

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

Financial statements for the year ended
30 September 2016
and
Independent Auditor's Report



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Independent Auditor's Report

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

I have audited the accompanying 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 2016, 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.

Management's Responsibility 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 Thai Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the 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 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Siripen' followed by a long, horizontal, slightly wavy line.

(Siripen Sukcharoenyingyong)
Certified Public Accountant
Registration No. 3636

KPMG Phoomchai Audit Ltd.
Bangkok
25 November 2016

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

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
(in Baht)					
<i>Current assets</i>					
Cash and cash equivalents	5	2,159,742,606	1,641,659,567	1,944,445,012	1,549,770,126
Trade accounts receivable	4, 6	2,091,939,162	2,229,880,339	1,851,248,427	1,959,331,363
Other receivables	4, 7	66,092,057	37,705,457	56,220,136	36,746,133
Short-term loans to related parties	4	103,572,900	108,614,400	103,572,900	158,614,400
Current portion of finance lease receivable	8	11,981,119	20,703,158	11,981,119	20,703,158
Inventories	9	1,296,993,713	1,360,522,274	870,625,095	944,450,250
Other current assets	10	71,816,733	85,121,141	51,349,833	63,877,048
Total current assets		5,802,138,290	5,484,206,336	4,889,442,522	4,733,492,478
<i>Non-current assets</i>					
Finance lease receivable	8	-	8,722,039	-	8,722,039
Investment in subsidiary	11	-	-	299,998,000	299,998,000
Investment properties	12	48,576,071	75,939,828	48,576,071	75,939,828
Property, plant and equipment	13	2,569,234,939	2,672,265,455	1,722,971,633	1,750,804,926
Intangible assets		9,445,323	9,705,914	8,591,466	8,126,139
Deferred tax assets	14	10,283,372	35,383,418	10,283,372	35,104,270
Other non-current assets		15,387,662	10,168,329	7,231,662	9,418,329
Total non-current assets		2,652,927,367	2,812,184,983	2,097,652,204	2,188,113,531
Total assets		8,455,065,657	8,296,391,319	6,987,094,726	6,921,606,009

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Statements of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		(in Baht)			
<i>Current liabilities</i>					
Trade accounts payable	4, 16	1,712,686,679	1,676,123,458	1,460,694,133	1,452,160,714
Other payables	17	259,599,288	245,368,411	208,233,982	199,529,165
Payable for plant and equipment		25,180,090	11,176,354	19,476,930	10,061,562
Current portion of finance lease liabilities	15	81,164,899	80,217,117	11,228,112	18,539,618
Income tax payable		50,383,982	55,885,652	49,217,175	55,885,652
Other current liabilities		14,117,324	12,068,891	12,253,884	10,870,755
Total current liabilities		2,143,132,262	2,080,839,883	1,761,104,216	1,747,047,466
<i>Non-current liabilities</i>					
Finance lease liabilities	15	78,522,102	128,832,424	-	11,228,112
Employee benefit obligations	18	214,925,823	173,594,461	179,843,179	140,687,326
Total non-current liabilities		293,447,925	302,426,885	179,843,179	151,915,438
Total liabilities		2,436,580,187	2,383,266,768	1,940,947,395	1,898,962,904
<i>Equity</i>					
Share capital					
Authorised share capital	19	238,981,000	238,981,000	238,981,000	238,981,000
Issued and paid-up share capital	19	208,981,000	208,981,000	208,981,000	208,981,000
Additional paid-in capital					
Premium on ordinary shares	20	653,700,000	653,700,000	653,700,000	653,700,000
Retained earnings					
Appropriated					
Legal reserve	20	25,000,000	25,000,000	25,000,000	25,000,000
Unappropriated		5,130,804,470	5,025,443,551	4,158,466,331	4,134,962,105
Total equity		6,018,485,470	5,913,124,551	5,046,147,331	5,022,643,105
Total liabilities and equity		8,455,065,657	8,296,391,319	6,987,094,726	6,921,606,009

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	2016	2015	2016	2015
		(in Baht)			
Income					
Revenue from sale of goods	4, 22, 27	16,046,266,525	16,616,281,954	13,805,452,931	14,125,256,525
Other income	4, 23	161,676,213	166,617,662	146,928,988	145,174,658
Insurance compensation income	21	11,021,096	-	11,021,096	-
Net foreign exchange gain		13,694,724	131,279,889	19,558,306	135,245,369
Total income		16,232,658,558	16,914,179,505	13,982,961,321	14,405,676,552
Expenses					
Cost of sale of goods	25	15,061,203,353	15,600,235,633	12,959,927,509	13,217,623,767
Selling expenses	25	249,415,865	269,192,870	229,853,727	248,863,910
Administrative expenses	25	271,094,489	237,186,212	229,616,878	189,281,708
Finance costs		6,948,236	11,209,051	1,014,862	3,272,205
Total expenses		15,588,661,943	16,117,823,766	13,420,412,976	13,659,041,590
Profit before income tax expense		643,996,615	796,355,739	562,548,345	746,634,962
Income tax expense	26	149,741,374	55,720,490	142,135,073	59,710,336
Profit for the year		494,255,241	740,635,249	420,413,272	686,924,626
Other comprehensive income for the year					
Items that will never be reclassified to profit or loss					
Defined benefit plan actuarial losses	18	(17,914,334)	(13,888,607)	(25,929,058)	(11,500,452)
Income tax on other comprehensive income		5,185,812	2,128,955	5,185,812	2,128,955
Other comprehensive income for the year, net of income tax		(12,728,522)	(11,759,652)	(20,743,246)	(9,371,497)
Total comprehensive income for the year		481,526,719	728,875,597	399,670,026	677,553,129
Basic earnings per share (in Baht)	28	23.65	35.44	20.12	32.87

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

Consolidated financial statements						
		Issued and paid-up share capital	Share premium	Retained earnings		
	Note			Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity
Year ended 30 September 2015						
Balance at 1 October 2014		208,981,000	653,700,000	25,000,000	4,484,650,854	5,372,331,854
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividend to owners of the Company	29	-	-	-	(188,082,900)	(188,082,900)
<i>Total contributions by and distributions to owners of the Company</i>						
Total transactions with owners, recorded directly in equity		-	-	-	(188,082,900)	(188,082,900)
Comprehensive income for the year						
Profit		-	-	-	740,635,249	740,635,249
Other comprehensive income		-	-	-	(11,759,652)	(11,759,652)
Total comprehensive income for the year		-	-	-	728,875,597	728,875,597
Balance at 30 September 2015						
		208,981,000	653,700,000	25,000,000	5,025,443,551	5,913,124,551

