

**Muramoto Electron (Thailand) Public Company  
Limited and its Subsidiary**

Interim financial statements  
For the three-month period ended  
31 December 2018

and

Independent auditor's report on review of interim financial  
information



KPMG Phoomchai Audit Ltd.  
Empire Tower, 50<sup>th</sup>-51<sup>st</sup> Floors  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด  
ชั้น 50-51 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

## Independent Auditor's Report on Review of Interim Financial Information

### To the Board of Directors of Muramoto Electron (Thailand) Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Muramoto Electron (Thailand) Public Company Limited and its subsidiary, and of Muramoto Electron (Thailand) Public Company Limited, respectively, as at 31 December 2018; the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 December 2018; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Siripen Sukcharoenyingyong)  
Certified Public Accountant  
Registration No. 3636

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 February 2019

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Statement of financial position**

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018 (Unaudited)	30 September 2018	31 December 2018 (Unaudited)	30 September 2018
<i>(in thousand Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents		2,602,424	2,651,189	2,337,622	2,305,949
Trade accounts receivable	3, 4	1,478,084	1,685,600	1,187,929	1,426,132
Other receivables	3	123,862	139,519	96,056	116,736
Short-term loan to related party	3	-	64,473	-	64,473
Inventories		1,244,043	1,139,798	844,301	733,198
Current tax assets		1,916	-	1,103	-
<b>Total current assets</b>		<b>5,450,329</b>	<b>5,680,579</b>	<b>4,467,011</b>	<b>4,646,488</b>
<b>Non-current assets</b>					
Investment in subsidiary	5	-	-	299,998	299,998
Property, plant and equipment	6	2,272,048	2,287,846	1,580,801	1,596,148
Intangible assets		22,743	23,979	20,486	22,451
Deferred tax assets		35,618	40,621	19,033	18,732
Other non-current assets		14,741	14,607	6,885	6,402
<b>Total non-current assets</b>		<b>2,345,150</b>	<b>2,367,053</b>	<b>1,927,203</b>	<b>1,943,731</b>
<b>Total assets</b>		<b>7,795,479</b>	<b>8,047,632</b>	<b>6,394,214</b>	<b>6,590,219</b>

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
Liabilities and equity		31 December	30 September	31 December	30 September
		2018	2018	2018	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b>Current liabilities</b>					
Trade accounts payable	3	1,138,297	1,375,967	927,917	1,141,933
Other payables	3	226,945	262,373	197,141	209,939
Payable for property, plant and equipment		56,128	16,643	33,670	12,057
Current portion of finance lease liabilities		38,055	35,712	-	-
Income tax payable		30,935	32,389	26,546	26,546
<b>Total current liabilities</b>		<b>1,490,360</b>	<b>1,723,084</b>	<b>1,185,274</b>	<b>1,390,475</b>
<b>Non-current liabilities</b>					
Finance lease liabilities		89,520	84,348	-	-
Non-current provisions for employee benefits	7	266,913	267,790	233,147	228,759
<b>Total non-current liabilities</b>		<b>356,433</b>	<b>352,138</b>	<b>233,147</b>	<b>228,759</b>
<b>Total liabilities</b>		<b>1,846,793</b>	<b>2,075,222</b>	<b>1,418,421</b>	<b>1,619,234</b>
<b>Equity</b>					
Share capital					
Authorised share capital		238,981	238,981	238,981	238,981
Issued and paid-up share capital		208,981	208,981	208,981	208,981
Additional paid-in capital					
Premium on ordinary shares		653,700	653,700	653,700	653,700
Retained earnings					
Appropriated					
Legal reserve		25,000	25,000	25,000	25,000
Unappropriated		5,061,005	5,084,729	4,088,112	4,083,304
<b>Total equity</b>		<b>5,948,686</b>	<b>5,972,410</b>	<b>4,975,793</b>	<b>4,970,985</b>
<b>Total liabilities and equity</b>		<b>7,795,479</b>	<b>8,047,632</b>	<b>6,394,214</b>	<b>6,590,219</b>

