

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

Financial statements for the year ended  
30 September 2019  
and  
Independent Auditor's Report



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## 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 2019, 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 2019 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.

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
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>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 by 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.

- 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  
22 November 2019



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

## Statements of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	30 September	30 September	30 September
		2019	2018	2019	2018
(in Baht)					
Current assets					
Cash and cash equivalents	5	2,418,700,440	2,651,188,975	2,215,523,021	2,305,949,043
Trade accounts receivable	4, 6	1,398,229,694	1,685,600,171	1,045,458,470	1,426,131,581
Other receivables	4, 7	106,734,461	139,518,908	73,379,325	116,736,486
Short-term loan to related party	4	-	64,472,800	-	64,472,800
Inventories	8	1,026,762,541	1,139,798,621	620,311,766	733,198,550
Total current assets		4,950,427,136	5,680,579,475	3,954,672,582	4,646,488,460
Non-current assets					
Investment in subsidiary	9	-	-	299,998,000	299,998,000
Property, plant and equipment	10	2,165,335,155	2,287,846,371	1,512,270,330	1,596,147,622
Intangible assets		20,087,917	23,978,328	18,337,568	22,450,874
Deferred tax assets	11	20,151,411	40,621,197	9,017,362	18,732,456
Other non-current assets		12,146,222	14,606,890	4,291,222	6,401,889
Total non-current assets		2,217,720,705	2,367,052,786	1,843,914,482	1,943,730,841
Total assets		7,168,147,841	8,047,632,261	5,798,587,064	6,590,219,301

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

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

## Statements of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	30 September	30 September	30 September
Liabilities and equity	Note	2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Trade accounts payable	4, 13	920,008,976	1,375,967,453	729,224,686	1,141,933,290
Other payables	4, 14	227,546,921	262,373,188	191,293,684	209,939,332
Payable for property, plant and equipment	4	17,456,715	16,642,797	16,054,778	12,056,640
Current portion of finance lease liabilities	12	43,961,958	35,711,301	-	-
Income tax payable		-	32,388,768	-	26,545,857
<b>Total current liabilities</b>		<b>1,208,974,570</b>	<b>1,723,083,507</b>	<b>936,573,148</b>	<b>1,390,475,119</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	12	98,630,297	84,348,299	-	-
Non-current provisions for employee benefits	15	399,411,312	267,790,191	342,708,037	228,759,017
<b>Total non-current liabilities</b>		<b>498,041,609</b>	<b>352,138,490</b>	<b>342,708,037</b>	<b>228,759,017</b>
<b>Total liabilities</b>		<b>1,707,016,179</b>	<b>2,075,221,997</b>	<b>1,279,281,185</b>	<b>1,619,234,136</b>
<b>Equity</b>					
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		4,573,450,662	5,084,729,264	3,631,624,879	4,083,304,165
<b>Total equity</b>		<b>5,461,131,662</b>	<b>5,972,410,264</b>	<b>4,519,305,879</b>	<b>4,970,985,165</b>
<b>Total liabilities and equity</b>		<b>7,168,147,841</b>	<b>8,047,632,261</b>	<b>5,798,587,064</b>	<b>6,590,219,301</b>

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

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

## Statements of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 30 September		For the year ended 30 September	
	Note	2019	2018	2019	2018
		(in Baht)			
<b>Income</b>					
Revenue from sale of goods	4, 18	10,980,335,176	13,463,818,303	9,008,447,494	10,802,234,728
Dividend income	4, 9	-	-	49,999,667	72,899,514
Other income	4, 19	135,829,850	137,735,878	100,697,826	105,959,938
Net foreign exchange gain		4,847,836	20,427,485	-	8,815,202
<b>Total income</b>		<b>11,121,012,862</b>	<b>13,621,981,666</b>	<b>9,159,144,987</b>	<b>10,989,909,382</b>
<b>Expenses</b>					
Cost of sale of goods	4, 21	10,680,700,992	12,799,404,342	8,777,026,379	10,258,692,649
Distribution costs	4, 21	172,164,458	209,040,376	152,854,268	178,906,256
Administrative expenses	4, 21	359,598,719	423,559,515	290,357,034	324,241,420
Employee benefit expenses	15	83,405,640	-	73,308,538	-
Net foreign exchange loss		-	-	3,458,051	-
Finance costs		2,725,660	2,482,496	-	-
<b>Total expenses</b>		<b>11,298,595,469</b>	<b>13,434,486,729</b>	<b>9,297,004,270</b>	<b>10,761,840,325</b>
<b>Profit (loss) before income tax expense</b>		<b>(177,582,607)</b>	<b>187,494,937</b>	<b>(137,859,283)</b>	<b>228,069,057</b>
Tax expense	22	20,469,786	34,854,893	9,715,094	28,975,113
<b>Profit (loss) for the year</b>		<b>(198,052,393)</b>	<b>152,640,044</b>	<b>(147,574,377)</b>	<b>199,093,944</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Gains (losses) on measurements of defined benefit plans	15	(41,550,576)	7,617,750	(32,429,609)	7,617,750
Income tax on other comprehensive income		-	(1,523,550)	-	(1,523,550)
<b>Other comprehensive income (loss) for the year, net of income tax</b>		<b>(41,550,576)</b>	<b>6,094,200</b>	<b>(32,429,609)</b>	<b>6,094,200</b>
<b>Total comprehensive income (loss) for the year</b>		<b>(239,602,969)</b>	<b>158,734,244</b>	<b>(180,003,986)</b>	<b>205,188,144</b>
<b>Basic earnings (loss) per share (in Baht)</b>	24	<b>(9.48)</b>	<b>7.30</b>	<b>(7.06)</b>	<b>9.53</b>