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

Consolidated financial statements						
		Issued and paid-up share capital	Share premium	Retained earnings		
	Note			Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 30 September 2016						
Balance at 1 October 2015		208,981,000	653,700,000	25,000,000	5,025,443,551	5,913,124,551
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Dividend to owners of the Company	29	-	-	-	(376,165,800)	(376,165,800)
Total contributions by and distributions to owners of the Company						
Total transactions with owners, recorded directly in equity		-	-	-	(376,165,800)	(376,165,800)
Comprehensive income for the year						
Profit		-	-	-	494,255,241	494,255,241
Other comprehensive income		-	-	-	(12,728,522)	(12,728,522)
Total comprehensive income for the year		-	-	-	481,526,719	481,526,719
Balance at 30 September 2016						
		208,981,000	653,700,000	25,000,000	5,130,804,470	6,018,485,470

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	Legal reserve (in Baht)	Unappropriated	
Year ended 30 September 2015						
Balance at 1 October 2014		208,981,000	653,700,000	25,000,000	3,645,491,876	4,533,172,876
<i>Contributions by and distributions to owners of the Company</i>						
Dividend to owners of the Company	29	-	-	-	(188,082,900)	(188,082,900)
Total contributions by and distributions to owners of the Company		-	-	-	(188,082,900)	(188,082,900)
Total transactions with owners, recorded directly in equity		-	-	-	(188,082,900)	(188,082,900)
<i>Comprehensive income for the year</i>						
Profit		-	-	-	686,924,626	686,924,626
Other comprehensive income		-	-	-	(9,371,497)	(9,371,497)
Total comprehensive income for the year		-	-	-	677,553,129	677,553,129
Balance at 30 September 2015		208,981,000	653,700,000	25,000,000	4,134,962,105	5,022,643,105

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				
		Issued and paid-up share capital	Share premium	Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity
Year ended 30 September 2016						
Balance at 1 October 2015		208,981,000	653,700,000	25,000,000	4,134,962,105	5,022,643,105
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividend to owners of the Company	29	-	-	-	(376,165,800)	(376,165,800)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(376,165,800)	(376,165,800)
Total transactions with owners, recorded directly in equity		-	-	-	(376,165,800)	(376,165,800)
Comprehensive income for the year						
Profit		-	-	-	420,413,272	420,413,272
Other comprehensive income		-	-	-	(20,743,246)	(20,743,246)
Total comprehensive income for the year		-	-	-	399,670,026	399,670,026
Balance at 30 September 2016		208,981,000	653,700,000	25,000,000	4,158,466,331	5,046,147,331

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	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	494,255,241	740,635,249	420,413,272	686,924,626
<i>Adjustments for</i>				
Depreciation and amortisation	476,264,143	480,565,315	296,302,628	282,543,602
Dividend income	-	-	(4,499,970)	-
Finance costs	6,948,236	11,209,051	1,014,862	3,272,205
Unrealised loss (gain) on exchange rate	40,138,051	(87,985,690)	11,092,201	(81,376,448)
Allowance for obsolete and decline in value of inventories (reversal of)	(12,888,592)	4,669,683	(1,567,180)	1,997,745
Reversal for impairment loss on property, plant and equipment	-	(35,269,103)	-	(35,269,103)
Loss (gain) on disposal of property, plant and equipment	5,117,349	(2,085,006)	2,700,069	(766,151)
Employee benefit obligations	24,582,625	17,587,206	14,282,091	12,914,401
Income tax expense	149,741,374	55,720,490	142,135,073	59,710,336
	<u>1,184,158,427</u>	<u>1,185,047,195</u>	<u>881,873,046</u>	<u>929,951,213</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	138,983,222	426,709,551	107,886,560	451,038,820
Other receivable	(28,111,998)	17,473,015	(19,448,480)	25,166,161
Inventories	76,417,152	156,614,572	75,392,335	130,562,431
Other current assets	2,442,578	13,133,949	1,665,385	10,753,854
Finance lease receivable	17,444,078	17,444,078	17,444,078	17,444,078
Other non-current assets	(5,266,000)	189,800	2,140,000	169,800
Trade accounts payable	27,895,184	(288,253,874)	17,014,579	(246,276,426)
Other payables	14,601,432	(39,364,146)	8,626,822	(32,194,427)
Other current liabilities	2,048,433	(4,464,582)	1,383,129	(1,171,010)
Employee benefit obligations paid	(1,165,597)	(601,700)	(1,055,296)	(267,950)
Income tax received (paid)	(114,095,357)	892,832	(107,935,010)	-
Net cash from operating activities	<u>1,315,351,554</u>	<u>1,484,820,690</u>	<u>984,987,148</u>	<u>1,285,176,544</u>

