



**METCO**

MURAMOTO ELECTRON (THAILAND)  
PUBLIC COMPANY LIMITED



**ANNUAL  
REPORT**

**2019**

WEBSITE MURAMOTO: <http://metco.co.th>





**METCO**

MURAMOTO ELECTRON (THAILAND)  
PUBLIC COMPANY LIMITED



Teaching of "Itaro Muramoto"  
founder of **Muramoto industry co., ltd.**

**METCO** Basic policy that rooted from our founder principles. Providing best products from best idea for our customers. Timely implementation to achieve best quality, lowest cost and on time delivery Enforcing customer trust through trained competent personnel. Achieving total improvement of entire management team. Maintaining safe and environment conscious workplace.



## *Mind*

that values  
customer

that values  
technology  
& quality

that values  
employee



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# CONCEPT OF PRODUCTION METCOism

Integraed Synchronize Manufacturing  
Innovation, Speed & Maximum



**METCO1 (Head Office)**  
Established

Completion of new **CRT** factory at Ramindhra.  
Listed on the stock exchange of Thailand.



**METCO2**  
Established

Start operation at **METCO2**



**SIMA TECHNOLOGY**  
Established

**SIMA** Technology Co., Ltd.  
Established in Nakhon Ratchasima  
province with 100% equity  
participation by **METCO**.

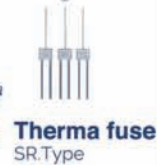
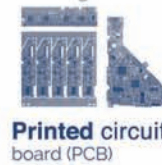


**METCO3**  
Established

**METCO3** Starts the operation.  
Transfer of the **SMT** lines to  
**METCO3** and increase facility  
production of the **Ink jet**  
printer starts.



Our Products  
Friendly Environment

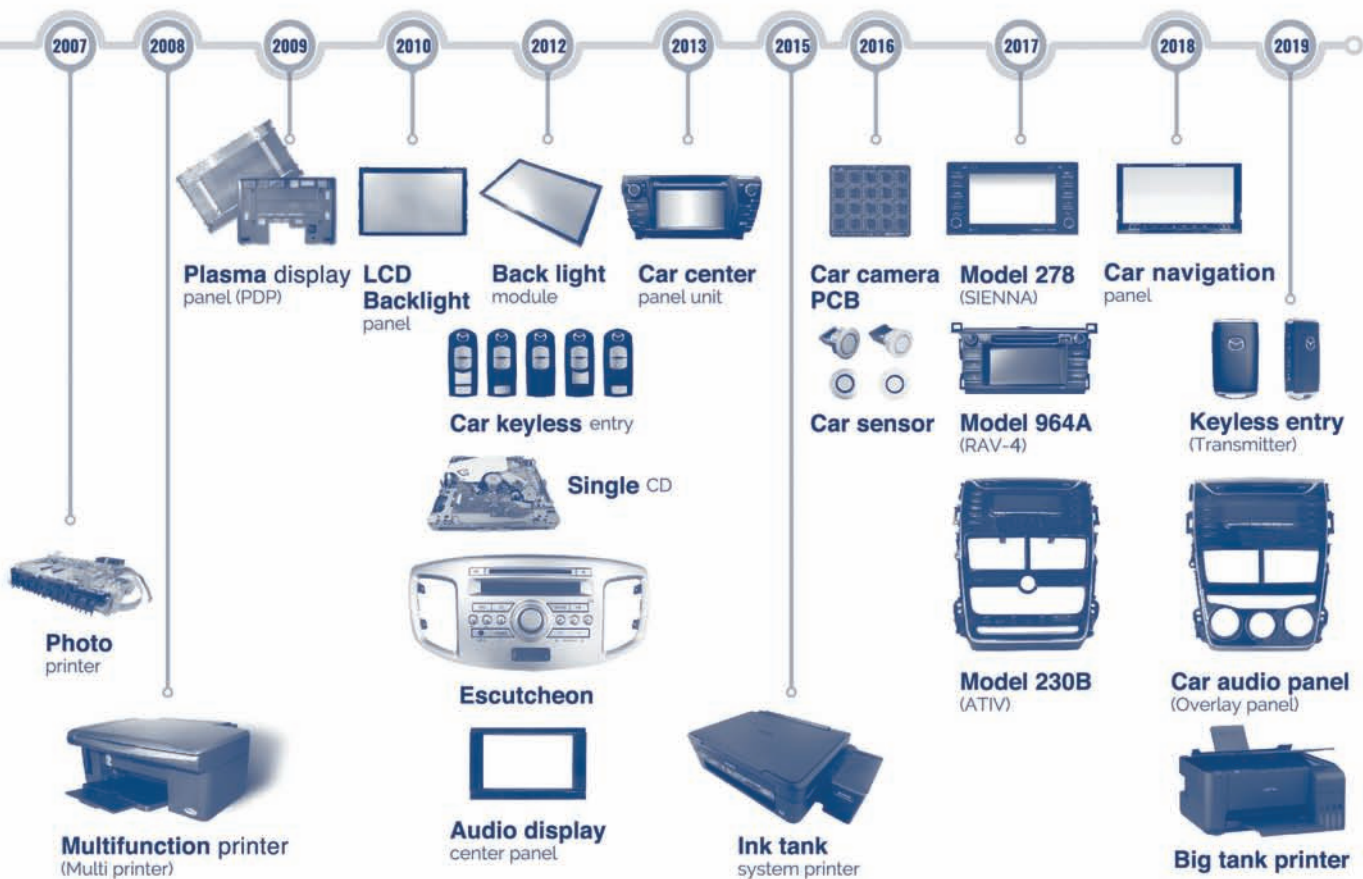


# “Our products make impression for you”

e-XPECTION eXCEEDED @METCO  
 @METCO เราให้เกินคาด



- Manufacturing Expert
- Environment & Safety Conscious
- Technology Leadership
- Creative Workforce
- Overall Excellent





# MURAMOTO GROUP



## THAILAND

### Muramoto Electron (Thailand) Public Company Limited METCO 1

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

### METCO 2

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

### METCO 3

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

**Established** : 1987

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



METCO 1



METCO 2



METCO 3



Sima Technology Co., Ltd.

### Sima Technology Co., Ltd.



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

**Established** : 1995

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

## CZECH

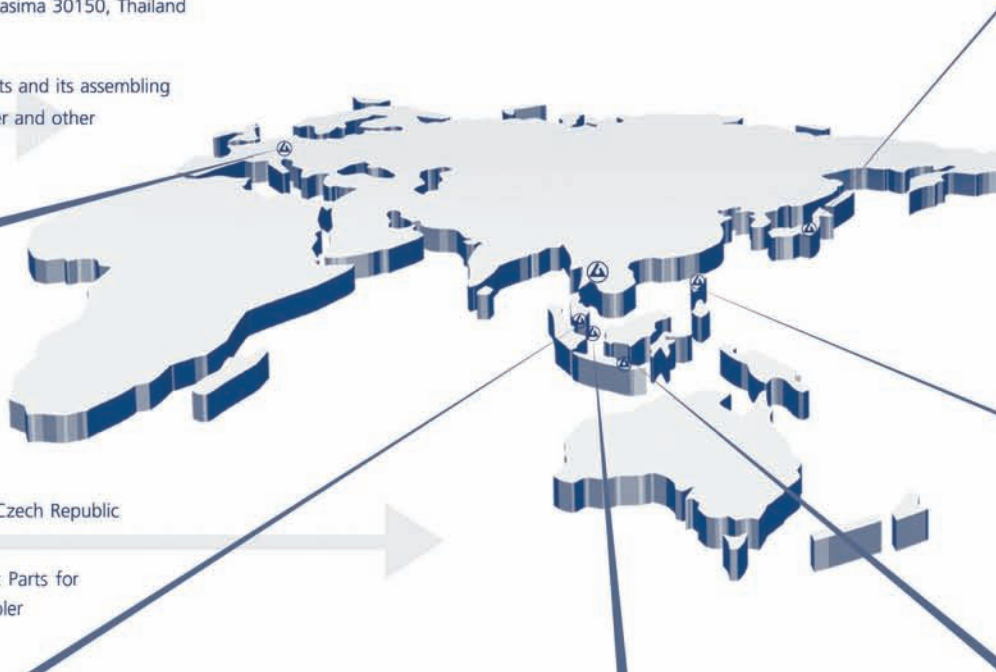


### Muramoto Manufacturing Europe s.r.o. (Czech Republic)

**Address** : Skandinavska 991, 267 53 Zbrak, Czech Republic

**Established** : 2005

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



## MALAYSIA



### Muramoto Technics (Malaysia) Sdn., Bhd.

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

**Established** : 1996

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

## SINGAPORE



### Muramoto Asia Pte., Ltd.

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

**Established** : 1990

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

## JAPAN



### Muramoto Industry Co., Ltd.

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

**Established** : 1935

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

## USA



### Muramoto USA, Inc.

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

**Established** : 1999

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

## MEXICO



### Muramoto Manufacturing De Mexico

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

**Established** : 2006

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

## INDONESIA



### P.T. Muramoto Elektronika Indonesia

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

**Established** : 1995

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

## PHILIPPINES



### Muramoto Audio-Visual Philippines Inc.

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

**Established** : 1990

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



## MESSAGE FROM THE CHAIRMAN



### Mr. Yoichi Muramoto

**Dear shareholders, investors and stakeholders**

We'd like to express our sincere appreciation for the support provided by you over the years.

In the fiscal year 2019, the business environment surrounding us was much more severe than we had expected.

The trade war between the United States and China resulting from the US Government's protectionism since November 2018 has become fiercer, thereby causing export stagnation in China, drastic inventory adjustment and weak consumer sentiment. This has given a significant negative impact on multinational enterprises, including us.

To overcome this difficult situation, we launched the following projects in October 2019 :

1. Enhancing production technology project
2. Building new model system project
3. Eliminating loss project
4. Strengthening genba ryoku (on-site competence) project
5. Enhancing supplier management project
6. Enhancing VAVE activities project

While exploring a fundamental review of loss-making or not-promising business opportunities through the above projects, followed by reallocating assets and human resources accordingly, and building a business base that can respond to the changes in the market, we seek to deepen our strengths and increase the ratio of higher value-added business.

Thirty-two years have passed since we started the business here in 1987. We'll try our best to continue to contribute to sustainable growth of the Thai economy, bearing in mind the social responsibilities of the company that has many employees. Thank you in anticipation for your continued support and cooperation in the year ahead.

