

METCO

MURAMOTO ELECTRON (THAILAND)
PUBLIC COMPANY LIMITED



Annual Report 2018

IATF 16949/2016 ISO 14001/2015 ISO 9001/2015 OHSAS 18001/2007



TH06/2833.01
TH06/2833.02
TH06/2833.03



TH15/9055



TH06/2775
TH15/8445
TH15/8458



TH17/10431



METCO

**Muramoto Electron (Thailand)
Public Company Limited**



Teaching of 'Itaro Muramoto',
founder of Muramoto Industry Co., Ltd.,

Mind that
values **customer.**



มีใจในการ
ให้ความสำคัญ
กับลูกค้า

Mind that values
technology and quality.



มีใจในการ
ให้ความสำคัญ
กับเทคโนโลยี และคุณภาพ

Mind that
values **employee.**



มีใจในการ
ให้ความสำคัญ
กับพนักงาน



METCO basic policy that rooted from our founder principles.

Providing best product from best idea for our customers.

Timely implementation to achieve best quality, lowest cost,
and on time delivery Enforcing customer trust through trained
competent personnel.

Achieving total improvement of entire management team.

Maintaining safe and environment conscious workplace.

MURAMOTO ELECTRON (THAILAND) PUBLIC COMPANY LIMITED



4	Muramoto Group	
6	Message from the Chairman	
7	Audit Committee's Report	
9	Financial Summary	
10	Management Discussion & Analysis (MD&A)	
15	Company Profile	
16	Additional Information	
17	Nature of Business	
17	Related Persons and Connected Transaction	
26	Shareholders	
28	Management	
43	Good Corporate Governance	
56	Risk Factors and Risk Management	
60	Corporate Social Responsibility Policy	
63	Responsibility of the Board of Directors for the Financial Statements	
65	Independent Auditor's Report	
69	Annual Financial Statements	



METCO 1



Concept of production

METCOism

*Integrated Synchronize Manufacturing
Innovation, Speed & Maximum*

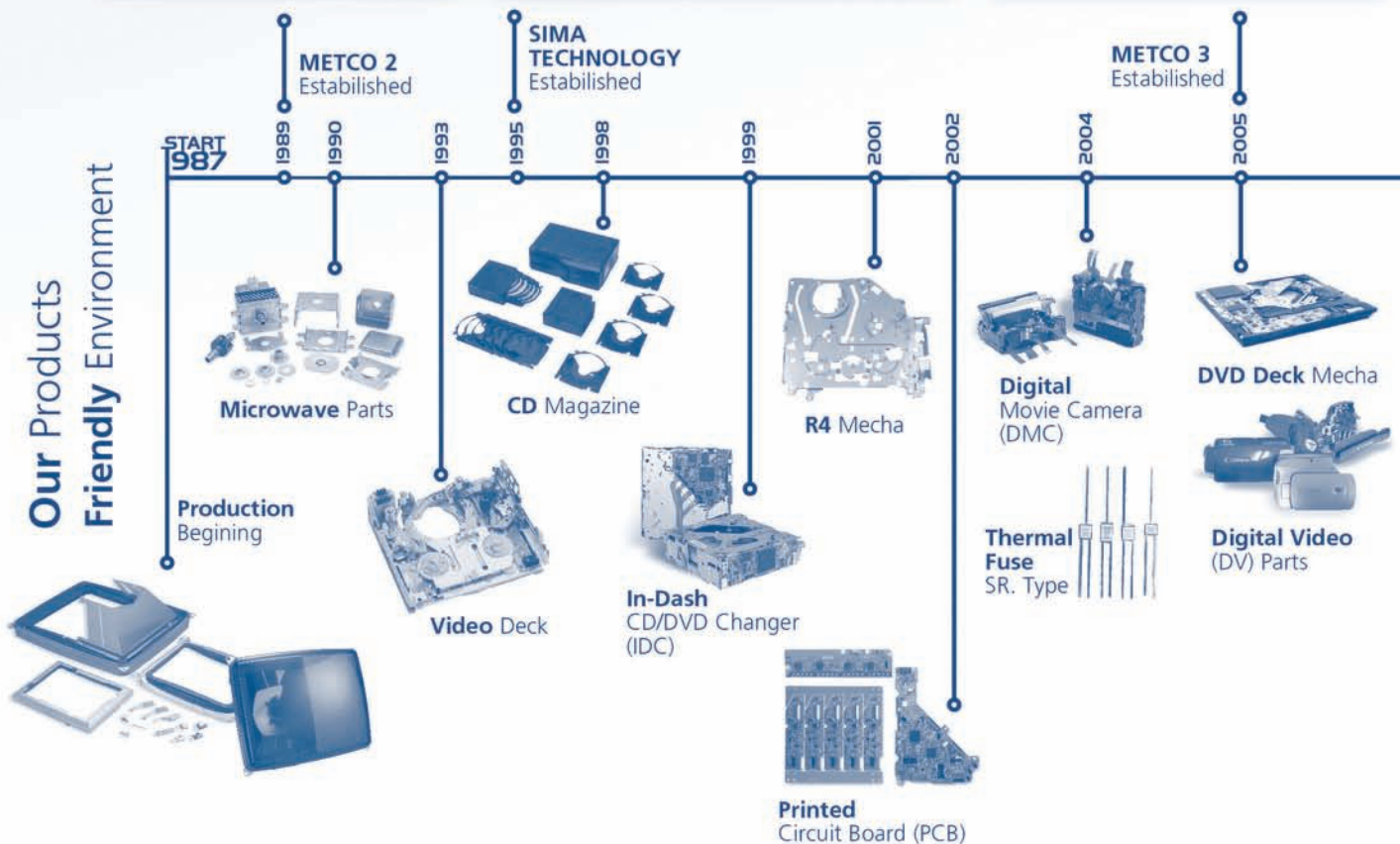
METCO 2



**SIMA
TECHNOLOGY**



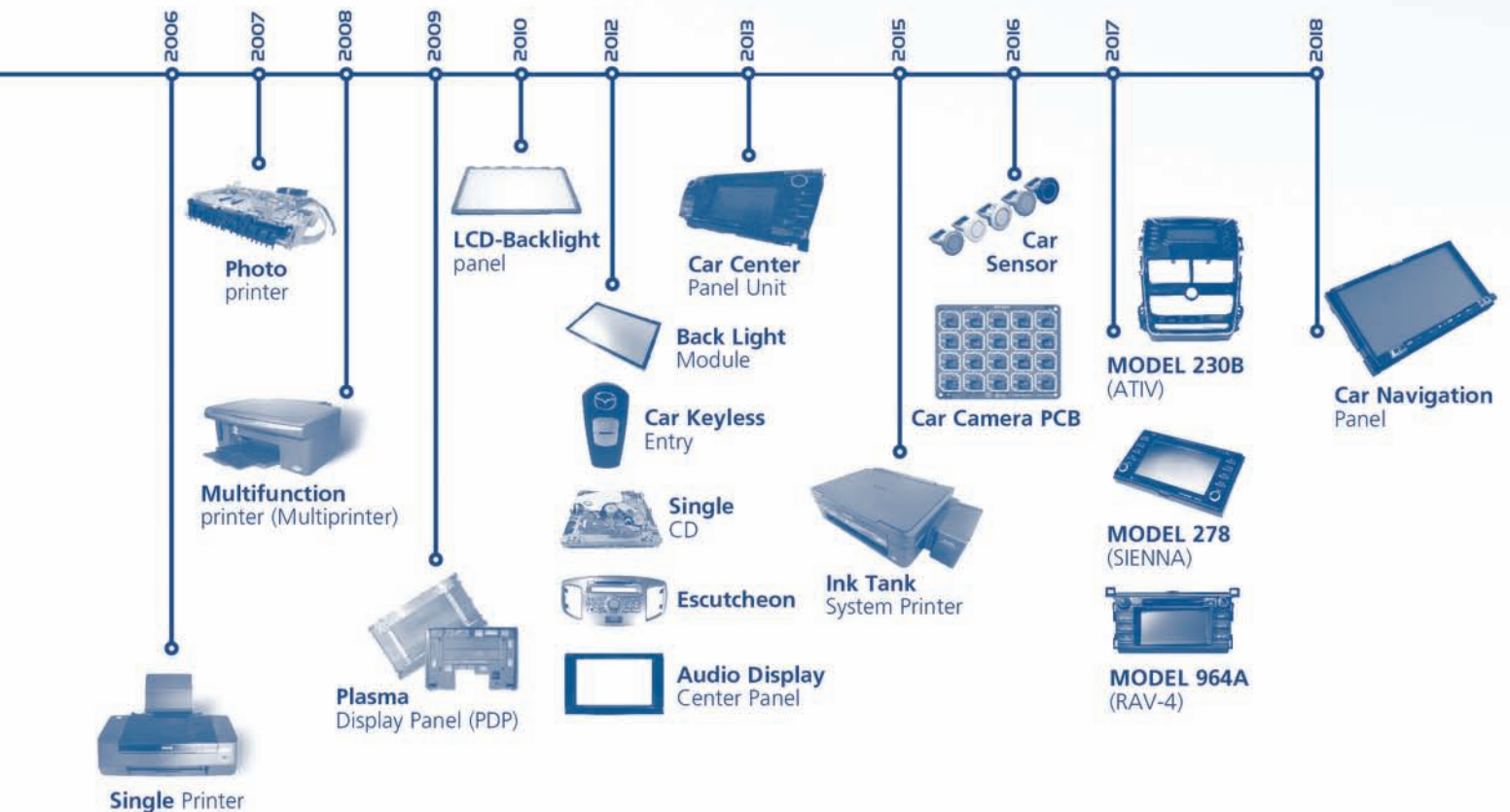
METCO 3





e-XPECTATION e-XCEEDED @METCO
@METCO เราให้เกินคาด

- M** = Manufacturing Expert
E = Environment and Safety Conscious
T = Technology Leadership
C = Creative Workforce
O = Overall Excellent





MURAMOTO GROUP



THAILAND

Muramoto Electron (Thailand) Public Company Limited METCO 1

Address : 886 Ramindhra Road, Kwaeng Kannayao, Khet Kannayao,
Bangkok 10230, Thailand

METCO 2

Address : 1 Mu 6 Bangna-Trat Road Km. 25, Tambol Bangsaowthong,
Amphur Bangsaowthong, Samutprakarn 10570, Thailand

METCO 3

Address : 99/7 Mu 3 Bangna-Trat Road Km. 23, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570, Thailand

Established : 1987

Nature of Business : Manufacturing of pressed metal parts and plastics molding parts and its assembling for audio, video, cassettes, computer and other electrical products, etc. for home, offices, industrial use including automobiles.



METCO 1



METCO 2



METCO 3



Sima Technology Co., Ltd.

Sima Technology Co., Ltd.

Address : 99 Mu 1 Tambol Thongchainue,
Amphur Pakthongchai, Nakornratchasima 30150, Thailand

Established : 1995

Nature of Business : Manufacturing of pressed metal parts and its assembling
for audio, video, cassettes, computer and other
electrical products.



CZECH



Muramoto Manufacturing Europe s.r.o. (Czech Republic)

Address : Skandinavska 991, 267 53 Zebrač, Czech Republic

Established : 2005

Nature of Business : Manufactures Indoor, Outdoor Unit Parts for
Air Condition, Car Audio, EGR Cooler
and Medical Equipment Assembly

MALAYSIA



Muramoto Technics (Malaysia) Sdn., Bhd.

Address : Lot 1863 Jalan College 43300, Seri Kembangan,
Selangor, Malaysia

Established : 1996

Nature of Business : Manufactures TV Back Cover, Metal Chassis,
Car Safety parts

SINGAPORE

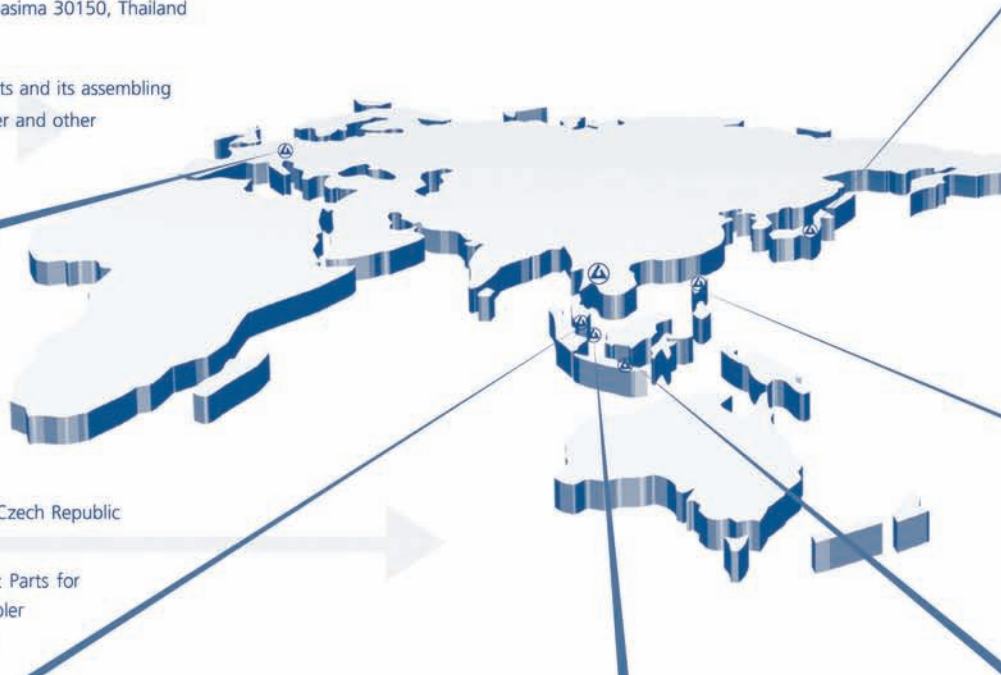


Muramoto Asia Pte., Ltd.

Address : 16 Raffles Quay, #16-04 Hong Leong Bldg.,
Singapore 048581

Established : 1990

Nature of Business : Import, Export, VMI of electronic parts,
Metal Press Parts and Plastic Molding parts



JAPAN



Muramoto Industry Co., Ltd.

Address : 1-24, Takatsukadai 3-chome, Nishi-Ku, Kobe, Japan

Established : 1935

Nature of Business : Manufacturing of pressed metal parts and its assembling for audio, video, cassettes, computer and other electrical products.

USA



Muramoto USA, Inc.

Address : 819 Kuhn Drive, Suite 212, Cula Vista, California, 91914 USA

Established : 1999

Nature of Business : North American Distribution Agent of group companies for Automotive parts and Electronic parts

MEXICO



Muramoto Manufacturing De Mexico

Address : Tres Sur No.9071, Ciudad Industrial, Tijuana, B.C.22444, Mexico

Established : 2006

Nature of Business : Service Company for MUI's Mexican operation

INDONESIA



P.T. Muramoto Elektronika Indonesia

Address : East Jakarta Industrial Park, Plot 9-J, Cikarang Selatan, Bekasi 17550 Indonesia

Established : 1995

Nature of Business : Manufactures Complete set of Printer, Printer Mechanism Assembly, Parts of 2 and 4 Wheels Automobile

PHILIPPINES



Muramoto Audio-Visual Philippines Inc.

Address : Mactan Export Processing Zone, Lapu-Lapu City, Cebu, Philippines

Established : 1990

Nature of Business : Manufactures Car Audio Mechanism, ATM Cassette and Digital Camera Parts



MESSAGE FROM THE CHAIRMAN



Mr. Yoichi Muramoto

To the shareholders, investors, and stakeholders, I would like to express my gratitude for your continued support for METCO.

In the business environment of the current fiscal year, although the United States economy is in trend of expansion thanks to tax cuts and public spending, the trade friction between the US and China is worsening due to the US Government's protectionist policy, and China's exports began to stagnate, and some negative effects are beginning to be seen in the country's domestic demand as well.

In Thailand, external demand is lifting exports and the tourism industry, leading to expansion of personal consumption. The business environment of the Muramoto Group is not entirely optimistic, but we expect to secure profitability this year thanks to the positive global economic trend.

METCO's 2018 Financial Results marked our second consecutive year of achieving a surplus. Some automotive-related business, such as the Car Center Panel Unit and CD single mechanism, are nearing their end, while the Keyless business and orders for new car navigation units are expanding.

Also, our information appliance-related business, including Ink Jet Printers, is expanding steadily and we believe that our efforts regarding the improvement of profitability, such as the rationalization of production, led to our positive result this year.

We will continue promoting technological innovation and internal reform in order to respond to changes in the market, grasp the customers' needs and improve their satisfaction, and maintain our overall superiority in the market.

Further, we will review the medium and long-term business plan of the next fiscal year based on the ever-changing business environment, clarify our business strategy more than ever, and work hard on promoting the strengthening our competitiveness and management practices.

The Management Department also needs improvement, by constantly anticipating one step ahead. To achieve even higher sustainable growth, we intend to address further strengthening of our internal controls as a public company.

Although the economy is stable at the moment, the global situation is uncertain, which warrants limited optimism. The burden of personnel expenses resulting from exchange rate fluctuations and changes in workforce supply and demand is also a concern.

METCO advanced to Thailand in 1987, and 31 years have passed since that time. We have accumulated much experience as a business enterprise. We are fortunate to have you, every one of our many stakeholders and shareholders, during this time. And, we are here and successful today.

Last but not least, may we thank you deeply once again and we very much appreciate your lasting support and expectations about our business.

Mr. Yoichi Muramoto
Chairman / President



Prof. Paichitr Rojanavanich

Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

The Board of Directors has decided to set the structure, qualifications, tenure, duties and responsibilities of the Audit Committee into a written charter. In the past year, the Audit Committee consists of three following independent directors with qualifications and expertise in accounting, finance, laws and management.

- | | |
|-------------------------------|-----------------------------|
| • Prof. Paichitr Rojanavanich | Chairman of Audit Committee |
| • Mr. Wanchai Umpungart | Audit Committee |
| • Mr. Nop Rojanavanich | Audit Committee |

Mrs. Wongtipa Bunnag, is the secretary of the Audit Committee.

The Audit Committee has performed its duties within the scope of responsibilities assigned and in accordance with the charter of the Audit Committee, which is in compliance with the regulation of the Stock Exchange of Thailand. In the accounting period 2018 the Audit Committee had convened a total of 4 meetings, the Audit Committee together with the management, internal audit team and auditors to discuss relevant issues and report the meeting outcomes to the Board of Directors. The essence of the work performed can be summarized as follows :

Financial Statement Report

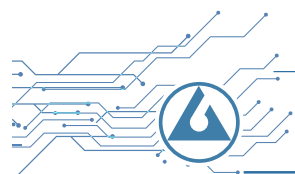
The Audit Committee, the auditors, management division and Internal Audit had reviewed the Company' quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiary. By considering from important aspect and give advices and useful suggestions to ensure that the internal control process of the Company financial budget is accurate and reliable, as well as to ensure that the disclosure of important information is sufficient and timeliness for the financial statement users. Which is also in accordance with the laws and related notices as well as in accordance with the regulations of Stock Exchange of Thailand and Securities and Exchange Commission and in comply with Financial Reporting Standards. In addition, the Audit Committee had a meeting with the auditors without any executives or management attended the meeting for inquiring about various issues of the results of auditing and the auditors did not have any information or special observation from the audit.

Related Transaction or Conflict of interest transaction

The Audit Committee had considered and given opinions about connected transactions or transactions that may give rise to a conflict of interest with the Company and its subsidiary. The purpose is caution, rationality and taking into account the interest of the stakeholders and also includes adequate information in line with the conditions imposed by the Stock Exchange of Thailand.

Internal Control System and Risk Management

The Audit Committee had reviewed the adequacy of the Internal Control Systems of the Company and its subsidiary, based on the reports of the internal audit and the auditors. The purpose is to assess the appropriateness and the efficiency of the Internal Control System, the risk management, and the business operations of the management that are in line with the established policies and delegation of the authority.



Regulatory compliance and regulations

The Audit Committee reviewed the Company's business operation to ensure that it is in line with the securities and exchange law, regulation of the Stock Exchange of Thailand and laws relation to the business of the Company and acknowledge the changing of regulations which have an effect on the company's business operation.

Good Corporate Governance

The Audit Committee had conducted such audits as to ensure that the administration of the business of the Company was in compliance with the Good Corporate Governance in order to transparency and fair operates and build confidence to the stakeholders.

Internal Audit Governance

The Audit Committee had considered the independence of the Internal Audit Department, its scope of responsibilities and annual audit plan as well as considered the audit report and monitoring the implementation of solutions to significant issues mentioned in the audit report. Giving advice on how to improve and streamline the audit performance. The committee also considered the appropriateness of the budget, the workforce, training and personnel development and the annual performance appraisal of the Internal Audit.

Considering the appointed Auditors and Compensation

The Audit Committee had selected the auditors and the auditor remuneration. By considering knowledge, capability, experience and quality of the auditors' works, auditors' statuses, significant limitations or the regulations of the Stock Exchange of Thailand or the regulations of the other related organizations to ensure that independence of the auditor and the neutrality on work performance.

The Audit Committee had selected the KPMG Phoomchai Audit Limited as company auditors and considered the auditors remuneration and proposed to the Board of Directors. The Audit Committee deemed that the auditors had good understanding of the Company's businesses, practiced in a neutral and independence manner as well as regularly delivered its work on time, and as a result the Board of Directors proposed to the Annual General Meeting of Shareholders 2018 to appoint KPMG Phoomchai Audit Limited as the Company's auditor. The appointed auditors are :

Mrs. Siripen Sukcharoenyingyong	Certified Public Accountant license number 3636 and/or
Mr. Vairoj Jindamaneepitak	Certified Public Accountant license number 3565 and/or
Mr. Yoottapong Soontalinka	Certified Public Accountant license number 10604

For the Accounting period that the year ended 30 September 2018, Mrs. Siripen Sukcharoenyingyong is the Certified Public Accountant who audited the Company's financial budget.