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	2016	2015	2016	2015
	(in Baht)			
Cash flows from investing activities				
Repayment from loans to related parties	-	-	50,000,000	50,000,000
Purchases of property, plant and equipment	(311,324,060)	(240,681,871)	(230,574,320)	(199,240,946)
Sales of property, plant and equipment	3,019,309	2,696,328	217,651	1,105,626
Purchases of intangible assets	(4,452,270)	(4,731,762)	(4,452,270)	(4,731,762)
Decrease in deposit pledge as collateral	-	4,622,000	-	-
Dividends received	-	-	4,499,970	-
Net cash used in investing activities	(312,757,021)	(238,095,305)	(180,308,969)	(152,867,082)
Cash flows from financing activities				
Financial cost paid	(7,240,795)	(11,231,859)	(1,014,862)	(3,272,205)
Proceeds from short-term loan from financial institution	30,000,000	150,000,000	-	150,000,000
Repayment to short-term loan from financial institution	(30,000,000)	(150,000,000)	-	(150,000,000)
Repayment under financial lease liabilities	(86,821,886)	(79,634,149)	(18,539,618)	(17,680,357)
Dividends paid	29 (376,165,800)	(188,082,900)	(376,165,800)	(188,082,900)
Net cash used in financing activities	(470,228,481)	(278,948,908)	(395,720,280)	(209,035,462)
Net increase in cash and cash equivalents	532,366,052	967,776,477	408,957,899	923,274,000
Cash and cash equivalents at 1 October	1,641,659,567	624,498,704	1,549,770,126	577,111,741
Effects of exchange rate changes on balances held in foreign currencies	(14,283,013)	49,384,386	(14,283,013)	49,384,385
Cash and cash equivalents at 30 September	5 2,159,742,606	1,641,659,567	1,944,445,012	1,549,770,126
Supplemental disclosures of cash flows information:				
Property, plant and equipment purchased during the years are details as follows:				
Increase in property, plant and equipment during the years	349,246,999	324,364,366	239,989,688	201,628,205
Less assets acquired by means of finance lease during the years	(23,919,203)	(91,282,109)	-	-
Change in payables for purchase of plant and equipment	(14,003,736)	7,599,614	(9,415,368)	(2,387,259)
Purchased of property, plant and equipment paid by cash	311,324,060	240,681,871	230,574,320	199,240,946

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

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Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

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 25 November 2016.

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 10540 and 99/7 Mu 3 Bangna-Trat Road Km.23, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10540.

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

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

The principal activities of the Company are manufacturing of metal and plastic parts for audio/visual equipment and electronic equipment for automobiles and office automation appliances. Details of the Company’s subsidiary is given in notes 4 and 11.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 32.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following item, which is measured on an alternative basis on each reporting date.

<i>Item</i>	<i>Measurement bases</i>
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (n)

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(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 policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 13	Property, plant and equipment
Note 14	Deferred tax
Note 18	Measurement of defined benefit obligations

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 CFO.

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 such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable 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).

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 30 - 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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational activity. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at cost on accrual basis; attributable transaction costs are recognised in the statement of income when incurred in profit or loss.

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

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

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

(g) *Investments*

Investments in subsidiary

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(h) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings and structures	4 - 32 years
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(i) *Property, plant and equipment*

Recognition and measurement

Owned assets

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

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

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

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 net within other income in profit or loss.

Leased assets and leased assets under sale and leaseback agreements

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

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

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Notes to the financial statements

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

Subsequent costs

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

Depreciation

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

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

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

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

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

(j) 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 when it increases the future economic benefits embodied in the specific asset to which it relates.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

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.

(k) Impairment

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

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

(l) Interest-bearing liabilities

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

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

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan 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. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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.

(o) 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.

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Notes to the financial statements

(p) 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.

(q) Revenue

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

Sale of goods and services rendered

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. Service income is recognized as service are provided.

Rental income

Rental income from investment property is recognised in profit or loss on straight-line basis over the term of the lease.

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 it accrues.

(r) Finance costs

Finance costs comprise interest expense on borrowings and similar costs are charged to profit or loss for the period in which they are incurred. The interest component of finance lease payments is recognised in profit or loss using the effective interest method.

(s) 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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

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.

(t) *Income tax*

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

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

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

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

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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

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Notes to the financial statements

(u) *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.

(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:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Muramoto Industry Co., Ltd.	Japan	Parent of the group, some common directors
Sima Technology Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding and common director
Muramoto Asia Pte Ltd.	Singapore	Parent is major shareholder, common director
Muramoto USA Inc.	USA	Parent is major shareholder, common director
Muramoto Manufacturing Europe S.R.O.	Czech Republic	Parent is major shareholder, common director
Muramoto Audio-Visual Philippines Inc.	Philippines	Parent is major shareholder, common director
P.T. Muramoto Elecktronika Indonesia	Indonesia	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.

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Notes to the financial statements

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

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

Significant transactions for the years ended 30 September 2016 and 2015 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent				
Sales of goods	556,648	1,053,475	219,374	784,614
Purchases of goods and fixed assets	452,168	489,332	443,700	483,430
Service fees	143,008	145,883	138,055	141,253
Technical fees	4,508	3,539	4,419	3,462
Other income	1,870	464	1,560	418
Subsidiary				
Sales of goods	-	-	183,688	153,337
Purchases of goods and fixed assets	-	-	29,618	23,817
Interest income	-	-	843	2,353
Dividend income	-	-	4,500	-
Other income	-	-	3	368
Other related parties				
Sales of goods	4,302,611	3,694,235	4,302,611	3,694,235
Purchases of goods	84,821	67,439	3,451	16,532
Interest income	1,288	1,223	1,288	1,223
Other income	3,933	17,536	3,933	17,536
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	86,596	79,567	46,588	40,310
Post-employment benefits	136	143	91	93
Total key management personnel compensation	<u>86,732</u>	<u>79,710</u>	<u>46,679</u>	<u>40,403</u>

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

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

<i>Trade accounts receivable from related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent	167,696	120,197	44,416	72,119
Subsidiary	-	-	93,083	35,662
Other related parties	714,909	964,835	714,909	964,835
Total	882,605	1,085,032	852,408	1,072,616

<i>Other receivables from related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent	1,732	525	1,579	400
Subsidiary	-	-	189	1,898
Other related parties	4,282	328	4,282	328
Total	6,014	853	6,050	2,626

<i>Short-term loans to related parties</i>	Interest rate		Consolidated		Separate	
	2016	2015	financial statements	financial statements	financial statements	financial statements
			2016	2015	2016	2015
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	2.27	2.27	-	-	-	50,000
Other related party	1.20	1.20	103,573	108,614	103,573	108,614
Total			103,573	108,614	103,573	158,614

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

<i>Short-term loans to related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 October	-	-	50,000	100,000
Increase	-	-	-	50,000
Decrease	-	-	(50,000)	(100,000)
At 30 September	-	-	-	50,000
Other related party				
At 1 October	108,614	96,691	108,614	96,691
Unrealized gain (loss) on exchange rate	(5,041)	11,923	(5,041)	11,923
At 30 September	103,573	108,614	103,573	108,614
Total	103,573	108,614	103,573	158,614

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

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 109 million) to the latter. The loan bears interest at 1.20% per annum, is unsecured and is due on 16 December 2015. At the Board of Directors' meeting held on 26 November 2015, the Board of Directors approved the extension of the period of loan to 16 December 2016.