**Mr. Yoichi Muramoto**  
Chairman / President





## Mr. Wanchai Umpungart



### Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

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

- Mr. Wanchai Umpungart Chairman of Audit Committee
- Mr. Nop Rojanavanich Audit Committee
- Mrs. Wongtipa Bunnag Audit Committee

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

The Audit Committee has performed its duties within the scope of responsibilities assigned and in accordance with the charter of the Audit Committee, which is in compliance with the regulation of the Stock Exchange of Thailand. In the accounting period 2019 the Audit Committee had convened a total of 4 meetings, the Audit Committee together with the management, internal audit team and auditors to discuss relevant issues and report the meeting outcomes to the Board of Directors. The essence of the work performed can be summarized as follows:

### Financial Statement Report

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

### Related Transaction or Conflict of interest transaction

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

### Internal Control System and Risk Management

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

### **Regulatory compliance and regulations**

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

### **Corporate Governance**

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

### **Internal Audit Governance**

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

### **Considering the appointed Auditors and Compensation**

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

The Audit Committee had selected the KPMG Phoomchai Audit Limited as company auditors and considered the auditors remuneration and proposed to the Board of Directors. The Audit Committee deemed that the auditors had good understanding of the Company's businesses, practiced in a neutral and independence manner as well as regularly delivered its work on time, and as a result the Board of Directors proposed to the Annual General Meeting of Shareholders 2019 to appoint KPMG Phoomchai Audit Limited as the Company's auditor. The appointed auditors are:

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

For the Accounting period that the year ended 30 September 2019, Mrs. Siripen Sukcharoenyingyong is the Certified Public Accountant who audited the Company's financial budget.

The Audit Committee deemed that during for the accounting period that the year ended 30 September 2019, the company had put in place the transparent, adequate and appropriate Internal Control Systems covering risky management and the company had established procedures that helped build confidence in Company's operation in accordance with the related laws by having good corporate governance along with the compilation and disclosure of adequate and reliable Company's financial report information.

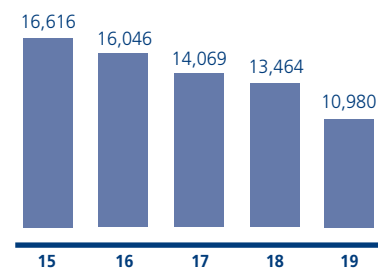


**Mr. Wanchai Umpungart**  
**Chairman of Audit Committee**  
**22<sup>nd</sup> November 2019**

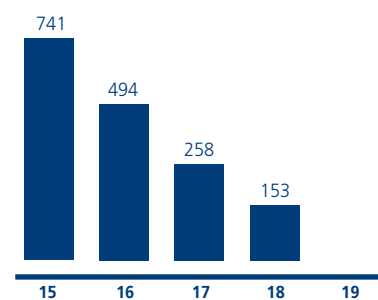
# FINANCIAL SUMMARY



	METCO & Subsidiary Company			METCO		
	Unit : In Million Baht			Unit : In Million Baht		
	2019	2018	2017	2019	2018	2017
Sales	10,980	13,464	14,069	9,008	10,802	11,353
Cost of Sales	10,681	12,799	13,447	8,777	10,259	10,839
Profit Margin (Loss)	299	665	622	231	543	514
Selling & Administrative Expenses	618	615	529	520	494	458
Operations Profit (Loss)	(319)	50	93	(289)	49	56
Other Incomes	141	138	188	151	179	163
Income Tax	20	35	23	10	29	36
Net Profit (Loss)	(198)	153	258	(148)	199	183
Earning per Share (Baht) (Loss)	(9.48)	7.30	12.33	(7.06)	9.53	8.73
Total Assets	7,168	8,048	8,021	5,798	6,590	6,508
Total Liabilities	1,707	2,075	2,040	1,279	1,619	1,575
Total Shareholders' Equity	5,461	5,973	5,981	4,519	4,971	4,933
Number of Shares (Million Shares)	20.898	20.898	20.898	20.898	20.898	20.898
Book Value (Baht)	261.32	285.79	286.19	216.25	237.87	236.05

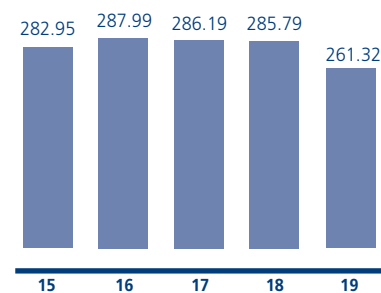


Sales (Million Baht)



Net Profit (Million Baht)

Financial Ratio	METCO & Subsidiary Company			METCO		
	Unit : In Percentage			Unit : In Percentage		
	2019	2018	2017	2019	2018	2017
Net Profit per Revenues (Loss)	(1.80)	1.13	1.83	(1.64)	1.84	1.61
Return per Equity	(3.63)	2.56	4.31	(3.27)	4.01	3.70
Return on Assets	(2.76)	1.90	3.21	(2.55)	3.02	2.80



Book Value (Baht)

METCO & Subsidiary Company



# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

## Overview in 2019

Our consolidated operation results were as follows :

Thai Baht in Millions	Sep-2019	Sep-2018
<b>Revenue from sales of goods</b>	<b>10,980</b>	<b>13,463</b>
Cost of sales of goods	10,681	12,799
Selling expenses	172	209
Administrative expenses	360	426
<b>Operating Profit /(Loss)</b>	<b>(233)</b>	<b>29</b>
Operating margin rate	-2.1%	0.2%
Other gain or expenses	55	158
<b>Profit (Loss) before income tax</b>	<b>-178</b>	<b>187</b>

## Ratio Analysis

### Liquidity ratio

Current ratio	Time	4.09	3.30
Quick ratio	Time	3.25	2.64
Receivable turn over	Time	7.30	7.13

### Account receivable days

Collection period	Days	46.48	45.70
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### Account payable days

Account payable turnover	Time	9.32	7.89
Payment period	Days	39.61	46.26

### Inventory day

Inventory turnover	Time	10.69	11.81
Inventory turnover period	Days	34.13	30.90

### Profitability ratio

Gross profit margin	%	2.73%	4.93%
Net profit margin	%	-1.80%	1.13%
Return on equity (ROE)	%	-3.63%	2.56%

### Efficiency ratio

Return on total assets (ROA)	%	-2.76%	1.90%
Return on fixed assets	%	-9.15%	6.67%
Assets turnover	Time	1.53	1.67

### Financial policy ratio

Debt to equity	Time	0.22	0.29
Interest coverage	Time	-65.15	75.53

<b>Per share</b>		<b>Sep-2019</b>	<b>Sep-2018</b>
Par Value	Baht	10	10.00
Book Value	Baht	261.32	285.79
Earning Per Share	Baht	-9.48	7.30

## MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

For FY2019, METCO and its subsidiary reports the consolidated sales amount of THB 10,980 million, a decrease of 18.45% over the previous year, Loss before income tax expense minus 178 million a decrease of 194.71% over the previous year's surplus of THB 187 million: and net loss after income tax of minus THB 198 million, a decrease of 229.75% over the previous year's surplus of THB 152 million

METCO its subsidiary earned, in this year end, an income from sales amount 10,980.34 million baht, decrease 2,483.48 million baht or decrease 18.45 % from the same period of the prior year. The automotive business showed a decrease 32.6 % under last year and the office automation business showed a decrease 13.7 % over last year. From Oct 2018, Slowdown in the China economy and sluggish manufacturing industry, particularly automotive and electrical industry sector. And, the trade war between the United State and China has become fiercer, thereby causing export stagnation in China, drastic inventory adjustment and weak consumer sentiment. Those have given a vast negative impact on our operation.

The Company and its subsidiary earned, in this year end, a gross profit amount 299.63 million baht, decrease 364.78 million baht from the same period of the prior year by decreasing sales volume.

Selling and Administration expenses of the Company and its subsidiary was decrease 17.43 million baht from the same period of last year, The Company and subsidiary was strictly control all of expenses particularly ERP, Royalty and Factory maintenance expenses .

The Company and its subsidiary gain on exchange amount 4.85 million baht in this year end, compared to 20.43 million baht gain on exchange from the same period of last year.

### About each management index

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

Account receivable rate : A/R rate became worse slightly due to decrease sales volume

Account payable rate : A/P rate become shortly due to decrease sales volume specially EPSON Printer Business

Inventory turnover and days : Inventory turnover and days become worse due to decrease sales volume

Profitability and efficiency rate : To worse due to operation loss. The business situation went from bad to getting worse.

## Business policy for 2020

The business environment has changed much and rapidly in recent years. We established our own “Vision” and “Mission” in order to become what we should be as a group company with the aim of meeting the changing needs of our customers and developing as a sustainable company.

### 1. Vision

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

### 2. Mission

#### **To Customers :**

We shall create maximum satisfaction of customers through enhancing world-class EQCD (Environment, Quality, Cost and Delivery).

#### **To Employees :**

We shall develop capabilities, expertise and professionalism of employees through providing them with learning opportunities and productive work-life balance.

#### **To Business Partners :**

We shall establish and maintain long-term win-win relationship with business partners through strengthening the foundation of fairness and mutual trust.

#### **To Community, Society and Environment :**

We shall contribute to sustainable improvement of quality of life for community and society as well as environment through exercising environmental stewardship together with social responsibilities.

#### **To Shareholders :**

We shall generate sustainable value for shareholders through seeking new business opportunities and good corporate governance.

### 3. Corporate objectives

1. Build strong relationship with customers, obtain their trust and provide them with superlative satisfaction.
2. Maintain and strengthen competitiveness on EQCD (Environment, Quality, Cost and Delivery).
3. Strictly follow all relevant laws and regulations, and fulfill responsibilities as a public company.
4. Cause none of environmental, industrial or occupational accident.
5. Develop and foster all employees and provide them with opportunity to contribute.

## 4. Competitive position

The Company, as a manufacturing service company, has been improving customers' satisfaction by providing them with higher quality, shorter delivery time and more reasonable cost than competitors. The Company has obtained and shall further strengthen the competitiveness against its major competitors through the following competitive edges.

### 1. Broad range of production method and technology

The Company has established an exceptionally broad range of production methods and technologies as a manufacturing service provider covering metal stamping, plastic molding, painting & printing, surface mounting on PCB, assembly of component & finished product, die & mold design, die & mold manufacturing and metal surface treatment. This diversity has made the Company more capable than competitors of accepting various order and requirement from wide range of customers.

### 2. Seamless integration of various manufacturing lines

Having in-house various manufacturing lines applying various methods and technologies as mentioned above, the Company has been integrating them in the most effective way into assembling components and/or finished products. Through such seamless integration the Company provides customers with higher quality, shorter lead time and lower cost.

### 3. Well-coordinated cross-functional cooperation

Since all employees of the Company, through the history and experience of such integration as mentioned above, very well realize its value, the Company has well-coordinated cross-functional cooperation all through its organizations covering not only production but also sales, logistics, procurement and administration. This cooperation enhances customers' trust and satisfaction to the Company.