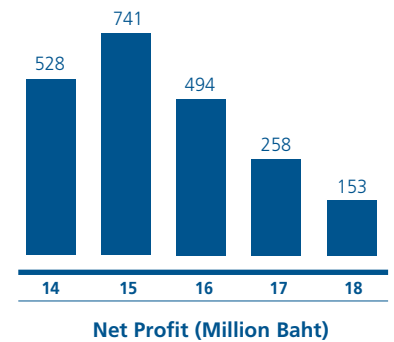
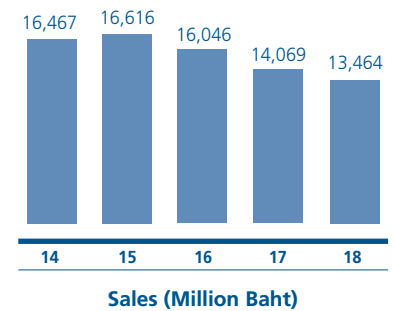
The Audit Committee deemed that during for the accounting period that the year ended 30 September 2018, the company had put in place the transparent, adequate and appropriate Internal Control Systems covering risky management and the company had established procedures that helped build confidence in Company's operation in accordance with the related laws by having good corporate governance along with the compilation and disclosure of adequate and reliable Company's financial report information.

Professor Paichitr Rojanavanich
Chairman of Audit Committee
23th November 2018

FINANCIAL SUMMARY

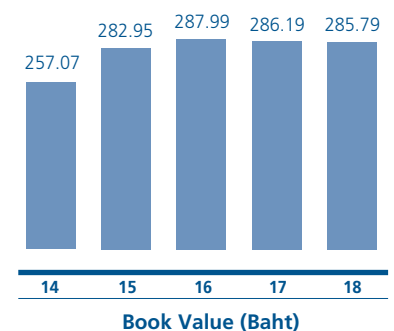


	METCO & Subsidiary Company <i>Unit : In Million Baht</i>			METCO <i>Unit : In Million Baht</i>		
	2018	2017	2016	2018	2017	2016
Sales	13,464	14,069	16,046	10,802	11,353	13,805
Cost of Sales	12,799	13,447	15,061	10,259	10,839	12,960
Profit Margin (Loss)	665	622	985	543	514	845
Selling & Administrative Expenses	615	529	527	494	458	460
Operations Profit (Loss)	50	93	458	49	56	385
Other Incomes	138	188	186	179	163	177
Income Tax	35	23	150	29	36	142
Net Profit (Loss)	153	258	494	199	183	420
Earning per Share (Baht) (Loss)	7.30	12.33	23.65	9.53	8.73	20.12
Total Assets	8,048	8,021	8,455	6,590	6,508	6,987
Total Liabilities	2,075	2,040	2,437	1,619	1,575	1,941
Total Shareholders' Equity	5,973	5,981	6,018	4,971	4,933	5,046
Number of Shares (Million Shares)	20.898	20.898	20.898	20.898	20.898	20.898
Book Value (Baht)	285.79	286.19	287.99	237.87	236.05	241.46



Financial Ratio

	METCO & Subsidiary Company <i>Unit : In Percentage</i>			METCO <i>Unit : In Percentage</i>		
	2018	2017	2016	2018	2017	2016
Net Profit per Revenues (Loss)	1.13	1.83	3.08	1.84	1.61	3.05
Return per Equity	2.56	4.31	8.21	4.01	3.70	8.34
Return on Assets	1.90	3.21	5.85	3.02	2.80	6.02



METCO & Subsidiary Company



MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Overview in 2018

Our consolidated operation result were as follows :

Thai Baht in Millions	Sep-2018	Sep-2017
Revenue from sales of goods	13,463	14,068
Cost of sales of goods	12,799	13,453
Selling expenses	209	227
Administrative expenses	426	278
Operating Profit /(Loss)	29	110
Operating margin rate	0.2%	0.8%
Other gain or expenses	158	171
Profit (Loss) before income tax	187	281

Raito Analysis

Liquidity ratio

Current ratio	Time	3.30	3.23
Quick ratio	Time	2.64	2.55
Receivable turn over	Time	7.13	7.32

Account recivable days

Collection period	Days	45.70	45.97
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Account payable days

Account payable turnover	Time	7.89	8.21
Payment period	Days	46.26	44.47

Inventory day

Inventry turnover	Time	11.81	12.26
Inventory turnover period	Days	30.90	29.77

Profitability ratio

Gross profit margin	%	4.93%	4.38%
Net profit margin	%	1.13%	1.83%
Return on equity (ROE)	%	2.56%	4.31%

Efficiency ratio

Return on total assets (ROA)	%	1.90%	3.21%
Return on fixed assets	%	6.67%	10.78%
Assets turnover	Time	1.67	1.75

Financial policy ratio

Debt to equity	Time	0.29	0.29
Interest coverage	Time	75.53	68.25

Per share		Sep-2018	Sep-2017
Par Value	Baht	10.00	10.00
Book Value	Baht	285.79	286.19
Earning Per Share	Baht	7.30	12.33



MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

For FY2018, METCO and its subsidiary reports the consolidated sales amount of THB 13,464 million, a decrease of 4.3% over the previous year, Profit before income tax expense sur plus 187 million a decrease of 33.27% over the previous year's surplus of THB 281 million; and net profit after income tax of THB 152 million, a decrease of 40.76% over the previous year's surplus of THB 258 million

METCO and its subsidiary earned, in this year end, an income from sales amount 13,464 million baht, a decrease 605 million baht or decrease 4.30% from the same period of the prior year. The automotive business showed a decrease 18.4% under last year and the office automation business showed an increase 8.0% over last year. Upon automotive, we have not received the center panel business of Y2018's model of popular car and decreased car audio single CD parts business. Upon office automation, increased sales order in accordance with expanding SEIKO EPSON inkjet printer share in the world market.

METCO and its subsidiary earned, in this year end, a gross profit amount 664 million baht, increase 43 million baht from the same period of the prior year by saving manufacturing cost and expenses.

Selling and Administration expenses of METCO and its subsidiary increased 121 million baht from the same period of last year, METCO and subsidiary was strictly control all of expenses. The increasing selling and administration expenses due to The Company implement new ERP installation

METCO and its subsidiary gain on exchange amount 20.43 million baht in this year end, compared to 14.23 million baht loss on exchange from the same period of last year.

About each management index.

Liquidity rate: Liquidity rate and financial standing maintain the soundness.

Account receivable rate: To worse slightly due to a decrease sales volume

Account payable rate: As a result of increase SEIKO EPSON printer business, the A/P days become long. (Printer business A/P term is 60 days)

Inventory turnover and days: The reduce of inventory amount, the shorter inventory holding days and better the inventory turnover.

Profitability and Efficiency rate: Decrease of automotive business which has high profitability, profitability and efficiency rate became down.

Business policy for 2019

The business environment has changed much and rapidly in recent years. We established our own “Management philosophy”, “vision”, and “Muramoto’s work style” in order to become what we should be as a group company with the aim of meeting the changing needs of our customers and developing as a sustainable company.

1. Management Philosophy

We shall create a prosperous future together with our customers, by seeking their satisfaction.

2. Vision

We shall strive to be the world’s best manufacturing company by providing high quality services to ensure maximum customer satisfaction.

3. Muramoto’s work style (Professional Work)

- We shall be appreciated by our customers by delivering quality products at reasonable price within the designated delivery due date.
- We shall define both our role and our customers’ role by establishing efficient work processes.
- We shall be totally committed to performing our duty to the extent that each person can briefly explain the key points and values of their work.
- We shall keep challenging ourselves without fear of failure and always learn from failure.

Strategy for success in 2019

METCO shall strive to accomplish each department’s objective with our full effort in order to achieve the FY2019 policy objectives.

<Sales Department>

Amid increasingly intensifying competition, it is important that the Muramoto Group companies shall cooperate with each other in order to achieve sustainable growth. In this regard, we need to increase the organizational strength of the sales departments within the entire Muramoto Group and establish and implement effective sales strategies.

We shall promote each Group company and determine its role for each customer, ensure closer cooperation with other Group companies, and ensure that each company shall perform its role efficiently and effectively.

We shall not only support the established areas of our business, but we shall also actively pursue new business fields and markets.

<Production Department>

We shall promote adoption of the ERP system in order to maintain and strengthen the system to deliver the required quantity of goods, with the best quality, at competitive cost, and within the delivery due date required by the customers. The ERP system shall eliminate waste and reduce risk by optimizing the overall workflow, including receipt and placement of orders, receipt of goods, manufacturing, shipment, and the settlement of accounts.

<Management Department>

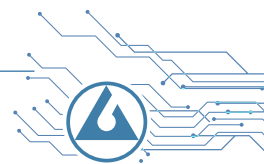
We shall be a corporation that enhances added value by the whole Company through implementing “Information dissemination”, “Proposals” and “Improvement” as the key points of our internal control. Furthermore, we shall enhance the added value of our staff and make our business operation more effective by improving their “Competence” and “Skill” levels. We shall also eliminate waste and prevent problems from occurring by effective anticipation, and establish a cooperation system that integrates sales, production, operations, and management.

Forecast for 2019

In 2018, although the global economy, especially that of the US and Eurozone, seemed sluggish at the beginning, the overall economic level remained fairly high, and the global trade volume kept growing robustly. However, the emergence of some risk factors for an economic downturn, such as a rise in the long-term interest rate caused by monetary restraint in the US and Europe, a rise in crude oil prices, and more notably, the protectionist measures resulting from the US-China trade war, may lead to lower business confidence, eventually causing the entire global economy to slow down.

Due to such business environment, it is expected that our “automotive-related business” is better equipment business and office automation business, which are the core elements of our business, will not show a large growth in 2019; therefore, our business performance will remain at almost the same level as in 2018.

In 2019, we will be committed continuously to keep our accounts in the black by strengthening the internal management systems, reviewing and reducing costs, and focusing our corporate resources on improving quality.



Company Name	: Muramoto Electron (Thailand) Public Company Limited	
Address		
Head Office	: 886 Ramindhra Road, Kwaeng Kannayao, Khet Kannayao, Bangkok 10230, Thailand	
- METCO 1	: 886 Ramindhra Road, Kwaeng Kannayao, Khet Kannayao, Bangkok 10230, Thailand	
- METCO 2	: 1 Mu 6 Bangna-Trat Road Km. 25, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570, Thailand	
- METCO 3	: 99/7 Mu 3 Bangna-Trat Road Km. 23, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570, Thailand	
Nature of Business	: Manufacturer and exporter of electrical, electronic component parts and car parts.	
Company Registration No.	: Bor Mor Jor 326	
Registration Date	: Transformed to Public Company on 15 th March 1994 in accordance with Public Company Limited Act B.E. 2535	
Registration Capital	: 238,981,000 Baht	
Paid-up Capital	: 208,981,000 Baht	
Quantities and types of shares issued and sold	: 20,898,100 common shares each of par value 10 Baht	
Board of Directors		
as at 30th September 2018	1. Mr. Yoichi Muramoto	Chairman / President
	2. Mr. Yoshiyuki Muramoto	Vice President
	3. Mr. Ichiro Nishimura	Director
	4. Mr. Tatsuya Awazu	Director
	5. Prof. Paichitr Rojanavanich	Director (Independent)
	6. Mr. Wanchai Umpungart	Director (Independent)
	7. Mr. Nop Rojanavanich	Director (Independent)

**Remark : Prof. Paichitr Rojanavanich resigned from BOD. Effective Date November 30, 2018*



ADDITIONAL INFORMATION

1. Subsidiary Company :

Sima Technology Co., Ltd.

Address : 99 Mu 1, Tumbol Thongchainue, Amphur Pakthongchai, Nakornratchasima 30150

Nature of Business : Manufacturing of pressed metal parts and its assembling for audio, video, cassettes, computer, and other electrical products.

Company Registration No. : Bor Aor Jor. Nor Mor. 1321

Registration Date : 9th June 1995

Registration Capital : 300 Million Baht

Paid-up Capital : 300 Million Baht

Quantity and type of shares issued and sold : 30 Million common shares each of par value 10 Baht

Quantity and type of shares the Company hold in Subsidiary Company : 29,999,800 common shares each of par value 10 Baht (at cost)

2. Juristic Person that owns more than 10% of shares

Only one shareholder holding more than 10% of the total shares of Muramoto Electron (Thailand) Public Company Limited is Muramoto Industry Co., Ltd. whose shareholding within last 5 years is as follows :

Date/Month/Year	Number of Shares owned	Percent of Shares
30 September 2014	14,907,420	71.33
30 September 2015	14,907,420	71.33
30 September 2016	14,907,420	71.33
30 September 2017	14,907,420	71.33
30 September 2018	14,907,420	71.33

3. Other References

Share Registrar

Office Title : Thailand Securities Depository Co., Ltd.

Location : 93 Stock Exchange of Thailand Building, Ratchadaphisek Road, Kwaeng Dindang, Khet Dindang, Bangkok 10400

Auditor : Ms. Siripen Sukcharoenyingyong, Registration No. 3636

Office Title : KPMG Phoomchai Audit Limited

Location : Empire Tower, 50th - 51st floor, South Satorn Road, Bangkok 10120



Structure of income of the Company and its Subsidiary within the last two years

	2018		2017	
	Million Baht	%	Million Baht	%
Income from Sales	13,464	98.84	14,069	98.68
Other Income	158	1.16	188	1.32
Total	13,622	100.00	14,257	100.00

Total income of the Company and its subsidiary (Y2018 Decreased 4.45% Compared to Y2017)



RELATED PERSONS AND CONNECTED TRANSACTION

Responsible Directors of the Company

1. Mr. Yoichi Muramoto
2. Mr. Yoshiyuki Muramoto

Relationship of the responsible Directors

1. Muramoto Industry Co., Ltd. (Japan) (Parent Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	• is the President of Muramoto Industry Co., Ltd. (Japan) and owns 1.30% shares	MIC is the major shareholder (71.33%) of METCO and provides technical and financial support Including assistance in marketing Development.
2. Mr. Yoshiyuki Muramoto	• is the Managing Director of Muramoto Industry Co., Ltd. (Japan) and owns 2.88% shares	MIC acquires various parts, and other raw material from Japanese Manufacturers to sell to METCO MIC is acting sales and marketing agent on case-by-case basis for METCO

2. Muramoto Asia Pte., Ltd. (Singapore) (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> is the President of Muramoto Asia Pte., Ltd. 	Muramoto Asia Pte., Ltd. is in the same group as Muramoto Electron (Thailand) PLC. because Muramoto Industry Co., Ltd. owns its 100%.

3. Muramoto Audio - Visual Philippines Inc. (Philippines) (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> is the Chairman of Muramoto Audio - Visual Philippines Inc. 	Muramoto Audio - Visual Philippines Inc. is 100% subsidiary of Muramoto Industry Co., Ltd. (Japan)

4. Sima Technology Co., Ltd. (Thailand) (Subsidiary)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoshiyuki Muramoto	<ul style="list-style-type: none"> is the President of Sima Technology Co., Ltd. 	Sima Technology Co., Ltd. is a subsidiary of Muramoto Electron (Thailand) PLC. which hold 99.99% of its shares. Sima Technology Co., Ltd. manufactures and assembles DVD and its related parts.
2. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> is the Director of Sima Technology Co., Ltd. 	

5. P.T. Muramoto Elektronika Indonesia (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
		MEI is 99.99% subsidiary of MIC

6. Muramoto Technics (Malaysia) Sdn., Bhd. (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
		Muramoto Technics (Malaysia) Sdn., Bhd. is 100% subsidiary of Muramoto Asia Pte., Ltd. (Singapore)

7. Muramoto USA. Inc. (USA) (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	• is the President of MUI	Muramoto USA. Inc. is 100% subsidiary of Muramoto Industry Co., Ltd. (Japan) Muramoto USA. Inc. is sales agent on case-by-case basis for Muramoto group.

8. Muramoto Manufacturing Europe S.R.O. (Czech) (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
		Muramoto Manufacturing Europe S.R.O. is 100% subsidiary of Muramoto Industry Co., Ltd. (Japan)

9. Muramoto Manufacturing De Mexico (Mexico) (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	• is the President of MMM	Muramoto Manufacturing De Mexico is 90% subsidiary of Muramoto USA Inc.

10. Muramoto Sumitronics USA LLC (USA) (Associated Company)

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	• is the Director of MSX	MSX is 20% Shareholding associated company of MUI

PARENT COMPANY, SUBSIDIARIES, AND ASSOCIATED COMPANIES

MIC	= Muramoto Industry Co., Ltd.	MUI	= Muramoto USA. Inc.
MTM	= Muramoto Technics (Malaysia) Sdn., Bhd.	MAP	= Muramoto Asia Pte., Ltd.
MEI	= P.T. Muramoto Elektronika Indonesia	SIMA	= Sima Technology Co., Ltd.
MAPLE	= Muramoto Audio-Visual Philippines Inc.	METCO	= Muramoto Electron (Thailand) Public Company Limited
MMM	= Muramoto Manufacturing De Mexico	MME	= Muramoto Manufacturing Europe S.R.O.
MSX	= Muramoto Sumitronics USA LLC		

Related - party transactions (RPTs)

The Company's parent company, Muramoto Industry Co., Ltd. (MIC), has over 80 years of experience in this industry and specializes in manufacturing technologies. Therefore, the Company intends to have certain new techniques transferred from MIC and also develops others in-house. Technicians of the Company are regularly assigned to MIC in order to keep up with developments. At the same time, MIC's counterparts are assigned to the Company in order to facilitate transfer of new manufacturing techniques.

These related transactions are agreed upon by the companies, and involve prices comparable to market prices. All relevant regulations and laws are observed. These transactions are correct, complete and sufficient according to generally accepted accounting principles (please see notes to the financial statements).

Related - party transaction procedure

The procedure for transactions between companies under the group is the same as that of transactions with other trading partners. Companies under the group are independently managed and are able to make decisions on their own. Therefore, the decision to purchase from, or sell to other companies under the group is the same as conventional transactions with other trading partners. All related transactions are completed on the basis of greatest benefits to the Company and are subject to the approval of the Procurement Department and the Sales Promotion Division. The Company has not established specific policies requiring the trade of any product with the companies under the group.

Related - party transaction monitoring

The Company's related - party transactions are regularly reviewed by the Internal Audit Department, the Audit Committee and licensed auditors who report to the Board of Directors. No suspicious transaction has been found.

Related - party transaction policy

The Company's has not established specific related transaction policies because companies under the group are independently managed and are free to make decisions on their own. The Company would trade with any local or foreign company offering better prices, quality and conditions.

The Parent Company, Subsidiaries and Associated Companies are not registered on overseas Stock Exchange Markets. The relationship between the Parent Company, Subsidiaries and Associated Companies is as follows.

Muramoto Industry Co., Ltd. (Parent Company)

Nature of Business	: Manufactures Press part, Plastic parts, Dies, Mold and Procurement of Electronics Parts for Group Companies.		
Established	: 1935		
Headquarter Location	: Kobe, Japan		
Registered Capital	: 160 Million Yen		
Paid-up Capital	: 80 Million Yen		
Major Shareholders	: Muramoto Indusdtry Shareholders' Association Made up of Director 66.32%, Muramoto Family 12.80%, Hajime Suda 5.84%, Bank of Tokyo-Mitsubishi UFJ 4.79%, Other 10.25%		
The Board of Directors	: Mr. Yoichi Muramoto-Director Mr. Tadashi Muramoto-Director Mr. Shinichiro Yamamoto-Director Mr. Yoshiyuki Muramoto-Director Mr. Shuji Muramoto-Director Mr. Shigeru Takamatsu-Director		
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: Holds 71.33% of shares in Muramoto Electron (Thailand) PLC.		
Business relations with Muramoto Electron (Thailand) PLC.	: Muramoto Industry Co., Ltd. (Japan) has signed contract to provide assistance in technology and business development with Muramoto Electron (Thailand) PLC. In addition, Muramoto Electron (Thailand) PLC. purchases materials and other parts from Muramoto Industry Co., Ltd. (Japan) who, in return, purchases parts manufactured by and from Muramoto Electron (Thailand) PLC.		
Trade Value with Muramoto Electron (Thailand) PLC.	: 1 Oct. 15 - 30 Sep. 16 Purchase Value : 219.4 Million Baht Selling Value : 443.7 Million Baht 1 Oct. 16 - 30 Sep. 17 Purchase Value : 175.5 Million Baht Selling Value : 228.9 Million Baht 1 Oct. 17 - 30 Sep. 18 Purchase Value : 155.1 Million Baht Selling Value : 111.6 Million Baht		
Relations in terms of Financial Support	: Stand surely for Muramoto Electron (Thailand) PLC.		

Muramoto Asia Pte., Ltd. (Associated Company)

Nature of Business	: Import, Export, VMI of electronic parts, Metal Press Parts and Plastic Molding parts		
Established	: 1990		
Headquarter Location	: Singapore		
Registered Capital	: 4 Million Singapore Dollars		
Paid-up Capital	: 3.7 Million Singapore Dollars		
Major Shareholders	: Muramoto Industry Co., Ltd. 100%		
The Board of Directors	: Mr. Yoichi Muramoto-Director Ms. Sharon Wong-Director		
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding		
Business relations with Muramoto Electron (Thailand) PLC.	: METCO sells Keyless entry transmitter to MAP and purchase electrical parts form them and purchase electrical parts from them.		
Trade Value with Muramoto Electron (Thailand) PLC.	: 1 Oct. 15 - 30 Sep. 16 Purchase Value : 1,194.8 Million Baht Selling Value : 2.6 Million Baht 1 Oct. 16 - 30 Sep. 17 Purchase Value : 1,061.6 Million Baht Selling Value : - Million Baht 1 Oct. 17 - 30 Sep. 18 Purchase Value : 981.5 Million Baht Selling Value : - Million Baht		
Relations in terms of Financial Support	: Muramoto Electron (Thailand) PLC. Loan to MAP. Loan balance USD 2 Million.		