<i>Trade accounts payable to related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent	110,461	136,948	103,591	133,770
Subsidiary	-	-	2,723	2,200
Other related parties	35,793	9,981	-	2
Total	146,254	146,929	106,314	135,972

<i>Other payables to related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent	47,502	43,447	45,561	42,336
Other related parties	231	284	231	284
Total	47,733	43,731	45,792	42,620

<i>Payables for plant and equipment</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent	9,058	752	9,058	752
Total	9,058	752	9,058	752

Significant agreements with related parties

As at 30 September 2015, the Company had guaranteed Baht 100 million of bank overdraft and loan facilities from a bank for its subsidiary. On 26 November 2015, the Board of Directors approved the cancellation of the guarantee.

As at 30 September 2016, the parent company has guaranteed USD 6.1 million (*equivalent to Baht 212.74 million*) and Baht 775 million of credit facilities extended by the financial institutions to the Company (30 September 2015: USD 6.1 million (*equivalent to Baht 222.86 million*) and Baht 775 million).

Service agreements for technical advice and business support

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.

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Notes to the financial statements

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	739	804	454	507
Cash at banks	2,159,004	1,640,856	1,943,991	1,549,263
Total	2,159,743	1,641,660	1,944,445	1,549,770

The currency denomination of cash and cash equivalents as at 30 September was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht	1,663,670	977,156	1,450,711	885,266
United States Dollars	433,882	390,019	433,882	390,019
Japanese Yen	62,191	274,485	59,852	274,485
Total	2,159,743	1,641,660	1,944,445	1,549,770

6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	4	882,605	1,085,032	852,408	1,072,616
Other parties		1,209,334	1,144,848	998,840	886,715
Total		2,091,939	2,229,880	1,851,248	1,959,331

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within credit terms	2,089,398	2,205,272	1,848,707	1,934,723
Overdue:				
Less than 3 months	2,541	24,078	2,541	24,078
Overdue 3-12 months	-	530	-	530
Total	2,091,939	2,229,880	1,851,248	1,959,331

The normal credit term granted by the Group ranges from 30 days to 120 days.

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The currency denomination of trade accounts receivable as at 30 September was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht	1,060,247	964,183	942,837	741,689
United States Dollars	648,937	958,154	648,937	958,159
Japanese Yen	379,749	307,543	256,468	259,483
European Union	3,006	-	3,006	-
Total	<u>2,091,939</u>	<u>2,229,880</u>	<u>1,851,248</u>	<u>1,959,331</u>

7 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	4	6,014	853	6,050	2,626
Other parties		60,078	36,852	50,170	34,120
Total		<u>66,092</u>	<u>37,705</u>	<u>56,220</u>	<u>36,746</u>

8 Finance lease receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Finance lease receivable	13,036	32,591	13,036	32,591
Less unearned interest income	<u>(1,055)</u>	<u>(3,166)</u>	<u>(1,055)</u>	<u>(3,166)</u>
	11,981	29,425	11,981	29,425
Less current portion of finance lease receivable	<u>(11,981)</u>	<u>(20,703)</u>	<u>(11,981)</u>	<u>(20,703)</u>
Net	<u>-</u>	<u>8,722</u>	<u>-</u>	<u>8,722</u>

One customer of the Company has been impacted from flooding in Thailand. The customer has requested the Company to construct and install clean rooms and facilities and provide services of certain rental space, equipments, facilities and manpower for their production or operations. Accordingly, the Company has entered into partial space agreement with its customer. The Company will receive the rental fee at the rate specified in the agreements. The agreements have lease term covering the period from 1 April 2012 until 26 March 2017. However, the customer is able to terminate the agreement by giving written notice to the Company at least one year in advance. The agreement contains conditions including if there are services fee outstanding, the customer shall pay the Company all outstanding amounts. Interest 2.4% may be charged on the outstanding balance.

In this connection, the Company has entered into a finance lease agreement to obtain a fund to finance the investment in this finance lease receivable as disclosed in note 15.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Raw materials	564,507	623,610	413,733	440,022
Work in process	94,974	102,725	49,236	53,149
Finished goods	513,310	506,477	337,552	346,918
Supplies	31,759	31,675	18,556	18,698
Goods in transit	100,756	117,236	57,721	93,403
	<u>1,305,306</u>	<u>1,381,723</u>	<u>876,798</u>	<u>952,190</u>
Less allowance for decline in value	(8,312)	(21,201)	(6,173)	(7,740)
Net	<u>1,296,994</u>	<u>1,360,522</u>	<u>870,625</u>	<u>944,450</u>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	15,074,092	15,584,777	12,961,495	13,215,626
- Write-down to net realisable value	-	15,459	-	1,998
- Reversal of write-down	(12,889)	-	(1,567)	-
Net	<u>15,061,203</u>	<u>15,600,236</u>	<u>12,959,928</u>	<u>13,217,624</u>

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Value added tax receivable	38,729	35,634	31,435	24,930
Prepaid withholding tax	13,817	37,607	6,933	27,067
Others	19,271	11,880	12,982	11,880
Total	<u>71,817</u>	<u>85,121</u>	<u>51,350</u>	<u>63,877</u>

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

11 Investment in subsidiary

The investment in subsidiary as at 30 September 2016 and 2015, and dividend income from this investment for the years then ended, were as follows:

Subsidiary	Separate financial statements							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)		(in thousand Baht)					
Sima Technology Co., Ltd.	99.99	99.99	300,000	300,000	299,998	299,998	4,500	-

Subsidiary engages in manufacture of electronic parts and was incorporated in Thailand which is non listed on the Stock Exchange of Thailand and consequently do not have published price quotations.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

12 Investment properties

Consolidated financial statements / Separate financial statements				
	Note	Land	Buildings and structures (in thousand Baht)	Total
Cost				
At 1 October 2014		45,375	101,835	147,210
At 30 September 2015 and 1 October 2015		45,375	101,835	147,210
Transfer to property, plant and equipment	13	(6,982)	-	(6,982)
At 30 September 2016		38,393	101,835	140,228
Depreciation				
At 1 October 2014		-	50,903	50,903
Depreciation charge for the year		-	20,367	20,367
At 30 September 2015 and 1 October 2015		-	71,270	71,270
Depreciation charge for the year		-	20,382	20,382
At 30 September 2016		-	91,652	91,652
Net book value				
At 30 September 2015		45,375	30,565	75,940
At 30 September 2016		38,393	10,183	48,576
Fair value				
At 30 September 2016		42,232	45,419	87,651

A parcel of land has been transferred from property, plant and equipment to investment property, since the parcel of land was no longer used by the Company. Investment properties are stated at cost less accumulated depreciation. In 2016, the Company has been transferred some parcel of land from investment property to property, plant and equipment for using in new production line purpose.

