reporting

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

### 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 2018, the significant accounting estimates of the Company are as follows:

#### Allowances for obsolete and slow-moving inventories

The Company has estimated the allowances for obsolete and slow-moving inventories to reflect their impairment. The allowances are taken into account inventory aging, recent sales experience and other factors that affecting obsolete and slow-moving inventories.

#### 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.

Thai Stanley Electric Public Company Limited  
**Notes to the financial statements**  
For the year ended 31 March 2018

**5 Segment information**

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

**Business segment**

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

**Revenues by product group**

During the year ended 31 March 2018 and 2017, the revenues by product group are as follows:

	2018 Baht	2017 Baht
Auto bulbs and automotive lighting equipment	12,778,957,295	10,493,677,557
Molds & dies and product designs	441,488,403	531,119,068
	<u>13,220,445,698</u>	<u>11,024,796,625</u>

**Major customers**

During the year ended 31 March 2018, the Company has revenues from 2 major customer groups which each of them contributed equal or over 10% of the Company's total revenues (2017: 2 customer groups). The revenue from customer group no.1 is Baht 5,590 million (2017: Baht 4,037 million). The revenue from customer group no. 2 is Baht 3,692 million (2017: Baht 2,000 million). The customers under common control are considered as one customer and referred to as the customer group.

**6 Cash and cash equivalents**

	2018 Baht	2017 Baht
Cash and cheques on hand	832,923	974,006
Current accounts with banks	88,751,798	73,942,342
Savings accounts with banks	109,447,592	89,218,552
Short-term investments in bills of exchange	1,813,000,000	921,500,000
	<u>2,012,032,313</u>	<u>1,085,634,900</u>

Savings accounts with banks and short-term investments bear interest at the rates of 0.01% - 1.12% per annum (2017: 0.01% - 1.23% per annum).

**7 Short-term investments held to maturity**

As at 31 March 2018 and 2017, short-term investments held to maturity represent bills of exchange and fixed deposits which have original maturities over 3 months but not over 12 months.

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

	2018 Baht	2017 Baht
Opening book amount	3,836,983,912	2,120,000,000
Additions during the year	9,329,466,305	7,248,383,912
Redemptions during the year	(8,954,000,000)	(5,531,400,000)
Closing book amount	<u>4,212,450,217</u>	<u>3,836,983,912</u>

# Notes to the financial statements

For the year ended 31 March 2018

## 7 Short-term investments held to maturity (Cont'd)

Short-term investments held to maturity bear interest at the rates of 1.12% - 1.60% per annum (2017: 1.23% - 1.65% per annum).

As at 31 March 2018 and 2017, the fair value are based on discounted cash flows using a discount rate based upon the interest rates of bills of exchange and fixed deposits as at 31 March 2018 and 2017 (Level 2 of fair value hierarchy). However, the fair value of short-term investments held to maturity is close to their carrying amount as the impact of discounting is not significant.

## 8 Trade and other accounts receivable, net

Trade and other accounts receivable, net as at 31 March 2018 and 2017 are as follows:

	2018 Baht	2017 Baht
Trade accounts receivable - other companies	2,057,557,201	1,767,680,327
<u>Less</u> Allowance for doubtful account	<u>(23,859,076)</u>	<u>(24,259,403)</u>
Trade accounts receivable - other companies, net	2,033,698,125	1,743,420,924
Trade accounts receivable - related parties (Note 27)	206,516,522	219,476,915
Prepaid expenses	48,727,691	47,525,692
Accrued income, net	26,716,955	25,669,254
Value added tax receivable	23,335,262	9,417,726
Other receivables	8,810,397	6,514,239
	<u>2,347,804,952</u>	<u>2,052,024,750</u>

Trade accounts receivable as at 31 March 2018 and 2017 can be analysed as follows:

	Trade accounts receivable- other companies		Trade accounts receivable- related parties	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current	2,005,630,823	1,734,347,477	197,682,647	217,547,362
Overdue:				
less than 3 months	21,089,398	7,806,621	8,218,924	1,655,383
3 - 6 months	6,686,761	9,070	13,185	253,485
6 - 12 months	-	-	591,331	20,685
more than 1 year	24,150,219	25,517,159	10,435	-
	<u>2,057,557,201</u>	<u>1,767,680,327</u>	<u>206,516,522</u>	<u>219,476,915</u>

Thai Stanley Electric Public Company Limited  
**Notes to the financial statements**  
For the year ended 31 March 2018

**9 Inventories, net**

	<b>2018 Baht</b>	<b>2017 Baht</b>
Raw materials and packaging	240,711,873	259,443,568
Work in process	255,320,170	316,283,260
Finished goods	97,143,936	81,741,447
Goods in transit	89,566,795	94,086,378
	<u>682,742,774</u>	<u>751,554,653</u>
<u>Less</u> Allowance for net realisable value lower than cost and obsolete and slow moving inventories		
- Raw materials and packaging	(4,875,428)	(19,702,705)
- Work in process	(2,031,543)	(3,169,432)
- Finished goods	(1,108,102)	(6,945,299)
	<u>674,727,701</u>	<u>721,737,217</u>

During the year ended 31 March 2018, the Company recognised allowance for obsolete and slow-moving inventories amounting to Baht 472,520 and reversed allowance for obsolete and slow-moving inventories amounting to Baht 22,274,883 as a part of cost of sales in the statement of income (2017: the Company recognised allowance for obsolete and slow-moving inventories amounting to Baht 10,655,761 and reversed allowance for obsolete and slow-moving inventories amounting to Baht 3,122,655 as a part of cost of sales in the statement of income).

**10 Loans to employees**

Movements in loans to employees during the year are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Opening balance	70,766,483	35,553,586
Additions	329,854	55,494,180
Received during the year	(34,941,648)	(20,281,283)
Closing balance	<u>36,154,689</u>	<u>70,766,483</u>

Loans to employees bear interest rate at 1.90% per annum (2017: 1.90% per annum). The repayment periods are between 2 months - 3 years.

The analysis of loans to employees is as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Current portion of loans to employees	25,348,038	33,874,533
Non-current portion of loans to employees	10,806,651	36,891,950
	<u>36,154,689</u>	<u>70,766,483</u>

Thai Stanley Electric Public Company Limited  
**Notes to the financial statements**  
For the year ended 31 March 2018

**11 Investments in associates**

The details of investments in associates as at 31 March 2018 and 2017 are as follows:

				Equity method			
				2018		2017	
Name	Business activity	Paid-up share capital	% of holding	Amount Baht	Dividends Baht	Amount Baht	Dividends Baht
Associates							
Lao Stanley Company Limited	Manufacture of automotive lighting equipment	USD 0.25 million	50	22,706,618	5,916,322	20,501,287	7,194,886
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	1,131,686,653	76,596,000	1,027,730,997	62,270,370
				1,154,393,271	82,512,322	1,048,232,284	69,465,256
				Cost method			
				2018		2017	
Name	Business activity	Paid-up share capital	% of holding	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	5,916,322	3,132,500	7,194,886
Vietnam Stanley Electric Company Limited	Manufacture of automotive lighting equipment	USD 8.30 million	20	54,044,189	76,596,000	54,044,189	62,270,370
				57,176,689	82,512,322	57,176,689	69,465,256

Associates are private companies and there is no quoted market price available for them. There are no contingent liabilities relating to the Company's interest in associates.

Movements in investments in associates are as follows:

For the years ended 31 March	Equity method		Cost method	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening book amount	1,048,232,284	931,423,285	57,176,689	57,176,689
Share of profit	294,757,654	255,720,107	-	-
Dividends received	(82,512,322)	(69,465,256)	-	-
Translation adjustments	(106,084,345)	(69,445,852)	-	-
Closing book amount	<u>1,154,393,271</u>	<u>1,048,232,284</u>	<u>57,176,689</u>	<u>57,176,689</u>

Thai Stanley Electric Public Company Limited  
Notes to the financial statements  
For the year ended 31 March 2018

**11 Investments in associates (Cont'd)**

Summarised statement of financial position and statement of income of the associates:

	Lao Stanley Company Limited		Vietnam Stanley Electric Company Limited	
	As at 31 March		As at 31 March	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current assets	135,266,442	110,483,620	5,342,521,329	4,740,729,395
Non-current assets	12,479,345	17,508,898	916,377,931	1,146,043,382
<b>Total assets</b>	<b>147,745,787</b>	<b>127,992,518</b>	<b>6,258,899,260</b>	<b>5,886,772,777</b>
Current liabilities	99,967,323	86,040,492	584,590,269	714,441,718
Non-current liabilities	2,365,227	949,452	15,875,725	33,676,073
<b>Total liabilities</b>	<b>102,332,550</b>	<b>86,989,944</b>	<b>600,465,994</b>	<b>748,117,791</b>

	Lao Stanley Company Limited		Vietnam Stanley Electric Company Limited	
	For the year ended 31 March		For the year ended 31 March	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues from sales and services	453,364,727	411,118,669	5,574,641,366	5,989,888,208
Net profit for the year	20,937,872	14,903,230	1,421,443,589	1,241,342,457

**12 Long-term investments, net**

Long-term investments, net as at 31 March 2018 and 2017 are as follows:

As at 31 March 2018		Available- for-sale investments Baht	General investments Baht	Total Baht
<b>Equity securities</b>				
- Related parties		8,280,000	104,921,215	113,201,215
- Other companies		-	-	-
Long-term investments, net		8,280,000	104,921,215	113,201,215

As at 31 March 2017		Available- for-sale investments Baht	General investments Baht	Total Baht
<b>Equity securities</b>				
- Related parties		9,240,000	104,921,215	114,161,215
- Other companies		-	-	-
Long-term investments, net		9,240,000	104,921,215	114,161,215

Thai Stanley Electric Public Company Limited  
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For the year ended 31 March 2018

**12 Long-term investments, net (Cont'd)**

The details of long-term investments, net as at 31 March 2018 and 2017 are as follows:

Name	Business activity	Paid-up share capital	% of holding	2018		2017	
				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	3,360,000	339,040	3,380,000	410,920
Change in fair value of investments				4,900,000	-	5,860,000	-
				8,280,000	339,040	9,240,000	410,920
Related parties - general investments (at cost)							
Asian Stanley International Company Limited	Manufacture of small bulbs, LED and electronic components	Baht 400 million	15.0	80,000,000	-	80,000,000	16,183,642
Sirivit Stanley Company Limited	Manufacture of electronic equipment and automotive lighting equipment	Baht 21 million	15.0	3,000,000	1,578,571	3,000,000	2,788,586
Lumax Industries Limited	Manufacture of automotive lighting equipment and auto parts	RS 93.5 million	1.73	8,793,715	1,144,090	8,793,715	-
PT. Indonesia Stanley Electric	Manufacture of molds and automotive lighting equipment	USD 7.5 million	10.0	33,127,500	7,241,465	33,127,500	4,034,537
				104,921,215	9,964,126	104,921,215	23,006,765
Other companies - general investments (at cost)							
Top Hitech (Thailand) Company Limited	Manufacture of plastic products and molds	Baht 35.9 million	13.9	5,000,000	-	5,000,000	-
Less Impairment of investments				(5,000,000)	-	(5,000,000)	-
				-	-	-	-
Total long-term investments, net				113,201,215	10,303,166	114,161,215	23,417,685

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

# Notes to the financial statements

For the year ended 31 March 2018

## 13 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
<b>As at 1 April 2016</b>									
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
Less 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	1,177,324,309	643,706,862	846,575,045	1,823,613,459	718,488,246	20,869,825	27,526,719	277,988,800	5,536,093,265
<b>For the year ended 31 March 2017</b>									
Opening net book amount	1,177,324,309	643,706,862	846,575,045	1,823,613,459	718,488,246	20,869,825	27,526,719	277,988,800	5,536,093,265
Additions	20,666,000	1,168,000	-	71,357,507	-	6,877,991	2,359,797	842,917,581	945,346,876
Disposals / write-offs, net	-	(268,260)	-	(530,437)	(25)	(4)	(3,806)	-	(802,532)
Transfers	-	53,548,115	13,449,833	128,835,036	481,988,156	180,000	24,126,753	(702,107,893)	-
Depreciation charge (Note 22)	-	(138,321,211)	(59,724,031)	(478,238,749)	(322,478,743)	(9,243,974)	(12,507,567)	-	(1,020,514,275)
Closing net book amount	1,197,990,309	559,833,506	800,300,847	1,545,036,816	877,997,634	18,663,838	41,501,896	418,798,488	5,460,123,334
<b>As at 31 March 2017</b>									
Cost	1,197,990,309	1,794,028,995	1,444,125,997	6,553,353,236	5,008,550,919	68,182,779	132,428,874	418,798,488	16,617,459,597
Less Accumulated depreciation	-	(1,234,195,489)	(643,825,150)	(5,008,316,420)	(4,130,553,285)	(49,518,941)	(90,326,978)	-	(11,157,336,263)
Net book amount	1,197,990,309	559,833,506	800,300,847	1,545,036,816	877,997,634	18,663,838	41,501,896	418,798,488	5,460,123,334
<b>For the year ended 31 March 2018</b>									
Opening net book amount	1,197,990,309	559,833,506	800,300,847	1,545,036,816	877,997,634	18,663,838	41,501,896	418,798,488	5,460,123,334
Additions	6,090,000	161,860	-	38,594,197	19,281,013	10,269,565	1,623,469	1,081,127,638	1,157,147,742
Disposals / write-offs, net	-	-	-	(673,942)	(22)	(7,852)	(59)	-	(681,875)
Transfers	-	31,486,496	43,961,884	529,484,365	213,918,035	-	8,446,532	(827,277,312)	-
Depreciation charge (Note 22)	-	(133,325,317)	(61,279,401)	(476,248,054)	(358,659,050)	(8,181,906)	(14,088,785)	-	(1,051,782,513)
Closing net book amount	1,204,080,309	458,136,545	782,983,330	1,636,193,362	752,537,610	20,743,645	37,483,053	672,648,814	5,564,806,688
<b>As at 31 March 2018</b>									
Cost	1,204,080,309	1,825,657,351	1,488,087,881	6,977,157,059	5,234,186,734	67,246,344	140,449,812	672,648,814	17,609,514,104
Less Accumulated depreciation	-	(1,367,520,806)	(705,104,551)	(5,340,963,677)	(4,481,649,124)	(46,502,699)	(102,966,559)	-	(12,044,707,416)
Net book amount	1,204,080,309	458,136,545	782,983,330	1,636,193,382	752,537,610	20,743,645	37,483,053	672,648,814	5,564,806,688

Thai Stanley Electric Public Company Limited

## Notes to the financial statements

For the year ended 31 March 2018

### 14 Intangible assets, net

	Computer software Baht	Product design cost Baht	Product design cost under development Baht	Total Baht
<b>As at 1 April 2016</b>				
Cost	245,639,208	751,422,991	326,106,036	1,323,168,235
<u>Less</u> Accumulated amortisation	(195,267,679)	(396,213,367)	-	(591,481,046)
Net book amount	50,371,529	355,209,624	326,106,036	731,687,189
<b>For the year ended 31 March 2017</b>				
Opening net book amount	50,371,529	355,209,624	326,106,036	731,687,189
Additions	9,948,400	-	156,027,974	165,976,374
Transfers	-	249,178,025	(249,178,025)	-
Write-offs, net	(1)	-	-	(1)
Amortisation charge (Note 22)	(18,018,113)	(159,636,644)	-	(177,654,757)
Closing net book amount	42,301,815	444,751,005	232,955,985	720,008,805
<b>As at 31 March 2017</b>				
Cost	239,538,169	924,898,147	232,955,985	1,397,392,301
<u>Less</u> Accumulated amortisation	(197,236,354)	(480,147,142)	-	(677,383,496)
Net book amount	42,301,815	444,751,005	232,955,985	720,008,805
<b>For the year ended 31 March 2018</b>				
Opening net book amount	42,301,815	444,751,005	232,955,985	720,008,805
Additions	15,356,790	-	254,238,060	269,594,850
Transfers	-	228,976,620	(228,976,620)	-
Amortisation charge (Note 22)	(18,535,285)	(195,954,699)	-	(214,489,984)
Closing net book amount	39,123,320	477,772,926	258,217,425	775,113,671
<b>As at 31 March 2018</b>				
Cost	254,894,959	1,012,509,569	258,217,425	1,525,621,953
<u>Less</u> Accumulated amortisation	(215,771,639)	(534,736,643)	-	(750,508,282)
Net book amount	39,123,320	477,772,926	258,217,425	775,113,671

Thai Stanley Electric Public Company Limited  
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15 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	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Deferred tax assets:</b>				
Deferred tax assets to be utilised within 12 months	4,384,210	17,082,747	4,384,210	17,082,747
Deferred tax assets to be utilised more than 12 months	95,797,036	82,504,232	95,797,036	82,504,232
	<u>100,181,246</u>	<u>99,586,979</u>	<u>100,181,246</u>	<u>99,586,979</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(11,990,803)	(11,331,213)	(11,990,803)	(11,331,213)
Deferred tax liabilities to be settled more than 12 months	(220,596,926)	(200,042,709)	(1,153,610)	(1,831,590)
	<u>(232,587,729)</u>	<u>(211,373,922)</u>	<u>(13,144,413)</u>	<u>(13,162,803)</u>
<b>Deferred tax assets (liabilities) (net)</b>	<u>(132,406,483)</u>	<u>(111,786,943)</u>	<u>87,036,833</u>	<u>86,424,176</u>

The gross movement of the deferred tax is as follows:

	Financial statements in which the equity method is applied		The Company only	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening balance	(111,786,943)	(92,779,512)	86,424,176	82,069,808
Credited/ (charged) to profit or loss (Note 23)	(42,028,409)	(32,600,602)	420,657	4,650,368
Credited/ (charged) to other comprehensive income (Note 23)	21,408,869	13,593,171	192,000	(296,000)
Closing balance	<u>(132,406,483)</u>	<u>(111,786,943)</u>	<u>87,036,833</u>	<u>86,424,176</u>

# Notes to the financial statements

For the year ended 31 March 2018

## 15 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		Employee benefit liabilities		Intangible assets		Equipment		Inventories		Others		Total	
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Deferred tax assets : As at 1 April 2016 Credited/(charged) to profit or loss		4,456,866	39,441,888	16,446,873	32,662,699	1,268,694	94,277,020						
		1,506,621	(4,446,136)	1,152,312	4,203,448	2,893,714	5,309,959						
		5,963,487	34,995,752	17,599,185	36,866,147	4,162,408	99,586,979						
As at 31 March 2017 Credited/(charged) to profit or loss		(4,360,472)	(1,584,858)	1,644,675	4,894,922	-	594,267						
As at 31 March 2018		1,603,015	33,410,894	19,243,860	41,761,069	4,162,408	100,181,246						

Thai Stanley Electric Public Company Limited  
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15 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
<b>Deferred tax liabilities :</b>				
As at 1 April 2016	(174,849,320)	(876,000)	(11,331,212)	(187,056,532)
Credited/(charged) to profit or loss	(37,250,970)	-	(659,591)	(37,910,561)
Credited/(charged) to other comprehensive income	13,889,171	(296,000)	-	13,593,171
As at 31 March 2017	(198,211,119)	(1,172,000)	(11,990,803)	(211,373,922)
Credited/(charged) to profit or loss	(42,449,066)	-	(173,610)	(42,622,676)
Credited/(charged) to other comprehensive income	21,216,869	192,000	-	21,408,869
As at 31 March 2018	(219,443,316)	(980,000)	(12,164,413)	(232,587,729)

	The Company only		
	Long-term investment Baht	Buildings Baht	Total Baht
<b>Deferred tax liabilities :</b>			
As at 1 April 2016	(876,000)	(11,331,212)	(12,207,212)
Credited/(charged) to profit or loss	-	(659,591)	(659,591)
Credited/(charged) to other comprehensive income	(296,000)	-	(296,000)
As at 31 March 2017	(1,172,000)	(11,990,803)	(13,162,803)
Credited/(charged) to profit or loss	-	(173,610)	(173,610)
Credited/(charged) to other comprehensive income	192,000	-	192,000
As at 31 March 2018	(980,000)	(12,164,413)	(13,144,413)

16 Accrued expenses

	2018 Baht	2017 Baht
Accrued staff costs	214,531,614	189,255,369
Accrued electricity expense	28,698,989	26,660,971
Accrued rebate	43,270,000	12,660,000
Others	39,588,013	31,269,373
	<u>326,088,616</u>	<u>259,845,713</u>

Thai Stanley Electric Public Company Limited

## Notes to the financial statements

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### 17 Provision for post-employment benefits

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

	2018 Baht	2017 Baht
Present value of defined benefit obligations	208,805,352	184,330,737
Liability in the statement of financial position	208,805,352	184,330,737

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

	2018 Baht	2017 Baht
Opening balance	184,330,737	163,313,497
Current service cost	21,226,027	18,057,958
Interest cost	5,390,693	4,785,482
Benefits paid	(2,142,105)	(1,826,200)
Closing balance	208,805,352	184,330,737

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

	2018 Baht	2017 Baht
Current service cost	21,226,027	18,057,958
Interest cost	5,390,693	4,785,482
Total	26,616,720	22,843,440

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

	2018 Baht	2017 Baht
Cost of sales	23,857,560	20,215,560
Selling expenses	846,480	770,040
Administrative expenses	1,912,680	1,857,840
Total	26,616,720	22,843,440

The principal actuarial assumptions used are as follows:

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

Thai Stanley Electric Public Company Limited

# Notes to the financial statements

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## 17 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 Baht	Decrease in obligation Baht
Discount rate			
Increase	1.00	-	20,133,953
Decrease	1.00	23,493,521	-
Salary growth rate			
Increase	1.00	23,817,243	-
Decrease	1.00	-	20,796,715

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.

## 18 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
As at 31 March 2018 and 2017	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 (2017: 76,625,000 shares with a par value of Baht 5 per share). All shares are issued and fully paid.

## 19 Dividends

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

At the Annual General Shareholders' meeting of Thai Stanley Electric Public Company Limited held on 8 July 2016, the shareholders unanimously resolved to pay dividends in respect of the operating results for the year ended 31 March 2016 for 76,625,000 shares of Baht 5 per share, totalling Baht 383,125,000. There were 52,474 shares that were not entitled to receive the dividends, totalling Baht 262,370 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 382,862,630 in the financial statements. The Company paid the dividends to the shareholders on 29 July 2016.