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

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Statement of comprehensive income (Unaudited)**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Three-month period ended 31 December		Three-month period ended 31 December	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Income</b>					
Revenue from sale of goods	3	2,896,706	3,347,718	2,417,900	2,713,848
Other income	3	38,549	27,006	31,884	21,668
Net foreign exchange gain		16,474	-	14,320	-
<b>Total income</b>		<b>2,951,729</b>	<b>3,374,724</b>	<b>2,464,104</b>	<b>2,735,516</b>
<b>Expenses</b>					
Cost of sale of goods	3	2,835,199	3,183,703	2,347,661	2,551,863
Distribution costs	3	42,697	56,148	36,768	47,741
Administrative expenses	3	91,940	77,853	75,167	63,386
Net foreign exchange loss		-	11,295	-	14,305
Finance costs		614	681	-	-
<b>Total expenses</b>		<b>2,970,450</b>	<b>3,329,680</b>	<b>2,459,596</b>	<b>2,677,295</b>
<b>Profit (loss) before income tax expense</b>		<b>(18,721)</b>	<b>45,044</b>	<b>4,508</b>	<b>58,221</b>
Tax expense (income)	9	5,003	10,941	(300)	10,054
<b>Profit (loss) for the period</b>		<b>(23,724)</b>	<b>34,103</b>	<b>4,808</b>	<b>48,167</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(23,724)</b>	<b>34,103</b>	<b>4,808</b>	<b>48,167</b>
<b>Basic earnings (loss) per share (Baht)</b>	10	<b>(1.14)</b>	<b>1.63</b>	<b>0.23</b>	<b>2.30</b>

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

## Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

### Statement of changes in equity (Unaudited)

#### Consolidated financial statements

	<i>Retained earnings</i>					
	Issued and paid-up share capital	Share premium	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	Total equity	
<b>For the three-month period ended 31 December 2017</b>						
<b>Balance at 1 October 2017</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>5,093,180</b>	<b>5,980,861</b>	
<b>Comprehensive income for the period</b>						
Profit	-	-	-	34,103	34,103	
Other comprehensive income	-	-	-	-	-	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,103</b>	<b>34,103</b>	
<b>Balance at 31 December 2017</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>5,127,283</b>	<b>6,014,964</b>	

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

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

**Consolidated financial statements**

		<i>Retained earnings</i>			
	Issued and paid-up share capital	Share premium	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	Total equity
<b>For the three-month period ended 31 December 2018</b>					
<b>Balance at 1 October 2018</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>5,084,729</b>	<b>5,972,410</b>
<b>Comprehensive income (loss) for the period</b>					
Loss	-	-	-	(23,724)	(23,724)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,724)</b>	<b>(23,724)</b>
<b>Balance at 31 December 2018</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>5,061,005</b>	<b>5,948,686</b>

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

## Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

### Statement of changes in equity (Unaudited)

#### Separate financial statements

	<i>Retained earnings</i>				
	Issued and paid-up share capital	Share premium	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	Total equity
<b>For the three-month period ended 31 December 2017</b>					
<b>Balance at 1 October 2017</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>4,045,301</b>	<b>4,932,982</b>
<b>Comprehensive income for the period</b>					
Profit	-	-	-	48,167	48,167
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,167</b>	<b>48,167</b>
<b>Balance at 31 December 2017</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>4,093,468</b>	<b>4,981,149</b>

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



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

**Separate financial statements**

	Issued and paid-up share capital	Share premium	<i>Retained earnings</i>		
			Legal reserve <i>(in thousand Baht)</i>	Unappropriated	Total equity
<b>For the three-month period ended 31 December 2018</b>					
<b>Balance at 1 October 2018</b>	208,981	653,700	25,000	4,083,304	4,970,985
<b>Comprehensive income for the period</b>					
Profit	-	-	-	4,808	4,808
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	4,808	4,808
<b>Balance at 31 December 2018</b>	<b>208,981</b>	<b>653,700</b>	<b>25,000</b>	<b>4,088,112</b>	<b>4,975,793</b>

