

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

Financial statements for the year ended
30 September 2013
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.

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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, and of Muramoto Electron (Thailand) Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 referred to above present fairly, in all material respects, the financial position as at 30 September 2013 and the financial performance and cash flows for the year then ended of Muramoto Electron (Thailand) Public Company Limited and its subsidiary, and of Muramoto Electron (Thailand) Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

Emphasis of Matters

Without qualifying my opinion in respect of the above financial statements, I draw attention to note 3 to the financial statements. The Group's operations have been affected by the economic slowdown due to the sluggish demand for the business and the economic turmoil. This resulted in reporting loss from operations in the consolidated and separate financial statements for the year ended 30 September 2013 of Baht 832 million and Baht 494 million, respectively.

Various management actions have been taken to improve the Group's financial performance which include reviewing the business units which are incurring continuing losses and of which future profitability remains uncertain so as to discontinue that business; starting new business with new customers; and implementing several measures to reduce costs to try to turn the Group's loss into profit. As a result, an additional impairment loss for TV and other related businesses amounting to Baht 570 million and Baht 232 million were recognised in the consolidated and separate financial statements for the year ended 30 September 2013.

(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
26 November 2013

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Statements of financial position

Assets	Notes	Consolidated financial statements		Separate financial statements	
		30 September		30 September	
		2013	2012	2013	2012
		(in Baht)			
Current assets					
Cash and cash equivalents	6	724,881,385	631,697,701	522,841,898	572,807,230
Trade accounts receivable	5, 7	1,749,862,782	1,908,839,848	1,477,530,299	1,544,053,294
Other receivables	5, 8	47,671,932	148,740,664	66,618,268	161,385,946
Short-term loans to related parties	5	-	92,073,300	390,000,000	572,073,300
Current portion of finance lease receivable	9	20,703,158	27,221,318	20,703,158	27,221,318
Inventories	10	1,228,450,195	1,053,625,216	897,158,517	610,956,876
Other current assets	11	82,393,630	64,703,516	60,016,955	41,785,216
Assets classified as held for sale	12	1,234,198	282,600,000	1,234,198	282,600,000
Total current assets		3,855,197,280	4,209,501,563	3,436,103,293	3,812,883,180
Non-current assets					
Restricted fixed deposit		4,622,000	4,622,000	-	-
Finance lease receivable	9	43,610,195	61,054,273	43,610,195	61,054,273
Investment in subsidiary	13	-	-	299,994,000	299,994,000
Investment properties	14	116,983,634	131,573,156	116,983,634	131,573,156
Property, plant and equipment	15	3,014,850,216	3,731,935,324	1,887,027,332	2,142,613,204
Intangible assets		3,152,078	1,801,537	-	-
Other non-current assets		9,970,662	15,858,099	9,170,662	14,896,630
Total non-current assets		3,193,188,785	3,946,844,389	2,356,785,823	2,650,131,263
Total assets		7,048,386,065	8,156,345,952	5,792,889,116	6,463,014,443

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	Notes	Consolidated financial statements		Separate financial statements	
		30 September		30 September	
		2013	2012	2013	2012
		(in Baht)			
Current liabilities					
Short term loan from financial institution	16	30,000,000	-	-	-
Trade accounts payable	5, 17	1,464,486,865	1,685,407,009	1,261,007,434	1,342,808,130
Other payables	18	218,499,351	247,958,150	173,296,058	175,000,652
Payable for property, plant and equipment		31,676,659	210,875,366	8,213,565	99,807,561
Current portion of finance lease liability	16	83,932,732	27,811,516	16,860,921	-
Income tax payable	26	3,330,590	-	-	-
Other current liabilities		13,721,237	20,644,903	10,793,091	16,192,077
Total current liabilities		1,845,647,434	2,192,696,944	1,470,171,069	1,633,808,420
Non-current liabilities					
Finance lease liability	16	173,173,517	44,516,808	47,448,087	-
Employee benefit obligations	19	126,437,719	80,506,109	104,561,517	67,778,383
Total non-current liabilities		299,611,236	125,022,917	152,009,604	67,778,383
Total liabilities		2,145,258,670	2,317,719,861	1,622,180,673	1,701,586,803
Equity					
Share capital					
Authorised share capital	20	238,981,000	250,000,000	238,981,000	250,000,000
Issued and paid-up share capital	20	208,981,000	220,000,000	208,981,000	220,000,000
Treasury shares	21	-	(154,818,400)	-	(154,818,400)
Additional paid-in capital					
Premium on ordinary shares	22	653,700,000	653,700,000	653,700,000	653,700,000
Retained earnings					
Appropriated					
Legal reserve	22	55,000,000	55,000,000	25,000,000	25,000,000
Treasury shares reserve	21	-	154,818,400	-	154,818,400
Unappropriated		3,985,446,395	4,909,926,091	3,283,027,443	3,862,727,640
Total equity		4,903,127,395	5,838,626,091	4,170,708,443	4,761,427,640
Total liabilities and equity		7,048,386,065	8,156,345,952	5,792,889,116	6,463,014,443

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Statements of comprehensive income

	Notes	Consolidated financial statements		Separate financial statements	
		For the year ended 30 September		For the year ended 30 September	
		2013	2012	2013	2012
<i>(in Baht)</i>					
Income					
Revenue from sale of goods	5, 23, 28	11,237,073,119	12,262,213,651	8,035,954,261	8,555,961,187
Other income	5, 24	205,169,582	356,708,442	188,888,231	342,715,521
Net foreign exchange gain		18,573,149	42,530,357	4,398,422	20,550,362
Total income		11,460,815,850	12,661,452,450	8,229,240,914	8,919,227,070
Expenses					
Cost of sale of goods	26	11,116,517,232	12,323,766,348	8,032,158,175	8,764,764,846
Selling expenses	26	201,311,648	246,116,151	158,495,948	196,122,209
Administrative expenses	26	383,565,276	374,872,152	298,280,642	305,746,263
Impairment losses	12, 15	570,278,030	192,747,664	231,688,782	185,202,636
Finance costs		10,658,341	3,313,238	2,844,001	1,650,654
Total expenses		12,282,330,527	13,140,815,553	8,723,467,548	9,453,486,608
Loss before income tax expense		(821,514,677)	(479,363,103)	(494,226,634)	(534,259,538)
Income tax expense	27	10,643,241	7,645,943	-	-
Loss for the year		(832,157,918)	(487,009,046)	(494,226,634)	(534,259,538)
Other comprehensive income for the year					
Defined benefit plan actuarial losses	19	(40,646,478)	-	(33,798,263)	-
Total comprehensive income for the year		(872,804,396)	(487,009,046)	(528,024,897)	(534,259,538)
Loss per share (Baht)	29	(39.82)	(23.30)	(23.65)	(25.57)