# Notes to the financial statements

For the year ended 31 March 2018

## 20 Legal reserve

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

## 21 Other income - others

	2018 Baht	2017 Baht
Scrap sales	46,357,157	36,680,716
Tax rebate income	12,897,362	15,578,382
Royalty income	640,718	861,708
Gain on disposals of property, plant and equipment, net	4,184,100	989,039
Others	35,250,793	22,470,410
	<u>99,330,130</u>	<u>76,580,255</u>

## 22 Expenses by nature

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

	2018 Baht	2017 Baht
Changes in finished goods and work in process	45,560,601	99,883,766
Raw materials and consumables used	6,276,803,136	5,022,258,656
Staff costs	1,361,983,492	1,314,294,032
Depreciation of plant and equipment (Note 13)	1,051,782,513	1,020,514,275
Amortisation of intangible assets (Note 14)	214,489,984	177,654,757
Utility expenses	322,462,055	299,472,440
Subcontract service costs	187,376,696	210,904,279
Repairs and maintenance expenses	302,087,758	249,466,619

## 23 Income tax

	Financial statements in which the equity method is applied		The Company only	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current tax :				
Current tax on profit for the year	347,857,159	276,915,121	347,857,159	276,915,121
Deferred tax :				
Origination and reversal of temporary differences (Note 15)	42,028,409	32,600,602	(420,657)	(4,650,368)
Total income tax expense	<u>389,885,568</u>	<u>309,515,723</u>	<u>347,436,502</u>	<u>272,264,753</u>

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23 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	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Profit before income tax	2,048,547,171	1,580,283,620	1,836,301,839	1,394,028,769
Tax calculated at a tax rate of 20% (2017: 20%)	409,709,434	316,056,724	367,260,368	278,805,754
Tax effect of:				
Income not subject to tax	(383,522)	(3,876,630)	(383,522)	(3,876,630)
Expenses not deductible for tax purpose	8,556,415	2,583,578	8,556,415	2,583,578
Additional expenses deductible for tax purpose	(7,646,636)	(5,471,751)	(7,646,636)	(5,471,751)
Profit from BOI business	(24,990,319)	(3,716,998)	(24,990,319)	(3,716,998)
Under recorded prior year accrued corporate income tax	4,640,196	3,940,800	4,640,196	3,940,800
Tax charge	389,885,568	309,515,723	347,436,502	272,264,753
Average effective tax rate (%)	19.03	19.59	18.92	19.53

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

	Financial statements in which the equity method is applied					
	2018			2017		
	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	(960,000)	192,000	(768,000)	1,480,000	(296,000)	1,184,000
Exchange differences relating to investments in associates	(106,084,345)	21,216,869	(84,867,476)	(69,445,852)	13,889,171	(55,556,681)
Other comprehensive income (expenses) for the year	(107,044,345)	21,408,869	(85,635,476)	(67,965,852)	13,593,171	(54,372,681)

	The Company only					
	2018			2017		
	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	(960,000)	192,000	(768,000)	1,480,000	(296,000)	1,184,000
Other comprehensive income (expenses) for the year	(960,000)	192,000	(768,000)	1,480,000	(296,000)	1,184,000

# Notes to the financial statements

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## 24 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	
	2018	2017	2018	2017
Net profit attributable to shareholders (Baht)	1,658,661,603	1,270,767,897	1,488,865,337	1,121,764,016
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)	21.65	16.58	19.43	14.64

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

## 25 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.

	2018		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	424,485,034	3,602,402,106	4,026,887,140
Domestic sales	449,454,822	8,744,103,736	9,193,558,558
	873,939,856	12,346,505,842	13,220,445,698
Domestic service income - mold repairs	506,000	-	506,000
	2017		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Export sales	514,688,662	3,081,126,120	3,595,814,782
Domestic sales	386,886,391	7,042,095,452	7,428,981,843
	901,575,053	10,123,221,572	11,024,796,625
Domestic service income - mold repairs	3,908,636	-	3,908,636

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# Notes to the financial statements

For the year ended 31 March 2018

## 26 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 12.

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).

### a) Financial assets and liabilities

As at 31 March 2018 and 2017, the Company has outstanding foreign currency assets and liabilities as details below.

	2018		2017	
	Currency Million	Baht Million	Currency Million	Baht Million
<b>Assets</b>				
Japanese Yen	2.19	0.63	2.74	0.83
US Dollars	6.90	214.14	6.48	222.22
		<u>214.77</u>		<u>223.05</u>
<b>Liabilities</b>				
Japanese Yen	166.40	49.55	133.53	41.56
US Dollars	14.89	467.48	10.55	365.29
		<u>517.03</u>		<u>406.85</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.

# Notes to the financial statements

For the year ended 31 March 2018

## 26 Financial instruments (Cont'd)

### a) Financial assets and liabilities (Cont'd)

#### 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 2018 and 2017, 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:

	2018 Baht	2017 Baht
USD 1 million at average rate Baht 31.29 = USD 1 (2017: USD 1 million at average rate Baht 35.14 = USD 1)	31,290,000	35,135,000
JPY 40 million at average rate Baht 29.50 = JPY 100 (2017: JPY 50 million at average rate Baht 30.98 = JPY 100)	11,800,000	15,490,000
	<u>43,090,000</u>	<u>50,625,000</u>

#### Fair values

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

	2018 Baht	2017 Baht
Differences - favourable (unfavourable)	(105,591)	(771,008)

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 instruments.

Thai Stanley Electric Public Company Limited  
**Notes to the financial statements**  
For the year ended 31 March 2018

**27 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 34.77% 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 29.09% interest in the Company's share capital. Stanley Electric Group comprises Stanley Electric Company Limited and related companies.

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

The following significant transactions were carried out with related parties:

**For the years ended 31 March**

	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Sales</b>		
Stanley Electric Group companies	523,408,361	591,412,576
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	161,147,625	175,393,207
Associates	421,244,928	373,921,605
	<u>1,105,800,914</u>	<u>1,140,727,388</u>
<b>Technical assistance income (Other income)</b>		
Stanley Electric Group companies	-	899,427
<b>Dividend income</b>		
Stanley Electric Group companies	8,385,555	20,218,179
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	1,917,611	3,199,506
Associates	82,512,322	69,465,256
	<u>92,815,488</u>	<u>92,882,941</u>
<b>Royalty income</b>		
Associates	640,718	861,708
<b>Other income</b>		
Stanley Electric Group companies	7,830,924	3,372,327
Associates	159,979	1,495,122
	<u>7,990,903</u>	<u>4,867,449</u>
<b>Purchases of goods and services</b>		
Stanley Electric Group companies	2,527,588,725	1,825,882,987
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	396,219,737	361,469,221
Associates	377,949,201	274,972,233
	<u>3,301,757,663</u>	<u>2,462,324,441</u>

# Notes to the financial statements

For the year ended 31 March 2018

## 27 Related party transactions (Cont'd)

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

For the years ended 31 March	2018 Baht	2017 Baht
<b>Royalty fees</b>		
Stanley Electric Group companies	302,570,359	262,385,977
<b>Design and development fee</b>		
Stanley Electric Group companies	124,439,993	59,720,490
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	63,422	142,958
Associates	46,058	42,944
	124,549,473	59,906,392
<b>Technical assistance fee</b>		
Stanley Electric Group companies	10,663,658	8,381,395
<b>Training fee</b>		
Stanley Electric Group companies	9,942,854	13,768,883
<b>Commission</b>		
Stanley Electric Group companies	20,000,000	20,031,672
<b>Directors' and managements' remuneration</b>		
Short-term benefits	47,433,823	48,009,730

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 2018 and 2017 are as follows:

	2018 Baht	2017 Baht
<b>Trade accounts receivable - related parties</b>		
Stanley Electric Group companies	45,981,000	88,612,128
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	63,003,538	45,641,910
Associates	97,531,984	85,222,877
	206,516,522	219,476,915
<b>Trade accounts payable - related parties</b>		
Stanley Electric Group companies	311,539,905	310,060,361
Companies related by way of the Company's management and directors as shareholders, or by way of common directors	36,166,563	36,112,969
Associates	150,575,821	77,417,002
	498,282,289	423,590,332
<b>Other accounts payable - related parties</b>		
Stanley Electric Group companies	223,210,120	129,660,328

Thai Stanley Electric Public Company Limited

# Notes to the financial statements

For the year ended 31 March 2018

## 28 Significant commitments

### a) Bank guarantees

As at 31 March 2018, 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 (2017: income tax payment and electricity supply of Baht 18 million and Baht 16 million respectively).

### b) Capital commitments

As at 31 March 2018, the Company has capital commitments of Baht 535 million (2017: Baht 79 million). The capital commitment mainly comprises construction and machines for production expansion in the future.

## 29 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. The Company has asked the bank to issue a letter of guarantee for this tax amount as mentioned in Note 28 (a).

In 2016, the Central Tax Court of Thailand judged to dismiss the Company's appeal. The outcome of the judgment means the Company is liable to pay the additional tax to the Revenue Department. However, the Company has requested the Revenue Department to temporarily suspend the liability for the additional tax payment until a final judgment is issued. The Company submitted an appeal against the Court's judgment to the Court of Appeal for Specialized cases - Tax Case Division.

On 12 March 2018, the Court of Appeal for Specialized cases - Tax Case Division rendered its judgment to affirm the judgement of the Central Tax Court. The Company is now preparing an appeal against the judgment of the Court of Appeal for Specialized cases - Tax Case Division to the Supreme Court.

The Company already recorded liabilities in this financial statements.

## 30 Subsequent event after the reporting period

At the Board of Directors' meeting held on 15 May 2018, the Board of Directors approved to propose the dividends payment in respect of the operating results for the year ended 31 March 2018 for a total 76,625,000 shares of Baht 7.00 per share totaling Baht 536.38 million to the Annual General Shareholders' meeting which will be held on 6 July 2018.

## FINANCIAL STATISTICS IN 5 YEARS

(Unit : Thousand Baht Except For Figure Per Share)

	31 Mar 18	31 Mar 17	31 Mar 16	31 Mar 15	31 Mar 14
<b>Report on Operation</b>					
Sales	13,220,446	11,024,797	10,672,224	9,523,829	10,268,617
Cost of Sales	10,775,580	9,087,201	8,929,410	7,808,825	8,080,350
Net Profit (Loss)	1,658,662	1,270,768	1,303,440	1,157,648	1,487,512
Net Profit (Loss) per Share (Baht)	21.65	16.58	17.01	15.11	19.41
Net Profit Margin (%)	12.36	11.34	11.73	11.80	14.00
Return on Equity (%) (ROE)	11.91	9.83	10.84	10.35	14.39
Return on Total Assests (%) (ROA)	10.33	8.59	9.41	8.97	12.27
Debt to Equity (time) (DE)	0.17	0.14	0.15	0.15	0.15
Current Ratio (time)	4.50	5.00	4.30	3.83	3.55
Dividend per Share (Baht)	*	5.00	5.00	4.80	6.00
Dividend Ratio (%) ***	*	34.15	32.68	34.53	32.51

### Assets & Liabilities and Shareholders' Equity

Current Assets	9,290,056	7,738,068	7,059,504	5,947,007	5,261,970
Property, Plant and Equipment, Net	5,564,807	5,460,123	5,536,093	5,823,148	5,975,284
Total Assets	16,938,772	15,185,832	14,407,271	13,293,905	12,506,076
Current Liabilities	2,066,180	1,548,236	1,643,233	1,551,388	1,484,284
Non-Current Liabilities	341,212	296,118	256,093	203,186	189,956
Shareholders'Equity	14,531,380	13,341,478	12,507,945	11,539,331	10,831,836
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)	189.65	174.11	163.24	150.59	141.36
Number of Shares**	76,625	76,625	76,625	76,625	76,625
Per Value (Baht)	5.00	5.00	5.00	5.00	5.00

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

\*\* Calculated Using The Weighted Average Method

\*\*\* Calculated from Financial Statement - The Company Only

# General corporate information

## Company Information

### 1. Company Information

#### 1.1 General Information

(1) Name : Thai Stanley Electric Public Company Limited

Public Registered No . 0107536000765

Address : 29/3 M.1 Bangpoorn-Rungsit Road, Banklang, Muang Pathumthane 12000

Homepage : [www.thaistanley.com](http://www.thaistanley.com)

Type of Business : Manufacturer of automotive lighting equipment and mold

Paid up capital : 383,125,000 Baht (Three hundred eighty-three million and one hundred twenty-five thousand baht)

Common share 76,625,000 share par value 5 Baht

(2) Details of Investment in other companies exceed of 10%

No	Name/Address/Type Of Business	Capital Registered	Amount Of Number Of Share Hold	Investment Ratio (%)
1.	Lao Stanley Co.,Ltd. KM.7 Luangprabang Road, Vientiane, Laos - Manufacturer of automotive lighting equipment Telephone : 85621 222171-3 Facsimile : 85621 222174	USD 500,000	USD 250,000	50
2.	Vietnam Stanley Electric Co.,Ltd. Hanoi , Vietnam - Manufacturer of automotive Lighting equipment Telephone : (844) - 8 534546 Facsimile : (844) -8 531337	USD 8,300,000	USD 1,660,000	20
3.	Top Hightech (Thailand) Co.Ltd Saha Ratana Nakorn Industrial Park , Ayutthaya - Manufacturer,sell,assemble plastic goods and Assemble light resolution molds Telephone : (035) 364-051 Facsimile : (035) 364-052	35.9 Million baht	5 million baht common stock 5,000 shares	13.93
4.	Asian Stanley International Co.,Ltd 48/1 M.1 Kukwang Ladlumkaew , Pathumthani - Manufacturer of lighting emitting diodes (LED) and camera flashes. Telephone :0-2599-1260 Facsimile : 0-2599-1263	400 Million baht	60 million baht common stock 600,000 shares	15

### (3) Reference

Auditor Ms.Varaporn Vorathitikul  
Certified Public Accountant (Thailand) No.4474  
PricewaterhouseCoopers ABAS Limited.  
15th Floor Bangkok City Tower , 179/74-80  
South Sathorn Road, Bangkok 10120  
Telephone : 0-2844-1000 Facsimile : 0-2286-5050

1.2 Other data  
- None

## **2. Policy and Business Overview**

### **2.1 Vision Objective Goal / Business Strategies**

Thai Stanley Electric Public Company Limited is a manufacturer of automotive lighting equipment with international quality. The goal is committed to producing quality products and value added products that the importance and value to all related group with the company sincerely.

Management Policy is to consider customer satisfaction as the first priority by improving every function; quality control, costing, delivery, development, safety, and relationship through Planning – Doing – Checking process cycle.

### **2.2 Background**

The Company was first registered as a limited company on 30 May 1980. It manufactured, imported and distributed automotive light bulbs and lighting equipment. That was founded by a Thai-Japanese joint venture between Seng Nguan Hong (Sittipol) Company Limited (currently known as The Sittipol 1919 Company Limited) and Stanley Electric Co., Ltd. of Japan. The Company operates three separate plants, producing auto bulbs, dies and molds, and auto lamps.

During year 1980 - 1990 the company invested Bulb factory , Lamp1 factory and Die & Mold factory, has been investment promoted from BOI for every plant and has registered capital of 10 million baht to 153 million baht

During year 1991 – 2001 , the Company was listed on the SET, and the Company's shares began being traded on the SET under the abbreviation 'STANLY'. In the same year, the Company founded own research and development center with promotional support from the Board of Investment (BOI). This center is mainly engaged in researching and developing products for the Company. In July 1993, the Company was converted into a public limited company.

The company entered into a joint venture in establishing new companies: Lao Stanley Co., Ltd. and Vietnam Stanley Electric Co., Ltd. Stanley Electric Engineering India PVT Ltd. PT. Indonesia Stanley Electric, that also took shares in various companies, such as Inoue Rubber (Thailand) Public Company Limited, Sum Hitech Co., Ltd. (in 2015 the company sold shares to major shareholder of Sum Hitech Co.,Ltd.) Sirivit Stanley Co., Ltd., Top Hightech (Thailand) Co., Ltd. and Lumax Industries Limited of India. In addition, the Company formed a technical support alliance with Electro Polymers (PVT) Ltd. of Pakistan and Unitech Machines Limited of India.

The company has registered capital to 383.125 million baht and continued investment in Land around for new factory and new machinery and equipment for business expansion.

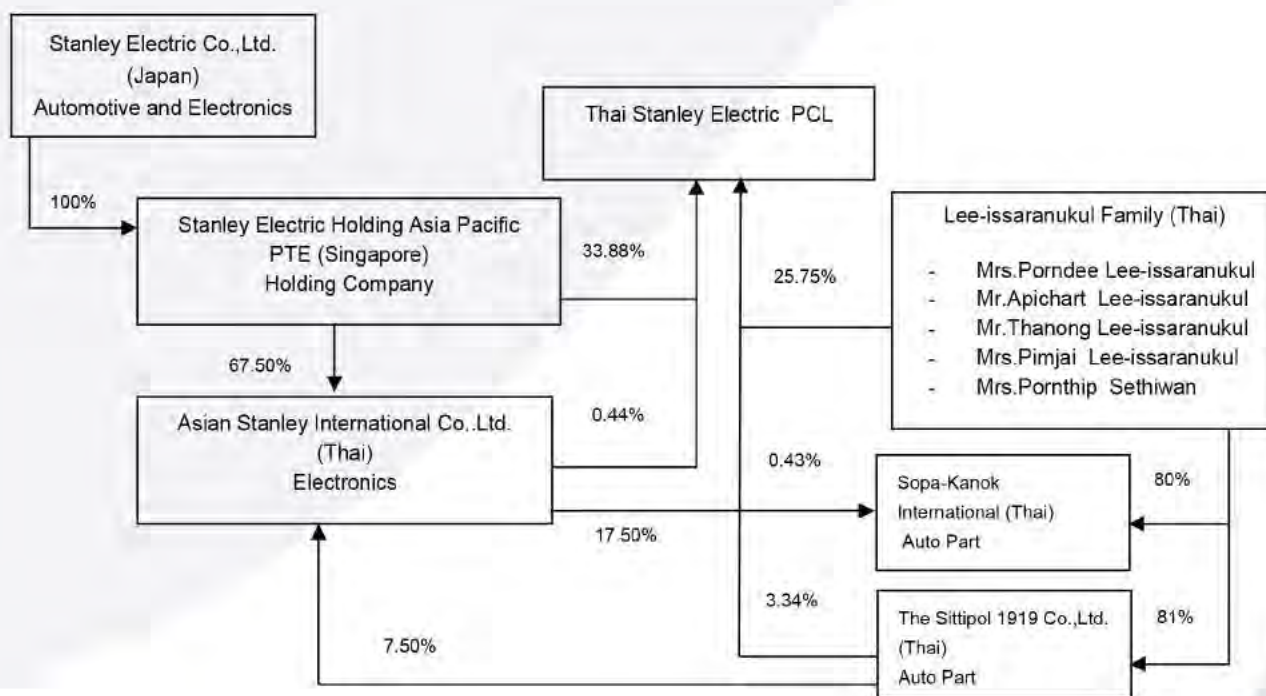
During years 2002 - 2010 the company has invested Lamp4 factory at Nava Nakorn Industrial Estate , Klong Luang, Pathumthani (in 2014, the Company sold land and buildings to the company that in the side



## 2.4 Major shareholder group Relationship

Major shareholder of the company is a group company Stanley Electric Co. Ltd. Japan and the Lee-issaranukul family , who is the founder of the company before listing on the SET. Each group has a representative on the board for the company.

Business operations in accordance with company policy accordance with the Stanley group policy.



## 3. Conduct of business

The company currently manufactures and market auto bulb, automotive lighting equipment and dies & molds and design. The business segment information for dies & molds and design, which is different from auto bulb, automotive lighting, has not been separately reported as the sales of this segment represent only 3.34% of total sales.

## Income Structure

(The Equity Method)

Revenues	31 March 2018 Million Baht	%	31 March 2017 Million Baht	%	31 March 2016 Million Baht	%
Domestic Sale Revenues	9,193.56	67.04	7,428.98	64.79	7,629.77	67.36
Export Sale Revenues	4,026.89	29.36	3,595.82	31.36	3,042.45	26.86
Total Sale Revenues	13,220.45	96.40	11,024.80	96.15	10,672.22	94.22
Dividend Income	10.30	0.08	23.24	0.20	9.37	0.08
Gain on Exchange Rate	19.75	0.14	21.10	0.18	19.37	0.17
Gain on sale of long term investment	-	-	-	-	261.91	2.32
Interest Income	69.49	0.51	64.88	0.57	55.12	0.49
Other Income	99.33	0.72	76.58	0.67	91.52	0.81
Share of profit from investment in Associate	294.76	2.15	255.72	2.24	217.35	1.92
Total revenues	13,714.08	100.00	11,466.50	100.00	11,326.86	100.00

### 3.1 Nature of products

The Company's core business is to manufacture and sell products in a single sector, both domestic and export, namely lighting equipment for use in motorcars, motorcycles and other vehicles. There are 2 core products:

- Auto Bulb the company manufactures bulbs for automobiles, such as Bulb T19, G18, RP30, S25 to assemble a collection of various types of automotive lamps are available sales through local dealers and sale export to Stanley group company and for supporting to production and assembly a set of automotive lamps.

- Lighting Equipment Lamps, the company manufacturing in the automotive parts such as Head Lamp, Rear Combination lamp or Tail lamp, Stop lamp, Signal Lamp and Room Lamp that jointly developed with automotive manufacturer in specific models.

In addition to the core products, the Company also manufactures all kinds of

- Dies & molds in support of the core business and for sale to other industrial operators. The details of the dies & molds and design segment are not identified in this filing because their sales account for only 3.34% of the Company's total sales.