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



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

## Statements of changes in equity

	Note	Issued and paid-up share capital	Share premium	Consolidated financial statements		
				<i>Retained earnings</i>		
				Legal reserve (in Baht)	Unappropriated	Total equity
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						
<i>Distributions to owners of the parent</i>						
Dividends	25	-	-	-	(167,185,286)	(167,185,286)
<i>Total Distributions to owners of the parent</i>		-	-	-	(167,185,286)	(167,185,286)
Comprehensive income (loss) for the year						
Profit		-	-	-	152,640,044	152,640,044
Other comprehensive income		-	-	-	6,094,200	6,094,200
<b>Total comprehensive income (loss) for the year</b>		-	-	-	<b>158,734,244</b>	<b>158,734,244</b>
<b>Balance at 30 September 2018</b>		<b>208,981,000</b>	<b>653,700,000</b>	<b>25,000,000</b>	<b>5,084,729,264</b>	<b>5,972,410,264</b>

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

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

## Statements of changes in equity

	Note	Consolidated financial statements			
		Issued and paid-up share capital	Share premium	<i>Retained earnings</i>	
				Legal reserve <i>(in Baht)</i>	Unappropriated
					Total equity
Year ended 30 September 2019					
Balance at 1 October 2018		208,981,000	653,700,000	25,000,000	5,972,410,264
				5,084,729,264	
Transactions with owners, recorded directly in equity					
<i>Distributions to owners of the parent</i>					
Dividends	25	-	-	-	(271,675,633)
<i>Total distributions to owners of the parent</i>		-	-	-	(271,675,633)
Comprehensive income (loss) for the year					
Loss		-	-	-	(198,052,393)
Other comprehensive income (loss)		-	-	-	(41,550,576)
<i>Total comprehensive income (loss) for the year</i>		-	-	-	(239,602,969)
Balance at 30 September 2019		208,981,000	653,700,000	25,000,000	5,461,131,662

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

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

## Statements of changes in equity

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve (in Baht)	Unappropriated	
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
<i>Distributions to owners of the parent</i>					
Dividends	-	-	-	(167,184,800)	(167,184,800)
<i>Total distributions to owners of the parent</i>	-	-	-	(167,184,800)	(167,184,800)
<i>Comprehensive income (loss) for the year</i>					
Profit	-	-	-	199,093,944	199,093,944
Other comprehensive income	-	-	-	6,094,200	6,094,200
<i>Total comprehensive income (loss) for the year</i>	-	-	-	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.



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

## Statements of changes in equity

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve <i>(in Baht)</i>	Unappropriated	
Year ended 30 September 2019						
Balance at 1 October 2018		208,981,000	653,700,000	25,000,000	4,083,304,165	4,970,985,165
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	25	-	-	-	(271,675,300)	(271,675,300)
<i>Total distributions to owners of the parent</i>		-	-	-	(271,675,300)	(271,675,300)
<i>Comprehensive income (loss) for the year</i>						
Loss		-	-	-	(147,574,377)	(147,574,377)
Other comprehensive income (loss)		-	-	-	(32,429,609)	(32,429,609)
<i>Total comprehensive income (loss) for the year</i>		-	-	-	(180,003,986)	(180,003,986)
Balance at 30 September 2019		208,981,000	653,700,000	25,000,000	3,631,624,879	4,519,305,879

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

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

## Statements of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 30 September		For the year ended 30 September	
Note	2019	2018	2019	2018
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	(198,052,393)	152,640,044	(147,574,377)	199,093,944
<i>Adjustments to reconcile profit (loss) to cash receipts</i>				
Tax expense	20,469,786	34,854,893	9,715,094	28,975,113
Depreciation and amortisation	351,069,451	401,014,833	231,347,979	254,041,012
Dividend income	4	-	(49,999,667)	(72,899,514)
Finance costs	2,725,660	2,482,496	-	-
Unrealised loss on exchange rate	22,462,311	27,698,381	24,090,716	17,518,219
Allowance for obsolete and decline in value of inventories	17,091,019	8,846,103	14,399,335	8,365,748
Loss on disposal of property, plant and equipment	17,882,894	12,316,708	243,986	2,280,879
Loss on disposal of intangible assets	10,358	-	-	-
Provision for impairment loss on property, plant and equipment	10	-	-	-
Employee benefit expenses	15	111,223,273	96,414,799	20,969,061
	344,882,359	699,097,955	178,637,865	458,344,462
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	283,539,358	71,965,532	376,843,136	68,634,702
Other receivables	32,776,240	(55,424,783)	43,357,276	(48,640,794)
Inventories	95,945,061	(1,360,044)	98,487,449	(40,525,310)
Other non-current assets	2,414,000	(13,000)	2,064,000	(73,000)
Trade accounts payable	(457,440,664)	(56,215,646)	(411,354,927)	(14,531,283)
Other payables	(34,339,150)	30,260,284	(18,469,233)	35,294,028
Employee benefit paid	15	(21,152,729)	(14,895,388)	(6,802,458)
Tax paid	(32,388,768)	(21,119,890)	(26,545,857)	(18,218,722)
Net cash from operating activities	214,235,707	654,884,133	228,124,321	433,481,625