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

## Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

### Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Three-month period ended		Three-month period ended	
	31 December		31 December	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the period	(23,724)	34,103	4,808	48,167
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense (income)	5,003	10,941	(300)	10,054
Depreciation and amortisation	90,173	104,774	59,015	63,439
Finance costs	614	681	-	-
Unrealised loss (gain) on exchange rate	(6,549)	19,028	(5,162)	15,651
Allowance for obsolete and decline in value of inventories (reversal of)	5,943	(1,499)	5,943	(1,499)
Gain on disposal of property, plant and equipment	(620)	(116)	(122)	(116)
Employee benefit expenses	6,283	6,556	5,290	5,120
	<u>77,123</u>	<u>174,468</u>	<u>69,472</u>	<u>140,816</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	206,522	132,571	237,360	71,420
Other receivables	15,622	(21,644)	20,653	(21,475)
Inventories	(110,188)	51,851	(117,046)	40,009
Current tax assets	(1,916)	-	(1,103)	-
Other non-current assets	(146)	(140)	(496)	(140)
Trade accounts payable	(238,147)	(91,454)	(213,529)	(92,479)
Other payables	(35,314)	(29,490)	(12,771)	(10,054)
Employee benefit paid	(7,160)	(521)	(902)	-
Tax paid	(1,454)	(302)	-	(302)
<b>Net cash from (used in) operating activities</b>	<b><u>(95,058)</u></b>	<b><u>215,339</u></b>	<b><u>(18,362)</u></b>	<b><u>127,795</u></b>

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

# Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

## Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Three-month period ended 31 December		Three-month period ended 31 December	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Proceeds from repayment of loan to related party	64,473	32,280	64,473	32,280
Acquisition of property, plant and equipment	(26,494)	(46,599)	(20,258)	(40,820)
Proceeds from sale of property, plant and equipment	8,695	120	302	120
Acquisition of intangible assets	(904)	(2,041)	-	(2,041)
<b>Net cash from (used in) investing activities</b>	<b>45,770</b>	<b>(16,240)</b>	<b>44,517</b>	<b>(10,461)</b>
<b><i>Cash flows from financing activities</i></b>				
Financial cost paid	(614)	(681)	-	-
Repayment under finance lease liabilities	(5,656)	(23,318)	-	-
<b>Net cash used in financing activities</b>	<b>(6,270)</b>	<b>(23,999)</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	(55,558)	175,100	26,155	117,334
Effect of exchange rate changes on cash and cash equivalents	6,793	(12,170)	5,518	(12,170)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(48,765)</b>	<b>162,930</b>	<b>31,673</b>	<b>105,164</b>
Cash and cash equivalents at 1 October	2,651,189	2,471,479	2,305,949	2,181,899
<b>Cash and cash equivalents at 31 December</b>	<b>2,602,424</b>	<b>2,634,409</b>	<b>2,337,622</b>	<b>2,287,063</b>
<b>Supplemental disclosures of cash flows information:</b>				
Property, plant and equipment purchased during the period are details as follows:				
Increase in property, plant and equipment during the period	80,387	78,782	41,871	49,670
Less assets acquired by means of finance lease during the period	(14,408)	(24,799)	-	-
Change in payables for purchase of property, plant and equipment	(39,485)	(7,384)	(21,613)	(8,850)
<b>Purchased of property, plant and equipment paid by cash</b>	<b>26,494</b>	<b>46,599</b>	<b>20,258</b>	<b>40,820</b>

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

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade accounts receivable
5	Investment in subsidiary
6	Property, plant and equipment
7	Non-current provisions for employee benefits
8	Segment information
9	Income tax expense
10	Basic earnings (loss) per share
11	Financial instruments
12	Commitments with non-related parties
13	Events after the reporting period

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory interim financial statements and were approved and authorised for issue by the Board of Directors on 13 February 2019.

**1 General information**

Muramoto Electron (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 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 3 and 5.