## Certificate of Promotion

The company received investment promotion from The Board Of Investment total 18 certificates of promotion as follows :

- |  |  |
|--|--|
| (1) Manufacture Automotive Bulbs   | (Certificate of Promotion No. 1038/Sor. Aor./2533) |
| (2) Manufacture Automotive Lamps   | (Certificate of Promotion No. 1044/2527)           |
| (3) Manufacture Die & Mold   | (Certificate of Promotion No. 1214/Sor. Aor./2530) |
| (4) Manufacture Die & Mold   | (Certificate of Promotion No. 1078/Sor. Aor./2533) |
| (5) Manufacture of Automotive Lighting Equipment and parts               | (Certificate of Promotion No. 1279/Sor. Aor./2533) |
| (6) Research & Development of Automotive Lighting Equipment              | (Certificate of Promotion No. 1176/2534)           |
| (7) Manufacture Die & Mold   | (Certificate of Promotion No 1767/2538)            |
| (8) Manufacture of automotive Lighting Equipment, Machine or Electrical  | (Certificate of promotion No. 5675/2539)           |
| (9) Manufacture Electronic Bulbs   | (Certificate of promotion No. 1016/2541)           |
| (10) Manufacture Engineering Plastic parts                               | (Certificate of Promotion No. 1017/2541)           |
| (11) Manufacture of automotive Lighting Equipment, Machine or Electrical | (Certificate of Promotion No. 4290/2541)           |
| (12) Manufacture of automotive Lighting Equipment, Machine or Electrical | (Certificate of promotion No. 4573/2541)           |
| (13) Manufacture Die & Mold  | (Certificate of Promotion No 1096/2543)            |
| (14) Electronic Design   | (Certificate of promotion No. 1294 (2)/2545)       |
| (15) Manufacture and repair Die & Mold                                   | (Certificate of promotion No. 1539 (2)/2545)       |
| (16) Manufacture of Automotive Parts                                     | (Certificate of Promotion No.1545 (2)/2546)        |
| (17) International Standard Lamp for economic car                        | (Certificate of Promotion No.1631(2)/2012)         |
| (18) Manufacture and repair Die & Mold                                   | (Certificate of promotion No.2216(2)/2013)         |

Now the company have right from received investment promotion from The Board Of Investment total 2 certificates of promotion as follows :

1. Certificate of Promotion No. 1631 (2)/2012 , was issued on 22 May 2012 to engage in the international standard Lamp economic car , category 4.10 vehicle part production . The privileges and benefits under Certificate of Promotion No. 1631(2)/2012 include the following: Certificate

1. Be exempted from import duty on machinery as approved by the BOI
2. Has been a reduction of 90% of the incoming rate to import raw material or necessary material required for use in the production of distributors in the country for 1 year from the first day of imported. The raw and necessary material must not be same as made in a similar quality to the imports, and a sufficient quantity to supply them and in term and conditions in the time of the BOI to stipulate.



5. Raw materials and necessary material must be a specific product or assembly that is used to export product and product from promoted business.

6. Shall provide and protection system to prevent environmental damage or a danger or nuisance to the neighboring .

7. Quality of products from manufactured or assembled. Must be in accordance with international standards.

#### Project Conditions

1. Machinery for the promoted business must be a new machine and purchasing within March 4 ,2016.

2. The operation must be completed within 36 months from the date of the promotion.

3. The implementation of significant projects have been promoted in the following.

3.1 Kind of product : Mold and Mold Repair .

3.2 Size of the business. The production capacity for Mold , about 100 sets and Mold repair 50 sets per year. (Working time 16 hours / day : 300 days / year) , outgrowth is defect from productions

4. Minimum investment (Excluding land and current capital) not less than 1 million Baht

5. Income tax exemption worth up not over than 190,000,000 baht.

### **3.2 Market and competition**

#### **a. Policy and marketing**

Because of the limited competition in this industry, the Company's strategy is to manufacture high-quality products at a reasonable price. The pricing policy is based on the cost of manufacturing with a standard profit margin. The Company also has a policy of expanding additional lines of automotive products to meet the demand in the automotive market.

The Company's customers include manufacturers and distributors of motorcycles and motorcars (passenger cars and commercial vehicles). The Sittipol 1919 Co., Ltd. is the Company's dealer in automotive spare parts that The Company has not paid any compensation to dealers.

#### Distribution channels and customer base

##### **1. Local channels**

1.1 Original equipment market: The products are sold directly to local assembly plants in Thailand. Usually, they are used in the manufacturing process or kept as spare parts.

1.2 Replacement equipment market: The products are sold through the Company's dealer, The Sittipol 1919 Co., Ltd. In this market, the products are as replacements.

##### **2. International channels**

2.1 Original equipment market: The products are sold directly to local assembly plants abroad. Usually, they are used for manufacturing or kept as spare parts.

In 2017, The company had domestic sale approximately 69.54% of the company total sale , increased 23.75% from the previous year which was the automotive industry in stagnation of economic conditions and export sales approximately 30.46% of the company's total sales , increased 11.99% that sale to foreign customers are in Asia, Europe and the USA.

The Company's policy is to practice under the rules of the competition. Not take any action as a monopoly or reduce competition or limited competition.

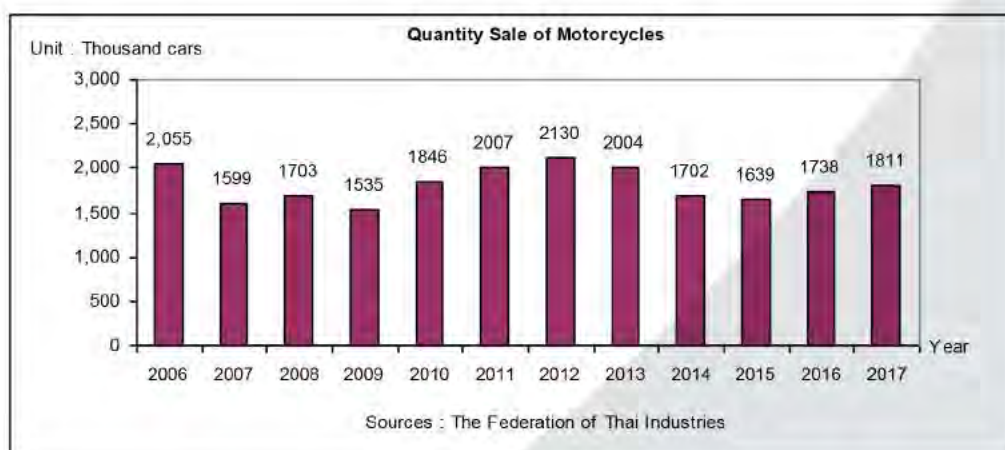
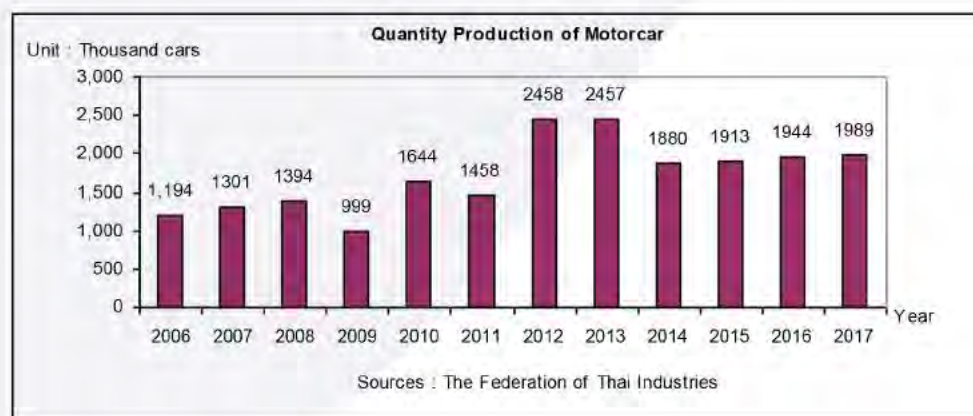
The barriers to entry are high for the following reasons:

- Because there are so few operators in this industry, the Company has the bargaining power over its customers at a particular level. However, the course of business is still based on the facts, especially, the basis of the actual cost of manufacturing plus standard profit.

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The automotive industry plays an essential role in the country's overall industrial development. Structurally, the automotive industry is linked to a wide range of other industries. That starts with basic materials, such as steel, plastic, rubber, glass and animal hides and the manufacture of automotive parts. The final process ends with assembly.

Over the past decade, Thailand's automotive industry has improved substantially, making Thailand the largest manufacturer of vehicles and component parts in Asian. The growth of the automotive industry over the past decade can be classified by types of vehicles: motorcars and motorcycles, details as follows



Remark : Not shown graph of motorcycle production data because production and sale are same level



material locally out of the total quantities obtained from Stanley Electric Co., Ltd. of Japan. This is to reduce the cost of procurement and the risk of dead stock.

3.A single source provides the material on the basis of the alliance among the members of the Stanley Group, resulting in economies of scale. The material is distributed to all other members worldwide.

The price of material provided by Stanley Electric Co., Ltd. of Japan and the Stanley Group is fixed at a reasonable and favourable level. The pricing formula is the actual cost plus administrative expenses. If some kinds of general material can be acquired from other suppliers on favourable conditions, the Company has absolute discretion to proceed with that procurement without abiding by any commitments within the Stanley Group.

#### b. Environmental impacts

In every production process, The Company realized the effective to do not adversely affect the environment. For the painting process, a water shield and sludge disposal system are in place to prevent dust in the air. In this regard, the Company has engaged to the company which holds a waste disposal licence, to dispose of and treat the waste. Consequently, no pollution is emitted outside the Company's facilities. That means the environment suffers no impact from the Company's operations.

Now the company has completely Waste Water Treatment, the waste water from all factory will be sent in for proper treatment whose water level can be measured for the standard, that can be brought back for reused in production process and other activity such as toilet flushing, water plant and Lamp7 factory has reuse it in painting process and flushing water for toilet, and other factory are adjusting this water for appropriate use. Therefore, the company have not any affect to environment.

In all circumstances, the Company recognises the importance of environmental conservation. It has campaigned for environmental management and was awarded ISO14001 certification. The company have designed our products to be environmentally friendly (green products) by relying on chemical-free substances or reducing the use of poisonous chemicals such as mercury (Hg), lead (Pb), chromium 6 (Cr6+), cadmium (Cd) and flame retardants (PBB & PBDE).

In addition, we also provide a green space project in the company, by providing a tree Planting activity on the last working day of the year, Enhancing the green space in the company and create a habit of environmental importance to employees.

The company has no disputes or litigation regarding environmental issues from local communities.

### **3.4 Undelivered Projects**

- None -

#### 4. Risk factors

The Company's risk management policy is ,

The Company must ensure safety of life and body of employees by considering as the highest priority and must maintain process property and to cope with risk by coordinate with local and government offices, make a relationship with other industries as well as provide suggestions of necessary and adequate information for risk management measures

The Company structure of risk management systems, as follows.

- The Executive General Manager of Administration Division is response for the oversight of risk management .

- Appointment of Risk Management Committee Responsible for risk and crisis response. Include consideration and review of risk management policy. As defined in the risk management requirements. , the structure as follow:

Chairman of the Committee is President

Vice Chairman of the Committee is Vice President

Members are executive directors and appointed executives.

In case of crisis , The Risk Management Committee will consider establishing the Business Continuity Plan (BCP) , which will act as a centralized response to the crisis so that it can continue its operations. The structure is as follows.

The Director is the President.

Deputy Director is the Vice President

Membership is the board of directors. Executives from each division and person appointed by the director as necessary.

The Business Continuity Plan (BCP) must coordinate with the Risk Management Committee of Stanley Electric Co., Ltd., Japan. and to continue to operate.

The Company has determined the relevant risks in accordance with the risk control requirements. The main responsibility for regulating people is identifying risks and assessing risks, categorized into 3 types, covering both internal and external factors.

1. Operation Risk , Risk arising from failure of work procedures, strategies and management policies. The job does not comply with the organization's policy / vision (strategic risk), system or equipment is damaged , including operational personnel expected damage may cause damage , inadequacy of financial budgets, disruption in disbursement liquidity foreign exchange risk (Financial Risk) Risk from competition , competitor or the risk of a partner and the suppliers .

2. Crisis Risk and Economic / Political Risk , Risk that need for emergency response measures due to severe impacts, such as natural disasters, epidemics, and economic and political risks.

3. Compliance / Regulatory Risk , Risk arising from the laws, regulations, regulations of the government , use of penalties or indemnities for breach of contract, noncompliance with each type of contract, such as laws, etc., that are expected to cause damage.

Risk assessment , The company evaluates how severely the severity and likelihood of occurrence is by taking the risk very violent , can cause a lot of damage or high chance to accelerate the management of control measures. The risk is not severe and less likely will consider appropriate management.

Since 2012 until present year , the company have performed simulations flood crisis. Start from the implementation of management responsible for risk oversight ,the Risk Management Committee 's operation and establishment of the Business Continuity Plan and various operations to normal levels. So that all departments understand the role and the simulation results to improve the risk management plan of each agency accordingly with the cooperation of the Stanley Electric Co., Ltd., Japan to advise such simulations.

Furthermore of such measures , in the other departments have responsible for risk control that have been prepared terms and measures in case that crisis. Such as conflagration, substances chemical leak. Including preparation of training plans. Simulation Evaluation of a record, and monitoring the safety of the facility and has established the TOP GUN and training as a special case to as a team supplement in helping prevent and suspend conflagration preliminary to reduce the damage that may occur.

From company Risk Assessment in business risk has not significant effect on investment of the investors. There are only business risk in general and in middle level , that to risk reduce by cost of protection which must be carefully considered. In the budget and must take measures to reduce risk within the fixing date as follows ,

1. Risk caused from economics and political instability in the country

Performance Improvement Strategy Office has been established in order to study about cost reduction as well as study business environment to find measures of maintaining profit margin. Management meeting is held and update information is posted on announcement board every week.

2. Risk caused from foreign exchange rate and loan

Risk from foreign exchange rate .This risk arises because of raw materials importing and exporting. Such business transaction is usually in short term, approximately 1-3 months with currency of Yen and U.S. dollar. Measure of preventing this risk is to use Forward Contract.

Executive committee is the person who considers acceptable risk level for each transaction and each partner. Forward contract policy remains unchanged which can prevent risk by 50% of total net debt in foreign currency. The contract will be made only with the main bank that the company is using service. The company will not do speculating business transaction.

Risk caused from loan. The company has no significant risk from loan clustering. The company made a contract of derivatives and deposited cash with the reliable financial institutions.

### 3. Risk caused from increasing in materials cost and being short of suppliers

The policy on this matter is not dealing solely with any particular manufacturer or supplier. As the supply is more than demand for this material, the company can choose the supplier who is strong, capable, and stable in financial status. All factors can be a purchasing power of the company to negotiate with the suppliers.

### 4. Risk of a major shareholder group of more than 25%

The company have shareholder of more than 25% of two groups: Stanley Electric, Japan holding 34% and Lee-issaranukul family holding 30% of the shares, by each group assign their representative to be the Executive Director of the Company.

Stanley Electric is the master of the production of all products. The company must rely on technology to produce materials designed by Stanley Electric assistance, which payment the remuneration for each type of transactions in normal business base.

### 5. Infrastructure and Infrastructure Risks

The company is a manufacturing industry which requires utilities such as electricity, water supply and water supply. The company has set up preventive measures by planning maintenance. Increased power purchase from private sector and insurance to transfer risk and mitigate damage.

### 6. Computer System Risks

The company has a large collection of information using computer systems, both production data, employee information. If the system is damaged, lost or stolen as well as the threat of the virus (Cyber Terrorist) will damage the company. The company has a system of backup and storage, Review of major software security updates, the virus detection software is installed and the right to access the information is properly controlled.

Since the company established, no any major changes in the shareholder structure, or business policy. The company has had no impact on issues of major shareholders and management.

## **5. Structure of Securities holding and management**

### **5.1 Securities of Company**

(1) The Company has paid up capital of 383,125 million Baht and fully paid up, divided into 76,625,000 ordinary shares each of baht 5 per share.

(2) Other Share  
- None

## 5.2 Shareholders

(1) Major shareholder list

(A) Top ten shareholders as at the last closing book date July 18, 2017.

Shareholder Name	Number of Share (Share)	% of holding
1. Stanley Electric group	26,294,150	34.32
- Stanley Electric Holding Asia-Pacific PTE	25,959,650	33.88
- Asian Stanley International Co.,Ltd.	334,500	0.44
2. Lee-issaranukul Family	22,618,196	29.52
- Mrs.Porndee Lee-issaranukul	7,695,876	10.04
- Mr.Apichart Lee-issaranukul	4,500,036	5.87
- Mr.Thanong Lee-issaranukul	3,208,920	4.19
- Mrs.Pimjai Lee-issaranukul	2,168,370	2.83
- Mrs.Pornthip Sethiwan	2,162,670	2.82
- The Sittipol (1919)	2,556,074	3.34
- Sopa-Kanok International Co.,Ltd.	326,250	0.43
3. Thai NVDR Co.,Ltd.	2,684,110	3.50
4. Nortrust Nominee Ltd-CL AC	1,973,100	2.58
5. Aberdeen Small Cap Fund	1,948,700	2.54
6. BNP Paribas Securities Service , London Branch	1,805,000	2.36
7. Aberdeen Long Term Equity Fund	1,783,900	2.33
8. Aberdeen Growth Fund	1,619,600	2.11
9. Mr.Kenneth Rudy Kamon	1,303,800	1.70
10. State Street Bank and Trust Company	938,534	1.23

The currently shareholders list , the investor can see in company website ([www.thaistanley.com](http://www.thaistanley.com)) before the Annual General Meeting.

(B) Major Shareholders to participate in its operations by sending member to be a committee

Shareholder Name	Number of Share (Share)	% of holding
1. Stanley Electric group *	26,294,150	34.32
- Stanley Electric Holding Asia-Pacific PTE	25,959,650	33.88
- Asian Stanley International Co.,Ltd.	334,500	0.44
2. Lee-issaranukul Family	22,618,196	29.52
- Mrs.Porndee Lee-issaranukul	7,695,876	10.04
- Mr.Apichart Lee-issaranukul	4,500,036	5.87
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- Mrs.Pornthip Sethiwan	2,162,670	2.82
- The Sittipol (1919)	2,556,074	3.34
- Sopa-Kanok International Co.,Ltd.	326,250	0.43

\* Stanley Electric , Japan holding 100% in Stanley Electric Holding Asia-Pacific PTE , Singapore and holding 67.50% in Asian Stanley International Co.,Ltd.

\*\* Lee-issaranukul Family is the major shareholder and executive management in Sittipol 1919 ( holding 81%) and Sopa Kanok International (Holding 80%)

### 5.3 Other Securities

-None

### 6. Dividend payment policy

The dividend payment policy of the company is that the rate of dividend payment of the Company is not less than 30 per cent of the net profits deduction of tax. (The Company Only)

Fiscal Year	2016	2015	2014	2013	2012
Earning Per Share (Baht) *	16.58	17.01	15.11	19.41	20.97
Dividend Per Share (Baht)	5.00	5.00	4.80	6.00	6.75
Dividend Ratio (%) **	34.15	32.68	34.53	32.51	33.72

\* from the equity method is applied

\*\* from the company only

### 7. Management Structure

#### 7.1 Board of Director and Meeting

Name	Position	Board of Director Meeting	
		Number of Meeting	Number of Attend the Meeting
Mr. Apichart Lee-issaranukul*	Executive Chairman	7	7
Mr. Koichi Nagano *	President	7	7
Mr. Thanong Lee-issaranukul *	Director	7	6
Mr. Tadao Suzumura *	Director	7	7
Mrs. Pimjai Lee-issaranukul	Director	7	6
Mrs. Pornthip Sethiwan	Director	7	5
Mr.Krisada Visavareeranon	Independent Director and Chairman Audit Committee	7	7
Mr. Chokechai Tanpoonsinthana	Independent Director and Audit Committee	7	7
Mr. Suchart Phisitvanich	Independent Director and Audit Committee	7	7
Mr. Picham Sukparangsee	Independent Director	7	6
Mr.Katsutoshi Iino **	Director	7	3 (TV Conference – 1)
Mr. Toru Tanabe **	Director	7	4 ( TV Conference – 3)

Remark \* Authorized directors , condition is Mr.Apichart Lee-issaranukul or Mr.Thanong Lee-issaranukul sign with Mr.Koichi Nagano or Mr.Tadao Suzumura and company seal

\*\* Director worked at Japan.

Board of directors meeting must be held at least once every 3 months and all directors are required to attend. There might be additional meeting if necessary. And according to the company's regulations , in the Board of Directors' meeting, there must be at least half of the directors present at the meeting.

The resolution of the meeting of the board of directors requires the majority votes of the directors present at the meeting. One member has one vote. In the case of equal votes, the chairman of the board shall have the casting vote. The director having interests has no right to vote for that agenda. The procedure of the meeting has been described in the rules of board of directors meeting.

Meeting schedule and key agenda have been set for the whole year in advance in order to make sure the adequacy of time and the availability of the board members. The invitation letter is sent out at least 14 days in advance both in Thai and in English. TV conference is also set up for the board member who is on overseas business trip to join the meeting from abroad.

In the board of directors meeting, chairman of the board of directors and executive chairman shall set the agendas together and screen the agendas proposed by directors. As there has not been any one being appointed to replace the former chairman of the board; hence, executive chairman and corporate secretary together shall set the meeting agendas. Every time in the meeting, each director is required to report sale/holding of securities to the meeting. The Company has not yet set a policy for directors and the executives to inform about trading of shares at least one day in advance of trading to the Board of Directors.

For the normal business transactions, executives will report to the board meeting on the quarterly basis.