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						
		Retained earnings						
	Note	Issued and paid-up share capital	Treasury shares	Share premium	Legal reserve <i>(in Baht)</i>	Treasury shares reserve	Unappropriated	Total equity
Year ended 30 September 2012								
Balance at 1 October 2011		220,000,000	(154,818,400)	653,700,000	55,000,000	154,818,400	5,564,119,937	6,492,819,937
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company	30	-	-	-	-	-	(167,184,800)	(167,184,800)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	-	-	(167,184,800)	(167,184,800)
Total transactions with owners, recorded directly in equity		-	-	-	-	-	(167,184,800)	(167,184,800)
Comprehensive income for the year								
Loss		-	-	-	-	-	(487,009,046)	(487,009,046)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	(487,009,046)	(487,009,046)
Balance at 30 September 2012		220,000,000	(154,818,400)	653,700,000	55,000,000	154,818,400	4,909,926,091	5,838,626,091

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

Year ended 30 September 2013	Consolidated financial statements						Total equity
	Issued and paid-up share capital	Treasury shares	Share premium	Legal reserve <i>(in Baht)</i>	Treasury shares reserve	Retained earnings	
Balance at 1 October 2012	220,000,000	(154,818,400)	653,700,000	55,000,000	154,818,400	4,909,926,091	5,838,626,091
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Reduction of treasury shares	(11,019,000)	154,818,400	-	-	(154,818,400)	11,019,000	-
Dividend to owners of the Company	-	-	-	-	-	(62,694,300)	(62,694,300)
<i>Total contributions by and distributions to owners of the Company</i>	<u>(11,019,000)</u>	<u>154,818,400</u>	<u>-</u>	<u>-</u>	<u>(154,818,400)</u>	<u>(51,675,300)</u>	<u>(62,694,300)</u>
Total transactions with owners, recorded directly in equity	<u>(11,019,000)</u>	<u>154,818,400</u>	<u>-</u>	<u>-</u>	<u>(154,818,400)</u>	<u>(51,675,300)</u>	<u>(62,694,300)</u>
Comprehensive income for the year							
Loss	-	-	-	-	-	(832,157,918)	(832,157,918)
Other comprehensive income	-	-	-	-	-	(40,646,478)	(40,646,478)
Total comprehensive income for the year	-	-	-	-	-	<u>(872,804,396)</u>	<u>(872,804,396)</u>
Balance at 30 September 2013	<u>208,981,000</u>	<u>-</u>	<u>653,700,000</u>	<u>55,000,000</u>	<u>-</u>	<u>3,985,446,395</u>	<u>4,903,127,395</u>

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Statements of changes in equity

	Separate financial statements						Total equity
	Issued and paid-up share capital	Treasury shares	Share premium	Retained earnings		Unappropriated	
Legal reserve				Treasury shares reserve			
				(in Baht)			
Year ended 30 September 2012							
Balance at 1 October 2011	220,000,000	(154,818,400)	653,700,000	25,000,000	154,818,400	4,564,171,978	5,462,871,978
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Dividend to owners of the Company	-	-	-	-	-	(167,184,800)	(167,184,800)
<i>Total contributions by and distributions to owners of the Company</i>	-	-	-	-	-	(167,184,800)	(167,184,800)
Total transactions with owners, recorded directly in equity	-	-	-	-	-	(167,184,800)	(167,184,800)
Comprehensive income for the year							
Loss	-	-	-	-	-	(534,259,538)	(534,259,538)
Other comprehensive income	-	-	-	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	-	-	-	(534,259,538)	(534,259,538)
Balance at 30 September 2012	220,000,000	(154,818,400)	653,700,000	25,000,000	154,818,400	3,862,727,640	4,761,427,640

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary
Statements of changes in equity

	Separate financial statements							Total equity
	Note	Issued and paid-up share capital	Treasury shares	Share premium	Legal reserve <i>(in Baht)</i>	Retained earnings		
Treasury shares						Treasury shares reserve	Unappropriated	
Year ended 30 September 2013								
Balance at 1 October 2012		220,000,000	(154,818,400)	653,700,000	25,000,000	154,818,400	3,862,727,640	4,761,427,640
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Reduction of treasury shares	20, 21	(11,019,000)	154,818,400	-	-	(154,818,400)	11,019,000	-
Dividend to owners of the Company	30	-	-	-	-	-	(62,694,300)	(62,694,300)
<i>Total contributions by and distributions to owners of the Company</i>		(11,019,000)	154,818,400	-	-	(154,818,400)	(51,675,300)	(62,694,300)
Total transactions with owners, recorded directly in equity		(11,019,000)	154,818,400	-	-	(154,818,400)	(51,675,300)	(62,694,300)
Comprehensive income for the year								
Loss		-	-	-	-	-	(494,226,634)	(494,226,634)
Other comprehensive income		-	-	-	-	-	(33,798,263)	(33,798,263)
Total comprehensive income for the year		-	-	-	-	-	(528,024,897)	(528,024,897)
Balance at 30 September 2013		208,981,000	-	653,700,000	25,000,000	-	3,283,027,443	4,170,708,443

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	
	2013	2012	2013	2012
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Loss for the year	(832,157,918)	(487,009,046)	(494,226,634)	(534,259,538)
<i>Adjustments for</i>				
Depreciation and amortisation	610,560,278	624,812,219	297,019,619	352,437,353
Dividend income	-	-	(10,019,933)	(10,050,000)
Finance costs	10,658,341	3,313,238	2,844,001	1,650,654
Unrealised loss (gain) on exchange rate	(4,840,176)	1,134,648	(4,506,998)	4,614,310
Provision for (reversal of) net realisable value of inventories	12,588,887	(223,049)	8,689,984	607,703
Provision for impairment loss on property, plant, and equipment and assets classified as held for sale	570,278,030	192,747,664	231,688,782	185,202,636
Loss (gain) on disposal of property, plant and equipment	17,274,358	(4,469,346)	(327,216)	(2,204,600)
Gain on disposal of assets classified as held for sale	(119,000)	-	(119,000)	-
Amortisation of golf membership (reversal of)	46,666	(395,833)	46,666	(395,833)
Employee benefit obligations	33,459,312	9,008,723	31,159,051	7,473,976
Income tax expense	10,643,241	7,645,943	-	-
	<u>428,392,019</u>	<u>346,565,161</u>	<u>62,248,322</u>	<u>5,076,661</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	158,630,912	(111,312,897)	65,623,524	(89,342,688)
Other receivable	101,067,458	(107,856,505)	104,791,917	(103,531,904)
Inventories	(187,413,866)	(205,226,860)	(294,891,625)	(124,659,566)
Other current assets	(17,690,114)	(25,769,002)	(18,231,739)	(11,931,114)
Other non-current assets	5,840,770	(3,794,891)	5,679,301	(3,282,201)
Trade accounts payable	(217,579,514)	24,921,927	(78,245,506)	72,015,913
Other payables	(22,122,542)	31,720,210	(1,847,672)	11,728,690
Other current liabilities	(6,923,666)	(71,765,474)	(5,398,987)	(72,701,177)
Employee benefit obligations paid	(28,174,180)	(225,590)	(28,174,180)	(225,590)
Income tax paid	(7,312,651)	(10,184,321)	-	-
Net cash provided by (used in) operating activities	<u>206,714,626</u>	<u>(132,928,242)</u>	<u>(188,446,645)</u>	<u>(316,852,976)</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	2013	2012	2013	2012
	(in Baht)			
Cash flows from investing activities				
Decrease (increase) in short-term loans to related parties	92,073,300	-	182,073,300	(80,000,000)
Addition to investment properties	(13,892,000)	(89,892,500)	(13,892,000)	(89,892,500)
Purchases of property, plant and equipment	(424,383,630)	(588,745,685)	(273,250,585)	(291,180,577)
Sales of property, plant and equipment	5,189,932	5,331,610	1,670,841	5,066,394
Sales of assets classified as held for sale	241,119,000	-	241,119,000	-
Purchases of intangible assets	(2,240,146)	(751,366)	-	-
Net cash provided by (used in) investing activities	(102,133,544)	(674,057,941)	137,720,556	(456,006,683)
Cash flows from financing activities				
Interest paid	(10,658,341)	(3,313,238)	(2,844,001)	(1,650,654)
Proceeds from short-term loan from financial institution	30,000,000	-	-	-
Repayment under financial lease liabilities	(49,049,388)	(13,207,186)	(10,811,776)	-
Proceeds from finance lease liabilities	79,014,579	85,535,510	75,120,783	-
Dividends paid	30 (62,694,300)	(167,184,800)	(62,694,300)	(167,184,800)
Net cash used in financing activities	(13,387,450)	(98,169,714)	(1,229,294)	(168,835,454)
Net increase (decrease) in cash and cash equivalents				
	91,193,632	(905,155,897)	(51,955,383)	(941,695,113)
Cash and cash equivalents at beginning of year	631,697,701	1,538,293,658	572,807,230	1,515,942,403
Effects of exchange rate changes on balances held in foreign currencies	1,990,052	(1,440,060)	1,990,051	(1,440,060)
Cash and cash equivalents at end of year	6 724,881,385	631,697,701	522,841,898	572,807,230
Non-cash transactions				
Assets acquired by means of finance lease	158,706,529	80,007,062	-	-
Payable for property, plant and equipment and investment properties	31,676,659	210,875,366	8,213,565	99,807,561