**2 Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No.34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 30 September 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiary for the year ended 30 September 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 30 September 2018 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

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.

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

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

(1) 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.

(2) 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.

(b) *Functional and presentation currency*

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

(c) *Use of judgements and estimates*

The preparation of interim 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.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2018.

Measurement of fair values

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.

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

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 10 financial instruments.

### **3 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:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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 Manufacturing Europe S.R.O.	Czech Republic	Parent is major shareholder, common director

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Muramoto Audio-Visual Philippines Inc.	Philippines	Parent is major shareholder, common director
P.T. Muramoto Elecktronika Indonesia	Indonesia	Parent is major shareholder, common director

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

<b>Transactions</b>	<b>Pricing policies</b>
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
Other income	At contractually agreed prices

Significant transactions for the three-month period ended 31 December with related parties were as follows:

<i>Three-month period ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Sales of goods	56,806	235,225	33,093	39,891
Purchases of goods and fixed assets	11,428	32,847	10,261	29,829
Service fees	24,626	29,090	24,110	27,138
Technical fees	4,006	599	3,606	599
Other income	1,646	236	1,487	114
<b>Subsidiary</b>				
Sales of goods	-	-	218	95,741
Purchases of goods	-	-	6,343	6,645
Other income	-	-	5	-
<b>Other related parties</b>				
Sales of goods	380,937	551,833	378,267	551,833
Purchases of goods	-	50,934	-	-
Interest income	229	386	229	386
Other income	107	14	-	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	19,024	21,995	11,513	13,717
Post-employment benefits	31	89	14	14
Total key management personnel compensation	<u>19,055</u>	<u>22,084</u>	<u>11,527</u>	<u>13,731</u>





# Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

## Notes to the interim financial statements

### For the three-month period ended 31 December 2018 (Unaudited)

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. On 14 December 2018, the Company received repayment loan in full amount.

<i>Trade accounts payable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31	30	31	30
	December	September	December	September
	2018	2018	2018	2018
	<i>(in thousand Baht)</i>			
Parent	10,828	14,412	8,996	9,464
Subsidiary	-	-	3,415	2,022
Other related parties	-	16,707	-	32
<b>Total</b>	<b>10,828</b>	<b>31,119</b>	<b>12,411</b>	<b>11,518</b>

<i>Other payables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31	30	31	30
	December	September	December	September
	2018	2018	2018	2018
	<i>(in thousand Baht)</i>			
Parent	49,039	47,430	48,523	45,282
Other related parties	275	176	275	176
<b>Total</b>	<b>49,314</b>	<b>47,606</b>	<b>48,798</b>	<b>45,458</b>

<i>Payable for property, plant and equipment - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31	30	30	30
	December	September	December	September
	2018	2018	2018	2018
	<i>(in thousand Baht)</i>			
Parent	<b>1,173</b>	-	-	-

#### *Significant agreements with related parties*

As at 31 December 2018, the parent company has guaranteed USD 6.1 million (equivalent to Baht 198.95 million) and Baht 775 million of credit facilities extended by the financial institutions to the Company (30 September 2018: USD 6.1 million (equivalent to Baht 198.72 million) and Baht 775 million).

# Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

## Notes to the interim financial statements

For the three-month period ended 31 December 2018 (Unaudited)

### 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.

### 4 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018	30 September 2018	31 December 2018	30 September 2018
		<i>(in thousand Baht)</i>			
Related parties	3	262,931	480,288	261,614	455,091
Other parties		1,215,153	1,205,312	926,315	971,041
<b>Total</b>		<b>1,478,084</b>	<b>1,685,600</b>	<b>1,187,929</b>	<b>1,426,132</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	31 December 2018	30 September 2018	31 December 2018	30 September 2018
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	255,071	471,739	253,754	446,542
Overdue:				
Less than 3 months	4,423	5,302	4,423	5,302
Overdue 3 - 6 months	3,437	3,247	3,437	3,247
	<b>262,931</b>	<b>480,288</b>	<b>261,614</b>	<b>455,091</b>