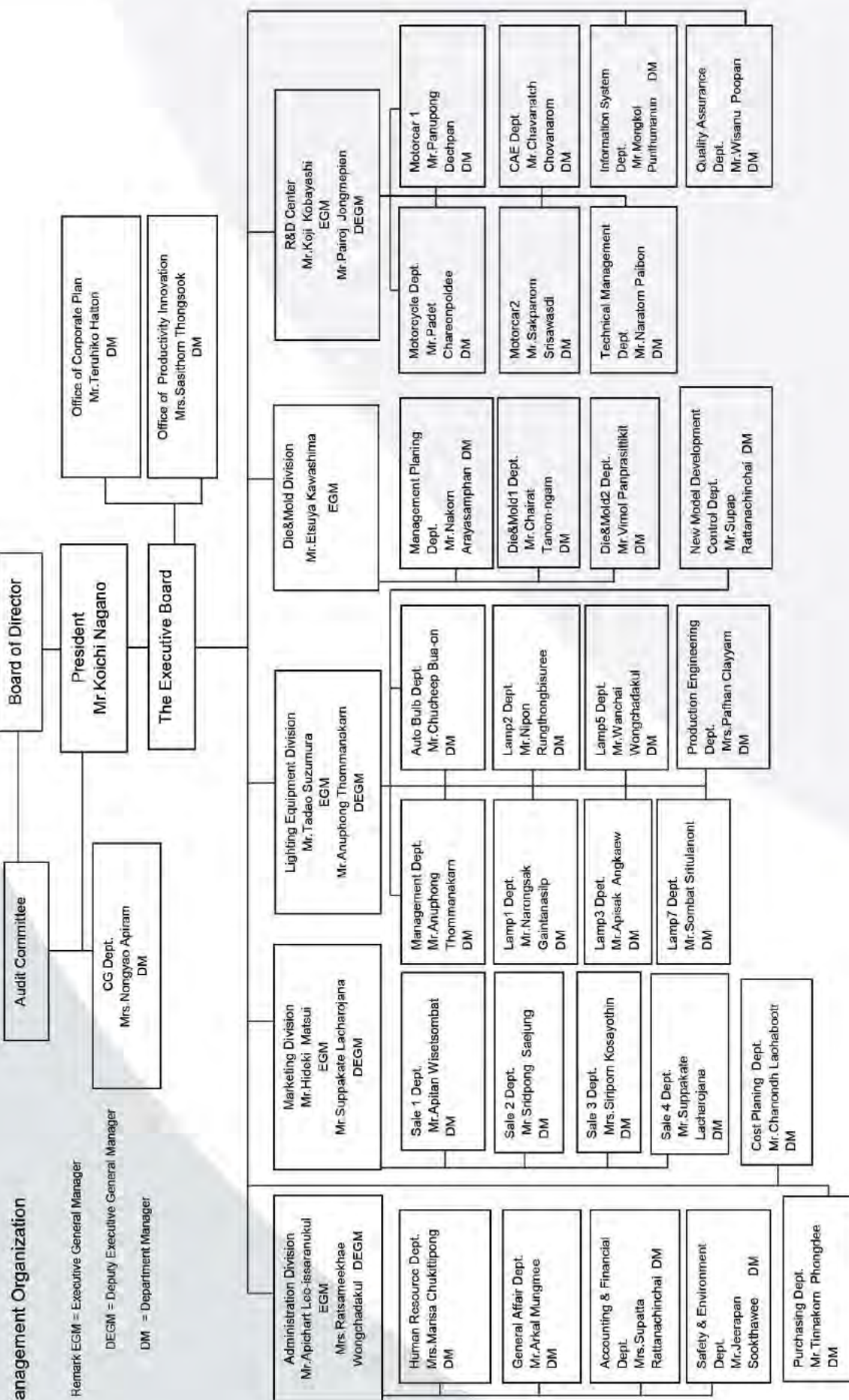
Total numbers of Board of Directors meetings held in 2017 are 7 times. At every meeting, adequate details in the form of supplementary documents will be sent out to the board members to study in advance. According to attendance record, 10 out of 12 members that working in Thailand had attended meeting every time (100%) 6 person or 50% , attended meeting 6 time (80%) are 3 persons ( 25%) , attend the meeting 5 times (71%) is 1 person (8%) , attend the meeting 4 times (57%) is 1 person (8%) and attend the meeting 3 times (42%) is 1 person (8%) that who stay in oversea had attended the meeting via TV Conference .

## 7.2 The Executive Board

The executive directors meeting will be held 4 times a month and there might be additional meeting if necessary. Management or involved person might be invited to give information directly to the meeting . On March 31,2018 the executive board name list are 6 persons as follows

Name	Position
1. Mr. Apichart Lee-issaranukul	Executive Chairman and Executive General Manager Administration Division
2. Mr. Koichi Nagano	President
3. Mr. Tadao Suzumura	Director and Executive General Manager Lighting Equipment Division
4. Mr. Hideki Matsui	Executive General Manager - Marketing Division
5. Mr. Koji Kobayashi	Executive General Manager - R&D Center
6. Mr. Etsuya Kawashima	Executive General Manager - Die & Mold Division

## Management Organization



### 7.3 Company Secretary

The Board of Directors has appointed Mrs. Sudjai Srifuengfung, Held the position of company secretary Since July 4, 2008 by the properties of the incumbent secretary of the Company is as follows:

Company Secretary Practice requirements as set out in Section 89/15 and 89 /16 of the Securities and Exchange Act (No. 4 ) Act 2551 which comes into force on 31 August 2551 with responsibility, caution And honesty Including compliance with the legal regulations of the company's objectives . Board of Directors The resolution of the shareholders of the Company Secretary are required by law .

1. Establish and maintain the following documents.

A .register of directors

B. Director Meeting Notice letter , Minutes of the Board meeting and company annual report

C. Notice of the annual general meeting of Shareholders. And the minutes of the shareholders Meeting

2. Keeping report on interest filed by a director or executive and deliver a copy of the report Stakeholders under Section 89/14, the Chairman of the Board and Chairman of the Audit Committee within 7 days from the date we receive the report.

3. Carry other According to the Commission the notification .

There is also the Company Secretary of the Company and other duties as assigned .

- Advise on the laws and regulations related . And best practices in governance and in the activities of the Commission in accordance with the law.
- Served on the Board of Directors' meetings and shareholders meeting.
- Contact with other departments within the company. To comply with the resolutions of the Board of Directors and shareholders.
- Contact with regulatory agencies such as the SEC , the Stock Exchange of Thailand , and overseeing the disclosure and reporting information to the regulatory agencies and the public
- Provide orientation Advises directors to be appointed new.
- Other duties as assigned by the company

## List of Directors and Managements

1.Name – Surname	Mr. Apichart Lee-issaranukul
Position	Executive Chairman and Executive General Manager Administration Division.
Date of Appointment	Year 1988
Age	55
Education	Honorary Doctor of Engineering (Industrial Engineering) ,
Degree	Rajamangala University of Technology Thanyaburi Master of Business Administration Oklahoma City University, USA.
Training	Bachelor of Administration The University of the Thai chamber of commerce, Certificate Directors Certification program from Thai Institute of Director (IOD) Certificate Executive Business and Investment Development Institute of Business and Industrial Development (IBID)
% of Holding	5.87%
Relations	Son Mr.Vitya Lee-issaranukul and Mrs.Porndee Lee-issaranukul Brother Mr.Thanong Lee-issaranukul,Mrs. Pimjai Lee-issaranukul and Mrs. Pornthip Sethiwan
Working Experience	1991-Present Director Inoue Rubber (Thailand) Public Co.,Ltd. 1992-2013 Executive Vice President Thai Stanley Electric PCL 2013-Present Executive Chairman Thai Stanley Electric PCL 1992-Present President Sopa-Kanok International Co.,Ltd 1993-Present Director Pacific Industries Co.Ltd. 1993-Present Deputy Chairman Stanley Thailand Foundation 1995-Present Director Sungold Holding Limited 1996-Present Executive Vice President Asian Stanley International Co.,Ltd 1997-Present Director Sirivit Stanley Co.,Ltd. 1997-Present Director Daido Sittipol Co.Ltd. 1999-Present Chairman Lao Stanley Co.,Ltd. 2000-Present Director Vietnam Stanley Electric Co.,Ltd. 2002-Present Director Investor Club Association 2004-Present Executive Director Investor Club Association 2005-2006 Director Listed Companies Association 2006-Present Director PT Indonesia Stanley Electric 2006-Present Director Total Oil (Thailand) Co.,Ltd. 2014-Present Director Pacific Auto Part (Thailand) Co.,Ltd. 2016-Present Independent Director and Nomination and Remuneration Committee Leo Global Logistic PCL

2.Name – Surname	Mr. Koichi Nagano
Position	President
Date of Appointment	July 3, 2009
Age	58
Education Degree	Bachelor of The Faculty of Engineering , Hosei University , JAPAN
% of Holding	0.0013%
Relations	None
Working Experience	2009-Present Director Thai Stanley Electric PCL. 2013-Present President Thai Stanley Electric PCL. 2010-Present Director Sirivit – Stanley Co.,Ltd. 2011-Present Deputy Chairman Stanley Thailand Foundation 2013-Present Director Top Hightech Co.,Ltd 2013-Present Director PT Indonesia Stanley Electric 2013-Present Honorary Chairman Lao Stanley Co.,Ltd.

3.Name – Surname	Mr. Tadao Suzumura
Position	Director and Executive General Manager Lighting Equipment Division
Date of Appointment	June 1 , 2016
Age	58
Education Degree	Bachelor Faculty of Engineering , Tokai University , JAPAN
% of Holding	None
Relations	None
Working Experience	1983 - 2003 Quality Control Section , Hadano Plant , Stanley Electric Co.,Ltd. 2003 – 2007 Section Manager , Development and Management Section Hadano Plant , Stanley Electric Co.,Ltd. 2007 – 2009 Section Manager , New Model Control Section , Hadano Plant , Stanley Electric Co.,Ltd. 2009 – 2015 Department Manager New Model Development Control Department Thai Stanley Electric PCL. 2015 – 2016 Deputy Executive General Manager , Lighting Equipment Division Thai Stanley Electric PCL. 2016 – Present Director and Executive General Manager Lighting Equipment Division Thai Stanley Electric PCL

Working Experience	1983 - Present	Director	Thai Stanley Electric PCL.
	1986 - Present	Managing Director	The Sittipol 1919 Co.,Ltd.
	1986 - Present	Director	Inoue Rubber (Thailand) PCL.
	1993 - Present	Director	Sopa-Kanok International Co.,Ltd.
	1995 - Present	Executive Director	Total Oil (Thailand) Co.,Ltd.
	1995 - Present	Director	Sungold Holding Co.,Ltd.
	1995 - Present	Director	Toei Inoac Co.,Ltd.
	1995 - Present	Director	IRC (Asia) Research Co.,Ltd.
	1996 - Present	Vice Chairman	Daido Sittipol Co.,o.,Ltd.
	1996 - Present	Executive Dircector	Seng Ngun Hong Co.,Ltd.
	1996 - Present	Chairman	Bike Clinic Co.,Ltd.
	1998 - Present	Director	The Studio Production Co.,Ltd.
	2001 - Present	Chairman	Smart Sport Promotion Co.,Ltd.
	2001 - Present	Chairman	Kanok-Sopa Foundation
	2003 - Present	Director	SK Rubber Co.,Ltd.
	2014 - Present	Director	Pacific Autopart (Thailand) Co.,Ltd.
	2015 - Present	Director	The Studio 888
	2015 - Present	Director	Sonic Design (Thailand) Co.,Ltd.
	2015 - Present	Public Relations Subcommittee	
		Organ Donation Center	Thai Red Cross Society
	2017 - Present	Chairman	M Vision PCL.

5.Name – Surname	Mrs. Pimjai Lee-issaranukul
Position	Director
Date of Appointment	Year 1983
Age	57
Education Degree	Master of Business Administration operation Management, Drexel University,USA. Bachelor of Engineering Chulalongkorn University
Training	Certificate Directors Certification program Thai Institute of Director (IOD) Capital Market Academy Leadership Capital Market (CMA)
% of Holding	2.84%
Relations	Daughter Mr.Vitya Lee-issaranukul and Mrs.Porndee Lee-issaranukul Sister Mr.Apichart Lee-issaranukul , Mr.Thanong Lee-issaranukul and Mrs.Pornthip Sethiwan
Working Experience	1983-Present Director Thai Stanley Electric PCL. 2007-2013 President Inoue Rubber (Thailand) PCL 1986-2007 Executive Vice President and Managing Director Inoue Rubber (Thailand) PCL 1993-Present Director Sopa-Kanok international Co.,Ltd. 1995-Present Chairman Toei - Inoac Co.,Ltd. 1995-Present Director IRC Asia Reseach Co.,Ltd. 1995-Present Director Sungold Holding Co.,Ltd. 2001-Present Director Kinno Hoshi Engineering Co.,Ltd. 2003- Present Director S.K. Rubber Co.,Ltd. 2006- Present Director Dido Sittipol Co.,Ltd. 2010- Present Global Advisory Board Member Babson College , Ma, U.S.A 2010- Present Executive Board as External Advisory Expert Faculty of Engineering Chulalongkorn University 2012- Present Director of Risk Management Club Thai Listed Companies Association 2013 – Present Chairman Inoue Rubber (Thailand) PCL Honorary Chairman of Inoac Tokai (Thailand) Co.,Ltd. 2014 – Present Director and Deputy Secretary The Federation of Thai Industries 2016 – Present Director and Secretary of Institute of Agro-based Industries Advisor of Rubber and Rubber wood Cluster The Federation of Thai Industries Vice President of Thailand Forest Certification Council (TFCC)

6.Name – Surname	Mrs. Pornthip Sethiwan
Position	Director
Date of Appointment	Year 1990
Age	51
Education Degree	Bachelor of Commerce and Accountancy, Commerce major Chulalongkorn University.
Training	Certificate Director Accreditation Program Thai Institute of Director (IOD)
% of Holding	2.82%
Relations	Daughter Mr.Vitya Lee-issaranukul and Mrs.Porndee Lee-issaranukul Sister Mr.Apichart Lee-issaranukul, Mr. Thanong Lee-issaranukul and Mrs. Pimjai Lee-issaranukul
Working Experience	1980 - Present Director Thai Stanley Electric PCL. 1985 - Present Director Seng Ngun Hong Co.,Ltd. 1990 - Present Executive Director The Sittipol 1919 Co.,Ltd. 1990 - Present Director Pacific Industries (Thailand) Co.,Ltd. 1991 - Present Director Inoue Rubber (Thailand) PCL. 1993 - Present Director Sopa-Kanok International Co.,Ltd. 1993 - Present Director Bike Clinic Co.,Ltd. 1996 - Present Director Daido Sittipol Co.,Ltd. 2003 - Present Director SK Rubber Co.,Ltd. 2006 - Present Director IRC Asia Research Co.,Ltd.

7.Name – Surname	Mr. Toru Tanabe
Position	Director
Date of Appointment	June 26 , 2012
Age	59
Education Degree	Bachelor Faculty of Electric Engineering , Hosei University , JAPAN
% of Holding	None
Relations	None
Working Experience	2010 – 2011 Director Integrated Components Division Superintendent Stanley Electric Co.,Ltd. 2010 – Present Director , Research & Development & Technology Superintendent Stanley Electric Co.,Ltd. 2012 – Present Director Thai Stanley Electric PCL. 2012 – Present Director SL Lighting Corporation

Mr.Toru Tanabe (Continue)	2012 – Present	Director	Tianjin Stanley.Co.thd
	2012 – Present	Director	Stanley Electric U.S.Co.,Inc
	2012 - Present	Director	II Stanley Co.,Inc
	2014 – Present	Director	Asian Stanley International Co.,Inc.
	2014 – Present	Director	Stanley Electric Sales of India PVT.Ltd.
	2014 – Present	Director	Stanley Electric Trading (Shenzhen) Co.,Ltd.
	2014 – Present	Director	Stanley Electric Holding Asia-Pacific PTE .Ltd.
	2014 – Present	Director	Stanley Electric Korea Co.,Ltd.
	2014 – Present	Director	Stanley Electric (Asia Pacific) Ltd.
	2014 – Present	Director	Vietnam Stanley Electric Co., Ltd.
	2014 – Present	Director	Lumax Industrial Ltd.
	2014 – Present	Director	PT.Indonesia Stanley Electric Co., Ltd.
	2015 – Present	Director	Tianjin Stanley Electric Technology Co.,Ltd.
	2017- Present	Managing Director	Stanley Electric Co.,Ltd.

8.Name – Surname	Mr. Katsutoshi Iino		
Position	Director		
Date of Appointment	July 4 , 2014		
Age	57		
Education Degree	Bachelor of Economy Industrial Management , Nihon University , Japan		
% of Holding	None		
Relations	None		
Working Experience	1985 – 2005	Department Manager	, Accounting Department Stanley Electric Co.,Ltd.
	2008 - Present	President	Stanley Electric PAL Co.,Ltd.
		President	Stanley Electric Holding of America ,
		President	Stanley Electric Holding Europe Co.,Ltd.
		President	Stanley Electric Holding Asia-Pacific PTE , Ltd.
2009 – Present		Director and Chief Corporate Management Officer	Stanley Electric Co.,Ltd.
2014 - Present	Director	Thai Stanley Electric PCL.	

9.Name – Surname	Mr. Krisada Visavateeranon
Position	Independent Director and Audit Committee Chairman
Date of Appointment	October 15 , 1999
Age	68
Education Degree	Master of Engineering Kyoto University, JAPAN Bachelor of Engineering Kyoto University , JAPAN
Training	Certificate - Directors Certification program , Audit Committee Program Thai Institute of Director (IOD)
% of Holding	None
Relations	None
Working Experience	1975 - 2007 Associate Professor Chulalongkorn University 1997 – 2014 Executive Director Technology Promotion Association (Thailand-Japan) 1999 - Present Independent Director and Audit Committee Chairman Thai Stanley Electric PCL. 2007 – 2014 Chancellor Thai-Nichi Institute of Technology 2009 – Present Audit Committee Textile Prestige PCL 2012 – Present Director Wazeda Education (Thailand) Co.,Ltd.
10.Name – Surname	Mr.Chokechai Tanpoonsinthana
Position	Independent Director and Audit Committee
Date of Appointment	March 31, 2000
Age	70
Education Degree	Master of Business Administration (Quantitative Analysis & Finance) University of Wisconsin (Madison Campus) Master of Civil Engineering University of Wisconsin at Madison, U.S.A. Bachelor of Civil Engineering (Structure)Chulalongkorn University
Training	Certificate Director Certification Program , Monitoring Fraud Risk Management , Audit Committee Program ,Monitoring the Internal Audit Function , Monitoring the system of Internal Control and Risk Management , Monitoring the Quality of Financial Reporting Thai Institute of Director (IOD)
% of Holding	None
Relations	None
Working Experience	2000-Present Independent Director and Audit Committee Thai Stanley Electric PCL. 2003-Present Independent Director and Audit Committee Chairman Advance Information Technology PCL. 2013 – Present Independent Director and Audit Committee Witcorp Co.,Ltd.

11.Name – Surname	Mr.Suchart Phisitvanich
Position	Independent Director and Audit Committee
Date of Appointment	June 7 , 2010
Age	72
Education Degree	Master of Electrical Engineering Louisiana Tech University USA. Bachelor of Electrical Engineering Chulalongkorn University
Training	Certificate - Director Certification Program , Audit Committee Program , Financial Statements for Director - Thai Institute of Director. (IOD)
% of Holding	None
Relations	None
Working Experience	1968 – 1970 Electrical Engineer Electricity Generating Authority of Thailand 1972 – 2006 Engineer in Project Monitor Division Director of BOI unit for Industrial linkage Division Director of Electronic and Electrical Division Director of Textiles and other Light Industry Division Assistant Secretary General of BOI Investment Advisor Office of the Board of Investment (BOI) 2006-Present Executive Advisor for the Board Navanakorn PCL. 2006-Present Director Investor Club Association 2010-Present Independent Director and Audit Committee Thai Stanley Electric PCL. 2011 – Present Monitoring and Evaluation Committee Ministry of Industry
12.Name – Surname	Mr.Picharn Sukparangsee
Position	Independent Director
Date of Appointment	June 7, 2010
Age	57
Education Degree	Master of Faculty of Law University of Warwick , ENGLAND Master of Faculty of Law University of London , ENGLAND Bachelor of Faculty of Law Thammasart University
Training	Certificate Director Certification Program Thai Institute of Director. (IOD)
% of Holding	None
Relations	None
Working Experience	1987 – 2005 Associate / Partner International Legal Counsellors Thailand 2005 – 2015 Director Siam City Law Offices Limited 2010 – Present Independent Director Thai Stanley Electric PCL. 2015 – Present Managing Director Bangkok Global Law Offices Limited

13.Name – Surname	Mr. Hideki Matsui
Position	Executive General Manager Marketing Division
Date of Appointment	May 22, 2015
Age	54
Education Degree	Bachelor Department of Mechanical Engineering , Nihon University , Japan
% of Holding	None
Relations	None
Working Experience	<p>2000 – 2006 General Manager of Sale 1 , Marketing Division Thai Stanley Electric PCL.</p> <p>2006 – 2011 Manager of Sale Department 1 , Motorcycle Division Stanley Electric Co.,Ltd.</p> <p>2011 – 2015 General Manager of Sale Department 1 , Motorcycle Division Stanley Electric Co.,Ltd.</p> <p>2015 – Present Executive General Manager , Marketing Division Thai Stanley Electric PCL.</p>

14.Name – Surname	Mr.Etsuya Kawashima
Position	Executive General Manager Die&Mold Division
Date of Appointment	February 1 , 2017
Age	51
Education Degree	Bachelor Department of Mechanical Engineering , Nihon University , Japan
% of Holding	None
Relations	None
Working Experience	<p>1990 - 1999 Die &amp; Mold Division , Production Technology Research Office , Physical &amp; Chemistry Research Office , Stanley Electric Co.,Ltd.</p> <p>1999 – 2010 Chief of Section , Die &amp; Mold Division , Research &amp; Development Center Stanley Electric Co.,Ltd.</p> <p>2010 – 2013 Advisor , Die &amp; Mold Division , Thai Stanley Electric PCL.</p> <p>2013 – 2015 Department Manager , Die &amp; Mold Division , Thai Stanley Electric PCL.</p> <p>2015 – 2017 Senior Advisor , Die &amp; Mold Division , Thai Stanley Electric PCL.</p> <p>2017 – Present Executive General Manager, Die&amp;Mold Division Thai Stanley Electric PCL.</p>

15.Name – Surname	Mr.Koji Kobayashi
Position	Executive General Manager R&D Center
Date of Appointment	July 5 , 2013
Age	55
Education Degree	Bachelor of Mechanical Engineering Meisei University , Japan
% of Holding	None
Relations	None
Working Experience	1986 - 2011 Engineering Technology Center Division Stanley Electric Co.,Ltd. 2011 – 2013 Manager Engineering Technology Center Division Stanley Electric Co.,Ltd. 2013 - Present Chief of Center R&D Center Thai Stanley Electric PCL
16.Name – Surname	Mrs.Sudjai Srifuengfung
Position	Company Secretary
Date of Appointment	July 4 , 2008
Age	59
Education Degree	Bachelor of Accountancy Thammasart University
Training	Effective Minute Taking (EMT) Corporate Secretary Development Program –Chulalongkorn University Company Secretary Program - Thai Institute of Director. (IOD) Registration system of listed companies FTI Business Administration FIBA # 1 The Federation of Thai Industries
% of Holding	None
Relations	None
Working Experience	1999 – 2002 Department Manager Accounting & Financial Department Thai Stanley Electric PCL. 2002 – 2015 Deputy Executive General Manager Administration Division Thai Stanley Electric PCL. 1999 – 2008 Board of Director Secretary Thai Stanley Electric PCL. 1999 – 2013 Audit Committee Secretary Thai Stanley Electric PCL 2008 – Present Company Secretary Thai Stanley Electric PCL. 2002 – Present Director Lao Stanley Co.,Ltd. 2015 – Present Advisor Administration Division Thai Stanley Electric PCL.