Measurement of fair value

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property of Baht 87.65 million as at 30 September 2016 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Land	
- Market approach	• Price of the assets of the other comparable sales
Building	
- Cost Approach	• Cost of replacement

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
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13 Property, plant and equipment

<i>Cost</i>	<i>Note</i>	Consolidated financial statements						Total
		Land	Land improvements	Buildings and structures	Machinery & equipment <i>(in thousand Baht)</i>	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress
At 1 October 2014		233,125	41,943	3,192,983	6,193,342	11,610	136,827	9,749
Additions		-	-	9,412	54,951	-	5,195	254,800
Transfers to intangible assets		-	-	-	-	-	(2,254)	-
Transfers, net		-	-	23,396	175,630	-	2,881	(201,907)
Disposals		-	-	-	(141,315)	(1,411)	(1,106)	-
At 30 September 2015 and 1 October 2015		233,125	41,943	3,225,791	6,282,608	10,199	141,543	62,642
Additions		-	-	13,527	30,053	119	4,318	301,231
Transfers from investment properties	12	6,982	-	-	-	-	-	-
Transfers to intangible assets		-	-	-	-	-	(15,949)	-
Transfers, net		-	-	126,682	162,625	-	522	(289,829)
Disposals		-	-	-	(87,973)	(1,439)	(280)	-
At 30 September 2016		240,107	41,943	3,366,000	6,387,313	8,879	130,154	74,044
								(89,692)
								10,248,440

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

Consolidated financial statements

	Land	Land improvements	Buildings and structures	Machinery & equipment (in thousand Baht)	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Depreciation and impairment loss								
At 1 October 2014	-	28,879	1,782,722	5,113,864	11,229	112,711	-	7,049,405
Depreciation charge for the year	-	4,976	100,175	339,202	299	11,621	-	456,273
Reversal of impairment loss	-	-	(36,023)	754	-	-	-	(35,269)
Transfers to intangible assets	-	-	-	-	-	(1,601)	-	(1,601)
Transfers, net	-	-	-	87	-	(87)	-	-
Disposals	-	-	-	(140,926)	(1,391)	(905)	-	(143,222)
At 30 September 2015 and 1 October 2015	-	33,855	1,846,874	5,312,981	10,137	121,739	-	7,325,586
Depreciation charge for the year	-	1,641	103,964	335,375	48	9,077	-	450,105
Transfers to intangible assets	-	-	-	-	-	(14,931)	-	(14,931)
Disposals	-	-	-	(79,852)	(1,423)	(280)	-	(81,555)
At 30 September 2016	-	35,496	1,950,838	5,568,504	8,762	115,605	-	7,679,205
Net book value								
At 30 September 2015	233,125	8,088	1,378,917	739,813	62	19,804	62,642	2,442,451
Owned assets	-	-	-	229,814	-	-	-	229,814
Assets under finance leases	233,125	8,088	1,378,917	969,627	62	19,804	62,642	2,672,265
At 30 September 2016	240,107	6,447	1,415,162	637,963	117	14,549	74,044	2,424,631
Owned assets	-	-	-	180,846	-	-	-	144,604
Assets under finance leases	240,107	6,447	1,415,162	818,809	117	14,549	74,044	2,569,235

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 30 September 2016 amounted to Baht 4,677 million (2015: Baht 3,270 million).

In 2016, gain from sale and lease back agreements for machinery and equipment of a subsidiary amounted to Baht 0.9 million were recognised as deferred gain on sale and lease back (2015: Baht 1.4 million).

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Notes to the financial statements

	Separate financial statements						
	Land	Land improvements	Buildings and structures	Machinery & equipment	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress
				<i>(in thousand Baht)</i>			
Depreciation and impairment loss							Total
At 1 October 2014	-	28,879	1,318,047	3,544,374	5,017	72,018	4,968,335
Depreciation charge for the year	-	4,976	38,893	205,775	10	9,412	259,066
Reversal of impairment loss	-	-	(36,023)	754	-	-	(35,269)
Transfers to intangible assets	-	-	-	-	-	(1,601)	(1,601)
Transfers, net	-	-	-	87	-	(87)	-
Disposals	-	-	-	(125,494)	-	(159)	(125,653)
At 30 September 2015 and 1 October 2015	-	33,855	1,320,917	3,625,496	5,027	79,583	5,064,878
Depreciation charge for the year	-	1,641	45,896	216,040	12	7,281	270,870
Transfers to intangible assets	-	-	-	-	-	(14,931)	(14,931)
Disposals	-	-	-	(45,494)	(36)	-	(45,530)
At 30 September 2016	-	35,496	1,366,813	3,796,042	5,003	71,933	5,275,287
Net book value							
At 30 September 2015	201,432	8,088	829,525	635,139	22	15,594	1,750,805
At 30 September 2016	208,414	6,447	907,438	575,590	64	11,642	1,772,972

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 30 September 2016 amounted to Baht 3,403 million (2015: 2,815 million).