## Strategy for success in 2020

METCO shall strive to accomplish each department's objective with full effort in order to achieve the FY2020 policy objectives.

### <Sales Department>

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

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

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

### <Production Department>

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

### <Management Department>

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

## Non-Financial Performance Indicator

Non-Financial Indicators are measures used to assess the activities that the Company sees as important to the achievement of its strategic objectives other than the financial ones. Following are the common non-financial KPIs that the Company uses as part of performance management.

	Actual in 2019	Target in 2019
1. Customers’ satisfaction	93%	80%
2. Accident (stop working more than 3 days) (case)	1	0
3. Training hours per year (average hour per person)	7 Hours	8 Hours
4. Waste segregation	90%	100%

## Forecast for 2020

In 2019, the global economy has slowed considerably, mainly due to the US-China trade war and Brexit, dragging down consumer sentiment.

We have seen a limited number of factors that could revamp the world economy in 2020, but we expect that our business environment will continue to be severe.

Under these circumstances, we could not eliminate uncertainties in our core business, namely the vehicle installation and office automation units.

We will work on handling this difficult time by injecting our corporate resources into stronger internal controls, review and reduction of costs, and quality improvements.





<b>Company Name</b>	: Muramoto Electron (Thailand) Public Company Limited	
<b>Address</b>		
<b>Head Office</b>	: 886 Ramindhra Road, Kwaeng Kannayao, Khet Kannayao, Bangkok 10230, Thailand	
<b>- METCO 1</b>	: 886 Ramindhra Road, Kwaeng Kannayao, Khet Kannayao, Bangkok 10230, Thailand	
<b>- METCO 2</b>	: 1 Mu 6 Bangna-Trat Road Km. 25, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570, Thailand	
<b>- METCO 3</b>	: 99/7 Mu 3 Bangna-Trat Road Km. 23, Tambol Bangsaowthong, Amphur Bangsaowthong, Samutprakarn 10570, Thailand	
<b>Nature of Business</b>	: Manufacturer and exporter of electrical, electronic component parts and car parts.	
<b>Company Registration No.</b>	: Bor Mor Jor 326	
<b>Registration Date</b>	: Transformed to Public Company on 15 <sup>th</sup> March 1994 in accordance with Public Company Limited Act B.E. 2535	
<b>Registration Capital</b>	: 238,981,000 Baht	
<b>Paid-up Capital</b>	: 208,981,000 Baht	
<b>Quantities and types of shares issued and sold</b>	: 20,898,100 common shares each of par value 10 Baht	
<b>Board of Directors as at 30<sup>th</sup> September 2019</b>	1. Mr. Yoichi Muramoto	Chairman / President
	2. Mr. Yoshiyuki Muramoto	Vice President
	3. Mr. Ichiro Nishimura	Director
	4. Mr. Tatsuya Awazu	Director
	5. Mr. Wanchai Umpungart	Director (Independent)
	6. Mr. Nop Rojanavanich	Director (Independent)
	7. Mrs. Wongtipa Bunnag	Director (Independent)



## ADDITIONAL INFORMATION

### 1. Subsidiary Company :

#### Sima Technology Co., Ltd.

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

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

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

**Registration Date** : 9<sup>th</sup> June 1995

**Registration Capital** : 300 Million Baht

**Paid-up Capital** : 300 Million Baht

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

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

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

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

Date/Month/Year	Number of Shares owned	Percent of Shares
30 September 2015	14,907,420	71.33
30 September 2016	14,907,420	71.33
30 September 2017	14,907,420	71.33
30 September 2018	14,907,420	71.33
30 September 2019	14,907,420	71.33

### 3. Other References

#### Share Registrar

Office Title : Thailand Securities Depository Co., Ltd.

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

**Auditor** : Ms. Siripen Sukcharoenyingyong, Registration No. 3636

Office Title : KPMG Phoomchai Audit Limited

Location : Empire Tower, 48<sup>th</sup> - 50<sup>th</sup> floor, South Satorn Road, Bangkok 10120



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

	2019		2018	
	Million Baht	%	Million Baht	%
Income from Sales	10,980	98.73	13,464	98.84
Other Income	141	1.27	158	1.16
Total	11,121	100.00	13,622	100.00

Total income of the Company and its subsidiary (Y2019 Decreased 18.36% Compared to Y2018)

## RELATED PERSONS AND CONNECTED TRANSACTION



### Responsible Directors of the Company

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

### Relationship of the responsible Directors

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

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> <li>is the President of Muramoto Industry Co., Ltd. (Japan) and owns 1.30% shares</li> </ul>	MIC is the major shareholder (71.33%) of METCO and provides technical and financial support Including assistance in marketing Development.
2. Mr. Yoshiyuki Muramoto	<ul style="list-style-type: none"> <li>is the Managing Director of Muramoto Industry Co., Ltd. (Japan) and owns 2.88% shares</li> </ul>	MIC acquires various parts, and other raw material from Japanese Manufacturers to sell to METCO MIC is acting sales and marketing agent on case-by-case basis for METCO

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

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

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

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

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

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

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

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

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

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

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

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> <li>is the President of MUI</li> </ul>	<p>Muramoto USA. Inc. is 100% subsidiary of Muramoto Industry Co., Ltd. (Japan)</p> <p>Muramoto USA. Inc. is sales agent on case-by-case basis for Muramoto group.</p>

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

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

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

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> <li>is the President of MMM</li> </ul>	<p>Muramoto Manufacturing De Mexico is 90% subsidiary of Muramoto USA Inc.</p>

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

Responsible Directors	Position of the Responsible Directors	Items/Associated Values
1. Mr. Yoichi Muramoto	<ul style="list-style-type: none"> <li>is the Director of MSX</li> </ul>	<p>MSX is 20% Shareholding associated company of MUI</p>

## PARENT COMPANY, SUBSIDIARIES, AND ASSOCIATED COMPANIES

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

### Related-party transactions (RPTs)

The Company, its subsidiaries and associated companies have from time to time entered into related-party transactions. The transactions include the buying or selling of produced goods, raw materials or fixed assets, other revenue, expense charges, dividend payments and other transactions that supported normal business activities. The selling and buying prices were in line with normal business rates or made with reference to the market price. All related-party transactions in 2019 were disclosed in Note No. 4 in the financial statement for the year ended September 30, 2019, and both Board of Directors and the Audit Committee reviewed the transactions to ensure they were justified and appropriate.

### Related-party transaction policy

The Board of Directors and the Audit Committee consider and give opinions about related-party transactions or transactions possibly causing conflicts of interest between the Company and its subsidiaries, associate companies and any other related persons by holding principles of prudence, rationality, fairness, consideration of stakeholders' involved interest, and disclosure of sufficient information to comply with rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

### Related-party transaction procedure

In case the Company has any related-party transaction with any person or companies who has a conflict of interest with the Company, that transaction has to be consented by the Audit Committee and approved by the Board of Directors. The related-party transaction must comply with the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) relating to related-party transactions and the acquisition or disposal of assets. Any member of the Board of Directors who has an interest in any related-party transaction shall declare to the Audit Committee and the Board of Directors, and refrain from rendering any opinion or vote. In this regard, to approve the related-party transaction, the Company must comply with the procedure and process, considering the Company's optimal benefits, and treat that related-party transaction on the same basis as an outsider's transaction. If the Company has to perform any related-party transaction in future, the Company must strictly comply with the approval process as mentioned above. If such a related-party transaction is required to be considered and approved by the Audit Committee, it shall be examined and considered independently whether it is needed and appropriate. In case the Audit Committee has no expertise on the mentioned related-party transaction, the Company will appoint an independent expert or its external auditor to assist the Audit Committee in that process to obtain the most effective comment or information so that the Board of Directors, the Audit Committee, or the Shareholders can use it to support their decisions in each case. In addition, the Company will make disclosure of the transaction in the note to the Company's financial statements.

## Related-party transaction control and monitoring

For regular transaction which mostly consists of transactions among the Company's group companies, the Company's management will set pricing policy to ensure buying and selling price based on market ones or normal trading conditions. In case the Company has to conduct any irregular transaction, the Company's Executive Director responsible for the administration will manage and control the transaction with the corporation of Company Secretary in order to ensure the implementation of transaction in line with related policies and regulations. The Internal Audit Department of the Company regularly reviews the related-party transactions. In addition, the Audit Committee generally reviews and discusses about the related-party transactions with the Company's external auditor in order to help protect conflicts of interest and see if the related-party transactions are adequately and properly disclosed.

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

## Muramoto Industry Co., Ltd. (Parent Company)

<b>Nature of Business</b>	: Manufactures Press part, Plastic parts, Dies, Mold and Procurement of Electronics Parts for Group Companies.
<b>Established</b>	: 1935
<b>Headquarter Location</b>	: Kobe, Japan
<b>Registered Capital</b>	: 160 Million Yen
<b>Paid-up Capital</b>	: 80 Million Yen
<b>Major Shareholders</b>	: Muramoto Industry Shareholders' Association Made up of Director 66.32%, Muramoto Family 12.80%, Hajime Suda 5.84%, MUFG Bank,Ltd. 4.79%, Other 10.25%
<b>The Board of Directors</b>	: Mr. Yoichi Muramoto-Director                      Mr. Tadashi Muramoto-Director Mr. Shinichiro Yamamoto-Director              Mr. Yoshiyuki Muramoto-Director Mr. Shuji Muramoto-Director                      Mr. Shigeru Takamatsu-Director
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: Holds 71.33% of shares in Muramoto Electron (Thailand) PLC.
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: Muramoto Industry Co., Ltd. (Japan) has signed contract to provide assistance in technology and business development with Muramoto Electron (Thailand) PLC. In addition, Muramoto Electron (Thailand) PLC. purchases materials and other parts from Muramoto Industry Co., Ltd. (Japan) who, in return, purchases parts manufactured by and from Muramoto Electron (Thailand) PLC.
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	: 1 Oct. 16 - 30 Sep. 17    Purchase Value : 175.5 Million Baht    Selling Value : 228.9 Million Baht 1 Oct. 17 - 30 Sep. 18    Purchase Value : 155.1 Million Baht    Selling Value : 111.6 Million Baht 1 Oct. 18 - 30 Sep. 19    Purchase Value : 197.7 Million Baht    Selling Value : 117.5 Million Baht
<b>Relations in terms of Financial Support</b>	: Stand surely for Muramoto Electron (Thailand) PLC.