## Shareholding Proportion of The Board of Directors and Top Management

Name	Position	Amount of Shares As March 31,2017	Amount of Shares As March 31,2018	Trading during the fiscal year 2015	Shareholding Proportion (%)
Mr.Apichart Lee-issaranukul Spouse / Minor children	Executive Chairman and Executive General Manager Administration Division	4,500,036	4,500,036	-	5.87
Mr.Koichi Nagano Spouse / Minor children	President	1,000	1,000	-	0.0013
Mr.Thanong Lee-issaranukul Spouse / Minor children	Director	3,208,920	3,208,920	-	4.19
Mr.Tadao Suzumura Spouse / Minor children	Director and Executive General Manager Lighting Equipment Division	-	-	-	-
Mrs.Pimjai Lee-issaranukul Spouse / Minor children	Director	2,170,370	2,170,370	-	2.84
Mrs.Pornthip Sethiwan Spouse / Minor children	Director	2,162,670	2,162,670	-	2.82
Mr.Krisada Vissavateeranon Spouse / Minor children	Independent Director and Audit Committee Chairman	-	-	-	-
Mr.Chokechai Tanpoonsinthana Spouse / Minor children	Independent Director and Audit Committee	-	-	-	-
Mr.Suchart Phisitvanich Spouse / Minor children	Independent Director and Audit Committee	-	-	-	-
Mr.Picham Sukparangsee Spouse / Minor children	Independent Director	-	-	-	-
Mr.Katsutoshi Iino Spouse / Minor children	Director	-	-	-	-
Mr.Toru Tanabe Spouse / Minor children	Director	-	-	-	-
Mr.Hideki Matsui Spouse / Minor children	Executive General Manager Marketing Division	-	-	-	-
Mr.Etsuya Kawashima Spouse / Minor children	Executive General Manager Die & Mold Division	-	-	-	-
Mr.Koji Kobayashi Spouse / Minor children	Executive General Manager R & D Center	-	-	-	-

## 7.4 Remuneration for the company's management

### (1) Remuneration in cash

The company setting the remuneration policy for director on the appropriate consideration and comparing with the remuneration for the directors paid by the companies listed in Stock Exchange of Thailand with the same size of business or the same industry, and approved by shareholders' meeting.

The policy of remuneration for executives shall be considered from their roles and responsibilities as well as performance

(A) The Board of director remuneration for 2017 , details as follows

Name	Position	Director Fee (Baht)		
		Director	Audit Committee	Total
Mr.Apichart Lee-issaranukul	Executive Chairman	215,000	-	215,000
Mr.Koichi Nagano	President	215,000	-	215,000
Mr.Thanong Lee-issaranukul	Director	210,000	-	210,000
Mr.Tadao Suzumura	Director	215,000	-	215,000
Mrs.Pimjai Lee-issaranukul	Director	210,000	-	210,000
Mrs.Pornthip Sethiwan	Director	205,000	-	205,000
Mr.Krisada Vissavateeranon	Independent Director and Audit Committee Chairman	215,000	405,000	620,000
Mr.Chokechai Tanpoonsinthana	Independent Director and Audit Committee	215,000	285,000	500,000
Mr.Suchart Phisitvanich	Independent Director and Audit Committee	215,000	285,000	500,000
Mr.Picharn Sukparangsee	Independent Director	210,000	5,000*	215,000
Mr.Katsutoshi Iino	Director	195,000	-	195,000
Mr.Toru Tanabe	Director	200,000	-	200,000
Total		2,520,000	980,000	3,500,000

Remark    Company only has Audit Committee    \* Including meeting allowance with Audit Committee

## The executive board remuneration

In year 2017 the company paid the remuneration for executive board as salary and bonus to 6 person amount 43.93 million baht

### (2) Other remuneration

-None

## 7.5 Personal

Total employees as at March 31st, 2018 were 2,997 persons . The company paid for employee's remuneration in year 2017 were 1,316.98 Million Baht as salary , bonus , provident fund and other welfare such as Public transportation and Shift expense , details as follows;

Division	Male	Female	Total
Administration	45	55	100
Marketing	20	24	44
Production	1,525	1,302	2,827
Japanese	26	-	26
Total	1,616	1,381	2,997

The number of employees increased 3.46% from last year, during 3 year the number of employee are in this level that not any significant changing .

### Policy of personal ' s development

The company policies in employee training and development plans to all levels of employees about knowledge and skills to work , Foreign language , Mind development , and internships to study abroad, such as Japan, U.S.A and other country regularly.

That for 3 years ago, the Company does not have any conflict or dispute with employees and the company was awarded the Outstanding Labor and Welfare Labor continuously since 2006 – 2017 certification system and standard of Thai workers. (MRT. 8001-2546) complete level from the Ministry of Labor.

## 8. The Corporate Governance

The Board of Directors attaches great importance to corporate governance. The company has a transparent business operation , honesty , fair competition environmental and social considerations

The Board has set policy for directors, executives and employees such as Corporate Governance Policy , Code of Conduct that to published and distributed to directors, executives and employees for acknowledgment and implementation. The Board has reviewed these policy annually.

### 8.1 The corporate governance policy

The board has developed the corporate governance policy with details as follows:

1. Develop Business Ethics or Ethics and Code of Conduct for the board and employees to comply with, ensure the compliance, together with review and update it.
2. Define structure, role and responsibility of the board and the executive clearly and appropriately
3. Require the board conduct performance self-evaluation
4. Create, maintain, and review the control system in respect with finance and operation, ensure the operational effectiveness and compliance with law and ethics, and manage risks by paying attention to red flag warning and unusual transaction.
5. Ensure that disclosure information is accurate, complete, in time, and in equitable manner for shareholders and stakeholders.
6. Develop reliable financial reporting procedure and inspection process, and assess the sufficiency of internal control, risk management, and effective monitoring system
7. Assure that the rights of shareholders and stakeholders are protected and treated in an equitable manner.
8. Resolve the conflict of interest with discretion and transparency
9. Develop environmental and social care system

The Board of Directors will report the results of the Company's policies and targets that conform with Stanley Group Policy , which is defined as a long-term and medium-term plan . Each year, there will be set the strategic and numerical targets, such as quality, cost, safety goals , both positive and negative factors are considered by the stakeholders will pay attention. There will be an annual policy briefing given to executives and information to employees as in document report.

### 8.2 Director

The structure of directors and qualifications of the Board is set out in the Board Charter as follows:

The Board of Directors consists of not less than 5 directors, and not less than half of the number of directors. All directors must reside in the Kingdom. As follows :

1. Executive Director: who is involved in routine management or authorized person.

2. Non-executive directors, including independent directors. At least one in three of the directors must be independent directors and not less than 3 persons

(1) Director Structure , The company has had director 3 groups as follows

#### The Board of Directors

Board of Directors consists of competent, capable, skilled, and experienced people who are qualified for the position.

Board of Directors as of 31 March 2018 consists of 12 members as follows:

1. Executive Directors: involving in managing day to day operations or have authority to sign and bind the company, total 4 peoples or 33.33% of total members.

2. Non-Executive Directors including independent directors totaling 8 people accounting for 66.67% of the total Directors. Four independent directors are accounted for one-third of the Board's total numbers which is in accordance with the provision of Securities and Exchange Act (No. 4) B.E. 2008.

All directors are qualified in terms of knowledge and experience required for company business operation and focus on performing their role. Independent directors meet the qualification as required by Securities and Exchange Commission.

#### Authority of the Board of Directors

The framework of the Board's duties and responsibilities includes organizational strategies, corporate governance, human resources management, financial reporting, information disclosure and communications as follows:

1. Organizational strategies Review and advise on key strategies and policies, financial objectives and other plans, including the Company's budget. Monitor the implementation of the Company's plans and policies.

2. Corporate governance , establish a policy of corporate governance and regularly evaluate the outcome in practice. Ensure that all stakeholders are properly protected and treated. Create a proper understanding on various matters among different classes of stakeholders and ask for their cooperation in enhancing the stability of the Company's business.

Determine the necessary procedures and mechanisms to ensure that all the Company's activities comply with the law and are carried out on a sound moral basis.

Make available the code of conduct or code of ethics, monitor the directors' and employees' compliance with these codes, and occasionally review and update them.

Prepare, maintain and review the financial control, operating control, corporate governance and risk management, and be alert to warning signs and irregularities on any transactions.

Establish an independent internal control unit with a precise definition of roles, duties and responsibilities.

Ensure that the existing structural and procedural requirements of the Board concerning corporate governance and the code of ethics are effective enough and may be adjusted if necessary.

Monitor and resolve any conflict of interests which may arise relating to management, the Board and shareholders, any illegal use of the Company's assets, and any irregularities on connected transactions.

3. Human resources management, to appoint the executive committee and evaluate their performance once a year. Appoint the Company secretary, whose main duties relate to Board meetings and shareholder meetings. The Company secretary's duties include providing legal advice to the Board.

4. Financial reporting Ensure that the financial reporting and audit system is reliable and that efficient mechanisms are made available to evaluate the adequacy of internal control, risk management and performance monitoring systems.

From the company's regulations, the authority of the Board of Directors are to take responsible for the company's business management, making decision and to supervise the business within the scope and law, as well as the company's objective and regulations, except the following topics that have to get approval from shareholders' meeting.

1. Anything that has been stated by law has to get the shareholders' conclusion.
2. Conduction of any related items that meet the criteria of getting permission from shareholders' meeting.

The Company setting for directors can serve as director in no more than 5 listed companies, there are no exceptions that for the efficiency of their duties.

#### **The Executive Board of Directors**

Consist of 3 directors and 3 executives, The role and responsibility is to develop policy and direction and inspect the implementation

##### **Authority of the Executive board**

To specify the company's business management policy and direction, as well as to audit the company's business result.

#### **Audit Committee**

Consisting of 3 independent directors; one of those has enough knowledge and adequate experience to review the reliability and accuracy of financial statement. Role and responsibility is clearly stated in the audit committee charter, amended for additional roles on 10 February 2017 to be in accordance with the notice from Stock Exchange of Thailand subject: Qualification and scope of work for audit committee B.E.2551.

##### **Authorities of audit committee** are as follow

1. To verify and assure that the Company's financial report is accurate and sufficiently disclosed
2. To verify and assure that the Company shall have an appropriate and effective internal control and internal audit systems. To consider the independence of the internal audit agency, as well as provide an



Audit committee performs its duty by having the support from internal audit as an operation unit and report to audit committee. Also, the committee can asks for advices from independent advisor its expense is absorbed by the company.

The audit committee meeting must be held at least once every 3 months and there might be additional meeting if necessary. Executive or involved person might be invited to give information directly to the meeting. Meeting with auditor without executive attending must be held at least once a year.

Total numbers of audit committee meetings held during fiscal year 2017 are 9 times. Details of meetings are as follows:

- 5 meetings are among auditors, executives, and internal audit
- 4 meetings are only with auditors, no executive attended.

Name	Position	Board of Director Meeting	
		Number of Meeting	Number of Attend the Meeting
Mr.Krisada Visavareeranon	Chairman Audit Committee	9	9
Mr. Chokechai Tanpoonsinthana	Audit Committee	9	9
Mr. Suchart Phisitvanich	Audit Committee	9	9

### 8.3 Nomination and appointment of directors and Top management

The nomination and appointment of directors of the Company not through the Nomination Committee because The Company is in the process of setting up the Nomination Committee. However, in nominate directors the board will consider the qualifications. This is in accordance with the Company's Articles of Association , -Selection and appointment process , as follows:

1. Have the qualifications required by law (i.e. the Public Limited Companies Act and the Stock and Exchange Act)
2. Have knowledge, experience and expertise material to the Company's business
3. Be a visionary leader able to express opinions independently of management or any group of stakeholders
4. Work morally and ethically with an unblemished work record
5. Be able to dedicate enough time to working as the Company's director. And the number of listed companies that each director to be director not more than 5 companies.
6. Not be a director or executive of any entity that has a conflict of interests with the Company

The Company has no restrictions on the qualifications of its directors in terms of gender and age, to ensure the diversity of the board structure.

The appointment to be director will be proceed belong to the Public Limited Companies Act.

### **(1) Independent Director**

The Company's setting definition of Independent Directors to be on a level of the Capital Market Supervisory Board's definitions No. TorChor. 14/2552 No.16 details as follows:

1. Hold not more than 1% of the voting shares in the company, its subsidiaries, associates, or related companies, major shareholder or person with controlling power over the company, whilst the number of shares held by any related person of such an independent director must also be counted.

2. Have not been or are not involved in the management, employees, wage earners, advisors on the payroll of the company , its subsidiaries , associates , or equivalent companies , major shareholder or person with controlling power over the company except when such qualifications have ended for more than two years, provided that such restriction or prohibition shall not apply to an independent director who has been a government authority , which is the major shareholder of the company or the person having controlling power over the company.

3. Are not related by blood or registration as parents, spouses, siblings, or children, spouses of any of the children to members of the management, major shareholders, those exercising control, or those about to be nominated as members of the management or those exercising control over the company or subsidiaries.

4. Do not have and have not any business relationship with the company, subsidiaries, associated companies, major shareholders or those exercising control over the company in the manner in which independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the company subsidiaries, associated companies, major shareholders or those exercising control over the company unless such an independent director has not been a person referred to above for at least two years.

Business referred to in the first paragraph above shall meant to include any ordinary course of business or trade for business engagement purpose , any lease taking or lease out of any property , any transaction relating to asset or service , any financial support or acceptance of financial support by way of either borrowing , lending , guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant or twenty million baht or more, whichever is lesser. In light of this , the method for calculating the value of connected transaction pursuant to the Capital Market Supervising Committee's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists;

5. Is not and has not been an auditor of the company, subsidiary, associated company, major shareholder or those with controlling power over the company and not be and have not been a substantial

shareholder of , a person having power to control over , or a partner of any auditing firm or office in which the auditor of the auditor of the company , subsidiary , associated company , major shareholder or those with controlling power over the company unless such an independent director has not been a person referred to above for at least two years.

6. Is not and has not been a professional advisor , including legal or financial advisor who obtains fee more than 2 million baht a year from the company , subsidiary , associated company , major shareholder or those with controlling power over the company and is not and have not been a substantial shareholder of , a person having controlling power over , or a partner of any of such professional service provider firm or office , unless such an independent director has not been a person referred to above for at least two years.

7. Is not a director appointed as a representative of a director of the company , a representative of a major shareholder of the company , or a representative of a shareholder of the company which is a related person of the major shareholder of the company.

8. Does not engage in any business with similar nature as that of the company and is competitive with the business of the company , subsidiary or is not a substantial partner in a partnership , a director participating in any management role , an employee or officer , an advisor obtaining regular salary from , or a shareholder holding more than one per cent of the voting shares of accompany engaging in any business with similar nature to the company or subsidiary.

9. Does not have any characteristics which will inept the ability to provide independent comment or opinion on the operation of the company.

#### Process of recruiting independent directors

The appointment independent director not yet approve by nomination committee because of in considering process to setting but the board of director considered the qualification due to their knowledge and capability will benefit to the company and The Company has no restrictions on the qualifications of independent directors in terms of gender and age, and not yet fix term end of the independent director.

Business relationship of independent directors - Have , 1. The company paid for law service to Bangkok Global Law Offices that Mr.Picharn Sukparangsree be director in amount 0.78 million baht , this transaction was not over than the company 's definition .

The election of directors through at the shareholders meeting , as follows

1. Provide that shareholders vote for the election of directors by shareholders or other person who is not a shareholder. Each shareholder shall have one vote for each share

2. Each shareholder shall exercise all votes applicable under (1) for the appointment of one or more Director, provided that the votes of any shareholder shall not be divisible and shareholder voted one by one for one director.

3. Persons who obtain the highest vote and the next highest vote appoints (in descending order) shall be appointed as directors in order to fill the number of position of director required to be appointed at that time. In the case where more than one person obtains equal votes , and the number of directors with such vote exceeds the remaining number of directors positions to be appointed, the chairman shall have a casting vote in respect of those with equal votes.

4. In the case there is vacancy among the Directors which has occurred other than a retirement by rotation, the Board of Directors shall elect a person who is qualified and not being prohibited by the Public Company Law to fill the vacancy in the next Board of Directors' meeting except in the event that the period of time the Director is entitled to remain in office is less than 2 months.

The person who is elected shall remain in office only for such period of time as the Director he replaces was entitled to remain in office.

The resolution of the meeting of the Board of Directors as specified in the first paragraph shall consist of votes of not less than three-fourth of the remaining Directors.

Succession plan - The company is in the process of preparing for the succession plan.

#### 8.4 The operations of the subsidiaries and associates company control.

( 1 ) To corporate governance in subsidiaries and associates company .

The company appoint representatives to the company's executives are directors of subsidiaries, associates and the company holds. The policies acknowledge involvement in the management of these companies . Counseling and assistance as appropriate and approved by the Board of Directors. Not intended to interfere with or dominate these affairs.

( 2 ) An agreement with other shareholders in the management of subsidiaries and associated companies.

- None

#### 8.5 Internal information controlling

The Company published the Code of Conduct to Directors and Employees to take the way of implement a good appropriate which covers the use of inside information that non-profit for themselves and others. Based on inside information of the company and set the time to employees and directors not to trade the company's assets within 1 month before the financial statements are disclosed or general corporate information to publish and within 24 hours after disclosure of financial statement and general corporate information .The Directors and Executives will report to the Secretary trading company and report to the Board Meeting every time and in addition. The Company has not yet set a policy for directors and top executives to inform about the trading of shares at least 1 day prior to trading to the Board of Directors.

The company announced the information system security policy. To control the company's information that cover on customer information. Information System Department , is response to control all information , equipment and license computer programs and all department manager to review , checking and evaluation at least 1 time per year and report to the risk management committee and the executive board meeting and the office of internal audit will annual audit too.

The Company increased its information security by prohibiting the visitors to the Company from photographing within the Company's premise without approval. Furthermore, no audio recorders, communication devices, and cameras shall be allowed in tight security areas such as Research and Development Department, New Product Development Department, and Production Engineering Department

## **8.6 Auditor's remuneration**

### **A. Audit fee**

The last year company paid for the audit fee 2.05 million bath.

### **B. Other service fee**

- Reviewing compliance with conditions of BOI promotion certificate amount 0.12 million baht.
- Reviewing Stock Destroy amount 0.05 million baht.
- Reviewing auditing for Vietnam Stanley Electric Co.,Ltd. Amount 0.20 million baht

## **Other practice from the corporate governance**

The board of director has developed the company vision and code of conduct for the board members and employees as a best practice in order to maintain the dignity and values of the company and to prevent potential loss due to the misbehavior of internal people. It is published in the form of booklet providing to the board members, executives employees to be aware and adhere to. The content of company vision and code of conduct are put into orientation course for new board member, executive, and employee. The details are also disclosed on the company's website ([www.thaistanley.com](http://www.thaistanley.com)) as well.

The board of director has complied with the corporate governance policy; the summary of those sections are as follows:

### **1. Rights of Shareholders**

The company is committed to ensuring that the basic right of the shareholders is protected and treated in an equal manner as regulated by law. The company gives the right to shareholders to independently buy, sell, or transfer the securities that they are holding. The shareholders are eligible to receive dividend, participate in the shareholder meeting, freely express opinion in the meeting, and can take part in making key decision such as board election, key business transaction approval, and key company letters amendment. In addition, the company promotes the right of shareholders and facilitates as follows:

1.1 The right to receive important and necessary information to make sure that the disclosed information is accurate, complete, transparent, and in timely to shareholders and stakeholders as required by related regulations. Such information will also be posted on the website as another information channel for shareholders, including other key information such as investment structure, shareholders, management policy, members of the board of directors and so on, as well as other financial information and the information disseminated to the public so that the shareholders and the stakeholders will receive the same information.

Individual shareholder shall be provided with necessary and adequate information about the Shareholders' meeting which includes the date, time, venue, and agenda, together with supplementary details for each agenda in advance. The company posts such information on the company's website 1 month before distributing the documents.

1.2 The right to participate in the shareholder meeting and the right to vote.

#### The Invitation Letter

The company shall send the invitation letter to the shareholders at least 14 days in advance of the shareholder meeting. The letter shall include complete and adequate details of the meeting, agenda, together with supplementary documents which will be both Thai and English language for foreign shareholders.

Details about the right to participate and vote, what documents needed to bring along will be advised. In case of being unable to attend in person, that shareholder can appoint any independent director or any person to be a proxy for him by presenting any proxy form which the company attached together with the invitation letter. The proxy form can be downloaded from the company's website.

#### Facility

The company will arrange commuting transportation as facilitation for shareholders.

Staffs to welcome and provide service to participating shareholders will be standby 2 hours in advance.

For institutional shareholders facilitate to checking number of shareholding and a name list of the various funds in advance.

For voting process, poll cards will be collected in case of disagree vote in order to use for processing the data of each agenda. Investigation can be done upon request from shareholders.

The following persons are required to attend the shareholders' meeting:

- Every member of executive directors and audit committee
- Auditors to provide information in case of having inquiries from shareholders or lawyers
- Lawyers from the third party company will act as a middleman for voting inspection
- Interpreters to ensure the content be understood for shareholders and committee
- Employee representatives such as the chairman of welfare committee and elected members from welfare committee
- Community representatives from Ban-Klang Municipality

Voting one share one vote, Shareholder has votes equal to the number of shares held. Can not cumulative voting (Cumulative Voting) that from The Articles of Association setting.

### 1.3 The right to freely express opinion in the meeting

Every shareholder has an equal right to express opinion or make an inquiry with an adequate time providing for each agenda before resolution. In the shareholders' meeting, all members of the boards and executives are required to attend the meeting to answer any inquiries to the meeting.

### 1.4 The right to consider remuneration for board members

In the agenda of remuneration for board members, the criteria and details of remuneration for each member will be notified.

1.5 The right to appoint and nominate the board members and then have shareholders to vote individually

1.6 The board allows shareholders to propose agenda for the annual shareholder meeting. To ensure the fair and equitable treatment to shareholders, the company sets the criteria and Procedure for shareholders to propose agenda to the board to consider it to be the agenda in the annual shareholders' meeting. The details of right, criteria, and procedure are posted on the company website. The company shall notify such dissemination through SET news for shareholders to know in advance.

In year 2017 the company invited the shareholders to proposed the agendas in advance for the 2017 Annual General Meeting since January 20 to April 20, 2017 that there was no any proposal from the shareholders.

## 2. Equitable Treatment of Shareholders

The company pays attention to an equitable treatment to every shareholder whether or not , they are major or minor shareholder, institutional investor, or foreign investor. The implementation includes:

2.1 Every shareholder has right to vote depending on number of shares they are holding; one vote per share .The company have only common stock.