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

14 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
		<i>(in thousand Baht)</i>		
Total deferred tax	10,283	35,384	-	-
Net deferred tax assets	<u>10,283</u>	<u>35,384</u>	<u>-</u>	<u>-</u>

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
		<i>(in thousand Baht)</i>		
Total deferred tax	10,283	35,104	-	-
Net deferred tax assets	<u>10,283</u>	<u>35,104</u>	<u>-</u>	<u>-</u>

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

	Consolidated financial statements		
	(Charged) / Credited to:		
	At 1 October 2015	Profit or loss (Note 26)	At 30 September 2016
		<i>(in thousand Baht)</i>	
Deferred tax assets			
Inventories	1,548	(313)	1,235
Property, plant and equipment	5,419	(5,419)	-
Finance lease liabilities	280	(280)	-
Employee benefit obligation	28,137	2,645	35,968
Total	<u>35,384</u>	<u>(3,367)</u>	<u>37,203</u>
Deferred tax liabilities			
Property, plant and equipment	-	(26,920)	(26,920)
Total	<u>-</u>	<u>(26,920)</u>	<u>(26,920)</u>
Net	<u>35,384</u>	<u>(30,287)</u>	<u>10,283</u>

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

Consolidated financial statements				
(Charged) / Credited to:				
	At 1 October 2014	Profit or loss (Note 26)	Other comprehensive income	At 30 September 2015
<i>(in thousand Baht)</i>				
Deferred tax assets				
Inventories	1,149	399	-	1,548
Property, plant and equipment	-	5,419	-	5,419
Finance lease liabilities	-	280	-	280
Employee benefit obligation	23,308	2,700	2,129	28,137
Loss carry forward	12,343	(12,343)	-	-
Total	36,800	(3,545)	2,129	35,384
Deferred tax liabilities				
Finance lease liabilities	(2,818)	2,818	-	-
Total	(2,818)	2,818	-	-
Net	33,982	(727)	2,129	35,384
Separate financial statements				
(Charged) / Credited to:				
	At 1 October 2015	Profit or loss (Note 26)	Other comprehensive income	At 30 September 2016
<i>(in thousand Baht)</i>				
Deferred tax assets				
Inventories	1,548	(313)	-	1,235
Property, plant and equipment	5,419	(5,419)	-	-
Employee benefit obligation	28,137	2,645	5,186	35,968
Total	35,104	(3,087)	5,186	37,203
Deferred tax liabilities				
Property, plant and equipment	-	(26,920)	-	(26,920)
Total	-	(26,920)	-	(26,920)
Net	35,104	(30,007)	5,186	10,283
Separate financial statements				
(Charged) / Credited to:				
	At 1 October 2014	Profit or loss (Note 26)	Other comprehensive income	At 30 September 2015
<i>(in thousand Baht)</i>				
Deferred tax assets				
Inventories	1,149	399	-	1,548
Property, plant and equipment	-	5,419	-	5,419
Employee benefit obligation	23,308	2,700	2,129	28,137
Loss carry forward	12,343	(12,343)	-	-
Total	36,800	(3,825)	2,129	35,104

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Deductible temporary differences	19,174	14,959	-	-
Tax losses	-	5,831	-	-
Total	19,174	20,790	-	-

15 Interest-bearing liabilities

Finance lease liabilities

The Group 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 2016 and 2015 were payable as follows:

	Consolidated financial statements					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	84,990	3,825	81,165	86,853	6,636	80,217
After one year but within five years	80,625	2,103	78,522	133,796	4,964	128,832
Total	165,615	5,928	159,687	220,649	11,600	209,049

	Separate financial statements					
	2016			2015		
	Future minimum lease payments	Interests	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	11,407	179	11,228	19,554	1,014	18,540
After one year but within five years	-	-	-	11,407	179	11,228
Total	11,407	179	11,228	30,961	1,193	29,768

As at 30 September 2016, the Company has unused credit facilities with a financial institution (short-term loan, bank overdraft, letter of guarantee, and letter of credit) of Baht 2,331 million (2015: Baht 1,692 million).

As at 30 September 2016, a subsidiary has no unused credit facilities (short-term loan, bank overdraft, letter of guarantee, letter of credit and foreign exchange) from local financial institutions (2015: Baht 123 million).

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Notes to the financial statements

16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	4	146,254	146,929	106,314	135,972
Other parties		1,566,433	1,529,194	1,354,380	1,316,189
Total		1,712,687	1,676,123	1,460,694	1,452,161

The currency denomination of trade accounts payable as at 30 September was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht	1,160,784	1,053,272	978,382	864,507
United States Dollars	318,488	386,286	300,228	373,716
Japanese Yen	233,197	236,351	181,866	213,724
Others	218	214	218	214
Total	1,712,687	1,676,123	1,460,694	1,452,161

17 Other payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	4	47,733	43,731	45,792	42,620
Other parties		211,866	201,637	162,442	156,909
Total		259,599	245,368	208,234	199,529

18 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	214,926	173,594	179,843	140,687
Year ended 30 September				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	24,583	17,587	14,282	12,915
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	17,914	13,889	25,929	11,500
Cumulative actuarial losses recognised	74,410	56,496	73,189	47,260

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The Group and the Company operate a defined benefit pension 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 obligations:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 October	173,594	142,720	140,687	116,540
Include in profit or loss				
Current service costs	13,198	11,971	10,092	8,399
Interest on obligation	5,305	5,616	4,190	4,516
Curtailment loss	6,080	-	-	-
	<u>24,583</u>	<u>17,587</u>	<u>14,282</u>	<u>12,915</u>
Included in other comprehensive income				
Actuarial losses	17,914	13,889	25,929	11,500
	<u>17,914</u>	<u>13,889</u>	<u>25,929</u>	<u>11,500</u>
Other				
Benefit paid	(1,165)	(602)	(1,055)	(268)
	<u>(1,165)</u>	<u>(602)</u>	<u>(1,055)</u>	<u>(268)</u>
Defined benefit obligations at 30 September	<u>214,926</u>	<u>173,594</u>	<u>179,843</u>	<u>140,687</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Demographic assumptions	(11,565)	(1,454)	-	-
Financial assumptions	16,707	15,973	13,157	13,674
Experience adjustment	12,772	(630)	12,772	(2,174)
Total	<u>17,914</u>	<u>13,889</u>	<u>25,929</u>	<u>11,500</u>

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Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
		%		
Discount rate	2.2, 2.3, 2.6	3.0, 3.4	2.3	3.0
Future salary growth	2.3-5.0	3.0-5.0	5.0	5.0

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

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligation 30 September 2016	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(11,255)	12,153	(9,540)	10,306
Future salary growth (0.5% movement)	11,719	(10,976)	9,981	(9,346)
Withdrawal rate (0.5% movement)	(11,476)	7,632	(9,632)	6,044

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.