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 26 November 2013.

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.

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

The parent and ultimate parent company during the financial period was Muramoto Industry Company Limited (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 direct subsidiary are as follows:

	Type of business	Country of incorporation	Ownership interest	
			2013	2012
Sima Technology Co., Ltd.	Manufacturing of electronic parts	Thailand	99.99%	99.99%

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.

During 2012 and 2013, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 34.

The financial statements have been prepared on the historical cost basis.

(b) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of estimates and judgements

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 estimates.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

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Notes 12 and 15	Non-current assets held for sale and key assumptions used in discounted cash flow projections
Note 19	Measurement of defined benefit obligations

3 Current operations

The Group's operations have been affected by the economic slowdown due to the sluggish demand for the business and the economic turmoil. This resulted in reporting loss from operations in the consolidated and separate financial statements for the year ended 30 September 2013 of Baht 832 million and Baht 494 million, respectively (2012: Baht 487 million and Baht 534 million, respectively).

Various management actions have been taken to improve the Group's financial performance which include reviewing the business units which are incurring continuing losses and of which future profitability remains uncertain so as to discontinue that business; starting new business with new customers; implementing several measures to reduce costs to try to turn the Group's loss into profit. As a result, an additional impairment loss for TV and other related businesses amounting to Baht 570 million and Baht 232 million were recognised in the consolidated and separate financial statements for the year ended 30 September 2013 (2012: Baht 193 million and Baht 185 million, respectively).

4 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 is entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiary have been changed where necessary to align them with the policies adopted by the Group.

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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(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 make the sale.

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(g) *Non-current assets held for sale*

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) *Investments*

Investments in subsidiary

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

(i) *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:

Investment property	5 years
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(j) *Property, plant and equipment*

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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

Leased assets and leased assets under sale and leaseback agreements

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

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

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

Subsequent costs

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

Depreciation

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

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

Land improvements and leasehold improvements	5 - 32 years
Buildings and structure	5 - 32 years
Machinery and equipment	1.5 - 10 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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(k) *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.

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

(l) *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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(m) Interest-bearing liabilities

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

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

(p) 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.

(q) 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.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Surplus on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

(r) 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.

Income from export tax rebate and import duty refund

Income from export tax rebate (granted by the Ministry of Finance in the form of tax coupons) and import duty refund are recognised in profit or loss based on an accrual basis upon exporting the finished goods.

Dividend income

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

Interest income

Interest income is recognised in profit or loss as it accrues.

Rental income

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

(s) Expenses

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

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

Determining whether an arrangement contains a lease

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

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

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

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.

(t) *Income tax*

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

In determining the amount of current 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.

(u) *Earning per share*

The Group/Company 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.

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

Notes to the financial statements

5 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	Ultimate 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	Ultimate parent is major shareholder, common director
Muramoto USA Inc.	USA	Ultimate parent is major shareholder, common director
Muramoto Sumitronics, USA LLC.	USA	Ultimate parent is major shareholder, common director
Muramoto Technics (Malaysia) Sdn. Bhd.	Malaysia	Ultimate parent is major shareholder, common director
Muramoto Manufacturing Europe S.R.O.	Czech Republic	Ultimate parent is major shareholder, common director
Muramoto (Tianjin) Electronics Co., Ltd.	China	Ultimate parent is major shareholder, common director
Muramoto Audio-Visual Philippines Inc.	Philippine	Ultimate parent is major shareholder, common director
P.T. Muramoto Elecktronika Indonesia	Indonesia	Ultimate parent is major shareholder, common director
Muramoto Manufacturing de Mexico, S de R.L. de C.V	Mexico	Ultimate parent is major shareholder, common director
Muramoto Sumitronics, de Mexico, S de R.L. de C.V	Mexico	Ultimate parent is major shareholder, common director
Kein Hing Muramoto Vietnam	Vietnam	Ultimate parent is major shareholder
Key management personnel	Thailand	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 particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of goods and rendering of services	Cost plus margin
Purchases of raw materials and purchase of fixed assets	At contractually agreed prices, equivalent to market prices
Other income	At prices equivalent to purchases/cost of services from third parties
Technical fees	At contractually agreed prices
Royalty fees	0.75% of net sales
Interest income	At rates equivalent to market

Significant transactions for the years ended 30 September 2013 and 2012 with related parties were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
<i>Muramoto Industry Co., Ltd.</i>				
Sales of goods	1,372,706	1,128,876	618,476	408,123
Purchases of goods and fixed assets	338,782	412,788	305,346	337,430
Royalty fees	72,606	80,373	60,270	64,170
Technical fees	13,583	27,112	13,583	20,471
Other income	3,144	10,672	471	8,109
Subsidiary				
<i>Sima Technology Co., Ltd.</i>				
Sales of goods	-	-	418,580	356,305
Purchases of goods	-	-	2,001	10,398
Interest income	-	-	16,462	18,018
Dividend income	-	-	10,020	10,050
Other income	-	-	528	239
Other related parties				
<i>Muramoto Asia Pte Ltd.</i>				
Sales of goods	622,492	1,362,599	593,369	1,208,733
Purchases of goods	204,289	224,110	40,860	56,750
Other income	40	19	-	19
<i>Muramoto Manufacturing Europe S.R.O.</i>				
Sales of goods	32	-	32	-
Purchases of goods	-	685	-	685
Other income	-	90	-	90
<i>Muramoto USA Inc.</i>				
Sales of goods	630,521	24,793	629,005	24,744
Purchases of goods	50,422	5,970	50,422	5,970
Interest income	1,049	1,417	1,049	1,417
Other Income	1,608	1,419	1,428	1,419
Technical fees	-	314	-	314