2.2 The board has developed prevention measure of using internal information as follows: None of director, executive, or employee can use internal information for the sake of personal benefits. Employees working in department involving with internal information, executive, and director are prohibited from trading the company securities for 1 month before the disclosure of financial statement or information to public and within 24 hours after the disclosure hereof. This rule is described in the code of conduct for the board and employees. The rule also specify that director, executive, and accounting manager is obliged to declare the number of shares they own to the board of directors every time during the board of directors meeting.

2.3 For the shareholders' meeting; the proxy forms approved by Ministry of Commerce together with the meeting invitation letter, documents, and instruction about proxy assignment will be sent to shareholders so that they can appropriately prepare themselves for the meeting.

2.4 The company agrees to give the right to vote for shareholder who is late in attending the meeting; however, only for the agendas on discussion and have not been reached the resolution yet. That share will be counted for quorum starting from the agenda that he attends as well as votes onwards, unless otherwise instructed by the meeting.

2.5 Besides Thailand Securities Depository Co., Ltd., the share registrar of the company, who will be responsible for sending out the notice for attending shareholders' meeting for 14 days in advance of the meeting, the notice will also be posted on the company website for 30 days in advance of the meeting and published on the daily newspaper in Thai for at least 3 consecutive days and at least 7 days before the meeting date.

2.6 The Minutes of Shareholders' Meeting will be posted on the company website within 14 days after meeting, so that the shareholders who did not attend the meeting being able to know the same information.

### 3. Role of Stakeholders

The company is aware of the rights of each group of stakeholders such as customers, suppliers, employees, shareholders, government sectors, and other related parties as well as community as specified by law and make sure that their rights are properly protected and treated.

The company disclosed all practice for stakeholder in the Sustainability Report 2017

### 4. Disclosure and Transparency

The company and the executive committee focuses on managing and operating business under the principle of good governance and being aware of information disclosure with accuracy and in timely fashion as specified by regulatory agencies. Therefore, the company sets the policy and practice regarding information disclosure as follows:

#### 4.1 Information Policy

- Disseminating information about the company must be aligned to disclosure policy and under the scope of laws, provisions, and related regulations.
- Disseminating information about the company must be clear, accurate, complete, transparent, and reliable. The information must be explained clearly, easy to understand, and promptly to stakeholders.
- The information must be fair to all parties by treating all parties in an equitable and consistent manner under the scope of operation practice, also avoid causing conflict of interest.
- Ensure that such dissemination will not cause negative impact on relationship between the customers and the company or violate the privacy of customers, shareholders, or other stakeholders.
- Performing duty about disseminating confidential information must be complied with the company rules and regulations specified in the code of conduct for the board and employees.

#### 4.2 Communication

Chairman of the Board of Directors, Executive Chairman, and Vice Executive Chairman have authority to notify key information of the company and can delegate to management to give information about its own function through responsible department or person in charge of investor relation.

Company information is available for customers, shareholders, investors, or interested persons or requesting for more information via the company website (<http://www.thaistanley.com>).

In addition, the company has appointed Investor Relations officer; in charge of providing general news and respond to inquiries, coordinating with staff or involved person to provide news and answer to inquiries, monitoring financial and information reporting system notified to various regulatory agencies. To contact Investor Relations, please call 02 581 5462 ext.1164 or [info@thaistanley.com](mailto:info@thaistanley.com).

#### 4.3 Communication Standard and Channel

Company performance and general information will be periodically communicated to shareholders, investors and public through media of Stock Exchange of Thailand and company website.

Meeting with securities analysts is held in a quarterly basis. Information that is revealed to analysts in the meeting will be posted on the company website. The company has no policy to meet analyst, fund manager, investor, or any person interested in investing with company individually.

News and information about the company is available on the company website (<http://www.thaistanley.com>) which includes:

- Vision, Management Policy, Governance Policy
- Disclosure policy consists of information policy, communication channels to the company, authorized spokesman, type of communication and information disclosure to public
- Financial information such as financial statement, key financial information, financial ratio, rate of dividend and so on.
- Company information such as type of business, board of directors, executive directors, and shareholder structure.
- Shareholders' Meeting information such as Minutes of Meeting, pictures from the meeting, VDOs presented in the shareholders' meeting.
- Annual Report and other reports submitted to Stock Exchange of Thailand and Securities and Exchange Commission
- Web board
- Investor Relations activities such as quarterly meeting with securities analysts

## 5. Board Responsibilities

### 5.1 Directors and Executives Development

The board of directors set the policy to provide an orientation course for new director in order to educate them about role and responsibility, business operation so as to efficiently support the company. In case of new directors, the company will take orientation course on the date of appointment; the content provided in the class such as the company's regulations, vision, governance policy, code of conduct for directors and employees, as well as rules and regulations of the Stock Exchange of Thailand and SEC about roles of director and code of conduct for the listed companies. The directors had visited the factory for better understanding about the company operation.

The existing members of the Board are also educated by attending the training courses arranged by each function. Any change of information or rules will also be informed to the board in the board of directors meeting. In 2017 our director attend to training as follows:

Mrs.Pimjai Lee-issaranukul

- Business Revolution and Innovation Network Batch (BRAIN 1) – The Federation of Thai Industries
- ACMA Business Forum 2017

### 5.2 Self-evaluation of the Board of Directors.

In 2017, the board has done self- performance evaluation, in overall, covering all roles and responsibilities of the committees, since 2007 until end of accounting period as of 31 March 2018, based on May 2018 evaluation, the result is Very good and the result, notices, and suggestions shall be taken into account to improve the performance of the board in the future. The Company does not have an individual assessment, Subcommittee and president.

## 9. Social Responsibility

### 9.1 Policy Overview

The Company's policy is to achieve business goals effectively, be the entrepreneurship to the society by one of the company's vision is to be a priority and uphold the values that support complementary Stanley sincerely. The Company considers that the underpinning and is involved in all aspects of the employees, shareholders, customers, suppliers, sellers, local community and society.

Each year the company targets including the implementation of environmental and social. The top management will monitor and evaluate the various monthly continuously.

### 10.2 Operation and report

In social responsibility of the company, each division is involved in environmental and social issues to focus and perform with caution and evaluate the impact by the operational and top management, such as product design to using materials that are environmentally friendly, produced with carefully in security and impact of other pollutants

The company issued Corporate Social Responsibility Report that disclosed by GRI (Global Reporting Indicator) in the annual report. To be sent to the shareholder and publish it on the company's website.

[www.thaistanley.com](http://www.thaistanley.com)

## **10. Internal Control and Risk Management**

The Company establishes CG department to conduct internal audits and risk management and report directly to Audit Committee on a quarterly basis.

### **10.1 The board of director comment on internal control**

The three members of Audit committee has meeting with the Board of Directors meeting No. 3/2018 on 15th May 2018. The Board of Directors have evaluated for the internal control system from Office of Internal report and reviewing the progress of internal control of Working System that approved in the past year as follow

- Reviewed the financial report , that were reviewed and audited by the auditor.
- Reviewed the company's internal control system in accordance with the guidelines established with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand and other relevant laws
- Reviewed the internal audit system
- Reviewed the Company's risk management for its appropriateness and adequacy.
- Reviewed and opined related transactions or transactions that may have conflicts of interest, and disclosure of such transactions , reviewed risk management to concern with Internal Control system
- Considered appointing the external auditors and their remuneration for the year 2018

In fiscal year 1st April 2017 – 31st March 2018 , there were 9 audit committee meeting that with auditor but without management 4 times and meeting with the auditor , the management and Internal Audit 5 times.

The Audit Committee has reviewed the internal audit system and had considered the evaluation of internal control in accordance with the guidelines established by The Securities and Exchange Commission (SEC), it was found that there were no significant faults and there was appropriate attention and maintenance of the activities and accurate ,so the audit committee has the opinion that the company's activities in fiscal year 1st April 2017 – 31st March 2018 has been according to the appropriate internal control system and accordance to internal control framework of COSO , the finance report is accurate , complete and reliable. Operations are concordant with adequate , transparent and reliable Corporate Governance standards and there is continuous improvement for better quality of the business operating system report and the disclosure information were care in accordance with the appropriate internal control of the company.

Ms.Varaporn Vorathitikul , PricewaterhouseCoopers ABAS Limited ,the Auditor of company was no serious concerns about the internal control.

## 10.2 The opinion of the Audit Committee in the event of a different opinion of the board of the activities of the company.

The audit committee not any different opinion with the Board of Directors. There was also a report of the Audit Committee. As Attachment 3-1 in the report 56-1

## 10.3 Chief of Office of Internal Audit

(1) The Executive Board has appointed Mrs.Nongyao Apirum was the chief of office of internal audit in year 2012 that has experience working in Accounting and Finance department for 19 years and used to attend the training course related to the audit such as Fundamentals for New Internal Audit course 1 and 2 from The Federation of Accounting Professions – Under the Royal Patronage of His Majesty the King , Audit Report Writing , Risk Based Audit , Certified Professional Internal Auditor of Thailand (CPIAT-18), The Corporate risk management - COSO-ERM , Internal controls on financial reporting from The Institute of Internal Auditor of Thailand

Chief of Internal Audit have an understanding of the operations of the company as well. It is appropriate and sufficient to perform such duties.

(2) The Audit Committee 's opinion that taking care of the Chief Audit qualification experience with adequate training and proper operation.

(3) The appointment, removal and transfer of the incumbent Chief of Office of internal audit according to the personnel management system of the company. Through the approval of the Executive Board and acknowledged and approved by the Audit Committee.

## 11. The related transactions

Since last 3 years, there was no event of spending the income from stock sales for any of the shared interest person.

The company has the significant trade with the related company by purchasing and sales items. The company's auditor gave the explanation in the Note 27 Page 54 - 56 of the financial statement on 31<sup>st</sup> March 2018. The purchasing items form the related company are those particular raw materials or merchandise from the same production source at the great quantity to reduce the production cost. The company received the confirmation report from the related company about the sales of raw materials as the regular trading business. The sales items are mostly exporting by set up the sales price from cost fee plus the profit. Royalty fee to a related company at the rate of 3% of sales minus the cost of importing raw materials from that related company, and specified as the regular trading business, details as follows:

1. Related party transaction by way of the shareholder or common directors.

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2018	The reasonable of transactions
1. Stanley Electric Co.,Ltd.	1. Major shareholder of Stanley Electric Holding Asia-Pacific PTE, holding 33.88% 2.Common Director 2 person - Mr.Katsutoshi Iino - Mr.Toru Tanabe	1. Purchasing in raw materials , goods and equipment  2. Selling goods,  3.Royalty Fee is charged at 3% of sales less materials cost imported from the related party in accordance with the agreement  4. Designed and Development Fee is charged in case design and development product for Thai Stanley's products 5. Technical Fee is charged for the specialist come for assistance in production technics. 6. Training fee is charged for send Thai Stanley ' employee to training and practice. 7. Commission is charged for an agent to connected with customers 8.Other Income	Purchased 723.46 million baht Balance 160.92 million baht  Sold amount 100.84 million baht Balance 13.38 million baht  Amount 302.57 million baht  Amount 91.29 Million baht  Amount 10.66 million baht  Amount 9.94 million baht  Amount 20.00 million baht  Amount 2.50 million baht	Specifically products or materials and material which are manufactured on a large scale at one source for cost saving benefit. Pricing are charged in the normal course of business and same practice with the outsider.  Specifically products or materials and material which are manufactured on a large scale at one source for cost saving benefit.  In the normal course of business and same practices in Stanley Group  In the normal course of business and same practices in Stanley Group, pricing are charged same as outsider. In the normal course of business and same practice in Stanley Group In the normal course of business and same practice in Stanley Group In the normal course of business and same practice in Stanley Group

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2018	The reasonable of transactions
2. Lao Stanley Co., Ltd.	1. Thai Stanley holding 50% 2. Common Director 2 persons - Mr. Apichart Lee-issaranukul - Mr. Koichi Nagano	1. Selling goods  2. Other Income  3. Royalty Income	Sold amount 402.61 million baht Balance 95.14 million baht  Amount 0.16 million baht  Amount 0.64 million baht	Specifically products Pricing are charged in the normal course of business and same practice with the outsider.  In the normal course of business and same practice in Stanley group  In the normal course of business and same practice in Stanley Group
3. Vietnam Stanley Electric Co., Ltd.	1. Common major shareholders as Stanley Electric Co., Ltd. Holding 50% 3. Common director 2 persons as - Mr. Apichart Lee-issaranuku - Mr. Toru Tanabe 3. Thai Stanley holding share 20%	1. Purchasing goods  2. Selling goods  3. Designed and Development Fee	Purchased amount 377.95 million baht Balance 150.58 million baht  Sold amount 18.64 million baht Balance 2.40 million baht  Amount 0.05 million baht	Specifically products Pricing are charged in the normal course of business and same practice with outsider.  Specifically products Pricing are charged in the normal course of business and same practice with the outsider.  Specifically products Pricing are charged in the normal course of business and same practice with outsider.
4. Asian Stanley International Co., Ltd	1. Common major shareholder as Stanley Electric Holding Asia-Pacific PTE Holding 67.5%  2. Common Director 2 persons - Mr. Apichart Lee-issaranukul - Mr. Toru Tanabe	1. Purchasing raw material  2. Selling goods	Purchased amount 1,426.26 million baht Balance 138.61 million baht  Sold amount 10.60 million baht Balance 4.07 million baht	Specifically products Pricing are charged in the normal course of business and same practice with the outsider.  Pricing are charged in the normal course of business and same practice with the outsider.

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2018	The reasonable of transactions
	3.Thai Stanley holding 15% 4. Holding Thai Stanley 0.44%	3. Designed and Development Fee	Amount 0.18 million baht	Specifically products Pricing are charged in the normal course of business and same practice with the outsider.
5. PT.Indonesia Stanley Electric	1. Common major shareholder as Stanley Electric Co.,Ltd. Holding 60 %  2. Common director 3 person as - Mr.Apichart Lee-issaranukul - Mr.Koichi Nagano - Mr.Toru Tanabe 3.Thai Stanley holding 10%	1. Purchasing raw material  2.Selling goods  3.Other Income  4. Designed and Development Fee	Purchased amount 9.75 million baht Balance 0.28 million baht  Sold amount 315.11 million baht Balance 21.46 million baht  Amount 1.26 million baht  Amount 14.10 million baht	Specifically products Pricing are charged in the normal course of business and same outsider.  Pricing are charged in the normal course of business and same practice with the outsider.  In the normal course of business and same practice in Stanley Group  Specifically products Pricing are charged in the normal course of business and same outsider.
6. Sirivit Stanley Co.Ltd.	1.Thai Stanley holding 15% 2.Common director 2 persons as -Mr.Apichart Lee-issaranukul - Mr.Koichi Nagano	1. Purchasing raw material  2. Selling raw material  3. Designed and Development Fee	Purchased amount 328.76 million baht Balance 34.11 million baht  Sold amount 10.75 million baht Balance 16.85 million baht  Amount 0.06 million baht	Specifically products Pricing are charged in the normal course of business and same outsider.  Pricing are charged in the normal course of business and same outsider  Specifically products Pricing are charged in the normal course of business and same outsider.

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2018	The reasonable of transactions
7. Inoue Rubber (Thailand) Public Company Limited	1.Thai Stanley holding 0.02% 2.Common director 4 person as - Mr.Apichart Lee-issaranukul - Mr.Thanong Lee-issaranukul - Mrs.Pimjai Lee-issaranukul - Mrs.Pornthip Sethiwan	1. Purchasing raw material	Purchased amount 13.46 million baht Balance 2.05 million baht	Pricing are charged in the normal course of business and same practice with the outsider.
8. The Sittipol 1919 Co.,Ltd.	1.The shareholders holding 3.34% 2.Common director 2 persons as - Mr.Thanong Lee-issaranukul - Mrs.Pornthip Sethiwan	1. Selling goods,	Sold amount 150.39 million baht Balance 46.15 million baht	Pricing are charged in the normal course of business and same practice with the outsider.
9. Lumax Industries Co.,Ltd.	1.Thai Stanley holding 1.73% 2. Common major shareholder as Stanley Electric Co.,Ltd. Holding 26.31 % 3.Common Director 1 person - Mr.Toru Tanabe	1. Purchasing goods  2. Selling goods  3. Designed and Development Fee	Purchased amount 0.64 million baht Balance - million baht  Sold amount 59.72 million baht Balance 4.51 million baht  Amount 0.89 million baht	Pricing are charged in the normal course of business and same practice with the outsider. Pricing are charged in the normal course of business and same practice with the outsider In the normal course of business and same practice in Stanley group
10. Bangkok Global Law Offices Limited	1. Common director 1 person as - Mr.Picharn Sukparangsee	1. Law service	amount 0.78 million baht Balance - million baht	Pricing are charged in the normal course of business and same practice with the outsider.

2.Transaction with the company whose Stanley Electric Co.,Ltd. Is the major shareholders of Stanley Electric Holding Asia-Pacific PTE , LTD (holding 100%) major shareholder of the company, the transaction are purchasing and selling in raw material or goods that are specific materials which are manufactured on a large scale at one source for cost saving benefit. Pricing are charged in the normal course of business and same practice with the outsiders, details as follows :

Company Name	Transaction Amount in 2017		Balance as at 31 March 2018	
1. Guangzhou Stanley Electric (China)	Purchased amount	158.10 million baht	31.15	million baht
	Sold amount	0.41 million baht	-	million baht
2. Stanley Electric (Asia Pacific) (Taiwan)	Purchased amount	0.38 million baht	-	million baht
	Sold amount	0.86 million baht	-	million baht
3. Shenzhen Stanley Electric Co.,Ltd.	Purchased amount	106.11 million baht	21.42	million baht
	Sold amount	- million baht	-	million baht
4. Stanley Electric US Inc. (U.S.A)	Purchased amount	0.97 million baht	0.19	million baht
	Sold amount	0.01 million baht	-	million baht
	Other income	- million baht	-	million baht
5.Tianjin Stanley Electric Co.,Ltd. (China)	Purchased amount	1.12 million baht	0.09	million baht
	Sold amount	0.27 million baht	0.02	million baht
6. Il Stanley Co.,Inc (America)	Purchased amount	- million baht	-	million baht
	Sold amount	0.05 million baht	0.02	million baht
7. Shanghai Stanley Electric	Purchased amount	5.40 million baht	1.33	million baht
	Sold amount	- million baht	-	million baht
8. Stanley Electric Hungary	Purchased amount	0.01 million baht	0.07	million baht
	Sold amount	3.68 million baht	-	million baht
9. Stanley Electric Do Brazil LTDA	Sold amount	20.42 million baht	-	million baht
	Design and Development fee			
		0.01 million baht	-	million baht
10. Stanley Iwaki Works Ltd.	Purchased amount	80.39 million baht	-	million baht
	Sold amount	2.17 million baht	-	million baht
11. Stanley Electric (Asia Pacific) Hong Kong	Purchased amount	1.73 million baht	0.02	million baht
	Sold amount	- million baht	-	million baht
12. Wuhan Stanley Electric Co.,Ltd.	Purchased amount	1.07 million baht	-	million baht
	Sold amount	12.89 million baht	2.21	million baht
13. Stanley Electric Sale of America , Inc	Purchased amount	- million baht	-	million baht
	Sold amount	0.03 million baht	-	million baht
14. Tianjin Stanley Electric Technology Co.,Ltd.	Sold amount	12.21 million baht	17.68	million baht
	Design and Development fee			
		18.15 million baht	-	million baht
	Other Income	0.07 million baht	-	million baht

#### The approval for the related transactions

In Year 2017 , the related transactions was the normal course of business and same practice with the outsider , such as price comparison , selling price is determined based on manufacturing cost plus a certain margin. The related transaction controlling by the management director.

### Policy or Trend towards Potential the related transaction

The related transaction to be continued, because of the raw material or goods are specifically and used only in Stanley Group. The selling price is determined based on manufacturing cost plus a certain margin that the normal course of business. Whatever these transaction are belong to The Purchasing and Selling products and assets policy, that announcement since year 2004 and for others transaction will consideration belong to The rule of The Stock Exchange of Thailand.

### The related transaction Report from Audit Committee

The Audit Committee considered the related transaction in year 2017, that have transaction may cause conflict of interest, that transaction with related parties company and normal course of business.

## **12. Financial Statement**

In this annual report The company disclosed financial statements for fiscal year 2017 and the financial information ratio at page

## **13. Management Analysis and explanations**

### **13.1 Overview results operations**

In 2017, the Company's all operation were increased both income and profit, total revenue increased 19.70% and net profit increased 30.52%, Sales are driven by the recovery of the automotive market and car maker continue to release new models. The domestic car sales increased 13% and export sales increased 4% from previous year. The profit result from quality control cost to increased production efficiency and to Economical of Scale, the unit cost also decreasing.

### **Operating result and profitability**

In 2017, The total sale and services were 13,220.45 million baht, increased on the previous year 2,195.65 million baht or increased 19.92%, detail as follows.

Domestic sale was 9,193.56 million baht or 69.54% of total sale and increased 23.76% from the previous year same as trend of automotive industry and export sale was 4,026.89 million baht or 30.46% of total sale and increased 11.99% from the previous year.

Sale by product as Automotive Bulb was 4.48% decreased 5.6% from the previous year and Lamp was 92.18% of total sale and increased 23.52% from the previous year, Die & Mold and design sold was 3.34% of total sale and decreased 16.88% from the previous year that sold to Stanley group companies by sales each year, depending on the needs of the Stanley group Company.

Other Income total 198.87 million baht, increased 6.94% from the previous year. Other income such as Interest income, Dividend income, Gain on Exchange rate.

Expense – Cost of sale was 10,775.58 million baht or 81.51% of total sale and increased 18.58% from the previous year, the cost of sale increased less than sale because of average price rate increasing and the

company continue control cost in every department , so gross margin was 2,444.87 million baht or 18.49% of total sale and increased 26.18% from the previous year

Selling and Administration expense was 889.95 million baht or 6.73% of total sale , increased 11.38% from the previous year , that increasing from Royalty fee paid to Stanley Electric Co.,Ltd. In rate 3% from net sale (Sale minus purchased material from that company).

Operating profit was 1,753.79 million baht or 13.27% of total sale and increased 32.41% from the previous year ,

Net profit was 1,658.66 million baht or 12.55% of total sale and increased from the previous year 30.52% .The overall increase was due to total revenues increased and control cost so the expenses increasing in lower than income.