## Muramoto Asia Pte., Ltd. (Associated Company)

<b>Nature of Business</b>	: Import, Export, VMI of electronic parts, Metal Press Parts and Plastic Molding parts		
<b>Established</b>	: 1990		
<b>Headquarter Location</b>	: Singapore		
<b>Registered Capital</b>	: 4 Million Singapore Dollars		
<b>Paid-up Capital</b>	: 3.7 Million Singapore Dollars		
<b>Major Shareholders</b>	: Muramoto Industry Co., Ltd. 100%		
<b>The Board of Directors</b>	: Mr. Yoichi Muramoto-Director	Ms. Sharon Wong-Director	
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding		
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: METCO sells Keyless entry transmitter to MAP and purchase electrical parts form them.		
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	: 1 Oct. 16 - 30 Sep. 17	Purchase Value : 1,061.6 Million Baht	Selling Value : - Million Baht
	: 1 Oct. 17 - 30 Sep. 18	Purchase Value : 981.5 Million Baht	Selling Value : - Million Baht
	: 1 Oct. 18 - 30 Sep. 19	Purchase Value : 999.7 Million Baht	Selling Value : - Million Baht
<b>Relations in terms of Financial Support</b>	: Muramoto Electron (Thailand) PLC. Loan to MAP. Loan balance USD 2 Million.		

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

<b>Nature of Business</b>	: Manufactures Car Audio Mechanism, ATM Cassette and Digital Camera Parts		
<b>Established</b>	: 1990		
<b>Headquarter Location</b>	: First Street, Block-A1, Mactan Economic Zone 1, Lapu-Lapu City Cebu, 6015, Philippines		
<b>Registered Capital</b>	: 470 Million Pesos		
<b>Paid-up Capital</b>	: 470 Million Pesos		
<b>Major Shareholders</b>	: Muramoto Industry Co., Ltd. 100%		
<b>The Board of Directors</b>	: Mr. Yoichi Muramoto-Director	Mr. Masahiro Taruya -Director	
	: Mr. Ikuo Kuribayashi-Director	Mr. Hideshi Ishikawa-Director	
	: Mr. Hideyuki Kataoka-Director		
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding		
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: METCO sells plastic parts to MAPLE		
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	: 1 Oct. 16 - 30 Sep. 17	Purchase Value : 28.2 Million Baht	Selling Value : - Million Baht
	: 1 Oct. 17 - 30 Sep. 18	Purchase Value : 22.0 Million Baht	Selling Value : - Million Baht
	: 1 Oct. 18 - 30 Sep. 19	Purchase Value : 151.6 Million Baht	Selling Value : - Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.		



## Sima Technology Co., Ltd. (Subsidiary)

<b>Nature of Business</b>	: Manufacturing of Pressed Metal Parts, Plating and Assembling for Audio, Computer and Other Electrical Products for Home, Officees, Industrial Use Including Automobiles.		
<b>Established</b>	: 1995		
<b>Headquarter Location</b>	: Amphur Pakthongchai, Nakornratchasima		
<b>Registered Capital</b>	: 300 Million Baht		
<b>Paid-up Capital</b>	: 300 Million Baht		
<b>Major Shareholders</b>	: Muramoto Electron (Thailand) PLC. 99.99%		
<b>The Board of Directors</b>	: Mr. Yoshiyuki Muramoto-Director	Mr. Kazunobu Kawabe-Director	
	Mr. Yoichi Muramoto-Director		
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: Muramoto Electron (Thailand) PLC. holds 99.99% of shares		
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: Muramoto Electron (Thailand) PLC. sells PCB Parts and plastic parts to Sima Technology Co., Ltd. and purchases metal parts from them.		
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	1 Oct. 16 - 30 Sep. 17	Purchase Value : 422.1 Million Baht	Selling Value : 26.3 Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value : 376.7 Million Baht	Selling Value : 25.1 Million Baht
	1 Oct. 18 - 30 Sep. 19	Purchase Value : 0.8 Million Baht	Selling Value : 33.3 Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.		

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

<b>Nature of Business</b>	: Manufactures Complete set of Printer, Printer Mechanism Assembly, Parts of 2 and 4 Wheels Automobile		
<b>Established</b>	: 1995		
<b>Headquarter Location</b>	: Jakarta, Indonesia		
<b>Registered Capital</b>	: 10 Million US Dollars		
<b>Paid-up Capital</b>	: 10 Million US Dollars		
<b>Major Shareholders</b>	: Muramoto Industry Co., Ltd. 99.99%, Other 0.01%		
<b>The Board of Directors</b>	: Mr. Shinichiro Yamamoto-Director	Mr. Masaya Hashimoto-Director	
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding		
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: -		
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	1 Oct. 16 - 30 Sep. 17	Purchase Value : 1.0 Million Baht	Selling Value : - Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value : - Million Baht	Selling Value : - Million Baht
	1 Oct. 18 - 30 Sep. 19	Purchase Value : - Million Baht	Selling Value : - Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.		

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

<b>Nature of Business</b>	: Manufactures TV Back Cover, Metal Chassis, Car Safety parts		
<b>Established</b>	: 1996		
<b>Headquarter Location</b>	: Lot 1863 & 1864 Jalan Collage, 43300 Seri Kembangan, Selangor, Malaysia		
<b>Registered Capital</b>	: 10 Million Malaysia Ringgit		
<b>Paid-up Capital</b>	: 5 Million Malaysia Ringgit		
<b>Major Shareholders</b>	: Muramoto Asia Pte., Ltd. 100%,		
<b>The Board of Directors</b>	: Mr. Tadashi Muramoto-Director Mr. Yap Toon Choy-Director		
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding		
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: -		
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	1 Oct. 16 - 30 Sep. 17	Purchase Value : - Million Baht	Selling Value : - Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value : - Million Baht	Selling Value : - Million Baht
	1 Oct. 18 - 30 Sep. 19	Purchase Value : - Million Baht	Selling Value : - Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.		

## Muramoto USA Inc. (Associated Company)

<b>Nature of Business</b>	: North American Distributing Agent of group companies for Automotive parts and Electronic parts		
<b>Established</b>	: 1999		
<b>Headquarter Location</b>	: 819 Kuhn Drive, Suite 212, Cula Vista, California, 91914 USA		
<b>Registered Capital</b>	: 15 Million US Dollars		
<b>Paid-up Capital</b>	: 15 Million US Dollars		
<b>Major Shareholders</b>	: Muramoto Industry Co., Ltd. 100%		
<b>The Board of Directors</b>	: Mr. Eiki Kitamura-Director		Mr. Yoichi Muramoto-Director
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding		
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: METCO sells Display car audio unit, press parts and plastic parts to MUI		
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	1 Oct. 16 - 30 Sep. 17	Purchase Value : 1,842.7 Million Baht	Selling Value : 0.2 Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value : 1,052.1 Million Baht	Selling Value : - Million Baht
	1 Oct. 18 - 30 Sep. 19	Purchase Value : 380.2 Million Baht	Selling Value : - Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.		

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

<b>Nature of Business</b>	: Manufactures Indoor, Outdoor Unit Parts for Air Condition, Car Audio, EGR Cooler, and Medical Equipment Assembly				
<b>Established</b>	: 2005				
<b>Headquarter Location</b>	: Zebrak, Czech Republic				
<b>Registered Capital</b>	: 400 Million CZK				
<b>Paid-up Capital</b>	: 400 Million CZK				
<b>Major Shareholders</b>	: Muramoto Industry Co., Ltd. 100%				
<b>The Board of Directors</b>	: Mr. Yoichi Muramoto-Director	Mr. Shigeru Takamatsu-Director			
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding				
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: METCO sell Equipment parts to MME				
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	1 Oct. 16 - 30 Sep. 17	Purchase Value :	- Million Baht	Selling Value :	- Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	- Million Baht	Selling Value :	- Million Baht
	1 Oct. 18 - 30 Sep. 19	Purchase Value :	- Million Baht	Selling Value :	- Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.				

## Muramoto Manufacturing De Mexico (Associated Company)

<b>Nature of Business</b>	: Service Company for MUI's Mexican operation				
<b>Established</b>	: 2006				
<b>Headquarter Location</b>	: Tres Sur No.9071, Ciudad Industrial, Tijuana, B.C.22444, Mexico				
<b>Registered Capital</b>	: 8,000 MXN				
<b>Paid-up Capital</b>	: 8,000 MXN				
<b>Major Shareholders</b>	: Muramoto USA.Inc. 90%, Mr. Yoichi Muramoto 10%				
<b>The Board of Directors</b>	: Mr. Yoichi Muramoto-Director	Mr. Eiki Kitamura-Director			
<b>Relationship in terms of mutual shareholding between Muramoto Electron (Thailand) PLC.</b>	: No mutual shareholding				
<b>Business relations with Muramoto Electron (Thailand) PLC.</b>	: -				
<b>Trade Value with Muramoto Electron (Thailand) PLC.</b>	1 Oct. 16 - 30 Sep. 17	Purchase Value :	- Million Baht	Selling Value :	- Million Baht
	1 Oct. 17 - 30 Sep. 18	Purchase Value :	- Million Baht	Selling Value :	- Million Baht
	1 Oct. 18 - 30 Sep. 19	Purchase Value :	- Million Baht	Selling Value :	- Million Baht
<b>Relations in terms of Financial Support</b>	: No mutual financial support.				



## SHAREHOLDERS

List of 12 major shareholders, as of December 9, 2019

Ref.	Name	No. of Shares held	Percent of Shares
1	MURAMOTO INDUSTRY CO., LTD.	14,907,420	71.334
2	BBHISL NOMINEES LIMITED	1,408,100	6.738
3	MR. CHARUPAT SORSONGSERMKUL	661,100	3.163
4	MR. KENNETH RUDY KAMON	391,500	1.873
5	THAI AVDR COMPANY LIMITED	235,234	1.126
6	MR.PETER ERIC DENNIS	196,900	0.942
7	SUMITOMO CORPORATION	192,500	0.921
8	SOJITZ ASIA PTE. LTD.	192,500	0.921
9	MR.SUPHACHAI SUTTHIPONGCHAI	127,100	0.608
10	MR.PHUVICH PHLADIKANON	120,500	0.577
11	MR.CHAYANTHORN PHLADIKANON	120,500	0.577
12	MR.NIVET HEMWACHIRAWARAKORN	120,000	0.574

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

### Shareholding Agreement with Major Shareholders

Among major shareholders, the Company does not have any shareholding agreement, which might affect its management.

### Other Types of Shares

The Company does not issue any other types of share than ordinary share.