Muramoto Audio - Visual Philippines Inc. (Associated Company)

Nature of Business	: Manufactures Car Audio Mechanism, ATM Cassette and Digital Camera Parts					
Established	: 1990					
Headquarter Location	: First Street, Block-A1, Mactan Economic Zone 1, Lapu-Lapu City Cebu, 6015, Philippines					
Registered Capital	: 470 Million Pesos					
Paid-up Capital	: 470 Million Pesos					
Major Shareholders	: Muramoto Industry Co., Ltd. 100%					
The Board of Directors	: Mr. Yoichi Muramoto-Director		Mr. Shuji Muramoto-Director			
	Mr. Kiyoshi Watabe-Director		Mr. Hideyuki Kataoka-Director			
	Mr. Hideshi Ishikawa-Director					
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding					
Business relations with Muramoto Electron (Thailand) PLC.	: METCO sells plastic parts to MAPLE					
Trade Value with Muramoto Electron (Thailand) PLC.	: 1 Oct. 15 - 30 Sep. 16	Purchase Value :	31.3	Million Baht	Selling Value :	- Million Baht
	1 Oct. 16 - 30 Sep. 17	Purchase Value :	28.2	Million Baht	Selling Value :	- Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	22.0	Million Baht	Selling Value :	- Million Baht
Relations in terms of Financial Support	: No mutual financial support.					

Sima Technology Co., Ltd. (Subsidiary)

Nature of Business	: Manufacturing of Pressed Metal Parts, Plating and Assembling for Audio, Computer and Other Electrical Products for Home, Offices, Industrial Use Including Automobiles.			
Established	: 1995			
Headquarter Location	: Amphur Pakthongchai, Nakornratchasima			
Registered Capital	: 300 Million Baht			
Paid-up Capital	: 300 Million Baht			
Major Shareholders	: Muramoto Electron (Thailand) PLC. 99.99%			
The Board of Directors	: Mr. Yoshiyuki Muramoto-Director			

P.T. Muramoto Elektronik Indonesia (Associated Company)

Nature of Business	: Manufactures Complete set of Printer, Printer Mechanism Assembly, Parts of 2 and 4 Wheels Automobile			
Established	: 1995			
Headquarter Location	: Jakarta, Indonesia			
Registered Capital	: 10 Million US Dollars			
Paid-up Capital	: 10 Million US Dollars			
Major Shareholders	: Muramoto Industry Co., Ltd. 99.99%, Other 0.01%			
The Board of Directors	: Mr. Shinichiro Yamamoto-Director Mr. Masaya Hashimoto-Director			
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding			
Business relations with Muramoto Electron (Thailand) PLC.	: -			
Trade Value with Muramoto Electron (Thailand) PLC.	1 Oct. 15 - 30 Sep. 16	Purchase Value :	- Million Baht	Selling Value : - Million Baht
	1 Oct. 16 - 30 Sep. 17	Purchase Value :	1.0 Million Baht	Selling Value : - Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	- Million Baht	Selling Value : - Million Baht
Relations in terms of Financial Support	: No mutual financial support.			

Muramoto Technics (Malaysia) Sdn., Bhd. (Associated Company)

Nature of Business	: Manufactures TV Back Cover, Metal Chassis, Car Safety parts			
Established	: 1996			
Headquarter Location	: Lot 1863 & 1864 Jalan Collage, 43300 Seri Kembangan, Selangor, Malaysia			
Registered Capital	: 10 Million Malaysia Ringgit			
Paid-up Capital	: 5 Million Malaysia Ringgit			
Major Shareholders	: Muramoto Asia Pte., Ltd. 100%,			
The Board of Directors	: Mr. Tadashi Muramoto-Director Mr. Yap Toon Choy-Director			
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding			
Business relations with Muramoto Electron (Thailand) PLC.	: -			
Trade Value with Muramoto Electron (Thailand) PLC.	1 Oct. 15 - 30 Sep. 16	Purchase Value :	- Million Baht	Selling Value : - Million Baht
	1 Oct. 16 - 30 Sep. 17	Purchase Value :	- Million Baht	Selling Value : - Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	- Million Baht	Selling Value : - Million Baht
Relations in terms of Financial Support	: No mutual financial support.			

Muramoto USA Inc. (Associated Company)

Nature of Business	: North American Distributing Agent of group companies for Automotive parts and Electronic parts				
Established	: 1999				
Headquarter Location	: 819 Kuhn Drive, Suite 212, Cula Vista, California, 91914 USA				
Registered Capital	: 15 Million US Dollars				
Paid-up Capital	: 15 Million US Dollars				
Major Shareholders	: Muramoto Industry Co., Ltd. 100%				
The Board of Directors	: Mr. Eiki Kitamura-Director		Mr. Yoichi Muramoto-Director		
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding				
Business relations with Muramoto Electron (Thailand) PLC.	: METCO sells Display car audio unit, press parts and plastic parts to MUI				
Trade Value with Muramoto Electron (Thailand) PLC.	: 1 Oct. 15 - 30 Sep. 16	Purchase Value :	3,073.5 Million Baht	Selling Value :	0.1 Million Baht
	: 1 Oct. 16 - 30 Sep. 17	Purchase Value :	1,842.7 Million Baht	Selling Value :	0.2 Million Baht
	: 1 Oct. 18 - 30 Sep. 18	Purchase Value :	1,052.1 Million Baht	Selling Value :	- Million Baht
Relations in terms of Financial Support	: No mutual financial support.				

Muramoto Manufacturing Europe S.R.O. (Associated Company)

Nature of Business	: Manufactures Indoor, Outdoor Unit Parts for Air Condition, Car Audio, EGR Cooler, and Medical Equipment Assembly						
Established	: 2005						
Headquarter Location	: Zbrak, Czech Republic						
Registered Capital	: 400 Million CZK						
Paid-up Capital	: 400 Million CZK						
Major Shareholders	: Muramoto Industry Co., Ltd. 100%						
The Board of Directors	: Mr. Yoichi Muramoto-Director			Mr. Shigeru Takamatsu-Director			
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding						
Business relations with Muramoto Electron (Thailand) PLC.	: METCO sell Equipment parts to MME						
Trade Value with Muramoto Electron (Thailand) PLC.	: 1 Oct. 15 - 30 Sep. 16	Purchase Value :	3.0	Million Baht	Selling Value :	-	Million Baht
	1 Oct. 16 - 30 Sep. 17	Purchase Value :	-	Million Baht	Selling Value :	-	Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	-	Million Baht	Selling Value :	-	Million Baht
Relations in terms of Financial Support	: No mutual financial support.						

Muramoto Manufacturing De Mexico (Associated Company)

Nature of Business	: Service Company for MUI’s Mexican operation						
Established	: 2006						
Headquarter Location	: Tres Sur No.9071, Ciudad Industrial, Tijuana, B.C.22444, Mexico						
Registered Capital	: 8,000 MXN						
Paid-up Capital	: 8,000 MXN						
Major Shareholders	: Muramoto USA.Inc. 90%, Mr. Yoichi Muramoto 10%						
The Board of Directors	: Mr. Yoichi Muramoto-Director			Mr. Eiki Kitamura-Director			
Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.	: No mutual shareholding						
Business relations with Muramoto Electron (Thailand) PLC.	: -						
Trade Value with Muramoto Electron (Thailand) PLC.	: 1 Oct. 15 - 30 Sep. 16	Purchase Value :	-	Million Baht	Selling Value :	-	Million Baht
	1 Oct. 16 - 30 Sep. 17	Purchase Value :	-	Million Baht	Selling Value :	-	Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	-	Million Baht	Selling Value :	-	Million Baht
Relations in terms of Financial Support	: No mutual financial support.						



SHAREHOLDERS

List of 12 major shareholders, as of December 11, 2018

Ref.	Name	No. of Shares held	Percent of Shares
1	MURAMOTO INDUSTRY CO., LTD.	14,907,420	71.334
2	BBHISL NOMINEES LIMITED	1,413,500	6.764
3	MR.CHARUPAT SORSONGSEMKUL	661,100	3.163
4	MR.KENNETH RUDY KAMON	391,500	1.873
5	MR.SUPHACHAI SUTTHIPONGCHAI	234,100	1.120
6	THAI NVDR COMPANY LIMITED	204,503	0.979
7	MR.PETER ERIC DENNIS	196,900	0.942
8	SUMITOMO CORPORATION	192,500	0.921
9	SOJITZ ASIA PTE. LTD.	192,500	0.921
10	MR.PHUVICH PHLADIKANON	120,500	0.577
11	MR.CHAYANTHORN PHLADIKANON	120,500	0.577
12	MR.NIVET HEMWACHIRAWARAKORN	120,000	0.574

Remark : Muramoto Industry Co., Ltd. is manufacturer and exporter of Appliance and Electronics parts and Metal Mold in Japan

Payment for Key Management Person

Level of Executive	Number of Executive	Total Salary (Baht)	Other Remuneration	Total
Director	5	2,833,200	8,369,549	11,202,749
Audit Committee	3	1,020,000		1,020,000
Director Sub-total		3,853,200	8,369,549	12,222,749
General Manager	5	4,232,748	9,497,549	13,730,084
Management Leader	5	4,860,900	17,339,002	22,199,902
Sub-total		9,093,648	26,836,338	35,929,986
Grand Total		12,946,848	35,205,887	48,152,735

Remuneration for Directors and Executives

Details of the compensation for Directors and Executives has been provided in the 56-1 form, and in the section of Shareholders-Payment for Directors and Top Executives' in the 56-2 form.

Compensation to the Auditors

1. Payment to Auditors or Audit fee

The Company and its subsidiary paid the audit fee to :

- METCO 3.250 Million Baht
- SIMA 1.030 Million Baht
- The Office of the Auditors to which the auditors belong, the total amount of Million Baht 4.280 in the past year end closing of the accounts.

2. Other service fee or (Non-Audit fee)

- The Company is not liable to compensate the company which the auditor works for, and does not have any liability regarding any unsettled agreement conducted within the past fiscal year.
- The Subsidiary Company has already made a payment of Baht 0.27 million to the company which the auditor works for. The payment was to cover service fee for advice on how to comply with the BOI promotional privileges. The subsidiary company does not have any other liability regarding any unsettled agreement conducted with in the past fiscal year.

Divident Payment Policy

The Company has a dividends policy at least 30% on its net profit on annual basis, after deduct all kind of legal reserved, except for cases when the Company needs more fund for business expansion or other significant activities.

	2017/2018	2016/2017	2015/2016	2014/2015
Net profit (Baht) / (Loss)	199,903,944	182,517,897	420,413,272	686,924,626
Earning per share (Weighted average number)	9.53	8.73	20.12	32.87
Dividend (Pay in next year)	271,675,300	167,184,800	292,573,400	376,165,800
Dividend per share	13.00	8.00	14.00	18.00
Pay Out Ratio	136.46%	91.60%	69.59%	54.76%



MANAGEMENT

Management Structure

Muramoto Electron (Thailand) Public Company Limited has the Board of Directors, the Board of Executives and 5 sub-committees.

1. The Company's Board of Directors

The Board of Directors of Muramoto Electron (Thailand) Public Company Limited has a range of duties and responsibilities to carry out. This includes the Company's activities in accordance with governing acts, the objectives of the Company, the Articles of Association and the resolutions of the ordinary meeting of shareholders. Additionally, the Board of Directors shall carry out, or cause to be carried out, the matters described in Memorandum of Association.

The Directors authorized to sign on behalf of the Company are Mr. Yoichi Muramoto, or Mr. Yoshiyuki Muramoto, or Mr. Ichiro Nishimura either of these can sign a document and affix the Company's seal.

An Independent Director is a director who is not an Executive Director in the Company and is not related in any way with the day-to-day operation of the company and is not a major shareholder.

The Board of Directors of the Company comprises 7 Directors as follow :

1. Mr. Yoichi Muramoto

Position Chairman/President, Authorized Director

Nationality	Age	Shareholding*	Resume
Japanese	61	0 (0.00%)	<p>Education : Okayama University of Science, Japan</p> <p>Date of first appointment : 12 February, 2010</p> <p>Number of years as the director : 8 years 10 months</p> <p>Number of terms as the director : 4 terms</p> <p>Work Resume : 2010 - Present : Chairman/President of Muramoto Electron (Thailand) PLC</p> <p>Position as the director in other companies :</p> <p>Listed Company : None</p> <p>Non listed Company : Director of Sima Technology Co., Ltd.</p> <p>President of Muramoto Industry Company Limited (Japan)</p> <p>Chairman of Muramoto Audio-Visual Philippines Inc.</p> <p>President of Muramoto USA Inc.</p> <p>Director of Muramoto Sumitronics USA LLC</p> <p>President of Muramoto Asia Pte Ltd. (Singapore)</p> <p>President of Muramoto Manufacturing De Mexico (Mexico) (Associated Company).</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

2. Mr. Yoshiyuki Muramoto

Position Vice President, Authorized Director

Nationality	Age	Shareholding*	Resume
Japanese	54	0 (0.00%)	<p>Education : Administration Engineering, Fukuoka Institute of Technology, Japan</p> <p>Date of first appointment : 12 March, 2001</p> <p>Number of years as the director : 17 years 9 months</p> <p>Number of terms as the director : 7 terms</p> <p>Work Resume : 2009 - Present : Vice President of Muramoto Electron (Thailand) PLC</p> <p>Position as the director in other companies :</p> <p>Listed Company : None</p> <p>Non listed Company : President of Sima Technology Co., Ltd. Managing Director of Muramoto Industry Company Limited (Japan)</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

3. Mr. Tatsuya Awazu

Position Director

Nationality	Age	Shareholding*	Resume
Japanese	56	0 (0.00%)	<p>Education : Akashi Commercial Senior High School, Japan</p> <p>Date of first appointment : 24 November, 2017</p> <p>Number of years as the director : 1 year 1 month</p> <p>Number of terms as the director : 1 term (First term)</p> <p>Work Resume : Present : General Manager of Production 2,3 Muramoto Electron (Thailand) Public Company Limited</p> <p>Position as the director in other companies :</p> <p>Listed Company : None</p> <p>Non listed Company : Formal : Mecha Assembly Unit Leader, Muramoto Electron (Thailand) Public Company Limited Mechanism Production Section, Muramoto Industry Co.,Ltd. Production control Section, Muramoto Industry Co.,Ltd. Chief of Quality Control of In-house Deck Production, Muramoto Industry Co.,Ltd.</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

4. Mr. Ichiro Nishimura

Position Authorized Director

Nationality	Age	Shareholding*	Resume
Japanese	57	0 (0.00%)	<p>Education : Bachelor of Business Administration, Meiji University in Japan Business Administration, University of Leicester in UK</p> <p>Date of first appointment : 14 May, 2014</p> <p>Number of years as the director : 4 years 7 months</p> <p>Number of terms as the director : 2 terms</p> <p>Work Resume : Present : Director of Muramoto Electron (Thailand) PLC 2012 - Present : General Manager in Admin Division of Muramoto Electron (Thailand) PLC 1999 - 2002 : Senior Administrative Manager of Sato Kogyo Co.,Ltd. Singapore Branch</p> <p>Position as the director in other companies : Listed Company : None Non listed Company : None</p> <p>Training : Director Accreditation Program (DAP)</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

5. Prof. Paichitr Rojanavanich

Position Independent Director, Audit Committee member

Nationality	Age	Shareholding*	Resume
Thai	90	0 (0.00%)	<p>Education : Thammasat University University of Pennsylvania, USA.</p> <p>Date of first appointment : 28 July, 1992</p> <p>Number of years as the director : 26 years 5 months (over 9 years)</p> <p>Number of terms as the director : 10 terms</p> <p>Work Resume : 1992 - Present : Director (Independent) of Muramoto Electron (Thailand) Public Company Limited, Certified Public Accountant</p> <p>Position as the director in other companies : Listed Company : Independent director of MBK Public Company Limited Non listed Company : Former Deputy Director General, Customs and Revenue Department Former Deputy Permanent Secretary, Ministry of Finance Former Director General, Treasury Department Former Director General, Excise Department Former Chairman ASEAN Finance & Banking Committee</p> <p>Training : Director Certification Program (DCP)</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

6. Mr. Wanchai Umpungart

Position Independent Director, Audit Committee member

Nationality	Age	Shareholding*	Resume
Thai	71	0 (0.00%)	<p>Education : Faculty of Commerce and Accountancy of Chulalongkorn University Sasin Graduate Institute of Business Administration of Chulalongkorn University</p> <p>Date of first appointment : 13 September, 2002</p> <p>Number of years as the director : 16 years 3 months (over 9 years)</p> <p>Number of terms as the director : 6 terms</p> <p>Work Resume : 2002 - Present : Director (Independent) of Muramoto Electron (Thailand) Public Company Limited</p> <p>Position as the director in other companies :</p> <p>Listed Company : Independent Director of Saha Pathanapibul Public Company Limited Audit Committee - OCC Public Company Limited President of Lohakit Metal Public Company Limited</p> <p>Non listed Company : None</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

7. Mr. Nop Rojanavanich

Position Independent Director, Audit Committee Member

Nationality	Age	Shareholding*	Resume
Thai	63	7,000 (0.0335%)	<p>Education : Kasetsart University West Virginia University, USA Chulalongkorn University</p> <p>Date of first appointment : 25 November, 2005</p> <p>Number of years as the director : 13 years 1 months (over 9 years)</p> <p>Number of terms as the director : 5 terms</p> <p>Work Resume : 2005 - Present : Director (Independent) of Muramoto Electron (Thailand) Public Company Limited</p> <p>Position as the director in other companies :</p> <p>Listed Company : None</p> <p>Non listed Company : Project advisor at Ministry of Foreign Affairs Director Chaopraya Terminal International Co., Ltd. Director Khan Jean Co., Ltd. Inspector General Public Work and Country & Town Planning Department Consulting Engineer & High Rise Building Inspector</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

8. Ms. Nareenard Prasertpong

Position Accounting Manager, Company Secretary

Nationality	Age	Shareholding*	Resume
Thai	53	0 (0.00%)	<p>Education : BA. in Accounting, Chiang Mai University</p> <p>Work Resume : Present : Accounting & Finance Manager of Muramoto Electron (Thailand) Public Company Limited</p> <p>2000 - 2007 : Siam Daikin Sales Co., Ltd.</p> <p>1997 - 2000 : Microwave Technology Corporation Co., Ltd.</p> <p>1988 - 1997 : MINEBEA Thai Co., Ltd.</p> <p><i>Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.</i></p>

Directors and authorized management of Muramoto Electron (Thailand) Public Company Limited who are Directors of Sima Technology Co., Ltd., the only subsidiary of the Muramoto Electron (Thailand) Public Company Limited, are described below :

Name	Muramoto Electron (Thailand) PLC.	Sima Technology Co., Ltd. (Subsidiary)
1. Mr. Yoichi Muramoto	Chairman / President	Director
2. Mr. Yoshiyuki Muramoto	Vice President	President

The list of the committee of Sima Technology Co.,Ltd., (the only subsidiary of Muramoto Electron (Thailand) Public Company Limited) is explained as follows :

Name	1. Mr. Yoshiyuki Muramoto	2. Mr. Yoichi Muramoto	3. Mr. Kazunobu Kawabe
Position	President	Director	Director

The Directors authorized to sign on behalf of the Sima Technology Co., Ltd. are Mr. Yoshiyuki Muramoto or Mr. Yoichi Muramoto

Qualification of Director

The Company has criteria used in selecting a new director. Any person who serves as a director of the Company shall meet the following qualifications.

- 1) To have no prohibited characteristics as specified in the laws relating to public limited company and notification of the Securities and Exchange Commission.
- 2) To have knowledge, skill, education, experience and expertise suitable and appropriate for the Board composition and contribution to the Company's objectives and strategies.
- 3) To be able to make him/herself dedicated to all the duties as assigned, especially to manage his/her time for participating in all the Board Meetings and the Shareholders' Meetings in order to make key decisions.
- 4) To have ethics, honesty, trustworthiness, moral and any other features required by laws and other related regulations.
- 5) To have other qualifications that the Board may later consider appropriate or are required by laws and regulations.

Note : None of the present Directors of the Company Board has been a former employee or partner of the current external Auditor of the Company in the past two years.

Qualification of Independent Director

Qualifications of Independent Director have been established according to the requirement of the Securities and Exchange Commission as follows :

An Independent Director must :

- 1) Not hold shares more than 1% of the total shares with voting rights of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company. In any respect, shareholding of people who have connection with him/her shall be counted.
- 2) Neither be, nor have been, an executive director, an officer, an employee or a consultant being paid a fixed salary by or having control authority of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, with the exception of being discharged from above-mentioned characteristics not less than 2 years before becoming an independent director of the Company.
- 3) Neither be a person who has relationship by blood or legal registration as father, mother, spouse, sibling and child, nor be spouse of child of a director, an executive, a major shareholder, a controlling person or other person who will be nominated as an executive or controlling person of the Company and its subsidiary.
- 4) Neither have, nor used to have, business relationship with the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company in the manner which may interfere with his/her independent judgement, and neither be, nor have been, a major shareholder or a controlling person of a person who has such a business relationship with the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, with the exception of being discharged from above-mentioned characteristics not less than 2 years before becoming an independent director of the Company. Such a business relationship includes normal business transactions, rent or lease of fixed assets, financial assistance, loan granting or receiving, guarantee, or other related transactions which result in the Company or its contractual party being subject to the liability to pay the other party in the amount of 3% or more of the net tangible assets of the Company or 20 million bath or more, whichever is lower.
- 5) Neither be, nor have been, an auditor of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, and neither be, nor have been, a major shareholder, a controlling person or a partner of the auditing firm which employs auditors of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, with the exception of being discharged from above-mentioned characteristics not less than 2 years before becoming an independent director of the Company.

6) Neither be, nor have been, a provider for professional services including a legal or financial consulting who receives an annual fee exceeding 2 million baht from the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder, or a controlling person of the Company, and neither be, nor have been, a major shareholder, a controlling person of such a professional service provider, with the exception of being discharged from above-mentioned characteristics not less than 2 years from becoming an independent director of the Company.

7) Not be a director who has been appointed as a representative of the Company's Director, a major shareholder or any other shareholder related to the major shareholder.

8) Not conduct any business of the same nature as the Company's or its subsidiaries', and neither be a business partner, an executive director, a paid employee of other company which has same business and competes with the Company or its subsidiary, nor be a shareholder holding more than 1% of voting share of such a company.

9) Not have any other characteristics which unable him/her to express independent opinion regarding the Company's business operations.

Term of Independent Director

The Board of Directors has policy that an independent director may not be considered to remain independent after he/she has completed 3 consecutive term to total 9 years. In this regard the Board of Director will consider the independency of such director every year thereafter.