## Asset Management

### Total Assets

As at 31 March 2018 ,total assets were 16,938.77 million baht increase from the last year 11.54 %. The main item as follows:

- Current assets were 9,290.06 million baht or 54.85% of total assets , increased 20.06% from the previous year from Short-term investment held to maturity 4,212.45 million baht or 24.87% of total asset , increased 9.79%, Cash and cash equivalents 2,012.03 million baht or 11.88% of total asset , increased 85.33% , Trade and other accounts receivable , net 2,347.80 million baht or 13.86% of total asset , increased 14.41% . The current assets increased from the operation result increasing.

Inventories net were 674.73 million baht ,or 3.98% of total sale , decreased 6.52% also due to production , main inventory from work in process was 37.40% , raw material and packaging 48.37% and finished goods 14.23%. The company have policy to production as customer order not more stock for inventory control cost , the company have inventory provision 8.02 million baht main in expired raw material and packaging.

- Non-current assets were 7,648.72 million baht , or 45.16% of total assets , increased 2.70% from Property, plant and equipment net were 5,564.81 million baht increased 1.92%, that the company have to investment in Lamp 7 factory expansion approximately 100 million baht and estimate to completely construction in end of 2018 and investment in equipment and machinery due to automotive industry trend increasing.

As the result of profit increasing ,the company ratio for return on asset was 10.33% increase from the previous year that ratio was 8.59% , fixed asset return ratio was 49.17% increase from the previous year that ratio was 41.67% and asset turnover ratio was 0.84 times increased from the previous year that ratio was 0.76 times.

### Total Liabilities

Total liabilities of the company were 2,407.39 million baht or 14.21% of total assets , increased from last year 30.53% which comes from the trade accounts payable that to material and other purchased increasing as

production increasing . so the company account payable turnover ratio was 7.93 time , nearly the previous year ratio was 7.50 times

### Equity

Total equity was 14,531.38 million baht or 85.79% of total assets , increased 8.92% from the previous year and return on equity ratio was 11.91% increase from the previous year that ratio was 9.83%

### Cash flow structure

The company had cash and cash equivalents, net 2,012.03 million, increased 85.33 % to high from the previous year , that current ratio was 4.50 times also high ratio and to classified as cash flows from operating activities amount 2,732.70 million baht cash used in investing activities was 1,423.64 million baht and financing activities for dividend by 383.12 million baht .

The company increased investment in Lamp 7 factory expansion , machinery and equipment that in the automotive industry increasing trend and for Die & Mold part that for support to new model production that continuing launch .

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

The Company adopts the policy to use cash flow to invest and spend in the company. Do not focus on lending , the company has no outstanding debt and interest expense. There are only account payable liabilities and commercial liabilities as usual , the company has a debt to equity shareholders ratio was 0.17 times higher nearly as last year that ratio was 0.14 times ,from high purchasing in raw material but it is very small because the company has very little debt.

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

The Economic and automotive industry are the main factors that affect the operation of the company directly and current political situation affects the economy and the automotive industry. The production and sales increase continuous. The Company need to take measures to reduce costs to comply with this a situation.

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

The investor can found more data of Thai Stanley Electric Public Company Limited Company Limited in The annual report (Form 56-1) as at . [www.sec.co.th](http://www.sec.co.th) or [www.thaistanley.com](http://www.thaistanley.com)

## Milestone

1994 October	- Participated of equity for Sum Hitechs Co.,Ltd., Sirivit Stanley Co.,Ltd. and Lumax Industries Limited.
1995 May	- Signed Joint Venture agreement of establishment of Top Hightech (Thailand) Co.,Ltd.
June	- Increased capital to 383.125 million baht.
	- Received investment promotion from The Board of Investment to expanding Die & Mold factory.
September-	Completion of Welfare building.
November	- Completion of new factory for Lighting Equipment for Automobiles (Lamp2).
1996 May	- Signed Joint Venture agreement of establishment of Vietnam Stanley Electric Co.,Ltd. in Hanoi, Vietnam.
October	- Completion of new factory for Lighting Equipment for Automobiles (Lamp3).
1999 January	- To certified quality system ISO 9002 in manufacturer of Automotive bulb and Die & Mold.
July	- To certified quality system ISO 9001 in manufacturer of Die & Mold.
2000 May	- Completion of expansion factory for Automotive bulb and Die & Mold.
	- Signed technical assistance agreement with Unitech Machines Limited in India to produce Automotive Lighting Equipment.
2001 September-	QS 9000 Quality System has been acquired for Automotive bulb and Lighting Equipment Division.
2002 September-	To certified environmental management ISO 14001.
2003 July	- Received The Best Performance Award in Industrial category on "SET AWARD 2003" from The Stock Exchange of Thailand.
October	- Completion of new factory in Navanakorn Industrial Estate for Plastic Injection Parts and Lighting Equipment for vehicle.
2004 May	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2004 " from Ministry of Labour
July	- Received The Best Performance Award in Industrial category on "SET AWARD 2004" from The Stock Exchange of Thailand.
2005 April	- Received " Best Corporate in Social Security Cooperation Award" from Office of Social Security, Pathumthanee Province.
May	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2005 " from Ministry of Labour for the second year in a row.

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| 2006 March | - To certified quality system ISO/TS 16949.   |
| May        | - Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2006 " from Ministry of Labour for the third year in a row.       |
| July       | - Received The Best Performance Award in Industrial category on "SET AWARD 2006" from The Stock Exchange of Thailand  |
| August     | - Received the Copper Trophy for achievement in The National Zero Accident 1,000,000 office hours without accident Campaign from Ministry of Labour for the first year. |
| September- | Received " An Outstanding Establishment in the year 2006 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour.                      |
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| 2007 March | - Completion of Lamp 5 construction new factory for lighting equipment manufacturer for automobile.   |
| May        | - Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2007 " from Ministry of Labour for the forth year in a row.               |
| September- | Received the Copper Trophy for achievement in The National Zero Accident 1,000,000 office hours without accident Campaign from Ministry of Labour for the second year in a row. |
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|------------|--|
| 2008 May   | - Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2008" from Ministry of Labour for the fifth year in a row.                 |
|            | - Received Best Employer of Pathumthani and Best Employer of Safety in Working Place   |
| June       | - Received The Thai Labour Standard Certificate Completion Level (TLS.8001-2003) from The Department of Labour Protection and Welfare, Ministry of Labour                        |
| August     | - Received the Copper Trophy for achievement in The National Zero Accident 1,000,000 office hours without accident Campaign from Ministry of Labour for the third year in a row. |
| September- | Received " An Outstanding Establishment in the year 2008 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the third year in a row.   |
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|------------|--|
| 2009 May   | - Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2009" from Ministry of Labour for the sixth year in a row.                 |
|            | - Received Best Employer of Pathumthani and Best Employer of Safety in Working Place   |
| August     | - Received the Copper Trophy for achievement in The National Zero Accident 1,000,000 office hours without accident Campaign from Ministry of Labour for the forth year in a row. |
| September- | Received " An Outstanding Establishment in the year 2009 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the forth year in a row.   |

2010 May	- Received Best Employer of Pathumthani and Best Employer of Safety in Working Place
July	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2010" from Ministry of Labour for the seventh year in a row.
September	- Received "An Outstanding Establishment in the year 2010 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the fifth year in a row.
2011 July	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2011" from Ministry of Labour for the eighth year in a row.
September	- Received "An Outstanding Establishment in the year 2011 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the sixth year in a row.
2012 June	- Completion Lamp7 construction new factory for lighting equipment manufacturer for eco car.
July	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2012" from Ministry of Labour for the ninth year in a row.
September	- Received "An Outstanding Establishment in the year 2012 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the seventh year in a row.
2013 March	- Received "Skill Development Promotion Award 2012 from Department of Skill Development, Ministry of Labour.
July	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2013" from Ministry of Labour for the tenth year in a row. - Received a certificate of green industry in level 3 from Pathumthani Industrial Office.
September	- Received "An Outstanding Establishment in the year 2013 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the eighth year in a row.
October	- Received "Waste Management by using 3Rs Award" from Department of Industrial Works.
2014 July	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2014" from Ministry of Labour for the eleventh year in a row.
August	- Received "An Outstanding Establishment in the year 2014 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the ninth year in a row.
2015 July	- Received "The Best Performance Company of Safety, Occupational Health and Working Environment Award 2015" from Ministry of Labour for the twelfth year in a row.
September	- Received "An Outstanding Establishment in the year 2015 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the tenth year in a row.

September - Received "An Outstanding Establishment in the year 2016 for achievement on Labour Relations and Welfare Relations Award" from Ministry of Labour for the eleventh year in a row.  
- Participated of equity for Pracharat Rak Samakkee Pathumthani (Social Enterprise ) Company Limited

2017 August - The company has won the royal trophy from Her Royal Highness Princess Maha Chakri Sirindhorn as The Thailand Labour Management Excellence Award 2017 from The Department of Labor Protection and Welfare , Ministry of Labour for excellent performance

- Received “The Best Performance Company of Safety , Occupational Health and Working Environment Award 2017” from Ministry of Labour for the fourteenth year in a row.

September - Received "An Outstanding Establishment in the year 2017 for achievement on Labour Relations and Welfare Relations Award"  
- Received Zero Accident Award 2017 (Gold)

2018April - Received Excellence Award in ASEAN – OSHNET Award from  
The ASEAN – OCCUPATIONAL SAFETY AND HEALTH NETWORK (ASEAN-OSHNET)  
at Siem Reap , Cambodia



บริษัท ไทยสแตนเลย์การไฟฟ้า จำกัด (มหาชน)

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*Be Friendly to the Environment*

**Thai Stanley Electric Public Company Limited**



# Sustainability Report 2017

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## Messages from the Chairman

Over the past 36 years, Thai Stanley has been committed to be the completely integrated manufacturer of world class automotive lighting equipment. The company focuses on production , product design and to use of high technology in various systems on a regular basis.

And importantly, along with the business. The Company takes into account the supporters of the company, including our shareholders, employees, business partners, government, and the public by doing in many activities as shown in this report. In the last year The company was honored with the highest honor of the Royal Trophy from Highness Princess Maha Chakri Sirindhorn. “ The Thailand Labour Management Excellence Award 2017” that is a morale to all Thai Stanley, whom have worked hard to maintain the standard of labor , Labor Relations and Welfare and Safety Occupational Health and Working Environment.

The Company is determined to develop our production for economic stability and maintain the standard of labor management , Safety, Health, Environment and Energy Conservation and addition in the relationship with the community and social development. That for our desire to Stanley's continued business sustainability



Apichart Lee-issaranukul

Executive Chairman

# Sustainability Report

## About This Report

### Reporting Guideline

Thai Stanley Electric Public Company Limited prepares this sustainability report to disclose information on Economic, Social and Environmental performances under the business philosophy to become a world-class fully integrated manufacturer of automotive lighting equipment while earnestly appreciate the value of all parties who support the Company.

This 2017 sustainability report is the first sustainability report published by the Company based on the framework developed by Global Reporting Initiative (GRI) and certain material aspects are still currently being prepared. However, the Company hopes to improve the sustainability report to make it better in the further.

### Report Scope

This report presents the information on policies and operating results of Thai Stanley Electric Public Company Limited from the period between 1 April 2017 and 31 March 2018. It does not cover the joint ventures the Company has established in Thailand and overseas. The main financial data is shown in 2017 Annual Report

### Information Collection

Information to be disclosed in this report was collected by Administration Division from relevant departments such as Safety & Environment , Accounting & financial , Internal audit.

Since the Company prepares this sustainability report for the first time based on the GRI Guidelines, some information cannot be completely disclosed.

Information not included in this report are significant changes from previous reporting periods because this is the first report and no comparison can be made and topics or concerns raised by experts and stakeholders.

### Thai Stanley Business with Sustainability

Thai Stanley Electric Public Company Limited has operated a completely integrated business of automotive lighting equipment manufacture and distribution for 36 years. The Company has adopted a management policy to meet customer satisfaction as well as constantly develop product designs and improve production.

### Our Products

The Company manufactures three types of products, including automotive bulbs, automotive lamps, and dies & molds. From research and development of all three types of products are interconnected.

- **Automotive bulbs** manufactured by the Company are halogen light bulbs such as T19 and T25 to be used as parts of automotive lamp sets, sold as replacement bulbs, and exported to Stanley Group's companies overseas. At present, the Company has one automotive bulb plant with sales volume making up approximately 5% of the total sales.
- **Automotive lamps** including headlamps, tail lamps, and signal lamps are the core products manufactured by the Company for domestic automotive manufacturer customers and its subsidiaries overseas. Today, the Company has five automotive lamp plants with sales volume making up approximately 90% of the total sales.
- **Dies & molds** are mostly manufactured for use by the Company's automotive lamp plants. Today, the Company has one die & mold plant with sales volume making up approximately 5% of the total sales.



Auto Bulb Product



Die & Mold Product



Automotive Lamp

### Production Management

The company focuses on the evolution of quality products that genuinely meet international standards as well as various needs of customers. The company has recently advanced its brand-new production strategy known as SNAP ( Stanley New Approach for Higher Productivity ) , a corporate activity launched to generate further improvement in all business aspects that can substantially be measured by cost reduction. In the year 2017 to focus is on cost reduction under the "Return to SNAP Basic" concepts by through 3 main activities.

1. Reduce workplace waste. Through improved activities focused on improving cycle time in the process.

2. Reduction of work wastes by adopting Real Time Management

3. Reduce wastage in the workflow by reducing lead time in all processes, from procurement to delivery.

Furthermore we continuing to focus on human resources development. In the last year, we have focused on educating staff to work through their skills. Training Center (Training Dojo) and this year we have high level personnel development initiatives in HR Development Project ,by focus in 2 activities are

1. The development of Mini Expert is the creation and development of specialized experts that satisfy the target to improving product quality.

2. Smart Manager is the creation and development of personnel to become executives in the future.



## Economic Performance

### Economic Impacts of the Company's Operation throughout Supply Chain

The Company's type of business is automotive products, which is the industry that has continually been promoted and supported by the government sector. Although domestic economy has sometimes caused a slowdown in the industrial growth, the Company's business continues to grow.

Thailand's automotive lighting equipment industry has three major manufacturers with nearly equal market shares. The Company has adopted a management policy to focus first and foremost on meeting customer satisfaction to retain customers and maintain market share.

At present, Thailand's domestic car sales are directly affected by economic impacts, which also affects the Company's production.

The Company has set annual operational goals based principally on customer orders and estimates of gross domestic product growth. An operational evaluation is conducted on a monthly basis and a weekly monitoring result is presented at the weekly strategy meeting.

### Corporate Governance

The Company is committed to operating business with transparency, honesty, and integrity in the best interest of all stakeholders. The company has developed its Corporate Governance Policy and Code of Conduct for the Board of Directors and employees that printing and distribute to all directors and employee for their practicable. Furthermore, Stanley group also promote the Code of Stanley group by printed and distribute to all employees to reflect the unity of business management and operations.

The Company has disclosed the following corporate governance information on pages<sup>93</sup> of its annual report as required by the Stock Exchange of Thailand.

- Roles and responsibilities of the Board of Directors
- Responsible business conduct
- Risk management and internal control
- Information disclosure
- Engagement and communication with shareholders

Respect of Other Businesses' Property Rights The Company always takes into account the importance of customer confidentiality. As each product possesses its copyright to be owned by a certain customer, the company will assign a responsible person to take care of the product in every process, starting from the design and manufacturing to the delivery to the customer.

The company has issued its information security policy to facilitate the control and maintenance of corporate data including customer confidentiality. There is an Information System department established to manage and supervise the access to information and control the equipment and programs applied into the company's copyrighted computer-based programs and systems authorized by information technology business providers. Obviously, the information technology department is required to review its policy and other requirements at least once a year, which will be proposed to the Risk Management Committee and the Board of Directors on a yearly basis.

In addition, the company has upgraded its confidentiality measures to rely more on physical controls, requesting for good collaboration from all visitors. Under the company's premises, no photography is allowed unless it is officially approved by the company. Meanwhile, recording of sound or image will never be accepted, particularly in restricted areas, for instance, the research and development department, the new product development department, and the production engineering department.

### Anti-Corruption

The Company has set its anti-corruption policy considered the company's Code of Conduct stating that "The Board of Directors, executives, staff members, and other related parties are strictly prohibited to get involved in any form of corruption including offering, promising, soliciting, demanding, and giving or accepting bribes as well as request others to accept those corrupted practices on their behalf, related to the company's business operations".

For the review and evaluation of this requirement, each department manager is directly responsible for assessing risks in various areas prior to informing the Risk Management Committee at least once a year. Similarly, the Office of Internal Audit will be required to annually evaluate all corruption-related issues before proposing them to the Audit Committee and the Board of Directors, respectively.

For the penalty of misdemeanor, the company will consider the termination of employment contract without compensation payment. However, over the past years, there was no risk of corruption found.

The company has also announced its intention to join the Collective Action Coalition campaign developed by the Thai private sector.

### Supply Chain and Stakeholder Management

As the Company manufactures automotive lighting equipment for sale to automotive manufacturer customers, its supply chain includes suppliers, customers or automotive manufacturers, and consumers or motor vehicle users. The Company manages its supply chain as follows:

## **Supplier Management**

The company have policy that strictly complies with agreement or contract made with the suppliers by adhering to operating business with integrity to self and to other parties in accordance with law and related rules and regulations. The supplier selection is according to purchasing policy that consider cover to company documents , performance , environmental , employee practical and human rights.

Supplier Selection The Purchasing Department is responsible for selecting suppliers based on the qualifications required by the Executive Board.

Supplier Development The Company requires its suppliers to improve their production. Since the Company has adopted a quality assurance policy and adhered to the principle of not buying, not producing, and not selling defective products, the quality improvement required for suppliers is beneficial to both the suppliers and Company.

The company initiated the project of developing raw material suppliers to be quality suppliers by delivering goods on time, being competitive which leads to quality raw material with reasonable price. The project has been carried on until present, divided into 2 activities as follows:

1.Supplier SNAP , The company extends productivity improvement activity to suppliers and sends SNAP (Stanley New Approach for higher Productivities) team together with purchasing officer to the supplier company in order to educate and conduct productivity improvement activity in an periodical manner during 6 month period.

2.Supplier Improvement Project , The company will choose the suppliers to help them to identify problems and give advices on manufacturing efficiency.

The company also provides customer support and encourage vendors to be certified to international standards as quality assessment to provide a quality of supply chain.

Supplier Meeting The Company arrange for Meeting with business partner is also held with the purpose to keep partner updated about the company movement and to hear opinions; for example, for bank or creditor; the company will invite them to the meeting together with securities analyst so as to be informed about the company quarterly performance, or for the case of suppliers; supplier meeting is held every year through purchasing department in order to inform about annual purchasing policy and confer QCD award to the suppliers who delivered the good products and being punctual.



For construction contractor, a separate meeting will be held by occupational health and safety officer and invite the staff who is responsible in the field of repairing, construction, or expansion of the company properties to the meeting in order to ensure that safety measure is extended to the involved parties.

**Evaluation** In addition to supplier selection and purchase, procurement conducts an annual evaluation to assess suppliers on various aspects such as product quality, delivery, and prices.

### **Customer Management**

The Company has set a customer policy as follows:

**Management:** To meet customer satisfaction first and foremost by improving standards in key areas, including quality, cost, delivery, development, safety, and human relation through the plan – do – check cycle.

**Quality:** To develop a quality assurance system that meets international standards and to deliver products with confidence in gaining customer satisfaction and trust.

The Company has adopted the competition policy and guidelines that promote fair competitive practices. The Company has always recognized the importance of fair competition rules that will never regulate market monopoly or cause biased competition to other business rivals.

The Company provides training for employees who are directly involved with this matter i.e. marketing , purchasing etc. whereas other general employees are informed via internal communication and the Office of Internal Audit are examined concerning these aspects on a yearly basis.

**Product Design and New Technology Exhibition** Because each vehicle or motorcycle model uses specific automotive lamp, the Company's research & development and sale teams work with individual customers to design products that truly meet the needs of each customer.

Furthermore, Stanley Group has organized a exhibition to present automotive lamps designed by the Group's research & development teams and other products to customers.

**Customer Meeting and Involvement** Because each of the Company's products is designed and manufactured for specific vehicle model, the Company has regularly held a meeting with its customers and participated in activities organized by customers.

**Customer Evaluation** The Company has been evaluated by customers on an annual basis for its quality, price, and delivery. In 2017, the Company won the following awards from customers.

- VAVE Award from Toyota Motor Thailand Co., Ltd.
- Q-Award Excellent Quality Status Recognition from Auto Alliance Thailand Co., Ltd.



### **Motor Vehicle User Management**

The Company has set up a Quality Assurance Department to be responsible for assuring product quality, providing suggestions about products, consulting, and receiving complaints to ensure that customers satisfy with the quality of products and services.

### **Other Stakeholder Engagement**

The company recognizes the rights of stakeholders such as employees, shareholders, government sectors, and local communities as required by laws and makes sure that their rights are properly protected and treated.

**Employees** The company realizes that the company is growing because of the cooperation of every employee so the employees are valuable resource of the company. The company policy are cover employee sustain in respect with safety, welfare, privilege for employees and the company have certified for Thai Labor Standard, TLS800-2003 (since June 2008 until present) from Ministry of Labor and Social Welfare. The Company has disclosed information about employee management in this report under the topic of labor management and employee development of social performance section.

**Shareholders** The company policy is to protect shareholders' rights in an equitable manner as required by law. The policy is set that dividend paid to shareholders will not be less than 30% of net profit (Financial Statement - The company only) The Company has disclosed information about shareholder treatment in the annual report under the topic of corporate governance of shareholder engagement and communication section.

**Local Communities and Society** The Company recognizes the importance of society and local communities as it has been a part of the society ever since it was established. The Company has participated in supporting local activities regularly.

Moreover, the Company has set guidelines for treating and managing stakeholder rights in the corporate governance policy and code of conduct for directors and employees. Stakeholders can contact and file a complaint with the Company through the Company's website ([info@thaistanley.com](mailto:info@thaistanley.com), [companysecretary@thaistanley.com](mailto:companysecretary@thaistanley.com)). The complaints will be handled by responsible unit according to the procedures set up by the Company.

## Social Performance

The Company's social performance can be divided into 3 groups as follows:

### 1. Labor Management and Employee Development

#### **Labor Management**

The Company has set its management standards to reflect the company's genuine social responsibility in the labor management aspect. The company is strictly committed to pursuing labor laws and other relevant requirements to generate greater development of employees' quality of life as well as working environment. Additionally, the company has been urged to regularly review its management policies as Thai labor standards are applied to all departments, covering suppliers and subcontractors.