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

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Muramoto Technics (Malaysia) Sdn. Bhd.</i>				
Purchases of goods	12,443	94	12,443	94
Other income	-	5,791	-	5,617
Technical fees	63	-	-	-
<i>Muramoto Audio-Visual Philippines, Inc</i>				
Sales of goods	19,592	20,788	19,555	20,788
Purchases of goods	3,921	4,142	-	-
<i>Muramoto (Tianjin) Electronics Co., Ltd.</i>				
Sales of goods	-	5,463	-	5,463
Purchases of goods	344	-	344	-
<i>Others</i>				
Sales of goods or rendering of services	1,693	-	1,693	-
Purchases of goods	-	5,997	-	5,997
Other income	479	362	479	362
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	23,745	30,773	19,256	25,315

Balances as at 30 September 2013 and 2012 with related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Trade accounts receivable from related parties				
Parent				
Muramoto Industry Co., Ltd.	378,150	326,682	252,226	169,482
Subsidiary				
Sima Technology Co., Ltd.	-	-	108,558	124,728
Other related parties				
Muramoto Asia Pte Ltd.	17,126	108,144	15,873	101,443
Muramoto USA Inc.	289,563	1,083	289,253	1,083
Muramoto Audio-Visual Philippines, Inc.	3,478	976	3,470	976
Total	688,317	436,885	669,380	397,712
Short-term loan to related parties				
Subsidiary				
Sima Technology Co., Ltd.	-	-	390,000	480,000
Other related party				
Muramoto USA Inc.	-	92,073	-	92,073
Total	-	92,073	390,000	572,073

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Notes to the financial statements

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Other receivable from related parties</i>				
Parent				
Muramoto Industry Co., Ltd.	540	2,741	540	2,741
Subsidiary				
Sima Technology Co., Ltd.	-	-	18,088	19,151
Other related parties				
Muramoto USA Inc.	1,105	651	1,105	651
P.T. Muramoto Elektronika Indonesia	24	140	24	140
Total	<u>1,669</u>	<u>3,532</u>	<u>19,757</u>	<u>22,683</u>
<i>Trade accounts payable to related parties</i>				
Parent				
Muramoto Industry Co., Ltd.	127,434	72,868	119,803	61,947
Subsidiary				
Sima Technology Co., Ltd.	-	-	325	471
Other related parties				
Muramoto Asia Pte Ltd.	28,341	40,004	5,255	10,336
Muramoto USA Inc.	30	518	30	518
Muramoto Audio-Visual Philippines, Inc.	979	199	-	-
Total	<u>156,784</u>	<u>113,589</u>	<u>125,413</u>	<u>73,272</u>
<i>Other account payable to related party</i>				
Parent				
Muramoto Industry Co., Ltd.	27,520	48,191	24,611	35,944
Other related parties				
Muramoto USA Inc.	-	1,449	-	1,449
P.T. Muramoto Elektronika Indonesia	-	15	-	15
Total	<u>27,520</u>	<u>49,655</u>	<u>24,611</u>	<u>37,408</u>

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Notes to the financial statements

Short-term loan to related parties

Movements during the years ended 30 September 2013 and 2012 of short-term loan to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Subsidiary				
Sima Technology Co., Ltd.				
At 1 October	-	-	480,000	400,000
Increase	-	-	-	110,000
Loan repayment	-	-	(90,000)	(30,000)
At 30 September	-	-	390,000	480,000
Other related parties				
Muramoto USA Inc.				
At 1 October	92,073	93,083	92,073	93,083
Loan repayment	(93,489)	-	(93,489)	-
Unrealized gain on exchange rate	1,416	(1,010)	1,416	(1,010)
At 30 September	-	92,073	-	92,073
Total	-	92,073	390,000	572,073

As at 30 September 2013, short-term loans to Sima Technology Co., Ltd. bear interest at the rates ranging from 2.93%-3.61% per annum (30 September 2012: 3.42% - 4.02% per annum). Final maturity date is 28 September 2014 (30 September 2012: 28 September 2013).

On 1 October 2010, the Company entered into a loan agreement with Muramoto USA Inc. in which the Company agreed to lend USD 3 million (equivalent to Baht 90 million) to the latter. The loan bears interest at 1.52% per annum, is unsecured and is due on 30 September 2012. In the Board of Directors' meeting held on 14 August 2012, the Board of Directors approved the extension of the period of the loan to 30 September 2013. At 30 September 2013, this loan had already been repaid.

Significant agreements with related parties

As at 30 September 2013, the Company had guaranteed Baht 420 million (30 September 2012: Baht 420 million) of bank overdraft and loan facilities from a bank for its subsidiary.

As at 30 September 2013, the ultimate parent company had guaranteed Yen 250 million (equivalent to Baht 81.06 million) and Baht 300 million (30 September 2012: Yen 250 million (equivalent to Baht 102.72 million) and Baht 300 million) of bank overdraft and loan facilities extended by a bank for the Company's subsidiary.

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 with all recent technical advice, product design 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 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

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cash on hand	536	1,030	385	898
Cash at bank - current account	10,899	12,709	10,899	12,686
Cash at banks - saving accounts	713,446	617,959	511,558	559,223
Total	724,881	631,698	522,842	572,807

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Thai Baht	602,511	500,949	400,472	442,058
United States Dollars	121,621	130,179	121,621	130,179
Japanese Yen	749	570	749	570
Total	724,881	631,698	522,842	572,807

7 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	688,317	436,885	669,380	397,712
Other parties		1,061,546	1,471,955	808,150	1,146,341
Total		1,749,863	1,908,840	1,477,530	1,544,053

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Within credit terms	1,674,657	1,801,288	1,402,340	1,442,647
Overdue:				
Less than 3 months	75,206	107,552	75,190	101,406
Total	1,749,863	1,908,840	1,477,530	1,544,053

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		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Thai Baht	714,445	1,096,345	750,590	1,097,054
United States Dollars	463,625	466,787	458,232	277,708
Japanese Yen	571,793	345,708	268,708	169,291
Total	<u>1,749,863</u>	<u>1,908,840</u>	<u>1,477,530</u>	<u>1,544,053</u>

8 Other receivables

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	1,669	3,532	19,757	22,683
Other parties		46,003	145,209	46,861	138,703
Total		<u>47,672</u>	<u>148,741</u>	<u>66,618</u>	<u>161,386</u>

9 Finance lease receivable

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Finance lease receivable	71,700	97,772	71,700	97,772
Less unearned interest income	<u>(7,387)</u>	<u>(9,497)</u>	<u>(7,387)</u>	<u>(9,497)</u>
	64,313	88,275	64,313	88,275
Less current portion of finance lease receivable	<u>(20,703)</u>	<u>(27,221)</u>	<u>(20,703)</u>	<u>(27,221)</u>
Total	<u>43,610</u>	<u>61,054</u>	<u>43,610</u>	<u>61,054</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 16.