Service on Other Boards

In order to ensure proper attention and appropriate time allocation in carrying out the responsibilities of the top management of the Company, the Board of Directors has a policy that the any Director of the Board is not permitted to be a director of more than five other listed company excluding the parent company, subsidiaries and associated companies.

Process Followed in Appointing New Directors

The appointment of Directors of the Company must be approved by the shareholders' meeting. A list of candidates qualified to be Directors of the Company is proposed for appointment at the shareholders' meeting by the Board of Directors. The selection is to proceed as follows :

- 1) Each shareholder has a number of votes equal to the number of shares he holds.
- 2) Each shareholder may use the total number of votes he has to elect one or more Directors, but may not divide his votes into portions among two or more candidates.
- 3) The candidates who receive the most votes are considered to be elected as Directors, in the order of most votes received to least, up to the number of Directors to be elected at that time. If two or more candidates receive the same number of votes for the final position available, the Chairman of the meeting makes the decision on which candidates are to be chosen.

Orientation for New Directors

The Company provides newly appointed Director with an orientation program covering the nature of business, vision, mission, policies, rules and regulations of the Company as well as the roles and responsibilities of the Board of Directors.

Director's Training

The Company has a policy of encouraging Director of the Board to attend continuous and professional training programs organized internally in the Company or externally by various institutions such as SET, SEC, IOD or the audit firm.

In 2018 the Company dispatched one Director of the Board to IFRS SEMINAR by KPMG.

2. Audit Committee

The Audit Committee of the Company consists of three Independent Directors as follows ;

1. Prof. Paichitr Rojanavanich Chairman of the Audit Committee
2. Mr. Wanchai Umpungart Audit Committee member
3. Mr. Nop Rojanavanich Audit Committee member

Mrs. Wongtipa Bunnag is the Secretary of the Audit Committee.

**Remark : Prof. Paichitr Rojanavanich resigned from BOD. Effective Date November 30, 2018*

The Audit Committee of the Company has the scope of duties and responsibilities to the Board of Director on the following matters :

1) To audit and ensure the accuracy and adequate disclosure of information in the Company's financial report. To coordinate with the external auditors and the management responsible for arranging both quarterly and annual financial reports. The Committee may recommend that the auditors audit or inspect any items as necessary and significant during the Company audit.

2) To audit and ensure the appropriateness and efficiency of the systems for internal control as well as the internal audit. To audit the effectiveness as well as the adequacy of the risk management procedure, consider the independence of the Internal Audit Department, and approve the appointment, transfer, or termination of the chief executive of the Internal Audit Department, or other related departments, responsible for the internal audit.

3) To audit and ensure the Company's compliance with laws relevant to the securities and the Stock Exchange, the regulations of the Stock Exchange, and company business laws.

4) To consider, select, and propose the appointment of an independent external auditor for the Company's financial report as well as propose the compensation for such auditor, and attend a meeting with the auditors, but without the management, at least once a year. Nevertheless, the reliability and adequacy of the available resources, the experience profiles of the audit firm, and the professional experience of the auditor assigned for the Company, will be considered prior to submitting the proposal to the Company Board for the appointment at the shareholder's meeting.

5) To consider compliance of the relevant items, or potential items with a conflict of interest with the laws or the regulations of the Stock Exchange, in order to ensure that these are reasonable and reliable for the greatest benefit for the Company.

6) To prepare and disclose the Audit Committee's report in the annual report of the Company signed by the Chairman of the Audit Committee, and containing at least the following information;

6.1 Reliable comments regarding the accuracy and completeness of the Company's financial report.

6.2 Comments regarding the adequacy of the Company's internal control systems.

6.3 Comments concerning compliance with laws relevant to the securities and the Stock Exchange, the regulations of the Stock Exchange, and company business laws.

6.4 Comments concerning the auditor's suitability.

6.5 Comments regarding potential items with a conflict of interest.

6.6 The number of Audit Committee meetings and the attendance of each member.

6.7 Overall comments or remarks the Audit Committee has received resulting from performance of their duty according to the charter.

6.8 Other items the shareholders and the investors should be aware of that are within the scope of the Company's Board assigned duty and responsibility.

7) Other activities the Company's Board assigns with the Audit Committee's consent.

Meetings of the committee are held regularly. 4 meetings were held in the year 2017/2018. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting (details of their responsibilities are given in the section of the Management - the Audit Committee in the 56-1 and 56-2 forms).

The attendance of each Director is as follows :

Audit Committee Member	Meetings attended
1. Prof. Paichitr Rojanavanich	4/4
2. Mr. Wanchai Umpungart	4/4
3. Mr. Nop Rojanavanich	4/4

Internal Controls

The Audit Committee has appraised the internal audit control system and operations of the Company. The Audit Committee concluded that there is no significant mistake in the internal audit control system, which would affect the financial statements of the Company.

For the internal audit control system of the accounting section, the Auditor of the Muramoto Electron (Thailand) Public Company Limited has studied and appraised the efficiency of the internal audit control system of the accounting section. The Auditor found no significant weak point in the internal audit control system of the accounting section.

Internal Audit (I/A) Operation

The Company has the Internal Audit Department to supervise financial and operational activities. These ensure that these activities are conducted to achieve company objectives with the regulations specified by the Company and applicable laws. The Internal Audit Department is given total independence to conduct their duties, and they report directly to the Audit Committee. The system of internal control and supervision is ascertained and evaluated on a regular basis by an authorized auditor. So far, no significant mistake has been found in any operation process of the Company and every procedure is being carried out efficiently as planned.

The Audit Committee has appointed Ms. Darunee Chang to the head of the Internal Audit Department.

Combination and Separation of Positions

Over one-third of the Board of Directors are Independent Directors. This allows for visionary direction and well-balanced authority and supervision in the Company.

3. Board of Executives

As of 30 Sep. 2018 The Board of Executives of Muramoto Electron (Thailand) Public Company Limited consists of the following persons :

Name	Position	Shareholding*
1. Mr. Yoichi Muramoto	President / GM of Business Promotion	0 (0.00%)
2. Mr. Yoshiyuki Muramoto	Vice President	0 (0.00%)
3. Mr. Shigeru Takamatsu	GM of Production 1	0 (0.00%)
4. Mr. Tatsuya Awazu	GM of Production 2 & 3	0 (0.00%)
5. Mr. Yuji Kanke	GM of Quality Assurance	0 (0.00%)
6. Mr. Ichiro Nishimura	GM of Administration	0 (0.00%)

Note : *As of 30 Sep.2018 including shareholding by spouse and/or non-adult child.

Roles and Responsibilities of Board of Executive

The Board of Executives of the Company are to perform the following responsibilities.

1. Plan, and steer the Company to achieve the set goals. The goals are to be under the law, the regulations of the Company and the agreements of the Board of Directors.
2. Establish the Company's policies for financial management, import and export management, as well as local and international marketing.
3. Supervise the Company's overall production to ensure quality products that meet the needs of the market.
4. Take care of other responsibilities as assigned by the Board of Directors.

Note : None of the present member of the Board of Executives of the Company has been a former employee or partner of the current external Auditor of the Company in the past two years.

4. Good Corporate Governance Committee

The Good Corporate Governance Committee of Muramoto Electron (Thailand) Public Company Limited consists of the following persons :

Name	Position	Shareholding* (As of 30 Sep. 2018)
1. Mr. Yoichi Muramoto	Chairman of the Good Corporate Governance Committee	0 (0.00%)*
2. Prof. Paichitr Rojanavanich	Good Corporate Governance Committee member	0 (0.00%)*
3. Mr. Wanchai Umpungart	Good Corporate Governance Committee member	0 (0.00%)*
4. Mr. Nop Rojanavanich	Good Corporate Governance Committee member	7,000 (0.0335%)**
5. Mr. Yoshiyuki Muramoto	Good Corporate Governance Committee member	0 (0.00%)*
6. Mr. Ichiro Nishimura	Good Corporate Governance Committee member	0 (0.00%)*
7. Mr. Tatsuya Awazu	Good Corporate Governance Committee member	0 (0.00%)*
8. Mr. Masao Hamaguchi	Good Corporate Governance Committee member	0 (0.00%)*

Note : *Including shareholding by spouse and/or non-adult child.

**Excluding shareholding by spouse and/or non-adult child which is none

Charter

The Board of Directors shall realise, place importance on, and ensure good corporate governance in terms of the operations in compliance with Good Governance Practices and the relevant laws and according to the Securities Exchange of Thailand's guidelines.

Therefore, the Board of Directors has approved appointment of the Good Corporate Governance Committee with the following scope, authority and functions.

- 1) To propose the Good Corporate Governance Guidelines to the Board of Directors.
- 2) To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practice and the Securities Exchange of Thailand's Good Corporate Governance Practices, as well as international practices.
- 3) To consider, review, and revise the Good Corporate Governance Policy consistently at least once a year in line with the international guidelines and recommendations of the Good Corporate Governance Development & Alliance Department, the Securities Exchange of Thailand, and the relevant governmental offices.
- 4) To report to Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate.
- 5) To hold meetings of the Good Corporate Governance Committee as necessary and appropriate at least twice a year and report the results of the meetings to the Board of Directors.
- 6) To prepare a summary report on the performance and corporate governance of the Good Corporate Governance Committee which will be included in the Annual Report of the Company.
- 7) To perform any other duties assigned by the Board of Directors.

Meetings of the committee are held regularly. 2 meeting were held in the year 2017/2018. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting. The attendance of each Director is as follows :

Good Corporate Governance Committee Member	Meeting attended
1. Mr. Yoichi Muramoto	2/2
2. Prof. Paichitr Rojanavanich	2/2
3. Mr. Wanchai Umpungart	2/2
4. Mr. Nop Rojanavanich	2/2
5. Mr. Yoshiyuki Muramoto	2/2
6. Mr. Ichiro Nishimura	2/2
7. Mr. Tatsuya Awazu	2/2
8. Mr. Masao Hamaguchi	2/2

5. Nomination Committee

The Nomination Committee was established in accordance with the resolution of the Board of Directors as of 30 Sep, 2018. it consisting of four directors as follows ;

Name	Position	Shareholding* (As of 30 Sep. 2018)
1. Prof. Paichitr Rojanavanich	Chairman of the Nomination Committee	0 (0.00%)*
2. Mr. Wanchai Umpungart	Nomination Committee member	0 (0.00%)*
3. Mr. Nop Rojanavanich	Nomination Committee member	7,000 (0.0335%)**
4. Mr. Ichiro Nishimura	Nomination Committee member	0 (0.00%)*

Note : *Including shareholding by spouse and/or non-adult child.

**EXcluding shareholding by spouse and/or non-adult child which is none

The Nomination Committee of the Company has the scope of duties and responsibilities to the Board of Directors on the following matters :

- 1) To consider and propose the criteria for selecting a director and specifying the qualifications of any person to be nominated for a directorship as well as stipulating the nomination process.
 - 2) To review annually the size and composition of the Board of Directors and to recommend any proposed changes.
 - 3) To nominate suitable candidates for the Company's directorships and propose them to the Board of Directors in order to seek an approval at shareholders' meeting.
 - 4) To provide minority shareholders with an opportunity to propose qualified persons for selection as directors, by providing advanced notice to allow sufficient time prior to the shareholders' meeting being held and manage such a mechanism accordingly.
 - 5) To perform other tasks as designated by the Board of Directors.
- The Committee could use, as deemed necessary, a professional search firm for new director recruitment.

Meetings of the committee are held regularly. 2 meeting were held in the year 2017/2018. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting. The attendance of each Director is as follows :

The Nomination Committee Member	Meeting attended
1. Prof.Paichitr Rojanavanich	2/2
2. Mr. Wanchai Umpungart	2/2
3. Mr. Nop Rojanavanich	2/2
4. Mr. Ichiro Nishimura	2/2

6. Remuneration Committee

The Remuneration Committee was established in accordance with the resolution of the Board of Directors as of 30 Sep, 2018. it consists of four directors as follows ;

Name	Position	Shareholding* (As of 30 Sep. 2018)
1. Mr. Yoichi Muramoto	Chairman of the Remuneration Committee	0 (0.00%)**
2. Mr. Yoshiyuki Muramoto	Remuneration Committee member	0 (0.00%)**
3. Mr. Taichi Ishikawa*	Remuneration Committee member	0 (0.00%)**
4. Mr. Ichiro Nishimura	Remuneration Committee member	0 (0.00%)**

Note : * Mr. Taichi Ishikawa resigned as the director as at 8 feb. 2018.

**Including shareholding by spouse and/or non-adult child.

The Remuneration Committee of the Company has the scope of duties and responsibilities to the Board of Directors on the following matters :

- 1) To prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and President to be proposed to the Board of Directors and/or shareholders' meetings for approval.
- 2) To consider and propose remuneration for Directors and President to the Board of Directors in order to seek an approval at a shareholders' meeting.
- 3) To consider and propose the performance evaluation of the Board of Directors and President and conduct such an evaluation system.
- 4) To perform other tasks as designated by the Board of Directors.

Meetings of the committee are held regularly. 2 meeting were held in the year 2017/2018. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting. The attendance of each Director is as follows :

Remuneration Committee Member	Meeting attended
1. Mr. Yoichi Muramoto	2/2
2. Mr. Yoshiyuki Muramoto	2/2
3. Mr. Taichi Ishikawa*	0/2
4. Mr. Ichiro Nishimura	2/2

Note : * Mr. Taichi Ishikawa resigned as the director as at 8 feb. 2018.

7. The Risk Management Committee

The Risk Management Committee was established in accordance with the resolution of the Board of Directors as of 30 Sep, 2018 it consisting of three directors as follows ;

Name	Position	Shareholding* (As of 30 Sep. 2018)
1. Mr. Yoshiyuki Muramoto	Chairman of the Risk Management Committee	0 (0.00%)**
2. Mr. Taichi Ishikawa*	Risk Management Committee member	0 (0.00%)**
3. Mr. Tatsuya Awazu	Risk Management Committee member	0 (0.00%)**

Note : * Mr. Taichi Ishikawa resigned as the director as at 8 feb. 2018.

**Including shareholding by spouse and/or non-adult child.

The Risk Management Committee of the Company has the scope of duties and responsibilities to the Board of Directors on the following matters:

- 1) To analyze and evaluate incurred or possibly incurred risks continuously and annually.
- 2) To develop and review risk management policies to keep risk at an acceptable level.
- 3) To establish risk management procedures according to the risk management policies and delegate the risk management to respective managers.
- 4) To review the effectiveness of the risk management procedures.
- 5) To report to the Board of Directors up-dated situation of the risk management and progress of the risk management procedures together with results.

Meeting of the committee was held in the year 2017/2018. The minutes of the meeting was taken in detail and was submitted to the Board of Directors after the meeting. The attendance of each Director is as follows :

Risk Management Committee Member	Meeting attended
1. Mr. Yoshiyuki Muramoto	1/1
2. Mr. Taichi Ishikawa*	0/1
3. Mr. Tatsuya Awazu	1/1

Note : * Mr. Taichi Ishikawa resigned as the director as at 8 feb. 2018.

Performance Assessment

Performance Assessment of the Board of Directors

The Board of Directors conducts the annual self-assessment of the Board's overall performance covering the following 6 topics;

- 1) Structure and qualifications of the Board
- 2) Roles, duties and responsibilities of the Board
- 3) Board meetings
- 4) Board performance
- 5) Relationship with management
- 6) Self-improvement of Directors and Executive development.

In addition, each Director of the Board conducts the annual self-assessment on an individual basis covering the following 2 items ;

- 1) Knowledge and understanding of being a director
- 2) Performance of director

The Company Secretary will distribute an evaluation form to all Directors for both of the above-mentioned self-assessments. The completed form will be summarized and reported to the Board of Directors.

Performance Assessment of the Sub-Committees

The Board of Directors conducts the annual assessment of sub-committees.

Performance Assessment of the President

The Board of Directors conducts the annual assessment of the President following the guideline set by the Stock Exchange of Thailand (SET). The topics covered in the assessment are as follows :

- a. Leadership
- b. Strategic planning
- c. Strategic execution
- d. Financial planning/performance
- e. Relationship with Board of Directors
- f. External relations
- g. Human resources management/relations
- h. Succession planning
- i. Product/services knowledge

Personnel

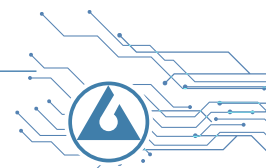
As of September 30, 2018 Muramoto Electron (Thailand) Public Company Limited has a total of 4,583 employees which can be separated into :

	Ramindhra Factory	Bangna-Trat Factory	Saothong Factory	Total
Office staff	25	63	13	101
Factory staff	280	2,147	2,012	4,439
Japanese staff	5	29	9	43
Total	310	2,239	2,034	4,583

Total remuneration for staff of the Muramoto Electron (Thailand) Public Company Limited in the fiscal year ended September 30, 2018 is as follows :

Wages and Salary	794,419,144	Baht
Contribution to defined contribution plans	10,443,972	Baht
Other benefits / Social security fund	581,230,026	Baht
Total	1,386,093,142	Baht

The Company emphasizes human resources development, which is considered the main factor in the Company's success. Many employees are trained both in Thailand and abroad i.e. Japan. Moreover the Company also has support from the headquarter in recruiting and sending specialists in order to train staff for the new technology of the Company.



Good Corporate Governance Policy

The Board of Directors of the Company is diligent in performing their duties. Firstly, accounting to the law, secondly, according to the aims and rules of the Company, and thirdly, to the satisfaction of the shareholders.

The Board is also involved in determining future direction and controlling and supervising the Company so that it is managed efficiently.

The Board ensures that Company's operation is according to prescribed policies and to the principles of good corporate governance set by the Stock Exchange of Thailand.

Therefore, the Board of Directors has established the Good Corporate Governance Policy that all the Company's Directors, Executives, and employees shall use as the working guidelines.

The content covers five categories as follows :

1. Rights of shareholders
2. Equitable treatment of shareholders
3. Role of stakeholders
4. Disclosure and transparency
5. Board responsibilities

1) Understand and respect the shareholders' right of ownership, for example, trading or transferring shares, receiving profit share from the Company, receiving sufficient information from the Company, attending the shareholders' meetings to vote appointing and demoting the Directors, appointing the auditors, and any matters affecting the Company, such as allocating dividends, stipulating or revising the Articles of Association and Memorandum of Association, decreasing or increasing the capital, and approving special matters, etc.

2) Treat the shareholders equally and fairly, i.e. give the minority shareholders the chance to nominate the Directors in advance with a reasonable time, give absent shareholders the chance to exercise their right to attend the meetings and vote by proxyholders, and give minority shareholders the chance to propose additional agenda items prior to the shareholders' meetings, etc.

3) Take action to prevent the Directors and Executives from using internal information for the benefit of themselves or others falsely in such a way that shall take advantage of the other shareholders, such as by insider trading, or disclosing internal information to any parties related to the Directors and Executives, which is considered as taking advantage, or that may cause damage to the overall shareholders, etc.

4) Take action to allow the Directors and Executives of the Company to disclose information on their and related parties' interests, so that the Board of Directors can consider any transactions of the Company that may have a conflict of interest, and can decide accordingly for the Company's overall benefit. However, the Directors and Executives who have an interest in the Company's transactions shall not be involved in making decisions on such transactions.

5) Take action by considering all groups of stakeholders in compliance with the law or agreements made with the Company, including the shareholders, customer, business partners, business competitors, creditors, community and society, without being influenced by personal needs, family, relatives, or other parties known personally.

- 6) Operate the business by emphasizing the importance of credibility and honesty; the Directors and Executives shall perform their tasks and treat the Company and all groups of stakeholders in an honest, transparent, and fair manner.
- 7) Avoid transactions involving themselves/related juristic persons that may cause a conflict of interest with the Company.
- 8) Take action to provide channels and procedures for all groups of stakeholders to report or submit a complaint regarding illegal actions, correctness of the financial reports, impaired internal control system, or unethical matters, to the Board of Directors, together with a protection mechanism of the whistleblowers' right.
- 9) Take action regarding social responsibility, especially any direct impact on the business by considering the environmental and social factors for sustainable development.
- 10) Take action regarding the disclosure of data and information in a correct and timely manner, so that the stakeholders can obtain the information showing the Company's operating results, financial status, and critical developments, and in accordance with the criteria of the Securities and Exchange Commission (SEC) and the Securities Exchange of Thailand (SET).
- 11) Take action to combat corruption, fraud, intellectual or copyright infringements, and respect the law and human rights.
- 12) Take action to ensure effective internal control systems and compliance procedures.
- 13) The Board of Directors shall control the overall management of the Company to comply with the Good Corporate Governance Policy, namely, Rights of shareholders, Equitable treatment of shareholders, Role of stakeholders, Disclosure and transparency, and Board responsibilities.

Rights of shareholders

The Company recognizes that every shareholder is the owner of the Company and that he/she should be treated fairly and equitably according to all relevant laws and regulations. The Company always respects and protects shareholders' rights.

Rights to attend the shareholders' meeting and vote

The Company holds the Annual General Meeting of Shareholders (AGM) once a year within four months after the end of fiscal year in accordance with the laws, regulations and best practice. In 2018, the Company held AGM (NO.1/2018) on Jan. 26, 2018 At 14:00 pm. at Tulip Room of the Rama Gardens Hotel, No. 9/9 Viphavadeerangsit Road, Bangkhen, Bangkok as follows ;

Before the meeting day :

The Company selected and arranged the above-mentioned meeting venue in order to make it convenient for shareholders to attend the AGM. In addition, the Company used a well-equipped and comfortable room for the AGM in order to facilitate shareholders to ask questions or offer suggestions smoothly and efficiently. The notice of AGM was sent by the Company by posted mail well prior to the meeting date so that the shareholders could have enough time to study and review the details of agendas and related information disclosed in the notice. The notice was prepared in both Thai and English for convenience of foreign shareholders.

On the meeting day :

The AGM was chaired by the Chairman of the Board of Directors. Prior to the discussion of the agenda items, quorum is clearly advised. All of the Directors of the Board, 7 out of 8 (87.5%), attended the meeting which included the Chairman of the Board and the Chairman of the Audit Committee and the President. Since the external auditors also attended the meeting, shareholders could present their opinions, questions, suggestions and recommendations with great expectation of obtaining comments, answers, counter-opinions and discussions from the Executives and experts based on full understanding. The Chairman could conduct the AGM in compliance with all relevant laws, regulations and best practices so that none of shareholder was disturbed or intervened from exercising his/her right as a shareholder.