19 Share capital

	<i>Par value (in Baht)</i>	2016		2015	
		Number	Baht	Number	Baht
		<i>(thousand shares/thousand Baht)</i>			
Authorised					
At 1 October					
- ordinary shares	10	23,898	238,981	23,898	238,981
At 30 September					
- ordinary shares	10	23,898	238,981	23,898	238,981
Issued and fully paid-up					
At 1 October					
- ordinary shares	10	20,898	208,981	20,898	208,981
At 30 September					
- ordinary shares	10	20,898	208,981	20,898	208,981

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Notes to the financial statements

20 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.

21 Insurance compensation income

On 4 March 2016, the Company was occurred a small fire accident by fire and fumes coming from the UPS controller at the PCB production area which damaged to machineries, equipment and inventories. It resumed the production line on 10 March 2016. The Company received all claim for damage from the fire accident from the insurance company of Baht 63.0 million on 30 August 2016.

	Consolidated financial statements / Separate financial statements 2016 (in thousand Baht)
Insurance compensation income	62,950
Loss from inventory damaged	38,431
Loss from machinery and equipment damaged	2,866
Other related expenses	10,632
Total fire accident related expense	51,929
Net insurance compensation income	11,021

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22 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 business		Electronic parts for office automation business		Other business		Total		Eliminations		Net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>											
Revenue												
External revenue	7,484	7,827	8,446	8,677	116	112	16,046	16,616	-	-	16,046	16,616
Inter-segment revenue	27	24	16	12	-	-	43	36	(43)	(36)	-	-
Total segment revenue	7,511	7,851	8,462	8,689	116	112	16,089	16,652	(43)	(36)	16,046	16,616
Gross profit	389	424	428	445	5	6	822	875	168	141	990	1,016
Other Income	88	65	80	106	1	1	169	172	(7)	(5)	162	167
Insurance compensation income	11	-	-	-	-	-	11	-	-	-	11	-
Net foreign exchange gain (loss)	15	71	(1)	59	-	1	14	131	-	-	14	131
Cost of sale of goods	(7,123)	(7,427)	(8,039)	(8,244)	(110)	(106)	(15,272)	(15,777)	211	177	(15,061)	(15,600)
Selling expense	(124)	(135)	(123)	(132)	(2)	(2)	(249)	(269)	-	-	(249)	(269)
Administrative expense	(126)	(92)	(144)	(145)	(2)	(2)	(272)	(239)	-	2	(272)	(237)
Finance costs	(1)	(3)	(7)	(10)	-	-	(8)	(13)	1	2	(7)	(11)
Income tax expense	(62)	(32)	(87)	(24)	(1)	-	(150)	(56)	-	-	(150)	(56)
Profit for the year	189	298	141	299	2	4	332	601	162	140	494	741
Interest revenue	5	5	5	4	-	-	10	9	(1)	(3)	9	6
Depreciation and amortisation	(187)	(189)	(289)	(292)	-	-	(476)	(481)	-	-	(476)	(481)
Segment assets as at 30 September	1,034	1,041	1,261	1,441	3	10	2,298	2,492	(4)	(2)	2,294	2,490

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Reconciliations of reportable segment assets

	2016	2015
	<i>(in million Baht)</i>	
Assets		
Total assets for reportable segments	2,294	2,490
Other unallocated amounts	6,161	5,806
Consolidated total assets	8,455	8,296

Geographical information

Electronic parts for Automotive business, Electronic parts for office automation business and other business 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.

	Revenues	
	2016	2015
	<i>(in million Baht)</i>	
Thailand	7,835	7,934
Japan	3,846	4,931
United State of America	3,078	3,131
Other countries	1,287	620
Total	16,046	16,616

Major customer

Revenues from three customers of the Group's Electronic parts for Automotive business, Electronic parts for office automation business and other business segments represents approximately Baht 10,181 million (2015: Baht 10,168 million) of the Group's total revenues.

23 Other income

	Consolidated financial statements		Separate financial statements	
<i>Note</i>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Income from scrap sale	68,362	83,278	62,773	70,023
Rental and other service income	68,989	69,161	57,281	57,290
Interest income	8,405	6,393	9,248	8,590
Dividend income	4, 11	-	4,500	-
Others	15,920	7,786	13,127	9,272
Total	161,676	166,618	146,929	145,175

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24 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Management</i>				
Wages and salaries	44,189	41,932	13,918	12,479
Others	42,543	37,778	32,761	27,924
	<u>86,732</u>	<u>79,710</u>	<u>46,679</u>	<u>40,403</u>
<i>Other employees</i>				
Wages and salaries	969,746	979,303	790,386	769,571
Contribution to defined contribution plans	13,098	12,587	10,108	9,016
Others	716,069	689,399	538,726	512,595
	<u>1,698,913</u>	<u>1,681,289</u>	<u>1,339,220</u>	<u>1,291,182</u>
Total	<u>1,785,645</u>	<u>1,760,999</u>	<u>1,385,899</u>	<u>1,331,585</u>

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

25 Expenses by nature

Included in cost of sales of goods:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	918	82,362	13,279	89,710
Raw materials and consumables used	12,104,952	12,503,755	10,731,799	10,931,624
Employee benefit expenses	1,650,032	1,629,615	1,282,512	1,237,393
Depreciation and amortisation	442,538	441,301	266,878	248,427
Others	862,763	943,203	665,460	710,470
Total	<u>15,061,203</u>	<u>15,600,236</u>	<u>12,959,928</u>	<u>13,217,624</u>

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Included in selling expenses:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Service fee	143,007	145,883	138,054	141,253
Distribution	64,691	81,096	59,432	75,501
Employee benefit expenses	31,313	30,455	26,238	24,799
Depreciation and amortisation	1,591	1,486	455	364
Professional fee	336	610	14	151
Others	8,478	9,663	5,661	6,796
Total	249,416	269,193	229,854	248,864