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

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

## Statements of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 30 September		For the year ended 30 September	
	Note	2019	2018	2019	2018
		(in Baht)			
<i>Cash flows from investing activities</i>					
Proceeds from repayment of loan to related party		64,472,800	32,280,000	64,472,800	32,280,000
Acquisition of property, plant and equipment	26	(178,890,806)	(248,603,057)	(136,526,419)	(214,632,670)
Proceeds from sale of property, plant and equipment		10,214,887	939,948	787,996	405,000
Acquisition of intangible assets		(5,273,001)	(24,727,912)	(3,818,141)	(23,954,772)
Dividends received		-	-	49,999,667	72,899,514
<b>Net cash used in investing activities</b>		<b>(109,476,120)</b>	<b>(240,111,021)</b>	<b>(25,084,097)</b>	<b>(133,002,928)</b>
<i>Cash flows from financing activities</i>					
Financial cost paid		(2,725,660)	(2,482,496)	-	-
Repayment under financial lease liabilities		(41,055,883)	(56,105,238)	-	-
Dividends paid	25	(271,675,633)	(167,185,286)	(271,675,300)	(167,184,800)
<b>Net cash used in financing activities</b>		<b>(315,457,176)</b>	<b>(225,773,020)</b>	<b>(271,675,300)</b>	<b>(167,184,800)</b>
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rates		(210,697,589)	189,000,092	(68,635,076)	133,293,897
Effect of exchange rate changes on cash and					
cash equivalents		(21,790,946)	(9,290,333)	(21,790,946)	(9,243,719)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(232,488,535)</b>	<b>179,709,759</b>	<b>(90,426,022)</b>	<b>124,050,178</b>
Cash and cash equivalents at 1 October		2,651,188,975	2,471,479,216	2,305,949,043	2,181,898,865
<b>Cash and cash equivalents at 30 September</b>	5	<b>2,418,700,440</b>	<b>2,651,188,975</b>	<b>2,215,523,021</b>	<b>2,305,949,043</b>

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 year ended 30 September 2019**

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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 22 November 2019.

**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 note 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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2018. 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, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that may have an impact on the Group’s operations are disclosed in note 29.

*(b) Basis of measurement*

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

<i>Item</i>	<i>Measurement base</i>
Defined benefit liability	Present value of the defined benefit obligation



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*(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 the Group's accounting policies. 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 at 30 September 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in 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.



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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 27 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.

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**(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 inventories 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 is calculated using standard cost adjusted to approximate average cost, includes an appropriate share of production 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.



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**(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. 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*

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 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.



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*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 - 31 years
Machinery and equipment	2 - 20 years
Transportation equipment	5 years
Furniture, fixtures and office equipment	3, 5 years

No depreciation is provided on freehold land or construction in progress.

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.

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**(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. For 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.



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*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating 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.



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*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 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.

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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.

**(i) 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) Related parties**

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.



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

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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
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.

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

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	At mutually agreed prices
Purchases of goods and fixed assets	At mutually agreed prices
Service fees	1% and 0.75% of total sales
Technical fees	At contractually agreed prices
Interest income	At contractually agreed rates
Dividend income	Upon declaration
Other income	At mutually agreed prices



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
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Significant transactions for the years ended 30 September with related parties were as follows:

<i>Year ended 30 September</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Sales of goods	221,976	945,788	197,727	155,132
Purchases of goods and fixed assets	118,696	124,750	117,521	111,568
Service fees	91,110	115,696	89,834	107,864
Technical fees	11,412	15,455	10,438	13,825
Other income	2,212	14,046	2,212	13,288
<b>Subsidiary</b>				
Sales of goods	-	-	836	376,748
Purchases of goods and fixed assets	-	-	33,318	25,080
Dividend income	-	-	50,000	72,900
Other income	-	-	11	5
<b>Other related parties</b>				
Sales of goods	1,539,623	2,056,670	1,531,463	2,055,537
Purchases of goods and fixed assets	-	171,162	-	33
Interest income	229	1,189	229	1,189
Other income	3,206	12,126	3,029	12,104
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	76,980	85,097	43,050	48,200
Post-employment benefits	914	355	547	54
Total key management personnel compensation	<u>77,894</u>	<u>85,452</u>	<u>43,597</u>	<u>48,254</u>

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

<i>Trade accounts receivable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent	39,349	163,544	39,349	32,025
Subsidiary	-	-	40	107,947
Other related parties	347,229	316,744	346,078	315,119
<b>Total</b>	<u>386,578</u>	<u>480,288</u>	<u>385,467</u>	<u>455,091</u>

  

<i>Other receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent	376	2,661	376	2,661
Subsidiary	-	-	331	18
Other related parties	3,116	-	3,116	-
<b>Total</b>	<u>3,492</u>	<u>2,661</u>	<u>3,823</u>	<u>2,679</u>

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
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<i>Short-term loan to related party</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018	2019	2018
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Other related party	-	1.65	-	64,473	-	64,473
<b>Total</b>			<b>-</b>	<b>64,473</b>	<b>-</b>	<b>64,473</b>

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

<i>Short-term loan to related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
At 1 October	64,473	99,613	64,473	99,613
Decrease	(64,473)	(32,280)	(64,473)	(32,280)
Unrealized loss on exchange rate	-	(2,860)	-	(2,860)
<b>At 30 September</b>	<b>-</b>	<b>64,473</b>	<b>-</b>	<b>64,473</b>

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 financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent	57,592	14,412	57,592	9,464
Subsidiary	-	-	9,626	2,022
Other related parties	-	16,707	-	32
<b>Total</b>	<b>57,592</b>	<b>31,119</b>	<b>67,218</b>	<b>11,518</b>

<i>Other payables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent	43,252	47,430	41,142	45,282
Other related parties	35	176	35	176
<b>Total</b>	<b>43,287</b>	<b>47,606</b>	<b>41,177</b>	<b>45,458</b>

<i>Other payables for property, plant and equipment - related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent	4,594	-	4,594	-
<b>Total</b>	<b>4,594</b>	<b>-</b>	<b>4,594</b>	<b>-</b>



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

## Notes to the financial statements

For the year ended 30 September 2019

### *Significant agreements with related parties*

As at 30 September 2019, the parent company has guaranteed USD 6.1 million (*equivalent to Baht 187.67 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).