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Notes to the financial statements

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Raw materials	620,896	513,798	468,655	313,956
Work in process	102,547	142,849	65,595	90,698
Finished goods	392,825	274,865	283,755	152,921
Supplies	40,143	48,061	22,704	26,028
Goods in transit	105,499	94,923	84,583	46,797
	<u>1,261,910</u>	<u>1,074,496</u>	<u>925,292</u>	<u>630,400</u>
Less allowance for decline in value	<u>(33,460)</u>	<u>(20,871)</u>	<u>(28,133)</u>	<u>(19,443)</u>
Net	<u>1,228,450</u>	<u>1,053,625</u>	<u>897,159</u>	<u>610,957</u>

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Value added tax receivable	42,856	18,239	24,752	7,580
Prepaid withholding tax	34,224	20,307	29,951	17,388
Others	5,314	26,158	5,314	16,817
Total	<u>82,394</u>	<u>64,704</u>	<u>60,017</u>	<u>41,785</u>

12 Non-current assets held for sale

In September 2012, the management performed a detailed assessment of the business and identified business units which incurred continuing losses and of which future profitability remains uncertain.

Some machinery and equipment within the PDP line (TV Business) are presented as assets classified as held for sale following the commitment of the Group's management in September 2012 to sell this group of assets as it is no longer in use. During the period, certain items within this disposal group of assets has already been sold with gain on disposal of Baht 0.1 million in the statement of comprehensive income during the year ended 30 September 2013. At 30 September 2013, the disposal group of assets had net book value of Baht 1.2 million (*30 September 2012: Baht 282.6 million*). The disposal group has been remeasured to the lower of its carrying amount and its fair value less cost to sell and the difference has been recognised in administrative expenses in the statement of comprehensive income. The fair value was provided by open and independent bidding. Efforts to sell this group of assets have commenced, and a sale is expected to be completed by September 2014.

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Details of the non-current assets classified as held for sale are as follows:

		Consolidated/Separate financial statements
		Machinery and equipment at net book value (in thousand Baht)
At 1 October 2011		-
Transfer from property, plant and equipment	<i>15</i>	467,803
<i>Less</i> impairment losses		(185,203)
At 30 September 2012 and 1 October 2012		282,600
Transfer from property, plant and equipment	<i>15</i>	90,994
<i>Less</i> disposal		(362,611)
<i>Less</i> impairment losses		(131,360)
<i>Add</i> reversal of impairment from disposal		121,611
At 30 September 2013		1,234

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Notes to the financial statements

13 Investment in subsidiary

The investment in subsidiary as at 30 September 2013 and 2012, and dividend income from this investment for the years then ended were as follows:

	Ownership interest		Paid-up capital		Separate financial statements		Dividend	
	2013	2012	2013	2012	2013	2012	2013	2012
		(%)			<i>(in thousand Baht)</i>			
Sima Technology Co., Ltd.	99.99	99.99	<u>300,000</u>	<u>300,000</u>	<u>299,994</u>	<u>299,994</u>	<u>10,020</u>	<u>10,050</u>

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Notes to the financial statements

14 Investment properties

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Cost</i>				
At 1 October	140,228	17,835	140,228	17,835
Additions	-	103,784	-	103,784
Transfer from property, plant and equipment	6,982	18,609	6,982	18,609
At 30 September	<u>147,210</u>	<u>140,228</u>	<u>147,210</u>	<u>140,228</u>
<i>Depreciation and impairment losses</i>				
At 1 October	8,655	-	8,655	-
Depreciation charge for the year	21,572	8,346	21,572	8,346
Transfer from property, plant and equipment	-	309	-	309
At 30 September	<u>30,227</u>	<u>8,655</u>	<u>30,227</u>	<u>8,655</u>
<i>Net book value</i>	<u>116,983</u>	<u>131,573</u>	<u>116,983</u>	<u>131,573</u>

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. In addition to this, a part of the Group's plant space which is held to earn rental income as discussed in Note (9) has also been transferred from property, plant and equipment to investment property in 2013 and 2012. Investment properties are stated at cost less accumulated depreciation and impairment losses.

Fair value of the investment properties amount of Baht 209 million that are leased to third parties has been evaluated by the Group's valuation model.

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

15 Property, plant and equipment

	Consolidated financial statements							Total
	Land	Land improvements & leasehold improvements	Building and structure	Machinery & equipment <i>(in thousand Baht)</i>	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress	
Cost								
At 1 October 2011	240,107	111,014	2,955,214	7,405,090	14,207	509,067	386,613	11,621,312
Additions	-	7,287	52,090	226,346	1,322	22,928	354,780	664,753
Transfer to investment properties	-	-	(18,609)	-	-	-	-	(18,609)
Transfers, net	-	6,477	36,461	570,068	-	1,286	(614,292)	-
Transfer to assets held for sale	-	-	-	(686,869)	-	-	-	(686,869)
Disposals	-	-	-	(194,049)	-	-	-	(194,049)
At 30 September 2012 and 1 October 2012	240,107	124,778	3,025,156	7,320,586	15,529	533,281	127,101	11,386,538
Additions	-	5,004	22,244	45,278	52	4,263	351,338	428,179
Transfer to investment properties	(6,982)	-	-	-	-	-	-	(6,982)
Transfers, net	-	43,684	44,080	324,072	-	110	(413,646)	(1,700)
Transfer to assets held for sale	-	-	-	(178,522)	-	-	-	(178,522)
Disposals	-	-	(2,361)	(1,530,051)	(3,468)	(385,320)	-	(1,921,200)
At 30 September 2013	233,125	173,466	3,089,119	5,981,363	12,113	152,334	64,793	9,706,313

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Notes to the financial statements

	Consolidated financial statements							Total
	Land	Land improvements & leasehold improvements	Building and structure	Machinery & equipment <i>(in thousand Baht)</i>	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress	
Depreciation and impairment loss								
At 1 October 2011	-	34,021	1,499,654	5,370,452	11,681	452,990	-	7,368,798
Depreciation charge for the year	-	4,266	83,766	503,489	872	23,284	-	615,677
Transfer to investment properties	-	-	(309)	-	-	-	-	(309)
Losses on decline in value	-	-	-	7,545	-	-	-	7,545
Transfer to assets held for sale	-	-	-	(219,067)	-	-	-	(219,067)
Disposals	-	-	-	(118,041)	-	-	-	(118,041)
At 30 September 2012 and 1 October 2012	-	38,287	1,583,111	5,544,378	12,553	476,274	-	7,654,603
Depreciation charge for the year	-	3,668	87,406	456,911	795	21,747	-	570,527
Losses on decline in value	-	11,014	38,260	388,255	-	1,389	-	438,918
Transfers, net	-	219	-	-	-	(219)	-	-
Transfer to assets held for sale	-	-	-	(87,528)	-	-	-	(87,528)
Disposals	-	-	(1,190)	(1,496,432)	(2,170)	(385,265)	-	(1,885,057)
At 30 September 2013	-	53,188	1,707,587	4,805,584	11,178	113,926	-	6,691,463
Net book value								
At 30 September 2012	240,107	86,491	1,442,045	1,701,358	2,976	57,007	127,101	3,657,085
Owned assets	-	-	-	74,850	-	-	-	74,850
Assets under finance leases	240,107	86,491	1,442,045	1,776,208	2,976	57,007	127,101	3,731,935
At 30 September 2013	233,125	120,278	1,381,532	1,042,120	935	38,408	64,793	2,881,191
Owned assets	-	-	-	133,659	-	-	-	133,659
Assets under finance leases	233,125	120,278	1,381,532	1,175,779	935	38,408	64,793	3,014,850

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 30 September 2013 amounted to Baht 3,095 million (2012: Baht 4,010 million).