The Company has issued its labor management manual, considered an ultimate document of the labor management system according to the Thai Labor Standards explained below:

**Discrimination:** The Company has expressed its intention not to support any discrimination action on employment, payment of wages and other financial supports, social welfares, training and development opportunities, promotion, employment termination, and retirement, which are due to the difference of nationality, race, religion, language, age, gender, marital status, sexual orientation, disability, HIV infection, preference of a political party, or personal concept and idea. The company will never hinder, interfere, or conduct any action deemed to have affected the employees' rights and their routine practices without causing any damage to the organization.

Child Labor: The Company will never approve, support, or get involved in employing a child labor whose age is under 15 years old. Also, the company has never encouraged the use of child labor in any business activity that may cause an impact on occupational health and safety.

Pregnancy: The Company will never allow any pregnant employee to work in inappropriate working conditions that will be harmful to her health and physical body. According to the relevant laws, pregnant ladies must be stationed in an appropriate working environment that will not affect their health and pregnancy. Similarly, there will be no termination of employment offered to pregnant employees, particularly during the pregnancy period. No diminution of position or benefits is always guaranteed due to pregnancy.

The company has cautiously evaluated this issue with its suppliers to promote the abolition of human rights in the Thai society.

Freedom of Business Association and Negotiation: The Company provides its employees with the right to join various committees in the company and fully possess the right of negotiation, selection, or election of corporate representatives. The company will never hinder or interfere with the exercise of employees' rights. At present, the company possesses authorized representatives elected to represent the Welfare Committee and the Occupational Health and Safety Committee. The election will be held in every two years.

Since the establishment, The Company has never been involved in any labor dispute and there is no labor union existing in the company.

#### Welfare and Quality of Life Development

The Company takes into account the development of the quality of life of its employees to suit current economic conditions. To ensure the happiness of the work-life balance, the company has considered the increase of salaries for all employees on a yearly basis, while providing every personnel with appropriate organization-based welfares such as travel allowance, uniform, and laundry service. Employees will also be offered special presents for special occasions like birthday and the New Year festival. The company approves food expenses for diligent employees working overtime and outside the company. Furthermore, the company also remains alert in offering medical expenses to employees and their family members. These benefits will be considered and approved on a yearly basis.

The company organizes fun-filled activities to promote employees' good health, for example, sporting events and recreation activities. To foster greater awareness of Thai cultures for all employees, the company has launched its culture-based activities. Remarkable examples are the Buddha image bathing, Buddhist lent candle parade, dry-food almsgiving, and merit-making ceremony for special occasions.



In 2017, the Company has initiated Cash Less project, which encourages employees to pay for their food through mobile banking application of Siam Commercial Bank. The project aims to reduce the use of paper money and save time, increase health quality by not touching banknotes and coins, and promote the use of technology to be in line with Thailand 4.0.



In August 2017, the Company won Princess Maha Chakri Sirindhorn's Thailand Labor Management Excellence Award 2017 from the Ministry of Labor. In September 2017, the Company also received the Outstanding Workplace Award for Labor Relations & Welfares from the Ministry of Labor for the 12th consecutive year.

### **Employee Development**

The company has raised the issue of work respect according to the requirements of human rights and the protection of working conditions aiming to facilitate the labors at large.

The STARs Plan has been applied into the human resource management system to ensure effective development of manpower, which can be specified in six major categories.

1. Qualification The company has set a hierarchy to demonstrate the level of employee performances used to determine fair and reasonable remuneration.

2. Position The company has defined roles and responsibilities of each employee in the organization clearly.

Promotion will be evaluated according to the criteria set by the Promotion Committee.

3. Rotation The company approves a change of affiliation by considering types of work to achieve greater development of competency, leading to the promotion to the ultimate level.

4. Evaluation The company defines performance measurement criteria used in determining salaries, bonuses, promotions, and positions. Besides, this unveils weakness and strength of employees aiming for further development. The company's evaluation criteria are developed based on fair, reasonable, and acceptable principles.

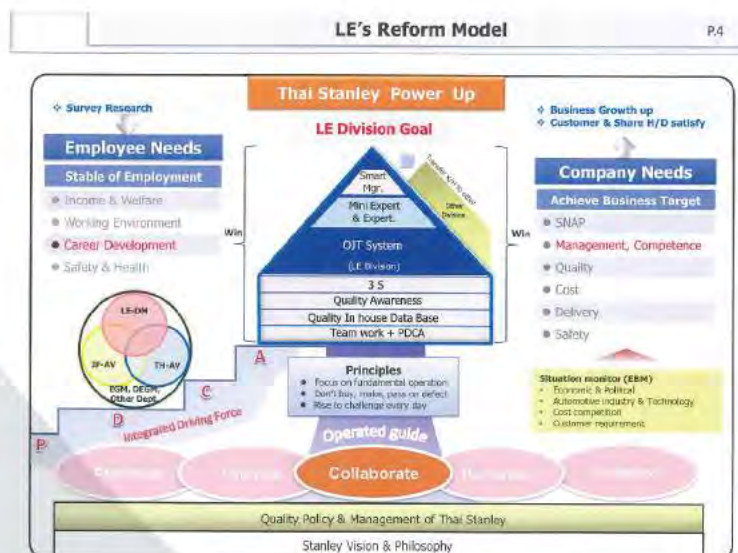
5. Wage Payment The company has set the structure of wages consisting of basic salary, specialist value, position value, and other financial aids paying for working overtime, working on holidays, working on shifts, food expenses, diligence allowance, and travel expenses. The company will consider the salary increase on a yearly basis, regarding the payroll index according to the government's approved minimum wage, inflation, and up-to-date industrial condition.

6. Skill Development The company has reiterated its intention to enhance the ability of employees. The company develops a policy of skill development by means of sequential and on-the-job training programs. Strategic training and self-development programs are also introduced, where employees will be eligible to train with internal and external specialists, including experts from the Stanley Group in foreign countries.

In 2017, a total of 1,522 employees participated in 47 in-house training courses organized by the Company, with an average of 12 hours of training per employee and a total of 202 employees participated in external training courses. These courses such as the power of team working to company development , the life mapping for work successful , Troubleshooting and Decision Making. Moreover, 12 employees were sent to Japan for overseas training.



In February 2018, the Company has initiated the Thai Stanley Power Up project to reform its employee development starting with LE's Reform Model. This is a four-year project, which aims to study and analyze problems, risks, and impacts from employees in all aspects to develop training courses that are appropriate and applicable to the matter at hand, utilizing tools and systems to measure training effectiveness in line with the Company's policy and goals of employees at each level.



The company has been certified with the Thai Labor Standard (TLS 8001 - 2010) of the complete version by the Ministry of Labor, which is audited on a yearly basis.

## 2.Safety, Occupational Health, and Work Environment

The Company has set the safety commitment as follows:



Mr.Koichi Nagano  
President

### คำมั่นสัญญาด้านความปลอดภัย

“จะผลักดันให้มีการจัดเตรียมสภาพแวดล้อมการทำงาน  
เพื่อสร้างบรรยากาศการทำงานที่ปลอดภัย โดยมีพนักงาน  
สมัครสมานร่วมใจกัน เพื่อมุ่งสู่อุบัติเหตุจากการทำงานเป็นศูนย์”



The company has decided to establish policies on occupational health and safety at the workplace in line with regular duties of employees since 2011. Also, the company has been certified with OHSAS18001 in the same year.

The Safety policies include:

1. The company is committed to ensuring that safety is the first priority in every employee's performance.
2. The company will always comply with all applicable laws, regulations, and standards related to occupational health and safety at the workplace.
3. The company will always support the improvement of appropriate working environment and continue to promote secure practices, ranging from using appropriate protective equipment to maintaining good health of all employees.
4. The company will encourage various safety-based activities that will stimulate greater awareness of safety among employees both inside and outside the workplace.
5. The company has requested all supervisors to be good role models, leaders, trainers, and motivators to encourage employees to produce excellent working performances in a secure way

6. The company has urged all employees to consider their own safety, including security of colleagues and the company's assets at all times.

7. The company has promoted its occupational health and safety campaign to reflect the cleanliness, comfort, cleanliness, hygiene, and habit-forming in the workplace to prevent accidents and diseases due to operations.

8. The Company has motivated all employees to take part in the company's occupational health and safety program, where all employees will possess the right to offer productive comments and feedbacks on the improvement of working conditions and the development of operational safety.

9. The company has offered its firm support to the development of human resources and investment budgets allocated for the management of occupational health and safety at the workplace, ensuring the highest safety for all parties involved.

10. The company has promoted its Completely Check Completely Find Out (CCCF) program to achieve the goal of zero accident both inside and outside the workplace.

11. The Company regularly reviews its performances complying with the well-developed policies.

In 2017, The Company achieved the occupational health and safety campaign, reflecting zero serious accident, illness, death, strike, and fire case. The 7,000,000-working hour rate was achieved in the same year, decreased by 50% from the previous year.

The company has announced the launch of its Safety Dojo Training Center to enhance greater safety awareness for both employees and outsiders aiming to support the zero accident campaign. The company provides training courses to employees at this center regularly every month. It also provides opportunities for outside group such as government to visit and learning at this center as well.



For other activities related to occupational health and safety at the workplace, the company also provides ongoing training, including security training, for all employees. The program includes the day and night evacuation drill, emergency preparedness, exhibition of occupational health and safety, energy conservation, Monday meeting, and several other knowledge-based activities.



In August 2017, the company was honored with the Outstanding Occupational Health and Safety Award for the fourteen consecutive year.

### 3.Supporting Local Communities and Society

The Company is located at Ban Klang , Pathumthani , and has been established outside the industrial estate location. The company is highly cautious of impacts that may possibly cause to the surrounding communities. Never having any dispute with the community, the Company is in collaboration with Ban Klang Municipality, representing communal people in organizing tradition-based activities, remarkable examples are the Buddha image bathing, Buddhist lent candle parade, dry-food almsgiving and to use of local food products is a set of snacks at the shareholders' meeting. The rice from the farmer group in Surin is processed into Difuku as a new year gift to customers .

For community development, the company has always relied on its unique employment model, where 80% of residents in Pathum Thani province and the nearby vicinity are employed. The company offers opportunities for students of local universities to visit factory for more knowledge and broader understanding on product manufacturing and management.

The Company collaborated with Pathum Tani Provincial Office to organize the “Pathum Tani Public-Private Collaboration to Purchase Rice from Farmers” project to purchase rice from farmers in Surin, Yasothon, and Roi Et for use within the Company. Local farmers were also welcomed to sell their rice and products the market fair organized monthly by the Company.



In 2016, the Company invested 22.25% in Pracharath Rak Samakkee Pathum Thani (Social Enterprise) Company Limited, that established from government's policy that the objective is to support for more strong local economy , people have more income. The company support place inside for selling products from the manufacturer in the group on a monthly basis.

### **Corporate Social Responsibility Activities of Stanley Thailand Foundation**

The Stanley Group has established the Stanley Thailand Foundation since 1993, aiming to promote various CSR activities mainly in Pathum Thani province. Remarkable examples of CSR activities launched in 2017 can be described below:

#### **1. Education Activity**

1.1 The foundation had presented annual scholarships to 1,123 students from 16 schools in Pathum Thani province and 6 schools in Nakhon Ratchasima province.

For individualized scholarships (Outshining Fund ), the foundation was consistently responsible for all education-related costs starting from the high school to Bachelor's Degree levels. In 2017, three outstanding students were selected to take part in the individualized scholarship program, where 3 students was already graduated with a Bachelor's Degree. Currently, there are 22 students selected to join the program.



1.2The foundation offered its concrete support to the science competition named the Stanley Science Project Contest held to encourage primary and secondary students to create excellent robotic devices. The competition was hosted by the Technology Promotion Association (Thailand-Japan).



1.3 The foundation donated educational equipment as books for library and 300 bicycles to 30 schools in Lat Lum Kaew, Thayaburi, Lam Luk Ka, and Nong Sua communities.



## 2. Environment Activity

The foundation had donated garbage to communities in Pathumthani such as Banklang Municipality , Kukwang Municipality and Suan Prik Thai Subdistrict Administrative Organization.

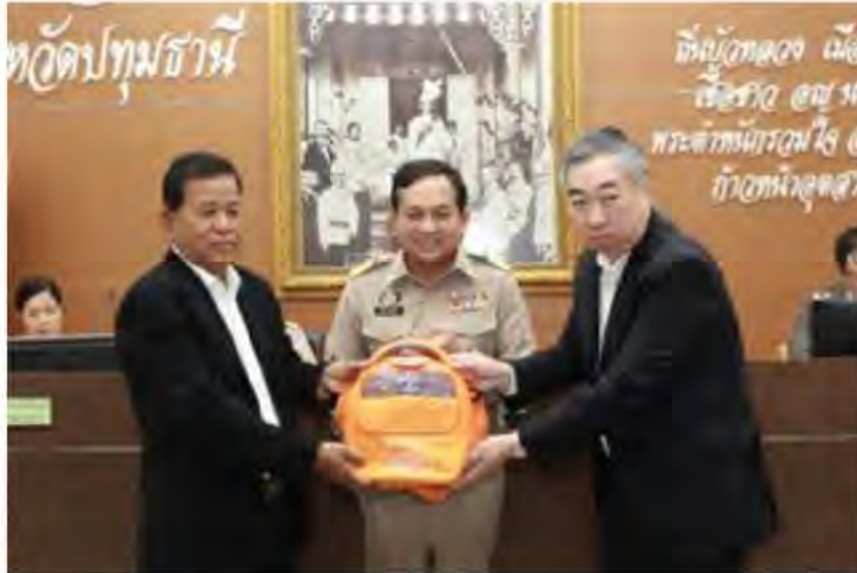
## 3. Charity Activity

The foundation had donated other necessities for HIV-patient of Wat Phra Bat Nam Phu in Lopburi province and lame children of the Ruamphanya Person Lame Association in Nonthaburi province.

And also donation to Flood Victim in various sectors such as necessities bag and mosquito nets, etc.



In June 2017, the Stanley Foundation gave four AEDs (Automated External Defibrillators) to government agencies and hospitals in Pathumthani to promote health safety and support local communities.



## Environment Performance and Energy Conservation

### Environmental Management

The Company has received an ISO14001 certification since 2002 and has set up the Environment Committee (ER) to support and implement activities in accordance with the Japan Stanley Environment Policy.

The Company has strategically determined its philosophical concept for the conservation of environment as follows:

“We are strictly committed to preserving the environment and making good use of natural resources through all corporate activities to preserve the fertile nature in the most sustainable way”.

To comply with the aforementioned concept, environmental policies are described below:

1. The company will consistently introduce corporate activities related to environmental conservation and prevention of pollution to minimize the impact on the environment, while remaining firm in improving every working process varying in design, development, production, and waste management complying with relevant environmental laws and regulations.

2. The company will conduct effective communication programs based on basic philosophy, environmental policies and activities for all employees and related parties aiming to maximize knowledge and understanding on environmental conservation.

3. The company is always prepared to disclose its environmental policies and environmental activities to public.

In 2017 , The Company achieved about environmental conversation targets as follows:

1. Reduce water consumption by 1% from baseline in 2016 (less than 394,157 m<sup>3</sup> / year) by using the index as the water consumption per product and number of employee.

The Recycle Water Recycle Initiative is implemented in the water curtain system of the coating stage in the lamp factory, and the lawn watering system. The public relations campaign to reduce water usage through media such as the Monday Line, the voice and environmental

The result is that it can replace the use of tap water up to 55,817.4 cubic meters per year.

2. Reduce waste to landfill by 1% from 2013 (less than 2.61%).

The operations include waste sorting campaigns and modification of waste disposal methods by pushing for reuse and recycling, Organize the monitoring activities of the Environmental Committee every quarter to check the waste management of each unit., and public relations. Company waste management The campaign is aimed at reducing the amount of waste in every unit at least one unit

The result is on target The proportion of waste dumped into landfill disposal was 1.24%

The company emphasizes the separation of various types of waste, the destruction of waste and the sale to the private sector to recycle. Moreover, the focus is on 5S activities, emphasizing the cleanliness of all areas.

3. Reduce paper usage by 1% from base year 2016 (less than 9,644 reams)

Operates by modifying the consistency assessment method through the use of Excel, producing a system for processing of unused materials through the use of the Information System The project is to reduce the use of paper in every department at least one project per department.

The result is on target

The company to operate on the environment continuously. All areas monitored by The Executive Board . Increasing green space in the company by planting trees in the company area on a regular basis on the last working day of the year , World Environment Day activity and Earth Day activity.

In 2017, the measurement of pollution within the company, including noise, water, heat, and air were conducted by external agencies. All pollutions were maintained at acceptable rates complying with the required environmental standards.

The environmental performance is summarized on pages....of operational summary



### Energy Conservation

The Company has set up the Environment Committee (ER) to support environment policy and encourage every department to implement environmental activities.

The Company has determined efficient energy conservation policies explained below:

1. Be committed to effective energy management and conservation, while strictly pursuing energy conservation laws and regulations.
  2. Consider energy conservation to be the responsibility of top management and employees at all levels to cooperate in implementing the prescribed energy conservation measures, including the monitoring of outcomes to be reported to the Energy Conservation Committee on a regular basis. This reflects the company's passionate desire to continuously improve energy efficiency.
  3. Allocate sufficient resources for energy conservation and management to ensure that the idea is in line with the company's objectives and goals.
  4. Develop effective production process including activities related to energy consumption aiming for the achievement of energy conservation and management, considered part of the company's operations.
  5. Improve energy efficiency to be in line with the nature and amount of energy used, where modern technology and good practices are applied in an appropriate and continuous manner.
  6. Seek alternative energy to generate sustainable energy and environmental sustainability.
- It is highly appropriate to disclose the company's energy conservation activities to relevant stakeholders and the general public.

In 2017 , the Company set 2 energy conservation targets as follows:

1. Reduce electricity consumption by 4% from base year 2013 by controlling the power consumption of the factory by using electricity meters through computer programs. The company uses the main power source from electricity. And use up to 95 million units per year. To know each part clearly. The company installed Power Meter Monitoring (Dr.ECO program) to analyze energy consumption , see the point of loss and what to fix. There is a regular meeting between the energy conservation team and related parties on a monthly basis.

2. Reduce CO2 emissions by 4% from base year 2014 with the following indicators: Carbon dioxide emissions per million baht in all units within the company. The use of Yellow Card tracking, training, awareness building, and promote the use of renewable energy (Solar Looftop)

Targeted results It can reduce CO2 emissions by 6.59%

To encourage participatory energy conservation by organizing turn off all electricity activities on weekends (Sundays) one day a month., Campaign to reduce energy consumption through various media such as voice calls, Monday Meeting and organized the Energy Committee Patrol activities of the Energy Holiday Patrol period, etc.

The top executives have placed importance on regular follow-up on energy conservation activities conducted on a quarterly basis and assessments of energy conservation capacity and energy management. The results of the primary assessments indicated the need for improvement.

The company has PQC building, a multipurpose building with canteen, library, gym, and spacious areas for engineering practices initiated to support production and on-the-job training prior to entering the production plant. Moreover, the innovative building is equipped with the Diming Switch system, natural lighting system, and LED lighting system complying with the energy conservation concept.



Summary Operation Result	Unit	2560	2559	2558
<b>Economic Performance</b>				
Common Stock , Revenue , Profit , Financial Ratio - as in Annual Report ( English Version)	Page	3 , 58	3 , 73	3 , 70
<b>Corporate Governance Performance</b>				
Number of Complaints of Violation	Case	0	0	0
Violation of the Code of Business Conduct is a reality.	Case	0	0	0
<b>Human Resource Performance</b>				
Total Employee	Person	2,997	2,897	3,055
Male	Person	1,616	1,584	1,663
Female	Person	1,381	1,313	1,392
Employee provide by division				
Administration Division	Person	100	101	110
Marketing Division	Person	44	39	42
Production and Support Division	Person	2,828	2,729	2,876
Employee by type				
Permanent	Person	2,649	2,629	2,653
Fixed Time	Person	322	240	375
Employee by nationality				
Thai	Person	2,971	2,867	3,028
Japanese	Person	26	28	27
<b>Safety Performance</b>				
Number of Accident - stop working / dead	Time	1	-	4
<b>Training</b>				
Training hour per employee (Average)	Hour	12	12	12
<b>Environment and Energy Performance</b>				
<b>Material Utilization</b>				
Main Material utilization (Resin)	Ton	10,356		
<b>Electricity and Fuel</b>				
Electricity usage	kWh	100,528,991	95,053,513	91,659,134
Fuel usage (Gas)	Liter	350,041	255,913	262,086
<b>Waste , Defect and Industrial waste Disposal</b>				
Quantity of Waste	Ton	5,067	4,526	4,216
<b>Water</b>				
Quantity of water usage				
Tap water	M <sup>3</sup>	374,367	389,538	391,553
Groundwater	M <sup>3</sup>	7,357	8,600	8,740
Recycle water usage	M <sup>3</sup>	55,817	28,612	7,229

### GRI Content Index

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G4-4	Report the primary brands, products and services		2
G4-5	Report the Location of organization's head quarters		
G4-6	Report the number of countries where the organization operates		
G4-7	Report the nature of ownership and legal form		
G4-8	Report the markets served including geographic breakdown , sectors served and types of customers and beneficiaries		2
G4-9	Report the scale of the organization		
G4-10	Report types of employees and their classification (such as gender, permanent employee , region , substantial portion and significant variations)		
G4-11	The percentage of total employees covered by collective bargaining agreements		
G4-12	Describe the organization's supply chain		5
G4-13	Report any significant change during the reporting period regarding the organization's size structure, ownership or its supply chain		5
G4-14	Report whether and how the precautionary approach or principle is addressed by the Organization		
G4-15	List externally developed economic , environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses		
G4-16	List memberships of associations (such as industry associations) and national orientemational and advocacy organizations in which the organization prticipates in as strategic member		
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G4-18	The process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for defining Report Content		1
G4-19	List all the material Aspects identified in the process for defining report content		1
G4-20	For each material Aspect, report the Aspect Boundary within the organization		
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G4-22	The effect and the reasons of any restatements of information provided in previous reports		
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G4-25	The basis for identification and selection of stakeholders with whom to engage		
G4-26	The organizational approach to stakeholder engagement		
G4-27	The key topics and concerns raised through stakeholder engagement and how the organization has responded to those key topics and concerns		
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**Thai Stanley Electric Public Company Limited**