### *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	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	413	587	183	357
Cash at banks	2,418,287	2,650,602	2,215,340	2,305,592
Total	<u>2,418,700</u>	<u>2,651,189</u>	<u>2,215,523</u>	<u>2,305,949</u>

## 6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	4	386,578	480,288	385,467	455,091
Other parties		1,011,652	1,205,312	659,991	971,041
Total		<u>1,398,230</u>	<u>1,685,600</u>	<u>1,045,458</u>	<u>1,426,132</u>



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

## Notes to the financial statements

For the year ended 30 September 2019

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	385,971	471,739	384,860	446,542
Overdue:				
Less than 3 months	390	5,302	390	5,302
Overdue 3 - 6 months	217	3,247	217	3,247
	<u>386,578</u>	<u>480,288</u>	<u>385,467</u>	<u>455,091</u>
<b>Other parties</b>				
Within credit terms	1,010,342	1,202,874	658,681	968,603
Overdue:				
Less than 3 months	1,310	2,438	1,310	2,438
	<u>1,011,652</u>	<u>1,205,312</u>	<u>659,991</u>	<u>971,041</u>
<b>Total</b>	<u>1,398,230</u>	<u>1,685,600</u>	<u>1,045,458</u>	<u>1,426,132</u>

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

## 7 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	4	3,492	2,661	3,823	2,679
<b>Other parties</b>					
Other current receivables		32,997	33,476	5,766	24,336
Value added tax receivable		23,732	66,103	20,739	59,027
Advances to suppliers		20,979	18,666	20,721	14,662
Prepaid expenses		12,914	10,511	11,510	10,511
Current tax assets		6,871	-	5,093	-
Others		5,749	8,102	5,727	5,521
		<u>103,242</u>	<u>136,858</u>	<u>69,556</u>	<u>114,057</u>
<b>Total</b>		<u>106,734</u>	<u>139,519</u>	<u>73,379</u>	<u>116,736</u>

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

**8 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Raw materials	430,591	462,321	300,286	328,909
Work in process	230,776	220,534	128,583	143,741
Finished goods	328,820	399,513	194,478	248,858
Supplies	38,774	29,701	22,544	15,420
Goods in transit	43,840	56,677	17,288	24,739
	<u>1,072,801</u>	<u>1,168,746</u>	<u>663,179</u>	<u>761,667</u>
Less allowance for decline in value	<u>(46,038)</u>	<u>(28,947)</u>	<u>(42,867)</u>	<u>(28,468)</u>
<b>Net</b>	<b><u>1,026,763</u></b>	<b><u>1,139,799</u></b>	<b><u>620,312</u></b>	<b><u>733,199</u></b>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	10,663,610	12,790,559	8,762,627	10,250,327
- Write-down to net realisable value	17,091	8,845	14,399	8,366
<b>Total</b>	<b><u>10,680,701</u></b>	<b><u>12,799,404</u></b>	<b><u>8,777,026</u></b>	<b><u>10,258,693</u></b>

**9 Investment in subsidiary**

The investment in subsidiary as at 30 September 2019 and 2018, and dividend income from this investment for the years then ended, were as follows:

	<b>Separate financial statements</b>				
	Ownership interest 2019 and 2018 (%)	Paid-up capital 2019 and 2018	Cost method 2019 and 2018 (in thousand Baht)	Dividend income	
				2019	2018
<b>Subsidiary</b>					
Sima Technology Co., Ltd.	99.99	300,000	299,998	50,000	72,900

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 financial statements**  
**For the year ended 30 September 2019**

**10 Property, plant and equipment**

	Consolidated financial statements					
	Land	Land improvements	Buildings and structures	Machinery & equipment	Transportation equipment	Furniture, fixtures and office equipment
				<i>(in thousand Baht)</i>		
					Construction in progress	Total
<b>Cost</b>						
At 1 October 2017	278,500	41,943	3,415,425	6,458,741	8,459	139,334
Additions	-	-	4,096	73,749	-	15,968
Transfers, net	-	-	25,687	192,492	-	3,907
Disposals	-	-	(27,683)	(420,586)	(450)	(36,336)
At 30 September 2018 and 1 October 2018	278,500	41,943	3,417,525	6,304,396	8,009	122,873
Additions	-	-	1,301	169,267	-	4,628
Transfers, net	-	-	32,386	50,217	-	54
Disposals	-	-	(70,178)	(428,847)	-	(9,751)
At 30 September 2019	278,500	41,943	3,381,034	6,095,033	8,009	117,804
					46,646	9,968,969
<b>Depreciation and impairment loss</b>						
At 1 October 2017	-	37,135	2,076,316	5,742,683	8,367	122,933
Depreciation charge for the year	-	1,209	113,813	267,446	25	10,899
Impairment losses	-	-	-	32,775	-	-
Disposals	-	-	(20,508)	(414,615)	(450)	(36,225)
At 30 September 2018 and 1 October 2018	-	38,344	2,169,621	5,628,289	7,942	97,607
Depreciation charge for the year	-	914	114,337	215,113	25	12,121
Disposals	-	-	(52,081)	(419,165)	-	(9,433)
At 30 September 2019	-	39,258	2,231,877	5,424,237	7,967	100,295
					-	7,941,803
					-	342,510
					-	(480,679)
					-	7,803,634