### Payment for Key Management Person

Level of Executive	Number of Executive	Total Salary (Baht)	Other Remuneration	Total
Director	4	2,846,400	8,237,207	11,083,607
Audit Committee	3	1,020,000	-	1,020,000
<b>Director Sub-total</b>		<b>3,866,400</b>	<b>8,237,207</b>	<b>12,103,607</b>
General Manager	5	3,063,474	6,987,687	10,051,161
Management Leader	5	4,819,500	16,623,209	21,442,709
<b>Sub-total</b>		<b>7,882,974</b>	<b>23,610,896</b>	<b>31,493,870</b>
<b>Grand Total</b>		<b>11,749,374</b>	<b>31,848,103</b>	<b>43,597,477</b>

## Remuneration for Directors and Executives

### Remuneration for Directors

The Company provides the remuneration to the independent directors (non-executive directors\*) while the executive directors receive the remuneration as the role of employees of the Company. Therefore, the Company has established the Remuneration Committee consisting of only executive directors. The Company provides the remuneration to the independent directors in forms of monthly fee with basic rate for every independent director (15,000 Baht/month) and additional ones for the Chairman of the Audit Committee (20,000 Baht/month) and Member of the Audit Committee (10,000 Baht/month) according to his/her position in the Committee. There is no other benefit. The remuneration for directors has been compared with the rate of the same industry and the structure of the remuneration of the Company. All types of the remuneration of directors have always been approved by shareholders every year.

Note: \*At present the Company has no other non-executive director than independent director.

### Structure of Non-Executive Director's remuneration

Basic Monthly Fee :	15,000 Baht/month
Additional Monthly Fee :	
Chairman of Audit Committee :	20,000 Baht/month
Member of Audit Committee :	10,000 Baht/month
Chairman/Member of other Committee :	None
Other benefit :	None

## Compensation to the Auditors

### 1. Payment to Auditors or Audit fee

The Company and its subsidiary paid the audit fee to:

- METCO 3.350 Million Baht
- SIMA 1.150 Million Baht

• The Office of the Auditors to which the auditors belong, the total amount of 4.50 Million Baht in the past year end closing of the accounts.

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

• The Company is not liable to compensate the company which the auditor works for, and does not have any liability regarding any unsettled agreement conducted within the past fiscal year.

• The Subsidiary Company has already made a payment of Baht 0.15 million to the company which the auditor works for. The payment was to cover service fee for advice on how to comply with the BOI promotional privileges. The subsidiary company does not have any other liability regarding any unsettled agreement conducted with in the past fiscal year.

## Dividend Payment Policy

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

	2018/2019	2017/2018	2016/2017	2015/2016
Net profit (Baht) / (Loss)	<b>(147,574,377)</b>	199,903,944	182,517,897	420,413,272
Earning per share (Weighted average number)	<b>(7.06)</b>	9.53	8.73	20.12
Dividend (Pay in next year)	<b>208,981,000</b>	271,675,300	167,184,800	292,573,400
Dividend per share	<b>10.00</b>	13.00	8.00	14.00
Pay Out Ratio	<b>R/E</b>	136.46%	91.60%	69.59%



## Management Structure

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

### 1. The Company's Board of Directors

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

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

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

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

#### 1. Mr. Yoichi Muramoto

**Position** Chairman/President, Authorized Director

Nationality	Age	Shareholding*	Resume
Japanese	62	0 (0.00%)	<p><b>Education</b> : Okayama University of Science, Japan</p> <p><b>Date of first appointment</b> : 12 February, 2010</p> <p><b>Number of years as the director</b> : 9 years 10 months</p> <p><b>Number of terms as the director</b> : 4 terms</p> <p><b>Work Resume</b> : 2010 - Present : Chairman/President of Muramoto Electron (Thailand) PLC</p> <p><b>Position as the director in other companies :</b></p> <p>Listed Company : None</p> <p>Non listed Company : Director of Sima Technology Co., Ltd.                      President of Muramoto Industry Company Limited (Japan)                      Chairman of Muramoto Audio-Visual Philippines Inc.                      President of Muramoto USA Inc.                      Director of Muramoto Sumitronics USA LLC                      President of Muramoto Asia Pte Ltd. (Singapore)                      President of Muramoto Manufacturing De Mexico (Mexico) (Associated Company).</p> <p><b>Training</b> : Director Accreditation Program (DAP)</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>

## 2. Mr. Yoshiyuki Muramoto

**Position** Vice President, Authorized Director

Nationality	Age	Shareholding*	Resume
Japanese	55	0 (0.00%)	<p><b>Education</b> : Administration Engineering, Fukuoka Institute of Technology, Japan</p> <p><b>Date of first appointment</b> : 12 March, 2001</p> <p><b>Number of years as the director</b> : 18 years 9 months</p> <p><b>Number of terms as the director</b> : 7 terms</p> <p><b>Work Resume</b> : 2009 - Present : Vice President of Muramoto Electron (Thailand) PLC</p> <p><b>Position as the director in other companies :</b>                      Listed Company : None                      Non listed Company : President of Sima Technology Co., Ltd.                      Managing Director of Muramoto Industry Company Limited (Japan)</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>

## 3. Mr. Tatsuya Awazu

**Position** Director

Nationality	Age	Shareholding*	Resume
Japanese	57	0 (0.00%)	<p><b>Education</b> : Akashi Commercial Senior High School, Japan</p> <p><b>Date of first appointment</b> : 24 November, 2017</p> <p><b>Number of years as the director</b> : 2 years 1 month</p> <p><b>Number of terms as the director</b> : 2 terms</p> <p><b>Work Resume</b> : Present : General Manager of Production 2,3 Muramoto Electron (Thailand) Public Company Limited                      : Mecha Assembly Unit Leader, Muramoto Electron (Thailand) Public Company Limited                      Mechanism Production Section, Muramoto Industry Co.,Ltd.                      Production control Section, Muramoto Industry Co.,Ltd.                      Chief of Quality Control of In-house Deck Production, Muramoto Industry Co.,Ltd.</p> <p><b>Position as the director in other companies :</b>                      Listed Company : None                      Non listed Company : None</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>



## 4. Mr. Ichiro Nishimura

**Position** Authorized Director

Nationality	Age	Shareholding*	Resume
Japanese	58	0 (0.00%)	<p><b>Education</b> : Bachelor of Business Administration, Meiji University in Japan Business Administration, University of Leicester in UK</p> <p><b>Date of first appointment</b> : 14 May, 2014</p> <p><b>Number of years as the director</b> : 5 years 7 months</p> <p><b>Number of terms as the director</b> : 3 terms</p> <p><b>Work Resume</b> : Present : Director of Muramoto Electron (Thailand) PLC 2012 - Present : General Manager in Admin Division of Muramoto Electron (Thailand) PLC 1999 - 2002 : Senior Administrative Manager of Sato Kogyo Co.,Ltd. Singapore Branch</p> <p><b>Position as the director in other companies :</b> Listed Company : None Non listed Company : None</p> <p><b>Training</b> : Director Accreditation Program (DAP)</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>

## 5. Mr. Wanchai Umpungart

**Position** Independent Director, Chairman of Audit Committee

Nationality	Age	Shareholding*	Resume
Thai	72	0 (0.00%)	<p><b>Education</b> : Faculty of Commerce and Accountancy of Chulalongkorn University Sasin Graduate Institute of Business Administration of Chulalongkorn University</p> <p><b>Date of first appointment</b> : 13 September, 2002</p> <p><b>Number of years as the director</b> : 17 years 3 months (over 9 years)</p> <p><b>Number of terms as the director</b> : 7 terms</p> <p><b>Work Resume</b> : 2002 - Present : Director (Independent) of Muramoto Electron (Thailand) Public Company Limited</p> <p><b>Position as the director in other companies :</b> Listed Company : Independent Director of Saha Pathanapibul Public Company Limited Audit Committee - OCC Public Company Limited President of Lohakit Metal Public Company Limited</p> <p>Non listed Company : None</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>

## 6. Mr. Nop Rojanavanich

**Position** Independent Director, Audit Committee Member

Nationality	Age	Shareholding*	Resume
Thai	64	7,000 (0.0335%)	<p><b>Education</b> : Kasetsart University West Virginia University, USA Chulalongkorn University</p> <p><b>Date of first appointment</b> : 25 November, 2005</p> <p><b>Number of years as the director</b> : 14 years 1 month (over 9 years)</p> <p><b>Number of terms as the director</b> : 6 terms</p> <p><b>Work Resume</b> : 2005 - Present : Director (Independent) of Muramoto Electron (Thailand) Public Company Limited : Project advisor at Ministry of Foreign Affairs Inspector General Public Work and Country &amp; Town Planning Department Consulting Engineer &amp; High Rise Building Inspector</p> <p><b>Position as the director in other companies :</b> Listed Company : None Non listed Company : Director Chaopraya Terminal International Co., Ltd. Director Khan Jean Co., Ltd.</p> <p><i>Note : *As of 30 Sep.2019 excluding shareholding by spouse and/or non-adult child which is none.</i></p>

## 7. Mrs. Wongtipa Bunnag

**Position** Independent Director, Audit Committee Member

Nationality	Age	Shareholding*	Resume
Thai	36	0 (0.00%)	<p><b>Education</b> : LL.M. in International Commercial Law University College London, The United Kingdom LL.B. (Second-Class Honours) Thammasat University</p> <p><b>Date of first appointment</b> : 23 November, 2018</p> <p><b>Number of years as the director</b> : 0 year 10 months</p> <p><b>Number of terms as the director</b> : 1 term (first term)</p> <p><b>Work Resume</b> : 2018 - Present : Director (Independent) of Muramoto Electron (Thailand) Public Company Limited 2016 - 2018: Secretary, Audit Committee of METCO</p> <p><b>Position as the director in other companies :</b> Listed Company : None Non listed Company : None</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>

## 8. Ms. Nareenard Prasertpong

**Position** Accounting Manager, Company Secretary

Nationality	Age	Shareholding*	Resume
Thai	54	0 (0.00%)	<p><b>Education</b> : BA. in Accounting, Chiang Mai University</p> <p><b>Work Resume</b> : Present : Accounting &amp; Finance Manager of Muramoto Electron (Thailand) Public Company Limited            2000 - 2007 : Siam Daikin Sales Co., Ltd.            1997 - 2000 : Microwave Technology Corporation Co., Ltd.            1988 - 1997 : MINEBEA Thai Co., Ltd.</p> <p><i>Note : *As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.</i></p>

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

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

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

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

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

## Qualification of Director

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

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

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

## Qualification of Independent Director

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

An Independent Director must :

- 1) Not hold shares more than 0.5% of the total shares with voting rights of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company. In any respect, shareholding of people who have connection with him/her shall be counted. (This shareholding threshold of the Company shares held by the independent directors is stricter than the minimum requirements of SEC.)
- 2) Neither be, nor have been, an executive director, an officer, an employee or a consultant being paid a fixed salary by or having control authority of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, with the exception of being released from above-mentioned characteristics not less than 2 years before becoming an independent director of the Company.
- 3) Neither be a person who has relationship by blood or legal registration as father, mother, spouse, sibling and child, nor be spouse of child of an executive, a major shareholder, a controlling person or other person who will be nominated as an executive or controlling person of the Company and its subsidiary.
- 4) Neither have, nor used to have, business relationship with the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company in the manner which may interfere with his/her independent judgement, and neither be, nor have been, a major shareholder or a controlling person of a person who has such a business relationship with the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, with the exception of being released from above-mentioned characteristics not less than 2 years before becoming an independent director of the Company. Such a business relationship includes normal business transactions, rent or lease of fixed assets, financial assistance, loan granting or receiving, guarantee, or other related transactions which result in the Company or its contractual party being subject to the liability to pay the other party in the amount of 3% or more of the net tangible assets of the Company or 20 million bath or more, whichever is lower.
- 5) Neither be, nor have been, an auditor of the Company or a parent company, a subsidiary company, an affiliate company, a major shareholder or a controlling person of the Company, and neither be, nor have been, a major shareholder, a controlling person or a partner of the auditing firm which employs auditors of the Company or a parent company, a subsidiary company,

an affiliate company, a major shareholder or a controlling person of the Company, with the exception of being released from above-mentioned characteristics not less than 2 years before becoming an independent director of the Company.