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

**5 Investment in subsidiary**

The investment in subsidiary as at 31 December 2018 and 30 September 2018, and dividend income from this investment for the three-month periods ended 31 December 2018 and 2017 were as follows:

	Ownership interest		Paid-up capital		Cost method		Dividend for three-month ended	
	31 December 2018	30 September 2018	31 December 2018	30 September 2018	31 December 2018	30 September 2018	31 December 2018	31 December 2017
	(in thousand Baht)							
<b>Subsidiary</b>								
Sima Technology Co., Ltd.	99.99	99.99	300,000	300,000	299,998	299,998	-	-

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

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

**6 Property, plant and equipment**

The movement of property, plant and equipment during the three-month period ended 31 December 2018 and 2017 was as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Book value as at 1 October	2,287,846	2,389,089	1,596,148	1,623,034
Additions	80,387	78,782	41,871	49,670
Disposals	(8,075)	(4)	(180)	(4)
Depreciation charge for the period	(88,110)	(103,599)	(57,038)	(62,356)
Reversal of impairment losses	-	45	-	-
<b>Book value as at 31 December</b>	<b><u>2,272,048</u></b>	<b><u>2,364,313</u></b>	<b><u>1,580,801</u></b>	<b><u>1,610,344</u></b>

**7 Non-current provisions for employee benefits**

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as the increasing of past service cost recognized during that period in the consolidated and the separate financial statements.

**8 Segment information**

The Group's business segments consist of Electronic parts for automotive business, Electronic parts for office automation business and Other electronic parts business.

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

Segment information presented in respect of the business segment for three-month periods ended at 31 December 2018 and 2017 were as follows:

*For the three-month period ended 31 December 2018*

	Electronic parts for automotive	Electronic parts for office automation	Other electronic parts	Total	Eliminations	Net
External revenue	1,062,626	1,827,203	6,877	2,896,706	-	2,896,706
Inter-segment revenue	6,433	128	-	6,561	(6,561)	-
<b>Total segment revenue</b>	<b>1,069,059</b>	<b>1,827,331</b>	<b>6,877</b>	<b>2,903,267</b>	<b>(6,561)</b>	<b>2,896,706</b>
Segment profit (loss) before income tax	(35,393)	16,282	177	(18,934)	213	(18,721)
Segment assets as at 31 December 2018	1,721,428	1,823,506	1,455,332	5,000,266	(6,090)	4,994,176
Segment liabilities as at 31 December 2018	224,953	748,354	168,654	1,141,961	(3,664)	1,138,297

*For the three-month period ended 31 December 2017*

	Electronic parts for automotive	Electronic parts for office automation	Other electronic parts	Total	Eliminations	Net
External revenue	1,315,318	2,017,577	14,823	3,347,718	-	3,347,718
Inter-segment revenue	98,368	4,018	-	102,386	(102,386)	-
<b>Total segment revenue</b>	<b>1,413,686</b>	<b>2,021,595</b>	<b>14,823</b>	<b>3,450,104</b>	<b>(102,386)</b>	<b>3,347,718</b>
Segment profit before income tax	2,861	41,307	653	44,821	223	45,044
Segment assets as at 30 September 2018	1,628,666	2,164,877	1,432,315	5,225,858	(112,613)	5,113,245
Segment liabilities as at 30 September 2018	376,166	904,154	205,635	1,485,955	(109,988)	1,375,967

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

*Reconciliation of reportable segment assets and liabilities*

	31 December 2018	30 September 2018
	<i>(in thousand Baht)</i>	
<b>Assets</b>		
Total assets for reportable segments	4,994,176	5,113,245
Other unallocated amounts	2,801,303	2,934,387
<b>Consolidated total assets</b>	<u><b>7,795,479</b></u>	<u><b>8,047,632</b></u>
<b>Liabilities</b>		
Total liabilities for reportable segments	1,138,297	1,375,967
Other unallocated amounts	708,496	699,255
<b>Consolidated total liabilities</b>	<u><b>1,846,793</b></u>	<u><b>2,075,222</b></u>