Included in administrative expenses:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Employee benefit expenses	104,300	102,839	77,149	69,393
Depreciation and amortisation	32,135	37,778	28,969	33,752
Professional fee	19,595	9,089	18,698	7,443
Travelling	2,955	3,061	2,087	1,792
Reversal of impairment loss	-	(35,269)	-	(35,269)
Others	112,109	119,688	102,714	112,171
Total	271,094	237,186	229,617	189,282

26 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		119,454	55,885	112,128	55,885
Over provided for prior years		-	(892)	-	-
		119,454	54,993	112,128	55,885
Deferred tax					
Movements in temporary differences	14	30,287	727	30,007	3,825
Total		149,741	55,720	142,135	59,710

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Reconciliation of effective tax rate

Consolidated financial statements				
	2016		2015	
	Rate (%)	(thousand Baht)	Rate (%)	(thousand Baht)
Profit before income tax expense		643,997		796,356
Income tax using the Thai corporation tax rate	20	128,799	20	159,271
Income not subject to tax		(6,352)		(302)
Expenses not deductible for tax purposes and others		9,798		6,624
Temporary difference which no deferred tax was recognised		23,327		(20,421)
Utilisation of previously unrecognised tax losses		(5,831)		(89,452)
Total	23	149,741	7	55,720

Separate financial statements				
	2016		2015	
	Rate (%)	(thousand Baht)	Rate (%)	(thousand Baht)
Profit before income tax expense		562,548		746,635
Income tax using the Thai corporation tax rate	20	112,510	20	149,327
Income not subject to tax		(7,252)		(302)
Expenses not deductible for tax purposes and others		7,088		5,968
Temporary difference which no deferred tax was recognised		29,789		-
Utilisation of previously unrecognised tax losses		-		(95,283)
Total	25	142,135	8	59,710

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction of the corporate income tax rate to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015. Revenue Code Amendment Act No.42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

27 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 the 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 the terms and conditions prescribed in the Promotional certificate.

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Revenue from sale of goods for the years ended 30 September 2016 and 2015, classified under the promoted and non-promoted business are as follows:

Consolidated financial statements						
	Promoted Business	2016 Non-promoted Business	Total (in million Baht)	Promoted Business	2015 Non-promoted Business	Total
Export and indirect export sales	328	7,883	8,211	628	8,052	8,680
Domestic sales	-	7,835	7,835	-	7,936	7,936
Total	328	15,718	16,046	628	15,988	16,616

Separate financial statements						
	Promoted Business	2016 Non-promoted Business	Total (in million Baht)	Promoted Business	2015 Non-promoted Business	Total
Export and indirect export sales	-	6,083	6,083	-	6,361	6,361
Domestic sales	-	7,722	7,722	-	7,764	7,764
Total	-	13,805	13,805	-	14,125	14,125

28 Basic earnings per share

The calculations of basic earnings per share for the years ended 30 September 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	494,255	740,635	420,413	686,925
Number of ordinary shares outstanding	20,898	20,898	20,898	20,898
Earnings per share (basic) (in Baht)	23.65	35.44	20.12	32.87

29 Dividends

At the annual general meeting of the shareholders of the Company held on 29 January 2016, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2015 at Baht 18 per share, totaling Baht 376 million. The dividends were paid in February 2016.

At the annual general meeting of the shareholders of the Company held on 23 January 2015, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2014 at Baht 9 per share, totaling Baht 188 million. The dividends were paid in February 2015.

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30 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 derivative financial instruments for speculative or trading purposes.

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

Capital management

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

Interest rate risk

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

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. As at 30 September 2016 and 2015, the forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies.

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

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
US Dollars					
Cash and cash equivalents	5	433,882	390,019	433,882	390,019
Trade accounts receivable	6	648,937	958,154	648,937	958,159
Short-term loans to related parties	4	103,573	108,614	103,573	108,614
Trade accounts payable	16	(318,488)	(386,286)	(300,228)	(373,716)
Gross balance sheet exposure		867,904	1,070,501	886,164	1,083,076

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		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Japanese Yen					
Cash and cash equivalents	5	62,191	274,485	59,852	274,485
Trade accounts receivable	6	379,749	307,543	256,468	259,483
Trade accounts payable	16	(233,197)	(236,351)	(181,866)	(213,724)
Payable for plant and equipment	4	(25,180)	(11,176)	(19,477)	(10,062)
Gross balance sheet exposure		183,563	334,501	114,977	310,182
Malaysian Ringgit					
Trade accounts payable	16	(172)	(168)	(172)	(168)
Gross balance sheet exposure		(172)	(168)	(172)	(168)
Singapore Dollars					
Trade accounts payable	16	(46)	(46)	(46)	(46)
Gross balance sheet exposure		(46)	(46)	(46)	(46)
European Union					
Trade accounts receivable	6	3,006	-	3,006	-
Gross balance sheet exposure		3,006	-	3,006	-
Forward contract sales		(314,280)	-	(314,280)	-
Net exposure		739,975	1,404,788	689,649	1,392,944

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 balance sheet 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 balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Fair values of financial assets and liabilities

Cash and cash equivalents, receivables, short-term loans to related parties, finance lease receivable and payables - the carrying values approximate their fair values due to the relative short-term maturity of these financial instruments.

Finance lease liabilities - the carrying values approximate their fair value because these financial instruments bear interest at market rates.

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31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided for buildings and other constructions	10,833	-	5,008	-
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	11,103	9,231	7,899	5,527
After one year but within five years	6,538	7,866	4,558	5,938
Total	17,641	17,097	12,457	11,465
<i>Other commitments</i>				
Bank guarantees	48,441	75,103	48,441	67,537

The Group has entered into car lease and office equipment agreements for various periods, which will expire during 2016 to 2019.

As at 30 September, the Group had entered into short-term forward contract sales with financial institution.

The details of the contracts are as follow:

Consolidated financial statements / Separate financial statements					
	Contract Amount		Fair value Level 2	Contract Amount	
			Fair value Level 2		
			Equivalent to Baht		
	2016	2015	2016	2015	
	<i>(in thousand)</i>		<i>(in thousand Baht)</i>		
US Dollars	9,000	-	314,280	312,565	-

The above forward contract sales are maturity within December 2016.

32 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes

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TFRS	Topic
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 27 (revised 2015)	Separate Financial Statements
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
FAP Announcement no. 5/2559	Accounting Guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.