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

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

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

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

### **Term of Independent Director**

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

### **Service on Other Boards**

In order to ensure proper attention and appropriate time allocation in carrying out the responsibilities of the top management of the Company, the Board of Directors has a policy that the any Director of the Board is not permitted to be a director of more than five other listed companies excluding the parent company, subsidiaries and associated companies. In addition to this, the President, as the No. 1 Management of the Company, is never permitted to be any of other listed company's director excluding the parent, subsidiaries and associated companies.

### **Process Followed in Appointing New Directors**

The appointment of Directors of the Company must be approved by the shareholders' meeting. A list of candidates qualified to be Directors of the Company is proposed for appointment at the shareholders' meeting by the Board of Directors based on the proposal by the Nomination Committee. The Nomination Committee considers, selects and proposes to the Board of Directors suitable candidates in accordance with the Qualification of Director shown in this Management section including the capabilities aligned with the Company's strategic directions. The selection is to proceed as follows :

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

### **Orientation for New Directors**

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

## Director's Training

The Company has a policy of encouraging Director of the Board to attend continuous and professional training programs organized internally in the Company or externally by various institutions such as SET, SEC, IOD or the audit firm. In 2019 the Company dispatched one Director of the Board to the Director Accreditation Program (DAP) conducted by IOD.

## 2. Audit Committee

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

1. Mr. Wanchai Umpungart Chairman of the Audit Committee member
2. Mr. Nop Rojanavanich Audit Committee member
3. Mrs. Wongtipa Bunnag Audit Committee member

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

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

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

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

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

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

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

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

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

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

6.4 Comments concerning the auditor's suitability.

6.5 Comments regarding potential items with a conflict of interest.

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

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

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

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

Meeting of the committee are held regularly. 4 meetings were held in the year 2018/2019. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting (details of their responsibilities are given in the section of the Management – the Audit Committee in the 56-1 form)

The attendance of each Director is as follows :

<b>Audit Committee Member</b>	<b>Meetings attended</b>
1. Mr. Wanchai Umpungart	4/4
2. Mr. Nop Rojanavanich	4/4
3. Mrs. Wongtipa Bunnag	4/4

## Internal Controls

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

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

## Internal Audit (I/A) Operation

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

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

## Combination and Separation of Positions

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

### 3. Board of Executives

As of 30 Sep. 2019 The Board of Executives of Muramoto Electron (Thailand) Public Company Limited consists of the following persons :

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

Note : \*As of 30 Sep.2019 including shareholding by spouse and/or non-adult child.

### Roles and Responsibilities of Board of Executive

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

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

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

### 4. Good Corporate Governance Committee

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

Name	Position	Shareholding (As of 30 Sep. 2019)
1. Mr. Yoichi Muramoto	Chairman of the Good Corporate Governance Committee	0 (0.00%)*
2. Mr. Wanchai Umpungart	Good Corporate Governance Committee member	0 (0.00%)*
3. Mr. Nop Rojanavanich	Good Corporate Governance Committee member	7,000 (0.0335%)**
4. Mrs. Wongtipa Bunnag	Good Corporate Governance Committee member	0 (0.00%)*
5. Mr. Yoshiyuki Muramoto	Good Corporate Governance Committee member	0 (0.00%)*
6. Mr. Ichiro Nishimura	Good Corporate Governance Committee member	0 (0.00%)*
7. Mr. Tatsuya Awazu	Good Corporate Governance Committee member	0 (0.00%)*
8. Mr. Masao Hamaguchi	Good Corporate Governance Committee member	0 (0.00%)*

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

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



## Charter

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

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

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

Meetings of the committee are held regularly. 2 meeting were held in the year 2018/2019. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting. The attendance of each Director is as follows :

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

## 5. Nomination Committee

The Nomination Committee was established in accordance with the resolution of the Board of Directors, As of 30 Sep, 2019. it consists of four directors as follows ;

Name	Position	Shareholding (As of 30 Sep. 2019)
1. Mr. Wanchai Umpungart	Chairman of the Nomination Committee	0 (0.00%)*
2. Mr. Nop Rojanavanich	Nomination Committee member	7,000 (0.0335%)**
3. Mrs. Wongtipa Bunnag	Nomination Committee member	0 (0.00%)*
4. Mr. Ichiro Nishimura	Nomination Committee member	0 (0.00%)*

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

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

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

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

The Committee should consider, as deemed necessary, the use of professional search firms or other external sources of candidates (e.g., IOD's Director Pool) when searching for candidates to the Board of Directors.

Meetings of the committee are held regularly. 2 meeting were held in the year 2018/2019. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting. The attendance of each Director is as follows :

The Nomination Committee Member	Meeting attended
1. Mr. Wanchai Umpungart	2/2
2. Mr. Nop Rojanavanich	2/2
3. Mrs. Wongtipa Bunnag	2/2
4. Mr. Ichiro Nishimura	2/2

## 6. Remuneration Committee

The Remuneration Committee was established in accordance with the resolution of the Board of Directors consisting of three directors as follows ;

Name	Position	Shareholding (As of 30 Sep. 2019)
1. Mr. Yoichi Muramoto	Chairman of the Remuneration Committee	0 (0.00%)*
2. Mr. Yoshiyuki Muramoto	Remuneration Committee member	0 (0.00%)*
3. Mr. Ichiro Nishimura	Remuneration Committee member	0 (0.00%)*

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

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

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

Meetings of the committee are held regularly. 2 meeting were held in the year 2018/2019. The minutes of the meetings were taken in detail and were submitted to the Board of Directors after each meeting. The attendance of each Director is as follows :

Remuneration Committee Member	Meeting attended
1. Mr. Yoichi Muramoto	2/2
2. Mr. Yoshiyuki Muramoto	2/2
3. Mr. Ichiro Nishimura	2/2

## 7. Risk Management Committee

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

Name	Position	Shareholding (As of 30 Sep. 2019)
1. Mr. Yoshiyuki Muramoto	Chairman of the Risk Management Committee	0 (0.00%)*
2. Mr. Ichiro Nishimura	Risk Management Committee member	0 (0.00%)*
3. Mr. Tatsuya Awazu	Risk Management Committee member	0 (0.00%)*

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

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

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

Meeting of the committee was held in the year 2018/2019. The minutes of the meeting was taken in detail and was submitted to the Board of Directors after the meeting. The attendance of each Director is as follows :

Risk Management Committee Member	Meeting attended
1. Mr. Yoshiyuki Muramoto	1/1
2. Mr. Ichiro Nishimura	1/1
3. Mr. Tatsuya Awazu	1/1

## Performance Assessment

### Performance Assessment of the Board of Directors

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

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

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

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

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

### Performance Assessment of the Sub-Committees

The Board of Directors conducts the annual assessment of sub-committees, Audit Committee, Good Corporate Governance Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. Those Committees evaluate their own assessment following a preliminary format set by the Stock Exchange of Thailand (SET). The Company Secretary reports the result to the Board of Directors. The result of 2019 assessment is as follows :

Topic to be assessed	Full marks	Audit Com.	Good Corporate Governance Com.	Nomination Com.	Remuneration Com.	Risk Management Com.
1) Structure and qualification of the Committee	20	19	19	17	17	19
2) Meeting of the Committee	20	19	19	19	19	19
3) Roles, duties, and responsibilities of the Committee	60	58	58	56	56	56
Total	100	96	96	92	92	94

## Performance Assessment of the President

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

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

The final score was reported at 93.00% which is considered as excellent performance.

## Personnel

As of September 30, 2019 Muramoto Electron (Thailand) Public Company Limited has a total of 4,435 employees which can be separated into:

	Ramindhra Factory	Bangna-Trat Factory	Saothong Factory	Total
Office staff	26	70	13	109
Factory staff	269	1,907	2,111	4,287
Japanese staff	4	26	9	39
<b>Total</b>	<b>299</b>	<b>2,003</b>	<b>2,133</b>	<b>4,435</b>

Total remuneration for staff of the Muramoto Electron (Thailand) Public Company Limited in the fiscal year ended September 30, 2019 is as follows :

Wages and Salary	823,977,759	Baht
Contribution to defined contribution plans	9,519,230	Baht
Other benefits / Social security fund	594,168,136	Baht
<b>Total</b>	<b>1,427,665,125</b>	<b>Baht</b>

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



## GOOD CORPORATE GOVERNANCE

### Good Corporate Governance Policy

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

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

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

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

The content covers five categories as follows :

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

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

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

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

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

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

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

## Rights of shareholders

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

### Rights to attend the shareholders' meeting and vote

The Company holds the Annual General Meeting of Shareholders (AGM) once a year within four months after the end of fiscal year in accordance with the laws, regulations and best practice. In 2019, the Company held AGM (NO.1/2019) on Jan. 24, 2019 At 14:00 pm. at Tulip Room of the Rama Gardens Hotel, No. 9/9 Viphavadeerangsit Road, Bangkok, Bangkok as follows ;

#### Before the meeting day :

The Company selected and arranged the above-mentioned meeting venue in order to make it convenient for shareholders to attend the AGM. In addition, the Company used a well-equipped and comfortable room for the AGM in order to facilitate shareholders to ask questions or offer suggestions smoothly and efficiently.

The notice of AGM was sent by the Company by posted mail well prior to the meeting date so that the shareholders could have enough time to study and review the details of agendas and related information disclosed in the notice. The notice was prepared in both Thai and English for convenience of foreign shareholders.