In 2013, gain from sale and lease back agreements for machinery and equipment of a subsidiary amounted to Baht 3.9 million were recognised as deferred gain on sale and lease back.

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Notes to the financial statements

	Separate financial statements							Total
	Land	Land improvements & leasehold improvements	Building and structure	Machinery & equipment <i>(in thousand Baht)</i>	Transportation equipment	Furniture, fixtures and office equipment	Construction in progress	
Cost								
At 1 October 2011	208,414	111,014	2,049,470	5,667,338	5,809	459,878	317,417	8,819,340
Additions	-	7,287	-	87,544	1,307	16,547	152,100	264,785
Transfer to Investment properties	-	-	(18,609)	-	-	-	-	(18,609)
Transfers, net	-	6,477	-	364,364	-	1,002	(371,843)	-
Transfers to asset held for sale	-	-	-	(686,869)	-	-	-	(686,869)
Disposals	-	-	-	(108,273)	-	-	-	(108,273)
At 30 September 2012 and 1 October 2012	208,414	124,778	2,030,861	5,324,104	7,116	477,427	97,674	8,270,374
Additions	(6,982)	5,004	-	36,655	52	3,757	174,042	219,510
Transfer to Investment properties	-	-	-	-	-	-	-	(6,982)
Transfers, net	-	43,684	-	171,484	-	105	(215,273)	-
Transfers to asset held for sale	-	-	-	(178,522)	-	-	-	(178,522)
Disposals	-	-	-	(1,232,731)	(2,119)	(375,130)	-	(1,609,980)
At 30 September 2013	201,432	173,466	2,030,861	4,120,990	5,049	106,159	56,443	6,694,400

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Notes to the financial statements

	Separate financial statements						Total
	Land	Land improvements & leasehold improvements	Building and structure	Machinery & equipment <i>(in thousand Baht)</i>	Transportation equipment	Furniture, fixtures and office equipment	
Depreciation and impairment loss							
At 1 October 2011	-	34,021	1,197,892	4,460,564	5,245	410,734	6,108,456
Depreciation charge for the year	-	4,266	35,675	283,541	330	20,281	344,093
Transfer to investment properties	-	-	(309)	-	-	-	(309)
Transfer to assets held for sale	-	-	-	(219,067)	-	-	(219,067)
Disposals	-	-	-	(105,412)	-	-	(105,412)
At 30 September 2012 and 1 October 2012	-	38,287	1,233,258	4,419,626	5,575	431,015	6,127,761
Depreciation charge for the year	-	3,668	30,575	222,274	253	18,676	275,446
Transfer to assets held for sale	-	-	-	(87,528)	-	-	(87,528)
Losses on decline to value	-	11,014	38,260	49,666	-	1,389	100,329
Transfers, net	-	219	-	-	-	(219)	-
Disposals	-	-	-	(1,232,689)	(821)	(375,125)	(1,608,635)
At 30 September 2013	-	53,188	1,302,093	3,371,349	5,007	75,736	4,807,373
Net book value							
At 30 September 2012	208,414	86,491	797,603	904,478	1,541	46,412	2,142,613
At 30 September 2013	201,432	120,278	728,768	749,641	42	30,423	1,887,027

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Notes to the financial statements

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 30 September 2013 amounted to Baht 2,643 million (2012: Baht 3,548 million).

The TV business impairment testing of the Company which has been planned to be disposed of was based on fair value less costs of sell which was estimated based on the latest open and independent bidding.

The impairment testing by the subsidiary was based on value in use which was estimated using discounted cash flow projections. Key assumptions used in the calculation of recoverable amounts are discount rates and sales growth rate. The values assigned to the key assumptions represented management's assessment of future trends and were based on both external and internal sources (historical data). The key assumptions were as follow:

	2013	(%)	2012
Discount rate	10.84		-
Budgeted sales growth rate (decrease)	(1) - (12)		-

16 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current				
Short term loan	30,000	-	-	-
Current portion of finance lease liabilities	83,933	27,812	16,861	-
Total current interest-bearing liabilities	113,933	27,812	16,861	-
Non-current				
Finance lease liabilities	173,173	44,517	47,448	-
Total non-current interest-bearing liabilities	173,173	44,517	47,448	-
Total	287,106	72,329	64,309	-

As at 30 September 2013, a subsidiary had drawn down an amount of Baht 30 million under a loan facility agreement for Baht 100 million. This loan bears interest at 3.05% per annum and is guaranteed by the ultimate parent company.

During 2013, the Company entered into a short-term loan agreement with a financial institution for a facility of Baht 1,620 million (packing credit, letter of guarantee and foreign exchange). At 30 September 2013, no facility had been utilised.

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Notes to the financial statements

Finance lease liabilities

Finance lease liabilities as at 30 September 2013 were payable as follows:

	Consolidated financial statements					
	2013			2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	95,524	11,591	83,933	30,986	3,174	27,812
After one year but within five years	<u>186,981</u>	<u>13,808</u>	<u>173,173</u>	<u>46,500</u>	<u>1,983</u>	<u>44,517</u>
Total	<u>282,505</u>	<u>25,399</u>	<u>257,106</u>	<u>77,486</u>	<u>5,157</u>	<u>72,329</u>

	Separate financial statements					
	2013			2012		
	Future minimum lease payments	Interests	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	19,554	2,693	16,861	-	-	-
After one year but within five years	<u>50,516</u>	<u>3,068</u>	<u>47,448</u>	-	-	-
Total	<u>70,070</u>	<u>5,761</u>	<u>64,309</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	156,784	113,589	125,413	73,272
Other parties		<u>1,307,702</u>	<u>1,571,818</u>	<u>1,135,594</u>	<u>1,269,536</u>
Total		<u>1,464,486</u>	<u>1,685,407</u>	<u>1,261,007</u>	<u>1,342,808</u>

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Thai Baht	777,364	1,071,957	744,862	984,138
United States Dollars	404,891	408,560	356,387	217,522
Japanese Yen	281,987	203,568	159,514	139,826
Others	<u>244</u>	<u>1,322</u>	<u>244</u>	<u>1,322</u>
Total	<u>1,464,486</u>	<u>1,685,407</u>	<u>1,261,007</u>	<u>1,342,808</u>

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18 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	18,695	49,655	24,611	37,408
Other parties		199,804	198,303	148,685	137,593
Total		218,499	247,958	173,296	175,001

19 Employee benefit obligations

The Group adopted TAS 19 – Employee Benefits with effect from 1 October 2011.