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

	Consolidated financial statements						Total
	Land	Land improvements	Buildings and structures	Machinery & equipment	Transportation equipment	Furniture, fixtures and office equipment	
				<i>(in thousand Baht)</i>			
<i>Net book value</i>							
<b>At 30 September 2018</b>							
Owned assets	278,500	3,599	1,247,904	546,580	67	25,266	2,158,319
Assets under finance leases	-	-	-	129,527	-	-	129,527
	<u>278,500</u>	<u>3,599</u>	<u>1,247,904</u>	<u>676,107</u>	<u>67</u>	<u>25,266</u>	<u>2,287,846</u>
<b>At 30 September 2019</b>							
Owned assets	278,500	2,685	1,149,157	495,346	42	17,509	1,989,885
Assets under finance leases	-	-	-	175,450	-	-	175,450
	<u>278,500</u>	<u>2,685</u>	<u>1,149,157</u>	<u>670,796</u>	<u>42</u>	<u>17,509</u>	<u>2,165,335</u>

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 30 September 2019 amounted to Baht 5,213 million (2018: Baht 4,993 million).

## Notes to the financial statements

## Separate financial statements

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 30 September 2019 amounted to Baht 3,558 million (2018: Baht 3,574 million).

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

**11 Deferred tax**

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

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
Total deferred tax	20,151	40,621	-	-
<b>Net deferred tax assets</b>	<b>20,151</b>	<b>40,621</b>	<b>-</b>	<b>-</b>

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
Total deferred tax	9,017	18,732	-	-
<b>Net deferred tax assets</b>	<b>9,017</b>	<b>18,732</b>	<b>-</b>	<b>-</b>

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

	<b>At 1 October 2018</b>	<b>Consolidated financial statements (Charged) / Credited to:</b>		<b>At 30 September 2019</b>
		Profit or loss (Note 22)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Inventories	5,789	(96)	-	5,693
Accrued termination benefits	2,523	(2,523)	-	-
Non-current provisions for employee benefits	53,478	(4,218)	-	49,260
<b>Total</b>	<b>61,790</b>	<b>(6,837)</b>	<b>-</b>	<b>54,953</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(21,071)	(13,620)	-	(34,691)
Finance lease liabilities	(98)	(13)	-	(111)
<b>Total</b>	<b>(21,169)</b>	<b>(13,633)</b>	<b>-</b>	<b>(34,802)</b>
<b>Net</b>	<b>40,621</b>	<b>(20,470)</b>	<b>-</b>	<b>20,151</b>



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

	Consolidated financial statements (Charged) / Credited to:			
	At 1 October 2017	Profit or loss (Note 22) <i>(in thousand Baht)</i>	Other comprehensive income	At 30 September 2018
<i>Deferred tax assets</i>				
Inventories	4,021	1,768	-	5,789
Accrued termination benefits	-	2,523	-	2,523
Finance lease liabilities	254	(254)	-	-
Non-current provisions for employee benefits	51,747	3,255	(1,524)	53,478
<b>Total</b>	<b>56,022</b>	<b>7,292</b>	<b>(1,524)</b>	<b>61,790</b>
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(19,874)	(1,197)	-	(21,071)
Finance lease liabilities	-	(98)	-	(98)
<b>Total</b>	<b>(19,874)</b>	<b>(1,295)</b>	<b>-</b>	<b>(21,169)</b>
<b>Net</b>	<b>36,148</b>	<b>5,997</b>	<b>(1,524)</b>	<b>40,621</b>
	Separate financial statements (Charged) / Credited to:			
	At 1 October 2018	Profit or loss (Note 22) <i>(in thousand Baht)</i>	Other comprehensive income	At 30 September 2019
<i>Deferred tax assets</i>				
Inventories	5,693	-	-	5,693
Non-current provisions for employee benefits	45,752	(2,979)	-	42,773
<b>Total</b>	<b>51,445</b>	<b>(2,979)</b>	<b>-</b>	<b>48,466</b>
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(32,713)	(6,736)	-	(39,449)
<b>Total</b>	<b>(32,713)</b>	<b>(6,736)</b>	<b>-</b>	<b>(39,449)</b>
<b>Net</b>	<b>18,732</b>	<b>(9,715)</b>	<b>-</b>	<b>9,017</b>

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

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

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Inventories	2,880	-	2,880	-
Non-current provisions for employee benefits	30,392	-	25,769	-
Finance lease liabilities	471	-	-	-
Tax losses	29,979	-	28,758	-
<b>Total</b>	<b>63,722</b>	<b>-</b>	<b>57,407</b>	<b>-</b>

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom. The tax losses expire in 2024.

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

**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					
	2019			2018		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	46,419	2,457	43,962	37,843	2,132	35,711
After one year but within five years	101,692	3,062	98,630	87,066	2,717	84,349
<b>Total</b>	<b>148,111</b>	<b>5,519</b>	<b>142,592</b>	<b>124,909</b>	<b>4,849</b>	<b>120,060</b>

As at 30 September 2019, the Company has unused credit facilities with a financial institution (short-term loan, bank overdraft and letter of guarantee) of Baht 1,558 million (2018: Baht 1,568 million).