#### On the meeting day :

The AGM was chaired by the Chairman of the Board of Directors. Prior to the discussion of the agenda items, quorum is clearly advised. The Directors of the Board, 7 out of 7 (100%), attended the meeting which included the Chairman of the Board, the Chairman of the Audit Committee and the President. Since the external auditors also attended the meeting, shareholders could present their opinions, questions, suggestions and recommendations with great expectation of obtaining comments, answers, counter-opinions and discussions from the Executives and experts based on full understanding. The Chairman could conduct the AGM in compliance with all relevant laws, regulations and best practices so that none of shareholder was disturbed of intervened from exercising his/her right as a shareholder.

### **After the meeting day :**

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

### **Rights beyond voting right**

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

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

In 2019, the Company had no actions that violated the right of shareholders, such as neither prevent nor disturb any shareholder from his/her communication with other shareholders, and neither add nor change any agenda of the shareholders' meeting without notifying shareholders in advance.

### **Equitable treatment of shareholders**

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

### **Proposing additional agenda and nominate the Directors**

In addition, the Company opened for the shareholders to propose additional agenda and to nominate candidate to be a director of the Company in advance. Procedures and details were disclosed on the Company's website during Jul. 25 - Sep. 30, 2019, but none had exercised the rights.

### **Prevent the use of inside information**

The Company has policies and mechanisms for controlling the use of inside information by the Board members and executives for their own benefit as follows.

- 1) Give notice to the Board members and executives about their duties to report the Company's shareholding and movement to the Securities Exchange Commission (SEC) under the Securities and Exchange Act B.E.2535 and regulations of the Stock Exchange of Thailand (SET).
- 2) Notify the Board members and executives of the forbiddance of them in being a partner of holding shares of a company conducting the same business.
- 3) Inform the Board members and executives that they shall not sell or buy the Company's assets or conduct any business with the Company.



4) Require the Board members and executives to report to the Board or Company Secretary at least one day before their actual trading of the Company's share.

5) Ask the Board members and executives to disclose their holding status and trading of the Company's share and confirm their actual situation with them on a monthly basis through the Company Secretary.

6) Report to the Board of Directors on the shareholding status of individual Board member and executive at every Board of Directors meeting.

In 2019, there was no trading in the Company's shares by insiders, i.e. Directors and high-rank executives.

#### **Holding and moving of the Company's share by Directors of the Board, member of the Board of Executives and Company Secretary**

Name	Shareholding of METCO share by Directors of the Board, members of Board of Executives and Company Secretary				Shareholding of METCO share by their spouse and minor child			
	30 Sep. 2019	%	30 Sep. 2018	Number of Shares: increase (decrease) during the year	30 Sep. 2019	%	30 Sep. 2018	Number of Shares: increase (decrease) during the year
Mr. Yoichi Muramoto	0	0%	0	0	0	0%	0	0
Mr. Yoshiyuki Muramoto	0	0%	0	0	0	0%	0	0
Mr. Ichiro Nishimura	0	0%	0	0	0	0%	0	0
Mr. Tatsuya Awazu	0	0%	0	0	0	0%	0	0
Mr. Wanchai Umpungart	0	0%	0	0	0	0%	0	0
Mr. Nop Rojanavanich	7,000	0.0335%	7,000	0	0	0%	0	0
Mrs. Wongtipa Bunnag	0	0.00%	6,600	-6,600	0	0%	0	0
Mr. Shigeru Takamatsu	0	0%	0	0	0	0%	0	0
Mr. Yuji Kanke	0	0%	0	0	0	0%	0	0
Mr. Tsuyoshi Sugawara	0	0%	0	0	0	0%	0	0
Ms. Nareenard Prasertpong	0	0%	0	0	0	0%	0	0

## Role of stakeholders

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

### Employees

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

Summary of welfare programs provided to employees is as follows :

Economic betterment	Healthcare improvement	Family support	Amenities and others
- Retirement benefits	- Life and accident insurance	- Right to leave for vacation, sick leave, maternity leave, etc.	- Uniform
- Provident Fund	- Annual physical check-up and specific test in case the work environment can affect health	- Employee assistance i.e., maternity benefit, employee death benefit, disaster victim, etc.	- Canteen and low-price program consumer goods
- Social Security Fund	- Medical benefits including dental care	- METCO Mutual Funeral Fund for family members	- Transportation
- METCO Mutual Funeral Fund	- Nursing room for first aid clinic equipped with AED		- Recreation activities (Sports - Day, New Year Party etc.)
- Shift allowance	- Fitness Equipment		
- Attendance allowance			
- Long-service allowance			
- Meal allowance			
- Fuel allowance			
- Long Service Award			
- Outstanding employee awards			
- Retirement extension scheme			
- Special bonus			

## Occupational health and safety in the workplace

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

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

### Safety, Occupational Health and Environmental Policy

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

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

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

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

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

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

	2019	2018	2017
Small accident (stop working less than 3 days) (case)	2	1	0
Accident (stop working more than 3 days) (case)	1	0	0
ISR (Injury Severity Rate)	0.75	0.11	0.00
Occupational disease (case)	0	0	0

### Employee training and development

The Board of Directors has established the Human Resource Development Policy. According to it, the Company offers an employee’s development program to enhance knowledge and potential of employees by continuous training, which aimed at ensuring sustainable growth. Throughout 2019, the Company provided employees in all sections with various work- related training programs as follows :

Training course (category)	Number of participants	Number of training hours	%
Core program (Company, communication)	39	234	1.4
Leadership/Psychological program	233	1,398	8.6
Productivity/Quality Improvement program	159	954	5.9
ISO Standard/other core tool programs	837	7,656	47.1
Safety/Environment law and skill program	619	4,071	25.0
General (orientation, cost, English, PC etc.)	118	708	4.4
Supplementary courses	268	1,233	7.6
Total	2,273	16,254	100.0

\*The average training hour per employee was 7 hours.

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

## Human rights

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

## Customers

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

## Business competitors

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

## Business partners

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

## Creditors

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

## Community services and development

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

## Conforming to environmental standards

The Company has determined an explicit environmental policy as shown in "Employee" section above and complies with it accordingly. The Company strives to prevent causing pollution, minimizes the possible impact due to business operations, and implements an environmentally friendly production processes. The Company has been certified by the International Standard for Environmental Management Systems or ISO 14001. In addition to that, the Company arranges regular energy and environmental conservation activities, to conserve and maintain the ecosystem and environment of the community, and has an organizational culture among the employees and operators in the Company that emphasizes green culture and sustainable green networks. The Board of Directors has also established the Promotion Policy on Efficient Utilization of Resources. As an outcome of the policy, the Company has been conducting "CSR Activities" including 3Rs (Reduce, Reuse and Recycle) activities and has been awarded of "CSR-DIW Continuous Award" from Ministry of Industry of Thailand. The Company, since 2016, has been certified for "Green Industry Level 4" by the Ministry as well. The Company is implementing the training program as an essential part of the Company Policy mentioned above, in order to educate employees about the environmental issues and energy conservation, through which it encourages utilizing its resources more efficiently. In 2018 the Company provided employees with more than 200 hours of training concerning the requirements of ISO 14001. The Company has also set-up KPI covering all departments' activities of proper waste segregation.

## Prevent violations of the software copyright and intellectual property

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

(1) The Company always makes sure that the information used in the Company will not violate any intellectual property and copyright of others.

(2) The Company will ensure that its Director, management and employee comply with intellectual property and copyright related laws.

(3) The Company does not permit nor encourage its Director, management and employee to use illegal software for any Company business.

(4) Any intellectual property and copyright originated from any assignment, work, training or tutoring given to Director, management and employee by the Company shall belong to the Company.

(5) The Company will not allow its Director, management and employee to use any of its intellectual property and copyright for their personal purpose.

## Anti-Corruption Policy and measures

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

1) The Directors, Executives, and employees must not be involved in corruption, bribery from/to government and private officers, for example, people from different companies that have transactions with the Company either directly and indirectly, in order to obtain or maintain the business or competitive advantage or for personal benefit, or that of any family, friends, or acquaintances.

2) The Directors, Executives, and employees are prohibited from receiving gifts directly or indirectly from suppliers, business partners, and the relevant contacts in either governmental or private offices.

3) No patronage or monopoly system for personal or friends' benefit.

4) The Directors, Executives, and supervisors are prohibited to request or obtain benefits or remuneration in any form from the employees in order to influence the performance evaluation.

5) Purchasing/procurement must comply with the Company's approval procedures, which shall be transparent, audited, and fair for all parties.

6) Purchasing/procurement orders must not be divided into smaller orders to make it lower than the approval limit amount.

7) If any employee suspects any action may be bribery or corruption, consult the direct supervisor or whistleblowing channels as follows :

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

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

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

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

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

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

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

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

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

In 2019, the Risk Management Committee made a corruption risk assessment, as a trial basis, following “A Guide For Anti-Corruption Risk Assessment” published by United Nations Global Compact Office with the form, “Table of Corruption Risk Assessment”, ANNEX 1 of the Self-Evaluation Tool for Countering Bribery, Private Sector Collective Action Coalition Against Corruption. The Committee reported the findings to the Board of Directors as a part of its annual report on risk management (see a summary in “Risk Factors and Risk Management” in this annual report). Then, the Company is establishing an annual procedure of corruption risk assessment together with practical anti-corruption measures.

The Company provides all the employees with educational programs, i.e., as a part of orientation program for new-comers and as a part of basic core programs for existing members. Those anti-corruption trainings cover the Company’s Anti-Corruption Policy and related policies as well as the Company’s Corporate Code of Ethics including a practical guide for the whistleblowing channel set in the Company.

## Whistleblowing and complaints

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

For employee :

- (1) Head of the unit he/she belongs to.
- (2) Head and other members of the Audit Committee : [auditcommittee@metco.co.th](mailto:auditcommittee@metco.co.th)
- (3) President, Vice President and other Director of the Board : [whistleblow@metco.co.th](mailto:whistleblow@metco.co.th)
- (4) Head of Internal Audit Department : [internalaudit@metco.co.th](mailto:internalaudit@metco.co.th)
- (5) Whistleblowing Red Box in each factory

For other stakeholders :

- (1) Email : [whistleblow@metco.co.th](mailto:whistleblow@metco.co.th)
- (2) Website : [www.metco.co.th](http://www.metco.co.th)

The Company Secretary will gather and submit all the complaints to the Audit Committee or the Board depending on the relevance of them. The Company has a policy and mechanism through which it keeps any such complaint confidential, protects any person making such complaint in good faith from any discharge, demotion, suspension, threat, harassment or any other unfair action against him/her and makes a proper feedback to the person. In 2019, the Board of Directors did not receive any complaint through this whistleblowing channel.