After the meeting day :

The minutes of the AGM recording all the resolutions established in the meeting was made and appropriately sent to the Stock Exchange of Thailand (SET).

Rights beyond voting right

The Company has provided shareholders with the rights beyond voting right as follows.

- The rights to receive share certificates, to be counted as a shareholder, to sell, buy, transfer shares or to inspect shareholder records ;
- The right to be informed timely and sufficiently by the Company of operating and financial results and management policies etc., and to access the Company for other information like minutes of shareholders' meeting, etc. ;
- The right to receive an equitable dividend ;
- The right to receive an equitable option in the event of share capital increase ;
- The right to attend shareholders' meetings, to present opinion and recommendation on the subjects and vote on decisions concerning major corporate matter such as dividend, appointment or dismissal of the Company Directors and approval of their remuneration, appointment of auditors and approval of their remuneration, etc. ;
- The right to inspect the management of the Board of Directors, such as to inspect the Company books and records through the Company's public filings including annual report, 56-1 report, etc. ;
- The right to obtain a redress or a rectification for any violations of their rights.

In 2018, the Company had no actions that violated the right of shareholders, such as neither prevent nor disturb any shareholder from his/her communication with other shareholders, and neither add nor change any agenda of the shareholders' meeting without notifying shareholders in advance.

Equitable treatment of shareholders

The Company respects and ensures equitable and fair treatment of all shareholders. Whether they are major or minor, of big or small size holding, foreign or domestic, individual or institutional, the Company provides them with equal rights. This equitable treatment policy of the Company includes the principle of "one share, one vote".

Proposing additional agenda and nominate the Directors

In addition, the Company opened for the shareholders to propose additional agenda and to nominate candidate to be a director of the Company in advance. Procedures and details were disclosed on the Company's website during Sep. 20 - Oct. 31, 2018, but none had exercised the rights.

Prevent the use of inside information

The Company has policies and mechanisms for controlling the use of inside information by the Board members and management for their own benefit. For example, giving notice to the management about their duty in reporting the share of the Company that they hold and about indemnity of the Securities and Exchange Act B.E. 2535, also the rules and regulations of the Stock Exchange of Thailand. This includes the forbiddance of the Board members and management in being a partner of holding shares of a company conducting the same business. Moreover, the Board members and management shall not sell or buy the Company's assets or conduct any business with the Company. If there is any benefit from doing any contract of the Company or change in the Company shares held by them, they must notify the Company without delay. In addition, the Company has a policy requiring the Board members and management to notify the Board or its delegate at least one day before they deal in the Company shares. In 2018, there was no trading in the Company's shares by insiders, i.e. Directors and high-rank executives.

Role of stakeholders

The many people who are associated with the Company, all contributed to its overall success to a greater or lesser degree. Their contribution is important and deserving of recognition in ensuring that their rights are given due consideration. Members of this group include creditors, both government and private sectors, also subsidiary companies as well as the Company management, office staff and employees. All of these people contribute to the ultimate success of the Company.

Employees

The Company policy is to retain staff so that optimum product quality standards can be achieved. They are well compensated by the Company for their efforts. The Company's wage payments include the minimum wage, overtime allowance, and other welfare benefits prescribed by law and are in compliance with all legal requirements. Provident fund is one of the key long-term benefit programs to employees that the Company provides to help employees to save a portion of their salary in the event of retirement, disability, sickness or unemployment. Since 2008 the Company has been awarded of "Labour Management Excellence Award" by Ministry of Labor of Thailand. In 2017 the Company received the special award for Ten-Years Continuous Achievement of the Labour Management Excellence award from the Ministry.

Occupational health and safety in the workplace

In addition, the Company consistently and strictly abides with the laws and regulations regarding occupational health and safety, establishes a safe working environment, promotes good health, prevents injuries and diseases caused by working, and guards against dangerous activities by the employees and related parties, such as incidents causing loss of life, property, and the production process.

In order to achieve above-mentioned objectives, the Board of Directors has established the Policy of Safety, Occupational Health and Environment as follows:

Safety, Occupational Health and Environmental Policy

Muramoto Electron (Thailand) Public Company Limited is committed to producing safe, high quality, environment-friendly and socially responsible products to satisfy the valued customer needs by all our employees involved. To achieve this commitment, the company will ;

1. Comply with the safety, occupational health and environmental laws and regulations associated;
2. Promote the good health and prevent occupational injuries and disease, including the risk from employees and all concerned parties activities that may cause a loss of life, property damage and production interruption;
3. Commit and reduce the environmental impact that may occur from the operation, and develop the production process that contributes to environmental protection.

For achieve the goals, Management will communicate to employees to understand and can be practiced under slogan "Produce quality products, Practice with safety, Promote occupational health, Environmentally conscious and Social Responsibility"

The Company has been certified for the Occupational Health and Safety Management Systems in accordance with OHSAS 18001. As the practices based-on the above-mentioned policy and the management systems, the Company is conducting the Annual Plan of Environment and Safety Improvement including the various subjects, for instance :

- (1) Making IFR and ISR in each factory lower than its lowest record in recent ten years
- (2) Providing all the employees applicable with special health check focusing potential risk by 100% in accordance with the relevant laws and regulations, etc.

The statistics of accident and disease in recent three years are shown in the table below. When an accident and/or a disease occurs, a report describing the circumstances is submitted to the management, and steps are taken to identify the cause and implement necessary improvements.

	2018	2017	2016
Small accident (stop working less than 3 days) (case)	1	0	0
Accident (stop working more than 3 days) (case)	0	0	0
ISR (Injury Severity Rate)	0.11	0.00	0.00
Occupational disease (case)	0	0	0

Employee training and development

The Board of Directors has established the Human Resource Development Policy. According to it, the Company offers an employee's development program to enhance knowledge and potential of employees by continuous training, which aimed at ensuring sustainable growth. Throughout 2018, the Company provided employees in all sections with various work- related training programs as follows :

Training course (category)	Number of participants	Number of training hours	%
Core program (Company, communication)	466	2,796	14.3
Leadership/Psychological program	379	2,274	11.6
Productivity/Quality Improvement program	278	1,668	8.5
ISO Standard/other core tool programs	425	4,194	21.5
Safety/Environment law and skill program	378	2,874	14.7
General (orientation, cost, English, PC etc.)	447	3,774	19.3
Supplementary courses	320	1,959	10.0
Total	2,693	19,539	100.0

*The average training hour per employee was 7 hours.

In addition, the Company has developed the Career Path/Promotion Program which provides the compensation to employees beyond short-term financial measures. Through the Career Path/Promotion Program the Human Resources Department is responsible for employee development enhancing their knowledge and potential. In the Career Path/Promotion Program the HR Department sets typical career path courses in the Company, continuously assesses individual performance of employees, provides them with a package of training courses and verifies candidates for promotions. Such activities could bring benefit both to individual employee who is ambitious to his/her own development and promotion and the Company which always requires new talents.

Human rights

The Company gives importance to basic human rights and encourages respect of such rights and liberty without discrimination of nationality, religion, color, age, gender, sexual orientation, race, physical disability, or marital status, as well as allows involvement in political activities. The Company does not allow enforced labor, child labor, and implements preventive measures against brutality, sexual abuse, and physical and mental constraints.

Customers

The Company strives to achieve the customer's utmost satisfaction by offering good quality and safe products and services, and pays close attention to the importance of handling customer's or consumers' complaints promptly. The Company strives to maintain sustainable relationship with customers.

Business competitors

The Company has a policy of running its business with an ethical, fair and transparent manner. The Company will not violate any intellectual property or copyright of competitors, not intentionally damage any competitor's reputation, not search for any confidential information from competitor inappropriately or not be involved in any unfair competition by dumping, persecution or deprivation influence.

Business partners

In order to achieve the very best in raw material supply and to maintain the highest quality standards, the Company makes and keeps equitable agreements with business partners ensuring their loyalty and goodwill towards the Company. The Board of Directors has established the Supplier Management Policy which clarifies the Company's responsibilities to and fair treatment of business partners. The Company promotes, educates, and encourages awareness among business partners of the policy and its practices including selection, registration, assessment and audit of them. Under the renewed Company's regulations, the Purchase Department has prepared new criteria for such selection, registration, assessment and audit. The Company expects to receive goods and services in the constant way, and strives to maintain sustainable relationships with business partners.

Creditors

The Company has a policy of doing business with any creditor in a responsible, honest and fair manner. The Company will strictly comply with terms and conditions of any agreement as well as all applicable laws and regulations. In case of any non-compliance, the Company shall notify the creditor promptly in order to find solutions jointly. The Company will always conduct its business in a sustainable way for gaining creditors' confidence and achieve benefits for both parties.

Community services and development

The Company considers the demands of the community, and encourages its personnel to be partners with relevant local parties near the business premises to develop education, culture, society, and be involved in improving the quality of life in the community. The Company encourages and supports employees participating voluntarily in the community's activities for the public interest.

Conforming to environmental standards

The Company has determined an explicit environmental policy as shown in "Employee" section above and complies with it accordingly. The Company strives to prevent causing pollution, minimizes the possible impact due to business operations, and implements an environmentally friendly production processes. The Company has been certified by the International Standard for Environmental Management Systems or ISO 14001. In addition to that, the Company arranges regular energy and environmental conservation activities, to conserve and maintain the ecosystem and environment of the community, and has an organizational culture among the employees and operators in the Company that emphasizes green culture and sustainable green networks. The Board of Directors has also established the Promotion Policy on Efficient Utilization of Resources. As an outcome of the

policy, the Company has been conducting “CSR Activities” including 3Rs (Reduce, Reuse and Recycle) activities and has been awarded of “CSR-DIW Continuous Award” from Ministry of Industry of Thailand. The Company, since 2016, has been certified for “Green Industry Level 4” by the Ministry as well. The Company is implementing the training program as an essential part of the Company Policy mentioned above, in order to educate employees about the environmental issues and energy conservation, through which it encourages utilizing its resources more efficiently. In 2018 the Company provided employees with more than 200 hours of training concerning the requirements of ISO 14001. The Company has also set-up KPI covering all departments’ activities of proper waste segregation.

Prevent violations of the software copyright and intellectual property

Since the Company acknowledges the importance of intellectual property and copyright, it has established policy on Intellectual property and copyright as follows;

- (1) The Company always makes sure that the information used in the Company will not violate any intellectual property and copyright of others.
- (2) The Company will ensure that its Director, management and employee comply with intellectual property and copyright related laws.
- (3) The Company does not permit nor encourage its Director, management and employee to use illegal software for any Company business.
- (4) Any intellectual property and copyright originated from any assignment, work, training or tutoring given to Director, management and employee by the Company shall belong to the Company.
- (5) The Company will not allow its Director, management and employee to use any of its intellectual property and copyright for their personal purpose.

Anti-Corruption Policy and measures

The Board of Directors shall realize, place importance on, and ensure good corporate governance in terms of the operations in compliance with Good Corporate Governance Practices and the relevant laws in line with the Securities Exchange of Thailand’s guidelines. Therefore, the Board of Directors has established the Anti-Corruption Policy as follows :

- 1) The Directors, Executives, and employees must not be involved in corruption, bribery from/to government and private officers, for example, people from different companies that have transactions with the Company either directly and indirectly, in order to obtain or maintain the business or competitive advantage or for personal benefit, or that of any family, friends, or acquaintances.
- 2) The Directors, Executives, and employees are prohibited from receiving gifts directly or indirectly from suppliers, business partners, and the relevant contacts in either governmental or private offices.
- 3) No patronage or monopoly system for personal or friends’ benefit.
- 4) The Directors, Executives, and supervisors are prohibited to request or obtain benefits or remuneration in any form from the employees in order to influence the performance evaluation.
- 5) Purchasing/procurement must comply with the Company’s approval procedures, which shall be transparent, audited, and fair for all parties.
- 6) Purchasing/procurement orders must not be divided into smaller orders to make it lower than the approval limit amount.
- 7) If any employees suspect any action may be bribery or corruption, consult the direct supervisor or whistleblowing channels as follows :

- Chairman of the Audit Committee : auditcommittee@metco.co.th
- Audit Committee member : auditcommittee@metco.co.th
- Chairman of the Board of Executives : whistleblow@metco.co.th
- Executive Vice President : whistleblow@metco.co.th
- Internal Audit : internalaudit@metco.co.th
- Whistleblowing Red Box in each factory

The whistleblower should state the name, last name, address, email, and contact telephone number.

8) The Company shall keep the name, address or other information of a whistleblower confidential, and limit access only to the persons in charge of auditing.

9) If the Directors, Executives, employees are corrupt or fraudulent, they shall be dismissed and subject to the highest level of disciplinary punishment and legal action.

10) A direct supervisor who ignores any wrongdoing, or becomes aware of it but fails to take action in compliance with this policy, shall be dismissed and be subject to the highest level of disciplinary punishment.

11) Ignorance of this policy and/or the relevant laws shall not be an excuse for non-observance.

12) The Internal Audit Department shall audit the internal control systems and processes consistently to ensure implementation effective internal control systems against corruption and bribery.

13) In the case of complaints, the Good Corporate Governance Committee shall appoint a sub-committee to consider and investigate the facts.

14) The Company shall be educating its employees on this Anti-Corruption Policy and related procedures.

Whistleblowing and complaints

The Company has a policy to support and encourage employees and stakeholders to make complaints to the Company on any illegal, unethical or wrongful act including but not limited to corruption as well as any behavior against the Corporate Code of Ethics conducted by any Director, management or employee of the Company. The employee and stakeholder may provide the Board of Director with any information, comment, concern, report, suggestion and complaints concerning such issues to the following channels.

For employee :

- (1) Head of the unit he/she belongs to.
- (2) Head and other members of the Audit Committee : auditcommittee@metco.co.th
- (3) President, Vice President and other Director of the Board : whistleblow@metco.co.th
- (4) Head of Internal Audit Department : internalaudit@metco.co.th
- (5) Local Opinion Box

For other stakeholders :

- (1) Email : whistleblow@metco.co.th
- (2) Website : www.metco.co.th

The Company Secretary will gather and submit all the complaints to the Audit Committee or the Board depending on the relevance of them. The Company has a policy and mechanism through which it keeps any such complaint confidential, protects any person making such complaint in good faith from any discharge, demotion, suspension, threat, harassment or any other unfair action against him/her and makes a proper feedback to the person. In 2018, the Board of Directors did not receive any complaint through this whistleblowing channel.

Disclosure and transparency

Conflicts of interest

The Board of Directors is aware of possible conflicts that may occur in regard to the earnings of the Company. As far as remuneration is concerned, the Board will make every effort to ensure fairness and transparency for all parties concerned. Further information referring to this issue is detailed in the 56-1 form. In order to prevent conflicts of interest and ensure that all the Directors and Executives of the Company are abided by their fiduciary duties the Board of Directors has a policy to deal with the issue. The policy requests Director and Executive to report on conflicts of interest, in case they have, directly or indirectly, to the Board of Directors for its consideration. Any of the Director and Executive who has conflicts of interest is not allowed to participate a decision-making process on the subject matter. Through conducting the policy, the Board of Directors has been ensuring that the Company's decision-making is always free from any disturbance and distortion caused by conflicts of interest.

Investor relations

The Board of Directors is aware of the importance of revealing important general and financial information of the Company to the investors and stakeholders. Therefore, the information revealed is to be accurate, complete, reliable and up-to-date, so that all parties concerned may benefit from it. The information is revealed through the various media of the Stock Exchange of Thailand, and also through newspapers. The Company has not established an Investors Relation section in the Company. However, the Company has assigned Mr. Ichiro Nishimura, Director, to be responsible for communication with investors, shareholders and financial analysts. Investors are welcome to make enquiries at Tel. 02-338-1535. The meetings of the Board of Directors are conducted regularly to ensure smooth overall operation in the Company. Topics to be discussed during the meetings include business supervision, minutes of board meetings, minutes of shareholders' meetings, and how to run the business to achieve the goals set by the Company and to generate optimum returns on investment to valued shareholders of the Company.

Board responsibilities

Code of Ethics

Because business ethics is important to the reputation of a company, the Board of Directors is firmly convinced that correct business ethics will be an intrinsic part of the Company's operation, at all levels, and to all persons dealing with the Company. Therefore, the Board of Directors has developed the Corporate Code of Ethics. All Directors, management and employees are required to comply with the Corporate Code of Ethics. The Human Resources Department is responsible for ensuring that all employees are aware of and comply with it. The Corporate Code of Ethics is included in the Employees' Manual. Upon commencing employment and upon any revision of the Corporate Code of Ethics, employees are required to sign and acknowledge the Corporate Code of Ethics. In addition, the Internal Audit Department is responsible for monitoring. The Internal Audit Department will report any material non-compliance incident to the Board of Directors. The Company shall not tolerate any illegal or unethical acts. Anyone who violates the Corporate Code of Ethics will be investigated and disciplinary punishment will be made, which may include termination of employment. In case of illegal conduct is involved, the Company will take legal action. The detail of the Corporate Code of Ethics is available in the Company website; <http://www.metco.co.th>.

Roles and responsibilities of the Board of Directors

1. To undertake the Company management in compliance with the laws, the Company objectives, the Articles of Association and the resolution of the Shareholders' Meetings with integrity and in good faith and protect the Company interest.
2. To determine the vision, mission, policies and business strategies of the Company and review every year.
3. To approve and review key business matters of the Company, such as financial targets, work plans and budget at least once a year.
4. To oversee the management team's performance in order to ensure due attentiveness and care.
5. To establish the Good Corporate Governance Policy and review the compliance with it annually.
6. To establish the Risk Management Systems and assess the results.
7. To review the Company's internal control and internal audit systems to be correctly and efficiently conducted.
8. To approve the Corporate Code of Ethics, review the compliance with it at least once a year and revise from time to time according to the changing environment.
9. To approve the policy to prevent Directors, management and employees from using inside information for personal benefit and monitor the compliance.
10. To report to the Company any conflict of interest of their own and/or related person in relation to the Company or subsidiaries' management.
11. To establish and provide employee and other stakeholders with the Whistleblowing Channel together with the feedback mechanism.
12. To prepare and submit the audited financial reports in accordance with generally accepted accounting principles as well as supervising and examining the financial reporting system for accuracy, transparency and adequacy.
13. To consider and approve investment and capital expenditure.
14. To approve the related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines.
15. To arrange meetings of the Board of Directors, at least once a quarter, with the presence of as many Directors as possible.
16. To establish the mechanism for the annual performance evaluation of the Board of Directors, sub-committees and high level Executives in order to assign appropriate remuneration.

Roles and responsibilities of the Chairman of the Board

The Chairman of the Board of Directors has additional duties and responsibilities more than other Directors as follows :

- To call the Board of Directors' meeting and Shareholders' Meeting and set the agendas of the meetings.
- To act as the chairperson in both the Board of Directors' Meeting and Shareholders' Meeting.
- To cast the deciding vote in case the Board of Directors' Meeting or Shareholders' Meeting has a tie vote.
- To perform other duties in accordance with the laws specified them for the Chairman.

The Board of Directors' meeting

The meetings of the Board of Directors are held regularly at least every three months. The meetings in the year are scheduled before or at the beginning of the year. The time, place and agenda are set in advance and the Directors are informed so that they will have enough time to prepare for the meeting. Documents concerning each meeting are sent to them at least 5 business days in advance to give them sufficient time to study. The minutes of the meetings are taken in detail and filed by the Company Secretary and are always available for inspection. In addition to that, Non-executive Directors arrange informal meetings as necessary in order to review miscellaneous issues of interest in the absence of management.

In the year 2017/2018, the Board of Director held 4 meeting. The attendance of each director is as follows :

Board of Directors	Meeting attended
1. Mr. Yoichi Muramoto	4/4
2. Mr. Yoshiyuki Muramoto	4/4
3. Mr. Tatsuya Awazu	4/4
4. Mr. Ichiro Nishimura	4/4
5. Prof. Paichitr Rojanavanich	4/4
6. Mr. Wanchai Umpungart	4/4
7. Mr. Nop Rojanavanich	4/4

Board of Directors diversity

The Company has a policy that it should keep diversity in the structure of the Board of Directors. The persons who serve as Director of the Company should not only meet the qualifications but also have various knowledge, skill and experience, which cover as a whole a wide range of fields and expertise.

Balance of power for Non-Executive Directors

As of Sep. 30, 2018 The Board of Directors comprises 7 Directors ; 3 being Independent Directors from outside the Company and 4 being Executive Directors. This way, the ratio between Executive and Non-Executive Directors is 4:3. All of Independent Directors are in line with the regulations specified by the Stock Exchange of Thailand.

Report of the Board of Directors

The Board of Directors is responsible for the accuracy of the overall and specified Financial Budget Reports of the Company. The Report is carried out properly according to the accounting standard of Thailand. The preparation of the Report is completed very carefully to reveal appropriate significant information about the Company to the public. The Board of Directors is also responsible for disclosing the financial information of the Company in the Annual Information Report (Form 56-1) and Annual Performance Report (Form 56-2). The Board of Directors is also responsible for ensuring that the Company operation is conducted effectively and efficiently to achieve anticipated business results as well as to prevent any significant operational misconduct. In this sense, the Board of Directors has assigned the Audit Committee which consists of outside experienced professionals in the field, to be responsible for the financial reports, internal control and risk management systems within the Company. On November 23rd, 2018, the Audit Committee also approved both the overall and specified Financial Reports of the Company which will be shown in the Annual Information Report (Form 56-1) and the Annual Performance Report (Form 56-2).

President succession plan

The Board of Directors has been developing the succession plan of the President in order to keep all stakeholders confident that operations of the Company shall not be interrupted by a vacancy of the position. In case of the planned change of the President, for instance, retirement, the entire Board shall be involve in choosing a successor. In case of emergency succession due to an accident or other unexpected situation, a special meeting of the Board shall be arranged in order to appoint an Acting President. The Board of Directors shall annually review the succession plan that basically anticipates internal succession. The succession plan could be updated and revised according to the latest circumstances relating to the Company operations.