**13 Trade accounts payable**

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Related parties	4	57,592	31,119	67,218	11,518
Other parties		862,417	1,344,848	662,007	1,130,415
<b>Total</b>		<b>920,009</b>	<b>1,375,967</b>	<b>729,225</b>	<b>1,141,933</b>

**14 Other payables**

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Related parties	4	43,287	47,606	41,177	45,458
<b>Others</b>					
Other current payables		88,754	97,089	88,754	96,449
Accrued operating expenses		77,435	95,931	44,902	48,570
Deposits and advances received		10,415	12,380	10,415	12,380
Withholding tax payable		7,656	9,367	6,046	7,082
		<b>184,260</b>	<b>214,767</b>	<b>150,117</b>	<b>164,481</b>
<b>Total</b>		<b>227,547</b>	<b>262,373</b>	<b>191,294</b>	<b>209,939</b>



**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
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**15 Non-current provisions for employee benefits**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Non-current provisions for:</b>				
Post-employment benefits	<u>399,411</u>	<u>267,790</u>	<u>342,708</u>	<u>228,759</u>
 <i>Year ended 30 September</i>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	<u>111,223</u>	<u>26,469</u>	<u>96,414</u>	<u>20,969</u>
 <b>Recognised in other comprehensive income:</b>				
Actuarial losses (gains) recognised in the year	41,551	(7,618)	32,430	(7,618)
Cumulative actuarial losses recognised	<u>112,024</u>	<u>70,473</u>	<u>101,888</u>	<u>69,458</u>

***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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
At 1 October	267,790	261,245	228,759	222,210
 <b>Include in profit or loss</b>				
Current service cost	18,283	18,772	14,876	14,801
Past service cost	83,406	-	73,309	-
Interest on obligation	7,585	7,207	6,280	5,678
Curtailment loss	<u>1,949</u>	<u>490</u>	<u>1,949</u>	<u>490</u>
	<u>111,223</u>	<u>26,469</u>	<u>96,414</u>	<u>20,969</u>
 <b>Included in other comprehensive income</b>				
Actuarial losses (gains)	<u>41,551</u>	<u>(7,618)</u>	<u>32,430</u>	<u>(7,618)</u>
	<u>41,551</u>	<u>(7,618)</u>	<u>32,430</u>	<u>(7,618)</u>
 <b>Other</b>				
Benefit paid	<u>(21,153)</u>	<u>(12,306)</u>	<u>(14,895)</u>	<u>(6,802)</u>
	<u>(21,153)</u>	<u>(12,306)</u>	<u>(14,895)</u>	<u>(6,802)</u>
 <b>At 30 September</b>	<u><b>399,411</b></u>	<u><b>267,790</b></u>	<u><b>342,708</b></u>	<u><b>228,759</b></u>

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
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**For the year ended 30 September 2019**

On 5 April 2019, the Labor Protection Act was amended 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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the year of 2019. As a result of this change, the provision for retirement benefits as at 30 September 2019 as well as past service cost recognised during the year then ended in the consolidated and separate financial statements increased by an amount of Baht 83.4 million and Baht 73.3 million, respectively.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Financial assumptions	41,418	(4,529)	31,943	(4,529)
Experience adjustment	133	(3,089)	487	(3,089)
<b>Total</b>	<b>41,551</b>	<b>(7,618)</b>	<b>32,430</b>	<b>(7,618)</b>

***Actuarial assumptions***

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(%)</i>			
Discount rate	1.5, 1.6	2.8, 3.0	1.5	2.8
Future salary growth	3.0, 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 2019, the weighted-average duration of the defined benefit obligation were during 10 to 13 years (2018: 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.

**Muramoto Electron (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 30 September 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>(in thousand Baht)</i>			
<b>30 September 2019</b>	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(18,203)	19,593	(15,067)	16,217
Future salary growth (0.5% movement)	18,726	(17,578)	15,119	(14,205)
Employee turnover (0.5% movement)	(18,508)	11,240	(14,959)	8,912

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>(in thousand Baht)</i>			
<b>30 September 2018</b>	Increase	Decrease	Increase	Decrease
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

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

	<i>Par value (in Baht)</i>	<b>2019</b>		<b>2018</b>	
		Number	Baht	Number	Baht
		<i>(thousand shares/thousand Baht)</i>			
<b>Authorised</b>					
At 1 October					
- ordinary shares	10	23,898.1	238,981	23,898.1	238,981
<b>At 30 September</b>					
- ordinary shares	10	23,898.1	238,981	23,898.1	238,981
<b>Issued and fully paid-up</b>					
At 1 October					
- ordinary shares	10	20,898.1	208,981	20,898.1	208,981
<b>At 30 September</b>					
- ordinary shares	10	20,898.1	208,981	20,898.1	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.



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**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.

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*Information about reportable segments*

	Electric parts for automotive			Electronic parts for office automation		Other electronic parts		Total			Eliminations		Net	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>													
Revenue														
External revenue	3,886	5,244	7,069	8,178	25	42	10,980	13,464	-	-	10,980	13,464		
Inter-segment revenue	34	386	-	16	-	-	34	402	(34)	(402)	-	-		
Total segment revenue	3,920	5,630	7,069	8,194	25	42	11,014	13,866	(34)	(402)	10,980	13,464		
Gross profit (loss)	(37)	174	334	486	1	4	298	664	1	1	299	665		
Other Income	80	93	106	117	-	1	186	211	(50)	(73)	136	138		
Net foreign exchange gain	2	8	3	12	-	-	5	20	-	-	5	20		
Cost of sale of goods	(3,957)	(5,456)	(6,735)	(7,708)	(24)	(38)	(10,716)	(13,202)	35	403	(10,681)	(12,799)		
Distribution costs	(69)	(87)	(103)	(121)	-	(1)	(172)	(209)	-	-	(172)	(209)		
Administrative expenses	(159)	(162)	(283)	(261)	(1)	(1)	(443)	(424)	-	-	(443)	(424)		
Finance costs	-	-	(3)	(2)	-	-	(3)	(2)	-	-	(3)	(2)		
Tax expense	(5)	(15)	(15)	(20)	-	-	(20)	(35)	-	-	(20)	(35)		
Profit (loss) for the year	(188)	11	39	211	-	3	(149)	225	(49)	(72)	(198)	153		
Interest revenue	9	6	6	7	-	-	15	13	-	-	15	13		
Depreciation and amortisation	(107)	(131)	(245)	(272)	-	-	(352)	(403)	1	2	(351)	(401)		
Segment assets as at 30 September	1,569	1,629	1,614	2,165	1,419	1,432	4,602	5,226	(12)	(113)	4,590	5,113		
Segment liabilities as at 30 September	153	376	589	904	188	206	930	1,486	(10)	(110)	920	1,376		