Defined benefit obligation *(An unfunded plan based on Thai labour law)*

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	126,438	80,506	104,561	67,778
Statement of financial position obligation	126,438	80,506	104,561	67,778

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 October	80,506	71,723	67,778	60,530
Current service costs and interest	15,587	9,009	11,682	7,474
Curtailement losses/settlement	17,872	-	19,477	-
Actuarial losses recognized in other comprehensive income	40,647	-	33,798	-
Benefit paid	(28,174)	(226)	(28,174)	(226)
Defined benefit obligations at 30 September	126,438	80,506	104,561	67,778

On 5 and 26 October 2012, the Company announced an early retirement program and a voluntary retirement program. There are 216 employees applied for the program and received compensation of Baht 26 million in accordance with the Thai Labour Law in November 2012.

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Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service cost	11,084	5,643	7,962	4,634
Interest on obligation	4,503	3,366	3,720	2,840
Curtailment losses/settlement	17,872	-	19,477	-
Total	33,459	9,009	31,159	7,474

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cost of sales	28,476	7,533	27,277	6,195
Selling expenses	772	244	567	244
Administrative expenses	4,211	1,232	3,315	1,035
Total	33,459	9,009	31,159	7,474

Actuarial gain and loss recognized in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Actuarial losses	40,647	-	33,798	-

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(%)			
Discount rate	3.9, 4.0	4.7	3.9	4.7
Future salary increases	3.0-5.0	3.0-7.5	5.0	3.0-7.5

Assumptions regarding future mortality are based on published statistics and mortality tables.

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Notes to the financial statements

20 Share capital

	<i>Par value (in Baht)</i>	Number	2013 Baht <i>(thousand shares/thousand Baht)</i>	Number	2012 Baht
Authorised					
At 1 October					
- ordinary shares	10	25,000	250,000	25,000	250,000
- reduction of treasury shares		(1,102)	(11,019)	-	-
At 30 September					
- ordinary shares	10	<u>23,898</u>	<u>238,981</u>	<u>25,000</u>	<u>250,000</u>
Issued and fully paid-up					
At 1 October					
- ordinary shares		22,000	220,000	22,000	220,000
- reduction of treasury shares	10	(1,102)	(11,019)	-	-
At 30 September					
- ordinary shares	10	<u>20,898</u>	<u>208,981</u>	<u>22,000</u>	<u>220,000</u>

The share capital decreased following the write-off of treasury shares in accordance with Ministerial Regulation issued by the Ministry of Commerce, Re: Rules and Procedures for the Purchase, Disposal and Writing off of Treasury Stocks of Companies, B.E. 2544, as disclosed in note 21.

21 Treasury shares and reserves

At the Board of Directors' meeting of the Company held on 15 May 2009, the Company's directors approved a Share Repurchase Program in accordance with Section 66/1(2) of the Public Limited Company Act (No.2) B.E. 2544, for a consideration not exceeding Baht 360 million. Under the program:

- The number of ordinary shares to be repurchased will not exceed 2.2 million shares (par value of Baht 10 per share), equal to 10% of the total number of paid-up share capital of the Company;
- The Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 2 June 2009 to 1 December 2009; and
- The Board of Directors shall determine the procedures for resale of the shares after 6 months but no later than 3 years from the completion date of the share repurchase.

As of 1 December 2009 the Company had repurchased 1,101,900 shares (equal to 5.01% of the total number of paid-up share capital of the Company) for an aggregate consideration of Baht 154.8 million. Accordingly, the Company had transferred an amount of Baht 154.8 million from unappropriated retained earnings to treasury share reserve.

At the Board of Directors' meeting held on 26 November 2012, the Company's directors passed resolution to decrease the Company's registered share capital by cancelling 1,101,900 registered shares with a par value of 10 Baht per share for repurchased shares (treasury shares) of 1,101,900 shares for which the resale period expired on 1 December 2012. The capital reduction decreased the Company's registered share capital from Baht 250,000,000 to Baht 238,981,000 and issued and fully paid-up share capital from Baht 220,000,000 to Baht 208,981,000. The Company registered the decrease of its registered share capital with the Ministry of Commerce in December 2012.

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22 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.

Treasury shares reserve

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company’s own shares held by the Group. The treasury shares reserve is not available for dividend distribution.

23 Segment information

Segment information is presented in respect of the Group’s business and geographic segments. The primary format, business segment is based on the Group’s management and internal reporting structure.

Business segments

Management considers that the Group operates in a single line of business, namely electronic parts, and has, therefore, only one major business segment.

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Segment sales based on the geographical location of customers is as follows:

	Consolidated financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Japan	5,059,314	5,459,516
Thailand	4,861,174	5,320,575
Other countries	1,316,585	1,482,123
Total	<u>11,237,073</u>	<u>12,262,214</u>

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24 Other income

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
<i>(in thousand Baht)</i>					
Income from scrap sale		117,777	132,037	94,286	110,006
Rental income		65,216	140,190	51,999	141,978
Interest income		4,950	8,655	21,217	26,510
Dividend income	5, 13	-	-	10,020	10,050
Others		17,226	75,826	11,366	54,172
Total		205,169	356,708	188,888	342,716

25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>(in thousand Baht)</i>				
Management				
Wages and salaries	9,150	11,371	5,871	7,565
Contribution to defined contribution plans	43	40	43	40
Others	14,552	19,362	13,342	17,710
	23,745	30,773	19,256	25,315
Other employees				
Wages and salaries	1,096,013	1,155,273	741,723	745,072
Contribution to defined contribution plans	32,026	12,358	7,387	9,076
Others	574,344	565,588	424,814	403,724
	1,702,383	1,733,219	1,173,924	1,157,872
Total	1,726,128	1,763,992	1,193,180	1,183,187

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.

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26 Expenses by nature

Included in cost of sales of goods:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	(77,658)	(96,410)	(105,731)	(58,412)
Raw materials and consumables used	8,324,772	9,504,242	6,299,117	6,973,885
Employee benefit expenses	1,526,184	1,526,272	1,049,796	998,156
Depreciation	550,421	576,550	241,619	310,445
Others	792,798	813,112	547,357	540,691
Total	<u>11,116,517</u>	<u>12,323,766</u>	<u>8,032,158</u>	<u>8,764,765</u>

Included in selling expenses:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Royalty fee	72,606	80,373	60,270	64,170
Personnel	49,443	71,313	39,731	65,386
Distribution	59,518	60,802	48,315	44,914
Depreciation and amortisation	2,717	2,232	463	150
Others	17,028	31,396	9,717	21,502
Total	<u>201,312</u>	<u>246,116</u>	<u>158,496</u>	<u>196,122</u>

Included in administrative expenses:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel	150,501	166,407	103,653	119,645
Depreciation and amortisation	35,107	27,063	31,908	23,016
Professional fee	8,577	8,157	6,060	5,518
Travelling	4,579	14,135	3,121	11,867
Others	184,801	159,110	153,539	145,700
Total	<u>383,565</u>	<u>374,872</u>	<u>298,281</u>	<u>305,746</u>

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27 Income tax expense

Income tax in the consolidated financial statements of the Group for 2012 and 2013 are from operating income of non-promoted business of the subsidiary.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

28 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 from certain taxes and duties as detailed in the certificate. As a promoted industry, the Company is required to comply with the terms and conditions as specified in the 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 industry, the subsidiary company has to comply with the terms and conditions as specified in the certificate.