GOOD CORPORATE GOVERNANCE COMMITTEE'S REPORT

Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

The Good Corporate Governance Committee has performed its responsibilities in compliance with the Good Corporate Governance Committee Charter approved by the Board of Directors.

In 2018, the Committee held 2 meetings and reviewed the Company's Good Corporate Governance Policy and its related policies to ensure the policies updated and in line with the related checklists of Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand and the Thai Investors Association.

Starting from year 2016 the Company has been making continuous improvement of good corporate governance, and in year 2018 has reached up to "Very Good" recognition level (4 stars) on corporate governance of Thai listed companies.

The Good Corporate Governance Committee shall encourage and lead the Company to keep making its best efforts in improving good corporate governance practices further.

Mr. Yoichi Muramoto
Chairman of the Good Corporate Governance Committee



Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

The Remuneration Committee consists of four directors. The Committee's duty is to prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and President to be proposed to the Board of Directors and/or shareholders' meetings for approval.

In 2018, the Committee held 2 meetings. It considered and proposed to the Board of Directors the remuneration for Directors and President as well as the performance evaluation of them.

The Committee performed its duties as assigned with prudence and care, and adhered to the principle of good governance in a manner deemed sufficient and appropriate for the equitable interest of all stakeholders.

Mr. Yoichi Muramoto
Chairman of the Remuneration Committee



RISK FACTORS AND RISK MANAGEMENT

Y2018 METCO Risk Management Committee Report

	Analysis and evaluation of incurred or possibly incurred risks	Development and review of risk management policies and procedures
1. Business Risk	<p>Having been established in 1987 as an integrated electronics parts and products manufacturer, the Company, under the Philosophy of Management, “We shall seek customer satisfaction and create an abundant future with our customers.”, aims for only one OEM manufacturer in the field of the electrical, electronics components and car parts finished goods which focuses on Differentiation Strategy by pursuing superior EQCD and complete customer satisfaction. The Company, through continuous development of better technology and improvement of productivity, is a manufacturer of components and semi-assembled products, as well as finished, products having high capability and responsibility for marketing, production, sales and distribution. The business risks of the Company are as follows.</p>	
1.1. Production Risk	<p>Production risk is a risk of the deficiency of products incurring during the production process, despite inspection. The Company must take full responsibility for damage that has resulted in a flawed product whether it has resulted from human error, machine failure or defect of parts purchased from outside suppliers. Presently, the Company is covering business areas so broadly from manufacturing simple parts to assembling more complex and high-valued products that risks relating to quality of parts purchased from outside suppliers, for instance, should be recognized as a supply chain risk and has become much more critical ones to the Company than it had a decade ago.</p>	<p>In order to ensure continuity and good quality of supply, the Company always pays special attention to managing key parts and their suppliers. At present the Company is establishing a new system “Key/Critical Suppliers” and “Key/Critical Parts” in our supplier management Framework which ensure good quality and continuity of supply. The Company not only evaluates the quality, technology, delivery performance, price and other reliabilities of the suppliers, but also analyses their financial status. The Company has been entering into the Basic Transaction Agreement and the Quality Assurance Agreement with suppliers which play critical roles in quality management of its products. In addition to that, the Company, last year, has started revising the content of these agreements and pushing further in executing them in order to reduce and minimize this Production Risk.</p>
1.2 Product Risk	<p>Product risk occurs with the utilization of the product by the end user; in case of injury, for example, of a consumer through faulty functioning of a product sold by the Company.</p>	<p>In order to prevent this risk the Company constantly and carefully reviews specifications and design of products. Since the Company’s responsibility is basically on manufacturing the products designed by customers, the Company’ should take this Product Risk caused by product design as not so much critical as the customers.</p>
1.3 Inventory Risk	<p>Inventory risk is a risk arising from deterioration in the quality of raw materials, parts and manufactured products during storage. The Company is accountable for damage or loss caused by such deterioration of the inventories.</p>	<p>The Company always pays special attention to keeping the inventory in good quality and order by applying various principles, practices and systems to inventory management. The Company is establishing a new system which could up-grade its inventory management.</p>

	Analysis and evaluation of incurred or possibly incurred risks	Development and review of risk management policies and procedures
1.4 Credit Risk	Credit risk is a risk due to a customer's inability to pay for their purchases and a payment failure by a supplier on its debt to the Company.	The Company is carefully checking daily paying performance of customers and suppliers. Before starting a transaction with any new customer or supplier the Company carefully investigates creditability of it. Last year the Company has started a credit control system including payment record investigation and credit rating of customers to maintain the minimize credit risk.
1.5 Market Risk	Market risk is possible loss of manufactured product, purchased parts and raw materials in inventory due to market change or sudden order cancellation from customers.	The Minimum Inventory Activity policy, which the Company has been deploying, is extremely essential in order to minimize this risk. The Company is well-prepared to meet any challenge in order to stay ahead of competitors in both product quality and product pricing; for instance, the Company is, through revising the Basic Transaction Agreement with suppliers, aiming to establish effective cooperation with them which could make both parties act more flexibly to the market changes.
2. Technology Risk	In the world of electrical and electronics appliances business development and progress has been there always, and accelerated more and more recently.	The production of components has to keep pace and to be in line with this ever-evolving progress. The Company must make investment in a number of areas to maintain the lead over competition. These areas include high technology machinery, measuring equipment and the training of skillful engineers and workers. The Company has started a new project to correspond to the electronics industry towards smaller, more efficient and more complicated designs, according to its mid-term business plan. The Company's technology and capability of die-making, which represent special value among its technical resources, should be important to secure valued orders from customers and to keep costs down. The Company has expanded its training program in this technology.

	Analysis and evaluation of incurred or possibly incurred risks	Development and review of risk management policies and procedures
3. Workforce Risk	The industry of electrical and electronic components production depends enormously on the workforce, not only on technicians and engineers but also on workers in production lines, where though the Company even uses high technology automatic machines and robots, it still relies very much on the human power and abilities as critical resource of its pursuing value.	The Company greatly values the importance of its personnel at all levels by setting employee welfare at a high standard. An executive/employee joint committee called CP&H Kai (Creation, Power & Harmony Committee) has been founded to coordinate and communicate effectively between executives and employees. In 2016 the operation rules of this committee have been improved by inviting more participation from employee side. This has promptly resulted some positive modifications of employee treatment through discussion in the new committee. Since this committee has achieved such successful results, the Company has been rewarded for the Good Labor Relation Award for many consecutive years and last year has just received a special one for 10 years coverage. The Company has started a new project, according to its mid-term business plan, provides appropriate incentive and benefits to employees to ensure a long-term and rewarding mutual relationship.
4. Financial Risk	As many products of the Company are exported, directly and indirectly, to foreign countries, and a lot of raw materials and components, which are not available in Thailand, need to be imported in a foreign currency. Therefore, it is inevitable that the Company is exposed to currency exchange matters.	The Company has been making efforts in matching foreign currency income to the payment in the same currency in order to reduce the actual exchange profit or loss into acceptable level. In addition to that, the Company manages to minimize cash balance maintained in USD and JPY currency and utilizing financial tools including forward booking. The Company has established internal policies and rules covering such transactions. Concerning a risk on financial resource, the Company has built good relationships with financial institutions in Thailand as well as abroad in order to secure a long-term and stable fund facility for possible expansion, rehabilitation and diversification of operation in the future.
5. Environmental Risk	The Company is always aware of its mission to provide society with environmentally sustainable and energy-efficient operation. Otherwise, environmental issue could be a significant risk to the Company.	The Company has been operating with ISO 14001 certification for many years. Last year the Company successfully received a certification under the up-dated version of the system. In 2016 the Company reached up to level 4 of the Green Industry qualification promoted by Thai government and then is keeping it. The Company has established internal policy “Safety, Health, Environmental Objectives and Action Plan 2019”. With such system, qualification and plan, the Company is continuously improving its sustainability including chemical substances control and waste materials management.
6. Disaster Risk	The Company could be exposed to risk from fire or natural disasters, which might interrupt production and bring a serious impact to the Company’s business.	The Company has insurance for property damage in order to mitigate this risk. This year the Company has significantly reduced a temporally flood risk in a day of heavy rain by improving drain system around its factory. In addition, the Company could, based on the BCP, ask support from other production sites of affiliate companies in a same corporate group, which locate in Thailand and other countries.



Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

The Company, Muramoto Electron (Thailand) Public Company Limited, realizes the importance of sustainable risk management covering most key risks that could affect the Company's business. The Committee's duties and responsibilities are to analyze and evaluate incurred or possibly incurred risks continuously and annually, develop and review risk management policies to keep risk at an acceptable level, establish risk management procedures according to the risk management policies and delegate the risk management to respective managers, review the effectiveness of the risk management procedures, and report to the Board of Directors up-dated situation of the risk management and progress of the risk management procedures together with results. The Committee may, when necessary, invite other persons, who are involved with or responsible for any matters related to the meeting agenda, to participate in the Risk Management Committee meeting. The Risk Management Committee meets at least once every year and provides a progress report to the Board of Directors for its acknowledgement.

The Risk Management Committee comprises three qualified Directors as follows :

- | | |
|---------------------------|---------------------------|
| 1. Mr. Yoshiyuki Muramoto | Chairman of the Committee |
| 2. Mr. Taichi Ishikawa* | Member |
| 2. Mr. Tatsuya Awazu | Member |

* Mr. Taichi Ishikawa has been resigned as Risk Management Committee member since February 8, 2018.

In 2018, the Risk Management Committee met on one occasion to analyze and evaluate incurred or possibly incurred risks and develop and review risk management policies and procedures as well as their effectiveness. In addition to that, the Risk Management Committee has reviewed and endorsed the Company's Regulation Re-Establishment Project and Mid-Term Business Plan. The Company's Regulation Re-Establishment Project is up-dates, renews and re-introduces more than 20 Company Regulations. Mid-Term Business Plan consists of eight projects. The Risk Management Committee duly recognizes and supports such activity by the Company through which it could achieve better management control as well as stronger bases for further mitigation of risks. Next year, the Risk Management Committee will work with executives and management personnel of each key Division and Operation Unit to ensure that risk management covers across all dimensions throughout the operational levels. This will include a risk management-training plan for all Operation Units.

Mr. Yoshiyuki Muramoto
Chairman of the Risk Management Committee



CORPORATE SOCIAL RESPONSIBILITY POLICY

Muramoto Electron (Thailand) Public Company Limited strives to produce good quality products based on its responsibilities for the effects caused by its business operation.

The Company emphasizes transparency of business operations, accountability, ethics, human rights' respect, stakeholders' benefits, safety for consumers, and shall consider the effect on the community and environment by observing the laws and other requirements, or relevant international practices, as well as develop and improve the foundation of social responsibility consistently and sustainably. (<-Policy when implementing CSR-DIW)

The following 6 major principles of this policy are determined as the mutual arrangement.



1. Good Corporate Governance

The Company gives priority to good corporate governance, as it is an important mechanism that leads to efficient, transparent, and auditable management systems, which will help build confidence and trust by the shareholders, investors, stakeholders, and all related parties. In addition, it will enhance the Board of Directors' working potential and the audit system to control the business and the managements' performance, as well as prevent dishonest and risky behavior by the management.

2. Human Rights and Labor Practices

The Company gives importance to basic human rights and encourages respect of such rights and liberty without discrimination of nationality, religion, color, age, gender, sexual orientation, race, physical disability, or marital status, as well as allows involvement in political activities. The Company does not allow enforced labor, child labor, and implements preventive measures against brutality, sexual abuse, and physical and mental constraints.



3. Community Involvement and Development

The Company considers the demands of the community, and encourages its personnel to be partners with relevant local parties near the business premises to develop education, culture, society, and be involved in improving the quality of life in the community. The Company encourages and supports employees participating voluntarily in the community's activities for the public interest.

4. Customer, business partner, and consumer responsibility (Annual Report 2557, CSR-DIW policy)

The Company strives to achieve the customers' utmost satisfaction by offering good quality and safe products and services, and pays close attention to the importance of handling customers' or consumers' complaints promptly. The Company promotes, educates, and encourages awareness among business partners. The Company expects to receive goods and services in the same way, and strives to maintain sustainable relationships with each customer and business partner.

5. Fair operating practices

The Company strives to operate its business fairly and ethically, pays attention to observing the laws and social rules, and expresses its determination against corruption and bribery by means of the internal and external audit system, promotes fair trade competition, respects intellectual property and local wisdom, and involves in politics responsibly.

6. Conforming to Environmental Standards

The Company has determined an explicit environmental policy and complies accordingly. The Company strives to prevent causing pollution, minimizes the possible impact due to business operations, and implements an environmentally friendly production process. The Company arranges regular energy and environmental conservation activities, to conserve and maintain the ecosystem and environment of the community, and has an organizational culture among the employees and operators in the Company that emphasizes green culture and sustainable green networks. The Company is implementing the training program in order to educate employees about the environmental issues and energy conservation, through which it encourages utilizing its resources more efficiently.



METCO CSR ACTIVITIES



**Homemade Dish Washing Liquids Project
at Koh Juan Community**



**Sufficiency Economy for Student Project at
Wat Bangsaothongnok School**



**Water Supply System for Sufficient
Agricultural Project at Lamun Rot Siri
School**



**Blood Donation Project
by Thai Red Cross Society**



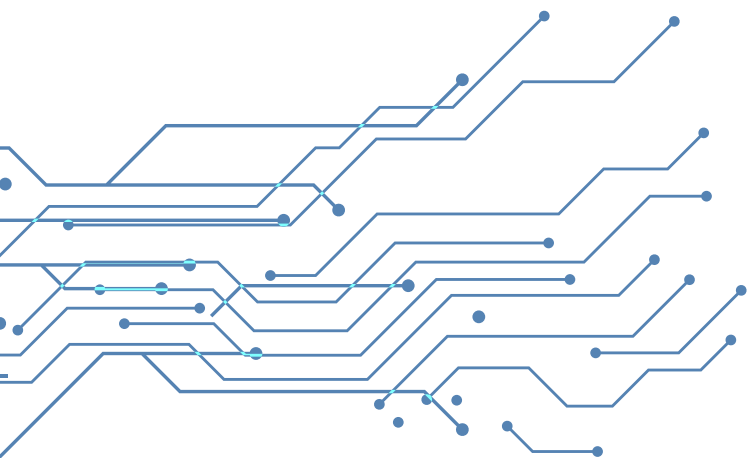
as at 30th September 2018

The Board of Directors of Muramoto Electron (Thailand) Public Company Limited is responsible for the consolidated and separate financial statement of the Company and its subsidiary in accordance with Thailand's generally accepted accounting principles.

The Board of Directors has assigned the Audit Committee. The Committee is composed of all Independent Directors who review all points of the statement, notes to the statement and internal control system to ensure that accounting records are sufficiently reliable to provide for the financial statements.

The Board of Directors is of the opinion that Muramoto Electron (Thailand) Public Company Limited and its subsidiary internal control system are adequate and appropriate and reasonably assure the creditability of the financial statement as at 30th September 2018.

Mr. Yoichi Muramoto
Chairman of the Board of Directors



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Financial statements for the year ended 30 September 2018
and Independent Auditor's Report



To the Shareholders of Muramoto Electron (Thailand) Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Muramoto Electron (Thailand) Public Company Limited and its subsidiary (the “Group”) and of Muramoto Electron (Thailand) Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

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 Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT

Valuation of inventories	
Refer to Notes 3 (f) and 8 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The products of the Group are metal and plastic parts for automobile electronic equipment and office automation appliances which are rapid technology development. Having substantial inventories may result in the risk of obsolescence and deterioration in the quality of raw materials, parts and manufactured products during storage. Inventories are significant amount and the net realisable value of inventories need management's discretion and judgment. Therefore, I considered this as a key audit matter.</p>	<p>My audit procedures included understanding of the Group's basis applied in determining the net realisable value, the Group's inventory management policies through inquiry of management responsible in this area and test of design and implementation of the controls on approval slow-moving reports and net realisable value report.</p>
	<p>I considered slow-moving reports provided by each division and approved by division manager, recalculated, tested the correctness of the reports by sampling check against supporting documents, observed inventories at the end of the year and compared the stock write-off in the current year with the allowance of decline in value for slow-moving of prior year.</p>
	<p>In addition, I tested net realisable value by sampling the actual selling prices during post-year-end with supporting documents, the estimated costs to make the sale. I also assessed the adequacy of disclosure in accordance with Thai Financial Reporting Standards.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 those charged with governance and request that the correction be made.



Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.

(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
23 November 2018

STATEMENTS OF FINANCIAL POSITION



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

As at 30 September 2018 and 2017

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in Baht)	(in Baht)	(in Baht)	(in Baht)
ASSETS					
Current assets					
Cash and cash equivalents	5	2,651,188,975	2,471,479,216	2,305,949,043	2,181,898,865
Trade accounts receivable	4, 6	1,685,600,171	1,771,872,448	1,426,131,581	1,504,702,476
Other receivables	4, 7	139,518,908	84,192,576	116,736,486	68,194,144
Short-term loan to related party	4	64,472,800	99,612,900	64,472,800	99,612,900
Inventories	8	1,139,798,621	1,147,284,680	733,198,550	701,038,988
Total current assets		5,680,579,475	5,574,441,820	4,646,488,460	4,555,447,373
Non-current assets					
Investment in subsidiary	9	-	-	299,998,000	299,998,000
Property, plant and equipment	10	2,287,846,371	2,389,089,284	1,596,147,622	1,623,034,462
Intangible assets		23,978,328	6,186,237	22,450,874	5,690,555
Deferred tax assets	11	40,621,197	36,148,308	18,732,456	17,123,867
Other non-current assets		14,606,890	14,640,556	6,401,889	6,375,555
Total non-current assets		2,367,052,786	2,446,064,385	1,943,730,841	1,952,222,439
Total assets		8,047,632,261	8,020,506,205	6,590,219,301	6,507,669,812

The accompanying notes are an integral part of these financial statements.



STATEMENTS OF FINANCIAL POSITION (Continued)

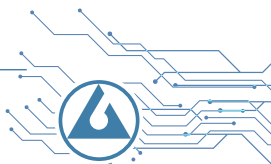
As at 30 September 2018 and 2017

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in Baht)	(in Baht)	(in Baht)	(in Baht)
Liabilities and equity					
Current liabilities					
Trade accounts payable	4, 13	1,375,967,453	1,426,328,266	1,141,933,290	1,161,037,224
Other payables	4, 14	262,373,188	231,473,043	209,939,332	174,692,896
Payable for property, plant and equipment		16,642,797	6,561,849	12,056,640	4,090,380
Current portion of finance lease liabilities	12	35,711,301	48,684,242	-	-
Income tax payable		32,388,768	12,657,327	26,545,857	12,657,327
Total current liabilities		1,723,083,507	1,725,704,727	1,390,475,119	1,352,477,827
Non-current liabilities					
Finance lease liabilities	12	84,348,299	52,695,073	-	-
Non-current provisions for employee benefits	15	267,790,191	261,245,099	228,759,017	222,210,164
Total non-current liabilities		352,138,490	313,940,172	228,759,017	222,210,164
Total liabilities		2,075,221,997	2,039,644,899	1,619,234,136	1,574,687,991
Equity					
Share capital					
Authorised share capital	16	238,981,000	238,981,000	238,981,000	238,981,000
Issued and paid-up share capital	16	208,981,000	208,981,000	208,981,000	208,981,000
Additional paid-in capital					
Premium on ordinary shares	17	653,700,000	653,700,000	653,700,000	653,700,000
Retained earnings					
Appropriated					
Legal reserve	17	25,000,000	25,000,000	25,000,000	25,000,000
Unappropriated		5,084,729,264	5,093,180,306	4,083,304,165	4,045,300,821
Total equity		5,972,410,264	5,980,861,306	4,970,985,165	4,932,981,821
Total liabilities and equity		8,047,632,261	8,020,506,205	6,590,219,301	6,507,669,812

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2018 and 2017

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in Baht)	(in Baht)	(in Baht)	(in Baht)
Income					
Revenue from sale of goods	4, 18	13,463,818,303	14,068,690,948	10,802,234,728	11,353,266,364
Dividend income	4, 9	-	-	72,899,514	9,999,934
Other income	4, 19	137,735,878	188,307,480	105,959,938	152,714,877
Net foreign exchange gain		20,427,485	-	8,815,202	-
Total income		13,621,981,666	14,256,998,428	10,989,909,382	11,515,981,175
Expenses					
Cost of sale of goods	4, 21	12,799,404,342	13,446,669,312	10,258,692,649	10,839,420,505
Distribution costs	4, 21	209,040,376	229,220,196	178,906,256	200,908,914
Administrative expenses	4, 21	423,559,515	281,767,622	324,241,420	233,681,756
Net foreign exchange loss		-	14,228,762	-	23,022,704
Finance costs		2,482,496	4,117,075	-	186,679
Total expenses		13,434,486,729	13,976,002,967	10,761,840,325	11,297,220,558
Profit before income tax expense		187,494,937	280,995,461	228,069,057	218,760,617
Tax expense	22	34,854,893	23,345,490	28,975,113	36,242,720
Profit for the year		152,640,044	257,649,971	199,093,944	182,517,897
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains (losses) on measurements of defined benefit plans	15	7,617,750	(3,681,330)	7,617,750	(3,887,509)
Income tax on other comprehensive income		(1,523,550)	980,595	(1,523,550)	777,502
Other comprehensive income (expense) for the year, net of income tax		6,094,200	(2,700,735)	6,094,200	(3,110,007)
Total comprehensive income (expense) for the year		158,734,244	254,949,236	205,188,144	179,407,890
Basic earnings per share (in Baht)	24	7.30	12.33	9.53	8.73

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

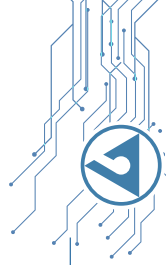
Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2018 and 2017

Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total Equity
				Legal reserve	Unappropriated	
(in Baht)						
Year ended 30 September 2017						
Balance at 1 October 2016		208,981,000	653,700,000	25,000,000	5,130,804,470	6,018,485,470
Transactions with owners, recorded directly in equity						
Distributions to owners of the Company						
Dividends	25	-	-	-	(292,573,400)	(292,573,400)
Total Distributions to owners of the Company		-	-	-	(292,573,400)	(292,573,400)
Total transactions with owners, recorded directly in equity		-	-	-	(292,573,400)	(292,573,400)
Comprehensive income for the year						
Profit		-	-	-	257,649,971	257,649,971
Other comprehensive income		-	-	-	(2,700,735)	(2,700,735)
Total comprehensive income for the year		-	-	-	254,949,236	254,949,236
Balance at 30 September 2017		208,981,000	653,700,000	25,000,000	5,093,180,306	5,980,861,306

The accompanying notes are an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY

Muramato Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2018 and 2017

Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total Equity
				Legal reserve	Unappropriated	
(in Baht)						
Year ended 30 September 2018						
Balance at 1 October 2017		208,981,000	653,700,000	25,000,000	5,093,180,306	5,980,861,306
Transactions with owners, recorded directly in equity						
Distributions to owners of the Company		-	-	-	(167,185,286)	(167,185,286)
Dividends	25	-	-	-	(167,185,286)	(167,185,286)
Total distributions to owners of the Company		-	-	-	(167,185,286)	(167,185,286)
Total transactions with owners, recorded directly in equity		-	-	-	(167,185,286)	(167,185,286)
Comprehensive income for the year						
Profit		-	-	-	152,640,044	152,640,044
Other comprehensive income		-	-	-	6,094,200	6,094,200
Total comprehensive income for the year		-	-	-	158,734,244	158,734,244
Balance at 30 September 2018		208,981,000	653,700,000	25,000,000	5,084,729,264	5,972,410,264

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2018 and 2017

Separate financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total Equity
				Legal reserve	Unappropriated	
(in Baht)						
Year ended 30 September 2017						
Balance at 1 October 2016		208,981,000	653,700,000	25,000,000	4,158,466,331	5,046,147,331
Transactions with owners, recorded directly in equity						
Dividends	25	-	-	-	(292,573,400)	(292,573,400)
Total distributions to owners of the Company		-	-	-	(292,573,400)	(292,573,400)
Total transactions with owners, recorded directly in equity		-	-	-	(292,573,400)	(292,573,400)
Comprehensive income for the year						
Profit		-	-	-	182,517,897	182,517,897
Other comprehensive income		-	-	-	(3,110,007)	(3,110,007)
Total comprehensive income for the year		-	-	-	179,407,890	179,407,890
Balance at 30 September 2017		208,981,000	653,700,000	25,000,000	4,045,300,821	4,932,981,821

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2018 and 2017

Separate financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total Equity
				Legal reserve	Unappropriated	
(in Baht)						
Year ended 30 September 2018						
Balance at 1 October 2017		208,981,000	653,700,000	25,000,000	4,045,300,821	4,932,981,821
Transactions with owners, recorded directly in equity						
Distributions to owners of the Company		-	-	-	(167,184,800)	(167,184,800)
Dividends	25	-	-	-	(167,184,800)	(167,184,800)
Total distributions to owners of the Company		-	-	-	(167,184,800)	(167,184,800)
Total transactions with owners, recorded directly in equity		-	-	-	(167,184,800)	(167,184,800)
Comprehensive income for the year						
Profit		-	-	-	199,093,944	199,093,944
Other comprehensive income		-	-	-	6,094,200	6,094,200
Total comprehensive income for the year		-	-	-	205,188,144	205,188,144
Balance at 30 September 2018						
		208,981,000	653,700,000	25,000,000	4,083,304,165	4,970,985,165

The accompanying notes are an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

For the years ended 30 September 2018 and 2017

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in Baht)	(in Baht)	(in Baht)	(in Baht)
Cash flows from operating activities					
Profit for the year		152,640,044	257,649,971	199,093,944	182,517,897
<i>Adjustments to reconcile profit to cash receipts</i>					
Tax expense		34,854,893	23,345,490	28,975,113	36,242,720
Finance costs		2,482,496	4,117,075	-	186,679
Depreciation and amortisation		401,014,833	422,756,517	254,041,012	252,502,401
Dividend income	4	-	-	(72,899,514)	(9,999,934)
Unrealised loss on exchange rate		27,698,381	46,078,652	17,518,219	42,912,974
Allowance for obsolete and decline in value of inventories		8,846,103	13,928,699	8,365,748	13,928,700
Loss on disposal of property, plant and equipment		12,316,708	7,042,409	2,280,879	3,674,213
Provision for impairment loss on property, plant and equipment		32,775,380	1,200,387	-	-
Non-current provisions for employee benefits		26,469,117	49,932,157	20,969,061	45,145,675
		699,097,955	826,051,357	458,344,462	567,111,325
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		71,965,532	316,058,199	68,634,702	345,068,532
Other receivables		(55,424,783)	54,131,236	(48,640,794)	39,392,131
Inventories		(1,360,044)	135,780,334	(40,525,310)	155,657,408
Finance lease receivable		-	11,981,119	-	11,981,119
Other non-current assets		(13,000)	700,440	(73,000)	809,440
Trade accounts payable		(56,215,646)	(285,036,042)	(14,531,283)	(298,793,135)
Other payables		30,260,284	(42,099,119)	35,294,028	(45,939,421)
Provisions for employee benefits paid		(12,306,275)	(7,294,211)	(6,802,458)	(6,666,199)
Tax paid		(21,119,890)	(86,362,884)	(18,218,722)	(78,865,562)
Net cash from operating activities		654,884,133	923,910,429	433,481,625	689,755,638

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (Continued)

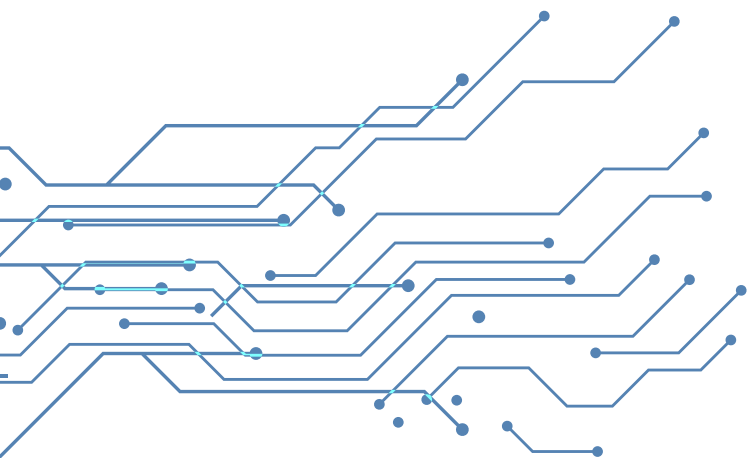


Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2018 and 2017

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in Baht)	(in Baht)	(in Baht)	(in Baht)
Cash flows from investing activities					
Proceeds from repayment of loan to related party		32,280,000	-	32,280,000	-
Acquisition of property, plant and equipment		(248,603,057)	(187,476,685)	(214,632,670)	(125,954,295)
Proceeds from sale of property, plant and equipment		939,948	8,407,551	405,000	8,321,995
Acquisition of intangible assets		(24,727,912)	(2,664,935)	(23,954,772)	(2,470,045)
Dividends received		-	-	72,899,514	9,999,934
Net cash used in investing activities		(240,111,021)	(181,734,069)	(133,002,928)	(110,102,411)
Cash flows from financing activities					
Financial cost paid		(2,482,496)	(4,117,075)	-	(186,679)
Repayment under financial lease liabilities		(56,105,238)	(95,532,726)	-	(11,228,112)
Dividends paid	25	(167,185,286)	(292,573,400)	(167,184,800)	(292,573,400)
Net cash used in financing activities		(225,773,020)	(392,223,201)	(167,184,800)	(303,988,191)
Net increase in cash and cash equivalents, before effect of exchange rates		189,000,092	349,953,159	133,293,897	275,665,036
Effect of exchange rate changes on cash and cash equivalents		(9,290,333)	(38,216,549)	(9,243,719)	(38,211,183)
Net increase in cash and cash equivalents		179,709,759	311,736,610	124,050,178	237,453,853
Cash and cash equivalents at 1 October		2,471,479,216	2,159,742,606	2,181,898,865	1,944,445,012
Cash and cash equivalents at 30 September	5	2,651,188,975	2,471,479,216	2,305,949,043	2,181,898,865
Supplemental disclosures of cash flows information :					
Property, plant and equipment purchased during the years are details as follows :					
Increase in property, plant and equipment during the years		338,181,611	204,714,451	222,598,930	110,567,745
Less assets acquired by means of finance lease during the years		(79,497,606)	(35,856,007)	-	-
Change in payables for purchase of plant and equipment		(10,080,948)	18,618,241	(7,966,260)	15,386,550
Purchased of property, plant and equipment paid by cash		248,603,057	187,476,685	214,632,670	125,954,295

The accompanying notes are an integral part of these financial statements.



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

NOTES TO THE FINANCIAL STATEMENTS
For the years ended 30 September 2018

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Other receivables
8	Inventories
9	Investment in subsidiary
10	Property, plant and equipment
11	Deferred tax
12	Interest-bearing liabilities
13	Trade accounts payable
14	Other payables
15	Non-current provisions for employee benefits
16	Share capital
17	Additional paid-in capital and reserves
18	Segment information
19	Other income
20	Employee benefit expenses
21	Expenses by nature
22	Income tax expense
23	Promotional privileges
24	Basic earnings per share
25	Dividends
26	Financial instruments
27	Commitments with non-related parties
28	Thai Financial Reporting Standards (TFRS) not yet adopted
29	Reclassification of accounts



NOTES TO THE FINANCIAL STATEMENTS

For the years ended 30 September 2018 and 2017

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 23 November 2018.

1. General information

Muramoto Electron (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at No. 886 Ramindhra Road, Khwaeng Kannayao, Khet Kannayao, Bangkok 10230, Thailand. Its plants are located at 1 Mu 6 Bangna-Trat Road Km.25, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570 and 99/7 Mu 3 Bangna-Trat Road Km.23, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570.

The Company was listed on the Stock Exchange of Thailand in August 1992.

The parent company during the financial period was Muramoto Industry Co., Ltd. (incorporated in Japan).

The principal activities of the Company are manufacturing of metal and plastic parts for audio/visual equipment and electronic equipment for automobiles and office automation appliances. Details of the Company’s subsidiary is given in notes 4 and 9.

2. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 28.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following item.

Item	Measurement base
Defined benefit liability	Present value of the defined benefit obligations, as explained in Note 3 (m)

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 30 September 2019 is included in the following notes :

Note 15 Measurement of defined benefit obligations : key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 26 financial instruments.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group").

Subsidiary

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

(c) Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational in a hedge of the variability in exchange rate. The derivative held is forward exchange contracts which is not recognised in the financial statements at the contract date.

Forward exchange contracts

Forward exchange contracts are the hedging instrument in a hedge of variability in exchange rates of future foreign currency transactions. The difference between the contractual forward rate and the actual rate at maturity date of the contract is recognised in profit and loss when incurred.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs of raw materials and supplies are calculated using the first in first out principle. Cost of work in progress and finished goods are calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investments

Investments in subsidiary

Investments in subsidiary in the separate financial statements of the Company are accounted for using the cost method.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets and leased assets under sale and leaseback agreements

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership on classified as finance leases.

The Group entered into various sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. The surplus of sales over the carrying amount is not immediately recognised as income. This surplus is deferred and presented net under property, plant and equipment. Amortisation of such surplus is presented by offsetting with depreciation expenses in profit or loss over the term of the lease.

The Group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal to the lower of its fair value or the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10, 20 years
Buildings and structures	4 - 32 years
Machinery and equipment	1 - 20 years
Transportation equipment	5 years
Furniture, fixtures and office equipment	3, 5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	3, 5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at cost less attributable transaction changes.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated to estimate the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(p) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income and other income

Interest income and other income are recognised in profit or loss as they accrue.

(q) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year periods of time to be prepared for its intended use or sale.

(r) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(s) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period, adjusted for own shares held.

(u) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows :

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel		Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/ Company.
Muramoto Industry Co., Ltd.	Japan	Parent of the group, some common directors
Sima Technology Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding and common director
Muramoto Asia Pte Ltd.	Singapore	Parent is major shareholder, common director
Muramoto USA Inc.	USA	Parent is major shareholder, common director
Muramoto Audio-Visual Philippines Inc.	Philippines	Parent is major shareholder, common director

The pricing policies for transactions with related parties are explained further below :

Transactions	Pricing policies
Sales of goods	Cost plus margin
Purchases of goods and fixed assets	At comparable prices to purchase from third parties
Service fees	1% and 0.75% of total sales
Technical fees	At contractually agreed prices
Interest income	At rates comparable to market
Dividend income	Upon declaration
Other income	At contractually agreed prices

Significant transactions for the years ended 30 September with related parties were as follows :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Year ended 30 September				
Parent				
Sales of Goods	945,788	1,025,239	155,132	175,532
Purchases of goods and fixed assets	124,750	241,846	111,568	228,892
Service fees	115,696	121,965	107,864	113,533
Technical fees	15,455	6,414	13,825	5,513
Other income	14,046	1,983	13,288	1,804
Subsidiary				
Sales of goods	-	-	376,748	422,102
Purchases of goods and fixed assets	-	-	25,080	26,337
Dividend income	-	-	72,900	10,000
Other income	-	-	5	36
Other related parties				
Sales of goods	2,056,670	2,932,487	2,055,537	2,932,487
Purchases of goods and fixed assets	171,162	196,152	33	188
Interest income	1,189	1,619	1,189	1,619
Other income	12,126	1,072	12,104	1,072
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	86,042	85,345	48,200	52,071
Post-employment benefits	355	364	54	42
Total key management personnel compensation	86,397	85,709	48,254	52,113

Balances as at 30 September with related parties were as follows :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Trade accounts receivable - related parties				
Parent	163,544	201,824	32,025	53,458
Subsidiary	-	-	107,947	112,222
Other related parties	316,744	385,816	315,119	385,816
Total	480,288	587,640	455,091	551,496
Other receivables - related parties				
Parent	2,661	26,106	2,661	26,106
Subsidiary	-	-	18	-
Other related parties	-	1,070	-	1,070
Total	2,661	27,176	2,679	27,176

	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)	(% per annum)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Short-term loan to related party						
Other related party	1.65	1.65	64,473	99,613	64,473	99,613
Total			64,473	99,613	64,473	99,613

Movements during the years ended 30 September of short-term loan to related party were as follows :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Short-term loan to related party				
Other related party				
At 1 October	99,613	103,573	99,613	103,573
Decrease	(32,280)	-	(32,280)	-
Unrealized loss on exchange rate	(2,860)	(3,960)	(2,860)	(3,960)
At 30 September	64,473	99,613	64,473	99,613

On 17 December 2013, the Company entered into a loan agreement with Muramoto Asia Pte Ltd. in which the Company agreed to lend USD 3 million (equivalent to Baht 103 million) to the latter. The loan bears interest at 1.20% per annum, is unsecured and is due on 16 December 2016. At the Board of Directors' meeting held on 25 November 2016, the Board approved the extension of the period of loan to 16 December 2017 and the loan interest rate at 1.65% per annum. At the Board of Directors' meeting held on 24 November 2017, the Board approved the extension USD 2 million due on 16 December 2018 and the loan interest rate at 1.65% per annum.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Trade accounts payable - related parties				
Parent	14,412	52,751	9,464	47,423
Subsidiary	-	-	2,022	2,378
Other related parties	16,707	24,845	32	-
Total	31,119	77,596	11,518	49,801
Other payables - related parties				
Parent	47,430	37,006	45,282	34,873
Other related parties	176	159	176	159
Total	47,606	37,165	45,458	35,032

Significant agreements with related parties

As at 30 September 2018, the parent company has guaranteed USD 6.1 million (equivalent to Baht 198.72 million) and Baht 775 million of credit facilities extended by the financial institutions to the Company (30 September 2017: USD 6.1 million (equivalent to Baht 204.55 million) and Baht 775 million).

Service agreements

The Company and its subsidiary have entered into service agreements with the parent company whereby the parent company agrees to provide full assistance and furnish the Company and its subsidiary with all technical advice and business support for the production and marketing of electronic parts. Under the term of the agreements, the Company agrees to pay a fee equal to 1% and the subsidiary agrees to pay a fee equal to 0.75% of total sales in each fiscal year. The agreements are automatically renewed on a year-to-year basis, unless either of the parties hereto gives the other party prior written notice.

The Company has entered into providing Enterprise Resource Planning (ERP) service agreement with the parent company. The parent company had purchased ERP system which would be able to improve productivity by simplifying manufacturing processes and save cost. The parent company grant the company permission to use ERP system through the cloud service and the Company use ERP service such as Accounting, Financial, Material management, Production, Planning & Control and Sales & distribution operation under the term of the agreement, the Company agrees to pay the service fee according to the size of using. The agreement shall be one year and shall be extended automatically for successive periods of one year each unless either party gives the other party notice of non-extension in writing at least thirty days prior to the expiration of the original or any extended term of this Agreement.

5. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Cash on hand	587	276	357	58
Cash at banks	2,650,602	2,471,203	2,305,592	2,181,841
Total	2,651,189	2,471,479	2,305,949	2,181,899

6. Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Related parties	Note 4	480,288	587,640	455,091	551,496
Other parties		1,205,312	1,184,232	971,041	953,206
Total		1,685,600	1,771,872	1,426,132	1,504,702

Aging analyses for trade accounts receivable were as follows :

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Related parties					
Within credit terms		471,739	581,457	446,542	545,313
Overdue :					
Less than 3 months		5,302	6,077	5,302	6,077
Overdue 3 - 6 months		3,247	106	3,247	106
		480,288	587,640	455,091	551,496
Other parties					
Within credit terms		1,202,874	1,184,186	968,603	953,160
Overdue :					
Less than 3 months		2,438	46	2,438	46
		1,205,312	1,184,232	971,041	953,206
Total		1,685,600	1,771,872	1,426,132	1,504,702

The normal credit term granted by the Group ranges from 30 days to 90 days.

7. Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Related parties	4	2,661	27,176	2,679	27,176
Other parties					
Value added tax receivable		66,103	24,283	59,027	17,827
Other current receivables		33,476	9,145	24,336	4,325
Advance to supplier		18,666	14,333	14,662	11,150
Prepaid expenses		10,511	8,587	10,511	7,055
Others		8,102	669	5,521	661
		136,858	57,017	114,057	41,018
Total		139,519	84,193	116,736	68,194

8. Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Raw materials	462,321	525,548	328,909	356,192
Work in process	220,534	155,301	143,741	85,768
Finished goods	399,513	396,297	248,858	239,059
Supplies	29,701	27,198	15,420	14,639
Goods in transit	56,677	63,043	24,739	25,483
	1,168,746	1,167,387	761,667	721,141
Less allowance for decline in value	(28,947)	(20,102)	(28,468)	(20,102)
Net	1,139,799	1,147,285	733,199	701,039

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	12,790,559	13,432,740	10,250,327	10,825,492
- Write-down to net realisable value	8,845	13,929	8,366	13,929
Total	12,799,404	13,446,669	10,258,693	10,839,421

9. Investment in subsidiary

The investment in subsidiary as at 30 September 2018 and 2017, and dividend income from this investment for the years then ended, were as follows :

	Separate financial Statement							
	Ownership interest		Paid-up capital		Cost Method		Dividend Income	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)		(in thousand Baht)		(in thousand Baht)		(in thousand Baht)	
Subsidiary								
Sima Technology Co., Ltd.	99.99	99.99	300,000	300,000	299,998	299,998	72,900	10,000

Subsidiary engages in manufacture of electronic parts and was incorporated in Thailand. It isn't publicly listed consequently do not has published price quotation.

10. Property, plant and equipment

Consolidated financial statements

	Land (in thousand Baht)	Land improvements (in thousand Baht)	Buildings and structures (in thousand Baht)	Machinery & equipment (in thousand Baht)	Transportation equipment (in thousand Baht)	Furniture, fixtures and office equipment (in thousand Baht)	Construction in progress (in thousand Baht)	Total (in thousand Baht)
Cost								
At 1 October 2016	240,107	41,943	3,366,000	6,387,313	8,879	130,154	74,044	10,248,440
Additions	-	-	3,889	42,989	-	8,524	149,312	204,714
Transfers from investment properties	38,393	-	101,835	-	-	-	-	140,228
Transfers, net	-	-	37,332	150,197	-	1,706	(189,235)	-
Disposals	-	-	(93,631)	(121,758)	(420)	(1,050)	-	(216,859)
At 30 September 2017 and 1 October 2017	278,500	41,943	3,415,425	6,458,741	8,459	139,334	34,121	10,376,523
Additions	-	-	4,096	73,749	-	15,968	244,368	338,181
Transfers, net	-	-	25,687	192,492	-	3,907	(222,086)	-
Disposals	-	-	(27,683)	(420,586)	(450)	(36,336)	-	(485,055)
At 30 September 2018	278,500	41,943	3,417,525	6,304,396	8,009	122,873	56,403	10,229,649
Depreciation and impairment loss								
At 1 October 2016	-	35,496	1,950,838	5,568,504	8,762	115,605	-	7,679,205
Depreciation charge for the year	-	1,639	109,775	286,831	25	8,333	-	406,603
Impairment losses	-	-	-	1,200	-	-	-	1,200
Transfers from investment properties	-	-	101,835	-	-	-	-	101,835
Disposals	-	-	(86,132)	(113,852)	(420)	(1,005)	-	(201,409)
At 30 September 2017 and 1 October 2017	-	37,135	2,076,316	5,742,683	8,367	122,933	-	7,987,434
Depreciation charge for the year	-	1,209	113,813	267,446	25	10,899	-	393,392
Impairment losses	-	-	-	32,775	-	-	-	32,775
Disposals	-	-	(20,508)	(414,615)	(450)	(36,225)	-	(471,798)
At 30 September 2018	-	38,344	2,169,621	5,628,289	7,942	97,607	-	7,941,803

92 10. Property, plant and equipment (Continued)

Consolidated financial statements

	Land (in thousand Baht)	Land improvements (in thousand Baht)	Buildings and structures (in thousand Baht)	Machinery & equipment (in thousand Baht)	Transportation equipment (in thousand Baht)	Furniture, fixtures and office equipment (in thousand Baht)	Construction in progress (in thousand Baht)	Total (in thousand Baht)
Net book value								
At 30 September 2017								
Owned assets	278,500	4,808	1,339,109	620,841	92	16,401	34,121	2,293,872
Assets under finance leases	-	-	-	95,217	-	-	-	95,217
	278,500	4,808	1,339,109	716,058	92	16,401	34,121	2,389,089
At 30 September 2018								
Owned assets	278,500	3,599	1,247,904	546,580	67	25,266	56,403	2,158,319
Assets under finance leases	-	-	-	129,527	-	-	-	129,527
	278,500	3,599	1,247,904	676,107	67	25,266	56,403	2,287,846

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 30 September 2018 amounted to Baht 4,993 million (2017: Baht 4,690 million).