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## Notes to the financial statements

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### Reconciliation of reportable segment assets and liabilities

	2019	2018
	(in million Baht)	
<b>Assets</b>		
Total assets for reportable segments	4,590	5,113
Other unallocated amounts	2,578	2,935
<b>Consolidated total assets</b>	<b>7,168</b>	<b>8,048</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	920	1,376
Other unallocated amounts	787	699
<b>Consolidated total liabilities</b>	<b>1,707</b>	<b>2,075</b>

### 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.

	2019	2018
	(in million Baht)	
Thailand	5,914	6,775
Japan	3,406	4,543
United State of America	380	1,052
Other countries	1,280	1,094
<b>Total</b>	<b>10,980</b>	<b>13,464</b>

### 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 7,484 million (2018: Baht 8,315 million) of the Group's total revenues.

## 19 Other income

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Income from scrap sale	75,111	74,142	53,071	51,796
Interest income	15,023	13,461	14,637	13,048
Rental and other service income	11,522	8,469	-	-
Others	34,174	41,664	32,990	41,116
<b>Total</b>	<b>135,830</b>	<b>137,736</b>	<b>100,698</b>	<b>105,960</b>



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**20 Employee benefit expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Management</i>				
Wages and salaries	26,781	28,935	12,147	12,947
Others	51,113	56,517	31,450	35,307
	<u>77,894</u>	<u>85,452</u>	<u>43,597</u>	<u>48,254</u>
<i>Other employees</i>				
Wages and salaries	1,051,196	1,085,326	811,831	781,472
Defined contribution plans	11,823	13,754	9,519	10,444
Others	637,259	646,356	562,719	546,576
	<u>1,700,278</u>	<u>1,745,436</u>	<u>1,384,069</u>	<u>1,338,492</u>
<b>Total</b>	<u><b>1,778,172</b></u>	<u><b>1,830,888</b></u>	<u><b>1,427,666</b></u>	<u><b>1,386,746</b></u>

*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:*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	(60,451)	(68,449)	(69,538)	(67,772)
Raw materials and consumables used	7,911,663	10,166,005	6,680,933	8,263,710
Employee benefit expenses	1,526,129	1,647,270	1,224,836	1,256,235
Depreciation and amortisation	337,853	418,069	224,172	245,720
Others	965,507	636,509	716,623	560,800
<b>Total</b>	<u><b>10,680,701</b></u>	<u><b>12,799,404</b></u>	<u><b>8,777,026</b></u>	<u><b>10,258,693</b></u>

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*Included in distribution costs:*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Service fee	91,110	115,696	89,834	107,864
Employee benefit expenses	36,609	43,097	28,086	32,608
Distribution	30,325	33,114	27,124	27,568
Depreciation and amortisation	1,940	1,203	262	259
Others	12,180	15,930	7,548	10,607
<b>Total</b>	<b>172,164</b>	<b>209,040</b>	<b>152,854</b>	<b>178,906</b>

*Included in administrative expenses:*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Employee benefit expenses	132,028	140,521	101,435	97,903
IT expense	38,842	63,412	38,842	63,412
Impairment losses	-	32,775	-	-
Depreciation and amortisation	11,276	10,208	6,914	8,062
Professional fee	8,399	11,933	5,383	10,516
Travelling	1,756	1,802	86	454
Others	167,298	162,909	137,697	143,894
<b>Total</b>	<b>359,599</b>	<b>423,560</b>	<b>290,357</b>	<b>324,241</b>

**22 Income tax expense**

*Income tax recognised in profit or loss*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	-	40,852	-	32,107
	-	40,852	-	32,107
<b>Deferred tax expense</b>				
Movements in temporary differences	20,470	(5,997)	9,715	(3,132)
<b>Total</b>	<b>20,470</b>	<b>34,855</b>	<b>9,715</b>	<b>28,975</b>

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*Income tax recognised in other comprehensive income*

<b>Consolidated financial statements</b>						
	Before tax	2019 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2018 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(41,551)	-	(41,551)	7,618	(1,524)	6,094
<b>Total</b>	<b>(41,551)</b>	<b>-</b>	<b>(41,551)</b>	<b>7,618</b>	<b>(1,524)</b>	<b>6,094</b>

<b>Separate financial statements</b>						
	Before tax	2019 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2018 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(32,430)	-	(32,430)	7,618	(1,524)	6,094
<b>Total</b>	<b>(32,430)</b>	<b>-</b>	<b>(32,430)</b>	<b>7,618</b>	<b>(1,524)</b>	<b>6,094</b>