**9 Income tax expense**

*Income tax recognised in profit or loss*

<i>For the three-month period ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	-	10,529	-	10,529
<b>Deferred tax</b>				
Movements in temporary differences	5,003	412	(300)	(475)
<b>Total income tax expense (income)</b>	<u><b>5,003</b></u>	<u><b>10,941</b></u>	<u><b>(300)</b></u>	<u><b>10,054</b></u>

*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	2018		2017	
	<i>Rate (%)</i>	<i>(thousand Baht)</i>	<i>Rate (%)</i>	<i>(thousand Baht)</i>
Profit (loss) before income tax expense		(18,721)		45,044
Income tax using the Thai corporation tax rate	20	(3,744)	20	9,009
Income not subject to tax		-		(1,607)
Addition deductible expenses		(1,793)		(2,174)
Expenses not deductible for tax purpose		1,051		1,247
Current period loss for which no deferred tax asset was recognised		9,489		4,466
<b>Total</b>	<u><b>27</b></u>	<u><b>5,003</b></u>	<u><b>24</b></u>	<u><b>10,941</b></u>



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

	Separate financial statements			
	2018		2017	
	Rate (%)	(thousand Baht)	Rate (%)	(thousand Baht)
Profit before income tax expense		4,508		58,221
Income tax using the Thai corporation tax rate	20	902	20	11,644
Addition deductible expenses		(1,544)		(1,642)
Expenses not deductible for tax purpose		248		52
Current period losses for which no deferred tax asset was recognised		94		-
<b>Total</b>	<b>(7)</b>	<b>(300)</b>	<b>17</b>	<b>10,054</b>

**10 Basic earnings (loss) per share**

The calculations of basic earnings (loss) per share for the three-month periods ended 31 December 2018 and 2017 were based on the profit (loss) for the periods attributable to equity holders and the number of ordinary shares outstanding during the period as follows:

<i>Three-month period ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(23,724)</u>	<u>34,103</u>	<u>4,808</u>	<u>48,167</u>
Number of ordinary shares outstanding	<u>20,898</u>	<u>20,898</u>	<u>20,898</u>	<u>20,898</u>
Earnings (loss) per share (basic) <i>(in Baht)</i>	<u>(1.14)</u>	<u>1.63</u>	<u>0.23</u>	<u>2.30</u>

**11 Financial instruments**

*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.

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>31 December 2018</b>					
Finance lease liabilities	(127,575)	-	(127,197)	-	(127,197)
<b>30 September 2018</b>					
Finance lease liabilities	(120,060)	-	(119,519)	-	(119,519)
Foreign currency forward contract	-	-	241,773	-	241,773

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 December 2018 (Unaudited)**

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>30 September 2018</b>					
Foreign currency forward contract	-	-	241,773	-	241,773

**12 Commitments with non-related parties**

	Consolidated financial statements		Separate financial statements	
	31 December 2018	30 September 2018	31 December 2018	30 September 2018
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
Contracted but not provided for buildings, machinery and equipment	35,203	56,127	33,292	56,127
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	12,607	12,690	7,958	8,190
After one year but within five years	18,436	18,055	13,300	14,423
<b>Total</b>	<b>31,043</b>	<b>30,745</b>	<b>21,258</b>	<b>22,613</b>
<b>Other commitments</b>				
Bank guarantees	32,633	32,632	32,633	32,632

The Group has entered into car and office equipment lease agreements for various periods, which will expire during 2019 to 2022.

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

**13 Events after the reporting period**

- 1) At the annual general meeting of the shareholders of the Company held on 24 January 2019, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2018 at Baht 13 per share, total amount of Baht 272 million. The dividends will be paid in February 2019.
- 2) At the annual general meeting of the shareholders of a subsidiary held on 22 January 2019, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2018 at Baht 1.67 per share, total amount of Baht 50 million. The dividends will be paid in February 2019.