10. Property, plant and equipment (Continued)

Separate financial statements

	Land	Land improvements	Buildings and structures	Machinery & equipment	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Cost								
At 1 October 2016	208,414	41,943	2,274,251	4,371,632	5,067	83,575	13,377	6,998,259
Additions	-	-	3,053	35,771	-	5,403	66,341	110,568
Transfers from investment properties	38,393	-	101,835	-	-	-	-	140,228
Transfers, net	-	-	13,493	43,478	-	93	(57,064)	-
Disposals	-	-	(93,631)	(111,534)	-	(202)	-	(205,367)
At 30 September 2017 and 1 October 2017	246,807	41,943	2,299,001	4,339,347	5,067	88,869	22,654	7,043,688
Additions	-	-	3,420	42,889	-	14,355	161,935	222,599
Transfers, net	-	-	15,700	108,941	-	3,545	(128,186)	-
Disposals	-	-	(2,487)	(136,632)	-	(3,904)	-	(143,023)
At 30 September 2018	246,807	41,943	2,315,634	4,354,545	5,067	102,865	56,403	7,123,264
Depreciation and impairment loss								
At 1 October 2016	-	35,496	1,366,813	3,796,042	5,003	71,933	-	5,275,287
Depreciation charge for the year	-	1,639	54,737	174,088	14	6,425	-	236,903
Transfers from investment properties	-	-	101,835	-	-	-	-	101,835
Disposals	-	-	(86,131)	(107,081)	-	(159)	-	(193,371)
At 30 September 2017 and 1 October 2017	-	37,135	1,437,254	3,863,049	5,017	78,199	-	5,420,654
Depreciation charge for the year	-	1,209	58,302	178,943	14	8,331	-	246,799
Disposals	-	-	(237)	(136,208)	-	(3,892)	-	(140,337)
At 30 September 2018	-	38,344	1,495,319	3,905,784	5,031	82,638	-	5,527,116
Net book value								
At 30 September 2017	246,807	4,808	861,747	476,298	50	10,670	22,654	1,623,034
At 30 September 2018	246,807	3,599	820,315	448,761	36	20,227	56,403	1,596,148

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 30 September 2018 amounted to Baht 3,574 million (2017: Baht 3,535 million).

11. Deferred tax

Deferred tax assets and liabilities as at 30 September were as follows :

Consolidated financial statements			
Assets		Liabilities	
2018	2017	2018	2017
(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Total deferred tax	36,148	-	-
Net deferred tax assets	36,148	-	-

Separate financial statements			
Assets		Liabilities	
2018	2017	2018	2017
(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Total deferred tax	17,124	-	-
Net deferred tax assets	17,124	-	-

Movements in total deferred tax assets and liabilities during the year were as follows :

Consolidated financial statements			
(Charged) / Credited to :			
At 1 October 2017	Profit or loss (Note 22)	Other comprehensive income	At 30 September 2018
(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Deferred tax assets			
Inventories	4,021	-	5,789
Accrued termination benefits	-	-	2,523
Finance lease liabilities	254	-	-
Non-current provisions for employee benefits	51,747	(1,524)	53,478
Total	56,022	(1,524)	61,790
Deferred tax liabilities			
Property, plant and equipment	(19,874)	-	(21,071)
Finance lease liabilities	-	-	(98)
Total	(19,874)	-	(21,169)
Net	36,148	(1,524)	40,621

11. Deferred tax (Continued)

Consolidated financial statements

(Charged) / Credited to :

	At 1 October 2016 (in thousand Baht)	Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income (in thousand Baht)	At 30 September 2017 (in thousand Baht)
Deferred tax assets				
Inventories	1,235	2,786	-	4,021
Finance lease liabilities	-	254	-	254
Non-current provisions for employee benefits	35,968	14,798	981	51,747
Total	37,203	17,838	981	56,022
Deferred tax liabilities				
Property, plant and equipment	(26,920)	7,046	-	(19,874)
Total	(26,920)	7,046	-	(19,874)
Net	10,283	24,884	981	36,148

Separate financial statements

(Charged) / Credited to :

	At 1 October 2017 (in thousand Baht)	Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income (in thousand Baht)	At 30 September 2018 (in thousand Baht)
Deferred tax assets				
Inventories	4,021	1,672	-	5,693
Non-current provisions for employee benefits	44,442	2,834	(1,524)	45,752
Total	48,463	4,506	(1,524)	51,445
Deferred tax liabilities				
Property, plant and equipment	(31,339)	(1,374)	-	(32,713)
Total	(31,339)	(1,374)	-	(32,713)
Net	17,124	3,132	(1,524)	18,732

Separate financial statements

(Charged) / Credited to :

	At 1 October 2016 (in thousand Baht)	Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income (in thousand Baht)	At 30 September 2017 (in thousand Baht)
Deferred tax assets				
Inventories	1,235	2,786	-	4,021
Non-current provisions for employee benefits	35,968	7,696	778	44,442
Total	37,203	10,482	778	48,463
Deferred tax liabilities				
Property, plant and equipment	(26,920)	(4,419)	-	(31,339)
Total	(26,920)	(4,419)	-	(31,339)
Net	10,283	6,063	778	17,124

12. Interest-bearing liabilities

Finance lease liabilities

Subsidiary entered into various lease agreements covering machinery and equipment. Lease terms are for the period of 3 and 5 years. Finance lease liabilities as at 30 September were payable as follows :

Consolidated financial statements						
2018			2017			
Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments	
(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	
Within one year	37,843	2,132	35,711	50,596	1,912	48,684
After one year but within five years	87,066	2,717	84,349	54,313	1,618	52,695
Total	124,909	4,849	120,060	104,909	3,530	101,379

As at 30 September 2018, the Company has unused credit facilities with a financial institution (short-term loan, bank overdraft and letter of guarantee) of Baht 1,568 million (2017: Baht 1,694 million).

13. Trade accounts payable

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Related parties	Note 4	31,119	77,596	11,518	49,801
Other parties		1,344,848	1,348,732	1,130,415	1,111,236
Total		1,375,967	1,426,328	1,141,933	1,161,037

14. Other payables

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Related parties	Note 4	47,606	37,165	45,458	35,032
Others					
Other current payables		97,089	80,441	96,449	80,441
Accrued operating expenses		95,931	98,350	48,570	46,131
Deposits and advances received		12,380	3,785	12,380	3,260
Withholding tax payable		9,367	11,732	7,082	9,829
		214,767	194,308	164,481	139,661
Total		262,373	231,473	209,939	174,693

15. Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Statement of financial position non-current provision for :				
Post-employment benefits	267,790	261,245	228,759	222,210
Year ended 30 September				
Statement of comprehensive income :				
Recognised in profit or loss :				
Post-employment benefits	26,469	49,932	20,969	45,146
Recognised in other comprehensive income :				
Actuarial losses (gains) recognised in the year	(7,618)	3,681	(7,618)	3,887
Cumulative actuarial losses recognised	70,473	78,091	69,458	77,076

Defined benefit plan

The Group and the Company operate a defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk and interest rate risk.

Movement in the present value of the defined benefit obligation.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
At 1 October	261,245	214,926	222,210	179,843
Include in profit or loss				
Current service costs	18,772	16,583	14,801	12,722
Past service costs	-	27,066	-	27,066
Interest on obligation	7,207	5,000	5,678	4,075
Curtailment loss	490	1,283	490	1,283
	26,469	49,932	20,969	45,146
Included in other comprehensive income				
Actuarial losses (gains)	(7,618)	3,681	(7,618)	3,887
	(7,618)	3,681	(7,618)	3,887
Other				
Benefit paid	(12,306)	(7,294)	(6,802)	(6,666)
	(12,306)	(7,294)	(6,802)	(6,666)
At 30 September	267,790	261,245	228,759	222,210

15. Non-current provisions for employee benefits (Continued)

Actuarial gains and losses recognised in other comprehensive income arising from :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Demographic assumptions	-	7,072	-	-
Financial assumptions	(4,529)	(7,842)	(4,529)	(6,679)
Experience adjustment	(3,089)	4,451	(3,089)	10,566
Total	(7,618)	3,681	(7,618)	3,887

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	%	%	%	%
Discount rate	2.8, 3.0	2.6, 2.8, 3.0	2.8	2.6
Future salary growth	2.4 - 5.0	2.4 - 5.0	5.0	5.0
Employee turnover	0 - 20.0	0 - 20.0	0 - 20.0	0 - 20.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 30 September 2018, the weighted-average duration of the defined benefit obligation were during 10 to 16 years (2017 : 10 to 16 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
	Increase	Decrease	Increase	Decrease
30 September 2018				
Discount rate (0.5% movement)	(13,787)	14,395	(10,761)	11,579
Future salary growth (0.5% movement)	13,955	(13,099)	10,861	(10,203)
Employee turnover (0.5% movement)	(14,021)	8,539	(10,744)	6,403
30 September 2017				
Discount rate (0.5% movement)	(13,167)	14,192	(11,065)	11,927
Future salary growth (0.5% movement)	13,293	(12,466)	11,173	(10,479)
Employee turnover (0.5% movement)	(13,309)	8,196	(11,065)	6,748

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

16. Share capital

	Par value (in Baht)	2018		2017	
		Number	Baht	Number	Baht
		(thousand shares/thousand Baht)		(thousand shares/thousand Baht)	
Authorised					
At 1 October - ordinary shares	10	23,898	238,981	23,898	238,981
At 30 September - ordinary shares	10	23,898	238,981	23,898	238,981
Issued and fully paid-up					
At 1 October - ordinary shares	10	20,898	208,981	20,898	208,981
At 30 September - ordinary shares	10	20,898	208,981	20,898	208,981

17. Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

18. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Electric parts for automotive business
- Segment 2 Electronic parts for office automation business
- Segment 3 Other business

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Electronic parts											
	Electronic parts for automotive		Electronic parts for office automation		Other Electronic Part		Total		Eliminations		Net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(in million Baht)		(in million Baht)		(in million Baht)		(in million Baht)		(in million Baht)		(in million Baht)	
Revenue												
External revenue	5,244	6,429	8,178	7,572	42	68	13,464	14,069	-	-	13,464	14,069
Inter-segment revenue	386	433	16	15	-	-	402	448	(402)	(448)	-	-
Total segment revenue	5,630	6,862	8,194	7,587	42	68	13,866	14,517	(402)	(448)	13,464	14,069
Gross profit	174	253	486	358	4	4	664	615	1	(1)	665	622
Other Income	93	104	117	93	1	1	211	198	(73)	(10)	138	188
Net foreign exchange gain (loss)	8	(20)	12	6	-	-	20	(14)	-	-	20	(14)
Cost of sale of goods	(5,456)	(6,607)	(7,708)	(7,226)	(38)	(63)	(13,202)	(13,896)	403	449	(12,799)	(13,447)
Distribution cost	(87)	(113)	(121)	(115)	(1)	(1)	(209)	(229)	-	-	(209)	(229)
Administrative expense	(162)	(136)	(261)	(144)	(1)	(2)	(424)	(282)	-	-	(424)	(282)
Finance costs	-	(1)	(2)	(3)	-	-	(2)	(4)	-	-	(2)	(4)
Tax expense	(15)	(16)	(20)	(7)	-	-	(35)	(23)	-	-	(35)	(23)
Profit for the year	11	73	211	191	3	3	225	267	(72)	(9)	153	258
Interest revenue	6	5	7	5	-	-	13	10	-	-	13	10
Depreciation and amortisation	(131)	(151)	(272)	(273)	-	-	(403)	(424)	2	1	(401)	(423)
Segment assets as at 30 September	1,629	1,641	2,165	2,107	1,432	1,678	5,226	5,426	(113)	(118)	5,113	5,308
Segment Liabilities as at 30 September	376	599	904	885	206	57	1,486	1,541	(110)	(115)	1,376	1,426

Reconciliation of reportable segment assets and liabilities

	2018	2017
	(in million Baht)	(in million Baht)
Assets		
Total assets for reportable segments	5,113	5,308
Other unallocated amounts	2,935	2,713
Consolidated total assets	8,048	8,021
Liabilities		
Total liabilities for reportable segments	1,376	1,426
Other unallocated amounts	699	614
Consolidated total liabilities	2,075	2,040

Geographical information

Electronic parts for automotive, Electronic parts for office automation and other electronic parts are managed on a worldwide basis but operate manufacturing facilities and sales offices in Thailand.

In presenting geographical information revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	2018	2017
	(in million Baht)	(in million Baht)
Thailand	6,775	6,480
Japan	4,543	4,576
United State of America	1,052	1,843
Other countries	1,094	1,170
Total	13,464	14,069

Major customer

Revenues from three customers of the Group's Electronic parts for automotive, Electronic parts for office automation and other electronic parts segments represents approximately Baht 8,315 million (2017: Baht 7,890 million) of the Group's total revenues.

19. Other income

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Income from scrap sale		74,142	79,915	51,796	65,719
Interest income		13,461	9,856	13,048	9,512
Rental and other service income		8,469	46,267	-	29,235
Others		41,664	52,269	41,116	48,249
Total		137,736	188,307	105,960	152,715

20. Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Management				
Wages and salaries	29,268	27,474	12,947	13,559
Others	57,129	58,235	35,307	38,554
	86,397	85,709	48,254	52,113
Other employees				
Wages and salaries	1,084,992	994,507	781,472	791,790
Defined contribution plans	13,754	12,989	10,444	10,060
Others	645,092	700,984	545,923	515,924
	1,743,838	1,708,480	1,337,839	1,317,774
Total	1,830,235	1,794,189	1,386,093	1,369,887

Defined contribution plans

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging of 3% of their basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

21. Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows :

Included in cost of sales of goods :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Changes in inventories of finished goods and work in progress	(68,449)	54,547	(67,772)	61,961
Raw materials and consumables used	10,166,005	10,456,068	8,263,710	8,686,721
Employee benefit expenses	1,647,270	1,634,717	1,256,235	1,249,866
Depreciation and amortisation	418,069	400,130	245,720	233,636
Others	636,509	901,207	560,800	607,237
Total	12,799,404	13,446,669	10,258,693	10,839,421

Included in distribution costs :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Service fee	115,696	121,965	107,864	113,533
Employee benefit expenses	42,746	39,460	32,257	30,701
Distribution	33,114	55,557	27,568	49,832
Depreciation and amortisation	1,203	1,482	259	369
Professional fee	616	656	-	2
Others	15,665	10,100	10,958	6,472
Total	209,040	229,220	178,906	200,909

Included in administrative expenses :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Employee benefit expenses	140,219	120,012	97,601	89,320
IT expenses	63,412	-	63,412	-
Impairment loss	32,775	1,200	-	-
Professional fee	11,933	14,014	10,516	12,439
Depreciation and amortisation	10,208	21,145	8,062	18,497
Travelling	1,802	2,738	454	1,651
Others	163,211	122,659	144,196	111,775
Total	423,560	281,768	324,241	233,682

22. Income tax expense

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Current tax expense				
Current year	40,852	48,229	32,107	42,306
	40,852	48,229	32,107	42,306
Deferred tax expense				
Movements in temporary differences	(5,997)	(24,884)	(3,132)	(6,063)
Total	34,855	23,345	28,975	36,243

Income tax recognised in other comprehensive income

Consolidated financial statements						
	2018			2017		
	Before	tax (expense)	Net of	Before	tax (expense)	Net of
	tax	benefit	tax	Tax	benefit	Tax
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Defined benefit plan actuarial gains (losses)	7,618	(1,524)	6,094	(3,681)	980	(2,701)
Total	7,618	(1,524)	6,094	(3,681)	980	(2,701)

	Separate financial statements					
	2018			2017		
	Before tax	tax (expense) benefit	Net of tax	Before Tax	tax (expense) benefit	Net of Tax
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Defined benefit plan actuarial gains (losses)	7,618	(1,524)	6,094	(3,888)	778	(3,110)
Total	7,618	(1,524)	6,094	(3,888)	778	(3,110)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		187,495		280,995
Income tax using the Thai corporation tax rate	20	37,499	20	56,199
Expenses additionally deductible for tax purposes		(9,046)		(16,144)
Expenses not deductible for tax purposes and others		6,402		2,112
Temporary difference which no deferred tax was recognised		-		(18,822)
Total	19	34,855	8	23,345

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		228,069		218,761
Income tax using the Thai corporation tax rate	20	45,614	20	43,752
Income not subject to tax		(14,580)		(2,000)
Expenses additionally debuctible for tax purposes		(6,808)		(6,766)
Expenses not debuctible for tax purposes and others		4,749		1,257
Total	13	28,975	17	36,243

23. Promotional privileges

The Company received promotional privileges from the Board of Investment in respect of manufacturing of metal, plastic, and assembly parts of electronic parts. Under these privileges, the Company has received exemption of import duty of necessary material used in production of promoted products for export and exception from payment of import duty on machinery approved by the Board throughout the period of the privileges. As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.

The subsidiary company received promotional privileges from the Board of Investment under various promotion certificates in respect of manufacturing of electronic parts. Under these privileges, the subsidiary company has received exemption from certain taxes for a period of eight years from the date of commencement of promoted revenue. As a promoted company, the subsidiary company must comply with certain terms and conditions prescribed in the promotional certificate.

24. Basic earnings per share

The calculations of basic earnings per share for the years ended 30 September 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht /thousand shares)	(in thousand Baht /thousand shares)	(in thousand Baht /thousand shares)	(in thousand Baht /thousand shares)
Profit attributable to ordinary shareholders of the Company (basic)	152,640	257,650	199,094	182,518
Number of ordinary shares outstanding	20,898	20,898	20,898	20,898
Earnings per share (basic) (in Baht)	7.30	12.33	9.53	8.73

25. Dividends

At the annual general meeting of the shareholders of the Company held on 26 January 2018, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2017 at Baht 8 per share, totaling Baht 167 million. The dividends were paid in February 2018.

At the annual general meeting of the shareholders of the Company held on 27 January 2017, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2016 at Baht 14 per share, totaling Baht 293 million. The dividends were paid in February 2017.

26. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its lending.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for subsequent period.

At 30 September, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Note	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
United States Dollars					
Cash and cash equivalents		157,496	524,530	157,496	524,530
Trade accounts receivable		347,736	406,638	346,111	406,638
Short-term loan to related party	4	64,473	99,613	64,473	99,613
Trade accounts payable		(156,532)	(189,481)	(145,432)	(170,330)
Gross balance sheet exposure		413,173	841,300	422,648	860,451
Currency forward contract		(241,773)	(130,139)	(241,773)	(130,135)
Net exposure		171,400	711,161	180,875	730,316
Japanese Yen					
Cash and cash equivalents		119,631	113,773	115,037	109,629
Trade accounts receivable		301,266	333,158	169,747	184,792
Trade accounts payable		(111,496)	(164,326)	(79,328)	(122,618)
Payable for property, plant and equipment		(7,607)	-	(7,607)	-
Gross balance sheet exposure		301,794	282,605	197,849	171,803

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effect of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instrument measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
30 September 2018					
Finance lease liabilities	(120,060)	-	(119,519)	-	(119,519)
Foreign currency forward contract	-	-	241,773	-	241,773
30 September 2017					
Finance lease liabilities	(101,379)	-	(102,554)	-	(102,554)
Foreign currency forward contract	-	-	130,139	-	130,139

Separate financial statements					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
30 September 2018					
Foreign currency forward contract	-	-	241,773	-	241,773
30 September 2017					
Foreign currency forward contract	-	-	130,135	-	130,135

The fair values of the current portion of financial assets and liabilities are taken to approximate the carrying values due to the relatively short-term maturity of these financial instruments.

27. Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Capital commitments				
Contracted but not provided for buildings, machine and other constructions	56,127	18,230	56,127	17,606
Future minimum lease payments under non-cancellable operating leases				
Within one year	12,690	9,405	8,190	5,288
After one year but within five years	18,055	4,272	14,423	1,007
Total	30,745	13,677	22,613	6,295
Other commitments				
Bank guarantees	32,632	47,769	32,632	47,769

The Group had land lease, car lease and office equipment agreements for various periods, which will expire during 2018 to 2021.

The Company had bank guarantee issued by various financial institutions for use of electricity, gasoline and accepted purchase orders for goods and supplies.

28. Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying on the consolidated and separate financial statements.

29. Reclassification of accounts

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 financial statements were as follows :

2017						
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Statement of financial position						
Other receivables	49,509	34,684	84,193	42,608	25,586	68,194
Other current assets	34,684	(34,684)	-	25,586	(25,586)	-
Other payables	(219,741)	(11,732)	(231,473)	(164,864)	(9,829)	(174,693)
Other current liabilities	(11,732)	11,732	-	(9,829)	9,829	-
		-			-	

2017						
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Statement of comprehensive income						
Cost of sale of goods	13,452,528	(5,859)	13,446,669	-	-	-
Distribution costs	227,624	1,596	229,220	-	-	-
Administrative expenses	277,505	4,263	281,768	-	-	-
		-			-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

CERTIFICATE



ISO 9001/2015
Cer. SGS TH06/2775



ISO 9001/2015
Cer. SGS TH15/8445



ISO 9001/2015
Cer. SGS TH15/8458



ISO 14001/2015
Cer. SGS TH15/9055



IATF 16949/2016
Cer. SGS TH06/2833.01



IATF 16949/2016
Cer. SGS TH06/2833.02



IATF 16949/2016
Cer. SGS TH06/2833.03



OHSAS 18001/2007
Cer. SGS TH17/10431





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