Revenue from sale of goods for the years ended 30 September 2013 and 2012, classified under the promoted and non-promoted business are as follows:

	Consolidated financial statements					
	2013			2012		
	Promoted Business	Non-promoted Business	Total	Promoted Business	Non-promoted Business	Total
	<i>(in million Baht)</i>					
Export and indirect export sales	4,615	1,826	6,441	5,828	1,180	7,008
Domestic sales	4,142	654	4,796	4,589	665	5,254
Total	8,757	2,480	11,237	10,417	1,845	12,262
	Separate financial statements					
	2013			2012		
	Promoted Business	Non-promoted Business	Total	Promoted Business	Non-promoted Business	Total
	<i>(in million Baht)</i>					
Export and indirect export sales	3,279	139	3,418	3,493	131	3,624
Domestic sales	4,263	355	4,618	4,562	370	4,932
Total	7,542	494	8,036	8,055	501	8,556

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29 Loss per share

The calculations of loss per share for the years ended 30 September 2013 and 2012 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht / thousand shares)</i>			
Loss for the years attributable to equity holders of the Company	<u>(832,158)</u>	<u>(487,009)</u>	<u>(494,227)</u>	<u>(534,260)</u>
Number of ordinary shares outstanding at 1 October	22,000	22,000	22,000	22,000
Effect of shares reduction	(1,102)	-	(1,102)	-
Effect of own shares held	-	<u>(1,102)</u>	-	<u>(1,102)</u>
Weighted average number of ordinary shares Outstanding	<u>20,898</u>	<u>20,898</u>	<u>20,898</u>	<u>20,898</u>
Loss per share (in Baht)	<u>(39.82)</u>	<u>(23.30)</u>	<u>(23.65)</u>	<u>(25.57)</u>

30 Dividends

At the annual general meeting of the shareholders of the Company held on 25 January 2013, the shareholders approved the appropriation of dividends from retained earnings at 30 September 2012 of Baht 3 per share, amounting to Baht 63 million. The dividend was paid to shareholders during 2013.

At the annual general meeting of the shareholders of the Company held on 27 January 2012, the shareholders approved the appropriation of dividend of Baht 8 per share, amounting to Baht 167 million. The dividend was paid to shareholders during 2012.

31 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.

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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 determined by the bank. 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 denominated in foreign currencies. As at 30 September 2013 and 2012, the forward exchange contracts entered into at the reporting date also relate to anticipated 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	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
US Dollars					
Cash and cash equivalents	6	121,621	130,179	121,621	130,179
Trade accounts receivable	7	463,625	466,787	458,232	277,708
Trade accounts payable	17	(404,891)	(408,560)	(356,387)	(217,522)
Gross balance sheet exposure		180,355	188,406	223,466	190,365
Currency forwards - Sale		(2,984)	(97,189)	-	-
Currency forwards - Purchase		12,178	33,143	-	-
Net exposure		189,549	124,360	223,466	190,365
Japanese Yen					
Cash and cash equivalents	6	749	570	749	570
Trade accounts receivable	7	571,793	345,708	268,708	169,291
Trade accounts payable	17	(281,987)	(203,568)	(159,514)	(139,826)
Gross balance sheet exposure		290,555	142,710	109,943	30,035
Currency forwards - Sale		(205,922)	(26,501)	-	-
Currency forwards - Purchase		36,319	64,403	-	-
Net exposure		120,952	180,612	109,943	30,035
Malaysian Ringgit					
Trade accounts payable	17	(198)	(207)	(198)	(207)
Gross balance sheet exposure		(198)	(207)	(198)	(207)
Singapore Dollars					
Trade accounts payable	17	(46)	(1,115)	(46)	(1,115)
Gross balance sheet exposure		(46)	(1,115)	(46)	(1,115)

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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.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade, other receivables and finance lease receivables, payables and derivatives approximates carrying values.

The fair value of finance receivables and liabilities with floating interest rates approximates carrying values.

32 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided for buildings and other constructions	3,125	26,159	3,125	18,500
<i>Non-cancellable operating lease commitments</i>				
Within one year	10,095	14,744	3,527	6,883
After one year but within five year	5,422	13,659	2,230	9,584
Total	15,517	28,403	5,757	16,467

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33 Contingent liabilities

As 30 September 2013 and 2012, the Group was contingently liable to banks which have provided the following guarantees on behalf of the Company and its subsidiary:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Raw materials purchases	108,280	149,717	69,373	68,126
Electricity supply	37,569	37,569	30,003	30,003
Performance guarantees	1,577	1,586	-	-
Supply purchases	500	500	500	500
Others	1,000	1,000	1,000	1,000

As at 30 September 2013, a subsidiary had outstanding sale forward contracts amounting to US Dollar 1.07 million and Yen 163.26 million at value of Baht 97.55 million and had outstanding purchase forward contracts amounting to US Dollar 3.15 million and Yen 67.33 million at value of Baht 123.69 million (2012: US Dollar 1.07 million and Yen 163.26 million at value of Baht 97.55 million and had outstanding purchase forward contracts amounting to US Dollar 3.15 million and Yen 67.33 million at value of Baht 123.69 million).

34 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS and new interpretations that have been issued as of the reporting date but are not yet effective. The new and revised TFRS and new interpretations are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013
TFRS 4	Insurance Contracts	2016
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements – Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

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Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new and revised TFRS assessed to have the greatest potential impact on the financial statements in the period of initial application. These new and revised TFRS are as follow:

TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 October 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position will be adjusted accordingly. Management estimates that there would be no impact on the statements of financial position as at 30 September 2013 and 2012.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 October 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group's chief operating decision maker. Since the change in accounting policy only impacts disclose aspects, there is no impact on the Group's financial statements.

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35 Reclassification of accounts

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements as follows:

	30 September 2012					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
Statement of financial position						
Other account receivables						
from related parties	3,173	(3,173)	-	13,270	(13,270)	-
Other receivables	-	148,741	148,741	-	161,386	161,386
Other current assets	210,272	(145,568)	64,704	189,901	(148,116)	41,785
Other account payable						
to related parties	(49,655)	49,655	-	(37,408)	37,408	-
Other payables	-	(247,958)	(247,958)	-	(175,001)	(175,001)
Other current liabilities	(218,948)	198,303	(20,645)	(153,785)	137,593	(16,192)
		<u>-</u>			<u>-</u>	

The reclassifications have been made for proper presentations and to comply with the classification set-out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2554 dated 28 September 2011.