*Reconciliation of effective tax rate*

<b>Consolidated financial statements</b>			
	2019	2018	
	<i>Rate (%)</i>	<i>(thousand Baht)</i>	<i>Rate (%)</i>
Profit (loss) before income tax expense		(177,583)	187,495
Income tax using the Thai corporation tax rate	20	(35,517)	37,499
Expenses additionally deductible for tax purposes		(6,463)	(9,046)
Expenses not deductible for tax purposes and others		7,038	6,402
Temporary difference which no deferred tax was recognised		25,433	-
Current year losses for which no deferred tax asset was recognised		29,979	-
<b>Total</b>	<b>-</b>	<b>20,470</b>	<b>34,855</b>



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	Separate financial statements			
	Rate	2019	Rate	2018
	(%)	(thousand Baht)	(%)	(thousand Baht)
Profit (loss) before income tax expense		(137,859)		228,069
Income tax using the Thai corporation tax rate	20	(27,572)	20	45,614
Income not subject to tax		(10,000)		(14,580)
Expenses additionally deductible for tax purposes		(6,463)		(6,808)
Expenses not deductible for tax purposes and others		2,829		4,749
Temporary difference which no deferred tax was recognised		22,163		-
Current year losses for which no deferred tax asset was recognised		28,758		-
<b>Total</b>	<b>-</b>	<b>9,715</b>	<b>13</b>	<b>28,975</b>

## 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 (loss) per share

The calculations of basic earnings (loss) per share for the years ended 30 September 2019 and 2018 were based on the profit (loss) 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	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(198,052)	152,640	(147,574)	199,094
Number of ordinary shares outstanding	20,898	20,898	20,898	20,898
Earnings (loss) per share (basic) <i>(in Baht)</i>	(9.48)	7.30	(7.06)	9.53

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**25 Dividends**

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Annual dividend 2018	24 January 2019	22 February 2019	13	272
<i>2018</i>				
Annual dividend 2017	26 January 2018	23 February 2018	8	167

**26 Supplemental disclosures of cash flows information**

Property, plant and equipment purchased during the periods are details as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Increase in property, plant and equipment during the year	248,096	338,182	140,524	222,599
Less assets acquired by means of finance lease	(68,391)	(79,498)	-	-
Change in payables for purchase of property, plant and equipment	(814)	(10,081)	(3,998)	(7,966)
<b>Purchased of property, plant and equipment paid by cash</b>	<b>178,891</b>	<b>248,603</b>	<b>136,526</b>	<b>214,633</b>

**27 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.



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*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		Separate	
		financial statements		financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<i>United States Dollars</i>					
Cash and cash equivalents		332,320	157,496	332,320	157,496
Trade accounts receivable		260,207	347,736	259,055	346,111
Short-term loan to related party	4	-	64,473	-	64,473
Trade accounts payable		(113,661)	(156,532)	(105,018)	(145,432)
Other accounts payable		(1,463)	-	(1,463)	-
<b>Gross balance sheet exposure</b>		<b>477,403</b>	<b>413,173</b>	<b>484,894</b>	<b>422,648</b>
Currency forward contract		-	(241,773)	-	(241,773)
<b>Net exposure</b>		<b>477,403</b>	<b>171,400</b>	<b>484,894</b>	<b>180,875</b>
<i>Japanese Yen</i>					
Cash and cash equivalents		258,725	119,631	258,725	115,037
Trade accounts receivable		247,596	301,266	247,596	169,747
Trade accounts payable		(102,754)	(111,496)	(92,866)	(79,328)
Other accounts payable		(10,968)	-	(10,968)	-
Other payable for plant and equipment		(4,594)	(7,607)	(4,594)	(7,607)
<b>Gross balance sheet exposure</b>		<b>388,005</b>	<b>301,794</b>	<b>397,893</b>	<b>197,849</b>

*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.



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### *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.

### *Financial instruments not measured at fair value*

	<b>Consolidated financial statements</b>	
	Carrying amount	Fair value Level3
	<i>(in thousand Baht)</i>	
<b>30 September 2019</b>		
Finance lease liabilities	(142,592)	(145,082)
<b>30 September 2018</b>		
Finance lease liabilities	(120,060)	(119,519)
Foreign currency forward contract	-	241,773

  

	<b>Separate financial statements</b>	
	Carrying amount	Fair value Level3
	<i>(in thousand Baht)</i>	
<b>30 September 2018</b>		
Foreign currency forward contract	-	241,773

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.

## 28 Commitments with non-related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
Contracted but not provided for buildings, machine and other constructions	22,323	56,127	22,323	56,127

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	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	17,469	14,520	12,802	10,020
After one year but within five years	22,992	21,715	19,938	18,083
<b>Total</b>	<b>40,461</b>	<b>36,235</b>	<b>32,740</b>	<b>28,103</b>
<i>Other commitments</i>				
Bank guarantees	31,310	32,632	31,310	32,632

The Group had land lease, car lease and office equipment agreements for various periods, which will expire during 2019 to 2023.

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

## 29 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are 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 which become effective for annual financial reporting periods beginning on or after 1 January 2019 are as follows:

TFRS	Topic	Group Effective Date
TFRS 15	Revenue from Contracts with Customers	1 October 2019
TFRS 16	Leases	1 October 2020
TFRS 7*	Financial Instruments: Disclosures	1 October 2020
TFRS 9*	Financial Instruments	1 October 2020
TAS 32*	Financial Instruments: Presentation	1 October 2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	1 October 2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	1 October 2020

\* TFRS - Financial instruments standards

### (a) TFRS 15 Revenue from Contracts with Customers

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. When this TFRS becomes effective, some accounting standards and interpretations which are currently effective will be cancelled.

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**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

**(c) TFRS - Financial instruments standards**

These TFRS – Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the period of initial adoption.