## Disclosure and transparency

### Conflicts of interest

The Board of Directors is aware of possible conflicts that may occur in regard to the earnings of the Company. As far as remuneration is concerned, the Board will make every effort to ensure fairness and transparency for all parties concerned. Further information referring to this issue is detailed in the 56-1 form. In order to prevent conflicts of interest and ensure that all the Directors and Executives of the Company are abided by their fiduciary duties the Board of Directors has a policy to deal with the issue. The policy request Director and Executive to report on conflicts of interest, in case they have, directly or indirectly, to the Board of Directors for its consideration. Related party transaction between the Company and a director or executive and/or connected persons, which may lead to the potential conflict of interests, must be considered by the Audit Committee. For material and significant related-party transactions, such transaction must be approved by the Board of Directors and/or the shareholders' meeting depending on the nature and the size of transaction as required by Notification of the Capital Market Supervisory Board. Any of the Director and Executive who is involved in such transaction and has conflicts of interest is not allowed to participate a decision-making process on the subject matter. Through conducting the policy, the Board of Directors has been ensuring that the Company's decision-making is always free from any disturbance and distortion caused by conflicts of interest.

### Investor relations

The Board of Directors is aware of the importance of revealing important general and financial information of the Company to the investors and stakeholders. Therefore, the information revealed is to be accurate, complete, reliable and up-to-date, so that all parties concerned may benefit from it. The information is revealed through the various media of the Stock Exchange of Thailand, and also through newspapers. The Company has established an Investors Relation Section to provide information to investors, shareholders and all stakeholders, which can be reached at the website of the Company ([www.metco.co.th](http://www.metco.co.th)), [ir@metco.co.th](mailto:ir@metco.co.th) and Tel. 02-338-1535. The meetings of the Board of Directors are conducted regularly to ensure smooth overall operation in the Company. Topics to be discussed during the meetings include business supervision, minutes of board meetings, minutes of shareholders' meetings, and how to run the business to achieve the goals set by the Company and to generate optimum returns on investment to valued shareholders of the Company.

## Board responsibilities

### Code of Ethics

Because business ethics is important to the reputation of a company, the Board of Directors is firmly convinced that correct business ethics will be an intrinsic part of the Company's operation, at all levels, and to all persons dealing with the Company. Therefore, the Board of Directors has developed the Corporate Code of Ethics. All Directors, management and employees are required to comply with the Corporate Code of Ethics. The Human Resources Department is responsible for ensuring that



all employees are aware of and comply with it. The Corporate Code of Ethics is included in the Employees' Manual. Upon commencing employment and upon any revision of the Corporate Code of Ethics, employees are required to sign and acknowledge the Corporate Code of Ethics. In addition, the Internal Audit Department is responsible for monitoring. The Internal Audit Department will report any material non-compliance incident to the Board of Directors. The Company shall not tolerate any illegal or unethical acts. Anyone who violates the Corporate Code of Ethics will be investigated and disciplinary punishment will be made, which may include termination of employment. In case of illegal conduct is involved, the Company will take legal action. The detail of the Corporate Code of Ethics is available in the Company website; <http://www.metco.co.th>.

## Roles and responsibilities of the Board of Directors

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

## Roles and responsibilities of the Chairman of the Board

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

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

## Roles and responsibilities of the President

The President of the Company has additional duties and responsibilities more than other Directors as follows:

- 1) To be responsible for operating the Company, managing the business in line with the objectives, business plan, policies, budget, rules and regulations approved by the Board of Directors.
- 2) To manage and control the Company's day to day routine business.
- 3) To regularly follow up and evaluate performance of the Company in order to avoid any risk both internally and externally. To report and update the information on financial results, operational management to the management team, the Audit Committee and the Board of Directors.
- 4) To set objectives, policies and strategies of the Company as well as direct and monitor overall operations for maximizing benefits of the Company and to report the Company's performance to the Board of Directors.
- 5) To be responsible for the organizational changes of the Company under the supervision of the Board of Directors as well as to make decisions on the appointment, transfer and deposition of employees. To set the salary rate, remuneration, bonus and other fringe benefits for employees.
- 6) To approve all actions under the rules and resolutions from the Board of Directors meeting.
- 7) To authorize, instruct, announce, and record, as to ensure that the Company can comply with the policies and internal discipline.
- 8) To delegate authority to other persons to operate any specific functions on their behalf. This delegation has been made under the limitation stated in the Power of Attorney and/or to comply with the rules, regulations and instruction of the Board of Directors.
- 9) To take actions on behalf of the Board of Directors in managing the business of the Company and ensure that such actions are taken under rules, regulations, policies and resolutions set by the Board of Directors and the shareholders meeting.
- 10) To perform any other actions as assigned by the Board of Directors occasionally.

## The Roles and responsibilities of the Company Secretary

To comply with good corporate governance practice the Board of Directors has appointed Ms. Nareenard Prasertpong as the Company Secretary. The Company Secretary shall perform the following duties and responsibilities with care as well as in compliance with all applicable laws, the objectives, the Article of Association of the Company, and the resolutions of the Board of Directors and the shareholders' meetings.

- 1) To prepare and keep the following documents:
  - 1)-1 Directors' Profiles
  - 1)-2 Invitation letters and minutes of the Board of Directors meetings
  - 1)-3 Invitation letters and minutes of the shareholders' meetings
  - 1)-4 Company's annual report
- 2) To keep track of the Company's related-party transaction disclosures, as reported by Directors or management
- 3) To organize the Board of Directors meetings and shareholders' meetings
- 4) To draft management policies
- 5) To record the minutes of the Board of Directors meetings and shareholders' meetings, and to follow them up to ensure compliance of the resolutions of these meetings
- 6) To ensure the disclosure of the Company data and information to the authorized supervising bodies in accordance with the regulations and requirements of the government authorities

- 7) To ensure the Company and the Board of Directors compliance with the laws and requirement of the SEC/SET
- 8) To promote and standardize good corporate governance in the Company
- 9) To communicate with the shareholders to ensure that they receive their entitlements and information from the Company
- 10) To manage the activities of the Board of Directors
- 11) To perform other duties as assigned by the Board of Directors

## The Board of Directors' meeting

The meetings of the Board of Directors are held regular at least every three months. The meeting schedules are set for whole year in advance before each year end and all the Directors are informed accordingly. The time, place and agenda are set in advance and the Directors are informed so that they will have enough time to prepare for the meeting. Documents concerning each meeting are sent to them at least 5 business days in advance to give them sufficient time to study. The minutes of the meetings are taken in detail and filed by the Company Secretary and are always available for inspection. In addition to that, Non-executive Directors arrange informal meetings as necessary in order to review miscellaneous issues of interest in the absence of management. In 2019, there was 1 meeting held in November.

In the year 2018/2019, the Board of Director held 4 meetings. The attendance of each director is as follows :

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

## Board of Directors diversity

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

## Balance of power for Non-Executive Directors

As of Sep. 30, 2019 The Board of Directors comprises 7 Directors ; 3 being Independent Directors from outside the Company and 4 being Executive Directors. This way, the ratio between Executive and Non-Executive Directors is 4:3. All of Independent Directors are in line with the regulations specified by the Stock Exchange of Thailand.

## Report of the Board of Directors

The Board of Directors is responsible for the accuracy of the overall and specified Financial Budget Reports of the Company. The Report is carried out properly according to the accounting standard of Thailand. The preparation of the Report is completed very carefully to reveal appropriate significant information about the Company to the public. The Board of Directors is also responsible for disclosing the financial information of the Company in the Annual Information Report (Form 56-1) and this Annual

Performance Report (Form 56-2). The Board of Directors is also responsible for ensuring that the Company operation is conducted effectively and efficiently to achieve anticipated business results as well as to prevent any significant operational misconduct. In this sense, the Board of Directors has assigned the Audit Committee which consists of outside experienced professionals in the field, to be responsible for the financial reports, internal control and risk management systems within the Company. On November 22<sup>nd</sup>, 2019, the Audit Committee also approved both the overall and specified Financial Reports of the Company which will be shown in the Annual Information Report (Form 56-1) and this Annual Performance Report (Form 56-2).

### President/CEO succession plan

The Board of Directors has been developing the succession plan of the President/CEO in order to keep all stakeholders confident that operations of the Company shall not be interrupted by a vacancy of the position. Managing the President/CEO succession plan is the responsibility of the Board of Directors. In case of the planned change of the President/CEO, for instance, retirement, the entire Board shall be involved in choosing a successor after consulting with the Nomination Committee on potential candidates. In case of emergency succession is required due to an accident or other unexpected situation, a special meeting of the Board shall be arranged in order to appoint an Acting President/CEO for the remainder of the time required. The Board of Directors shall annually review the succession plan, through consideration and recommendation by the Nomination Committee that basically anticipates internal succession. The succession plan could be updated and revised according to the latest circumstances relating to the Company operations.

### Non-compliance item and reason

Non-compliance item	Reason for the non-compliance
Does the company prepare an integrated report?	The Company has not yet prepared the sustainability report in form of Integrated Report. However, the Company has prepared a chapter in its Annual Report covering its CSR activities in accordance with the CSR-DIW Reporting Guideline.
Does the company offer multiple channels of access to corporate information? - Analyst briefings or SET's opportunity day. - Press briefings or press release pertaining to the company's financial performance.	The Company has been preparing a section conducting a briefing for the purpose of investor relations. The Company could start, as the first trial, joining SET's Opportunity Day in 2020.
Does the company disclose the details of the CEO (President) compensation?	Since the Company's President receives remuneration only based on his status as an employee of the Company and its parent company for which he works as president as well. As the Executive Director of the Company, his remuneration is presented to every shareholders' meeting as zero amount for its approval. Therefore, the Board of Directors has an opinion that the disclosure of President as only for the employee status is highly sensitive and not deemed indispensable according to the Good Corporate Governance principles.

Non-compliance item	Reason for the non-compliance
Does the company have a compliance unit?	Although the Company has not yet established an organization called Compliance unit, it has, since 2016, encouraged number of relevant departments to improve their performance according to the best practice of Good Corporate Governance. Now that the Company has reached Recognition Level 4 “Very Good” in 2018 assessment, it is considering set-up Compliance Unit.
<p>Appointment of the Remuneration Committee.</p> <ul style="list-style-type: none"> <li>- Is the Committee composed of a majority of independent directors (more than 50%)?</li> <li>- Is the Chairman of the Committee an independent director?</li> </ul>	The Company’s Director remuneration is set only for Non-Executive because Executive Director receives his/her one only as an employee of the Company (remuneration as director is zero). Therefore, the Board of Directors has established the Remuneration Committee consisting of only Executive Directors. The Committee is appropriate for considering and proposing the remuneration for Non-Executive Directors including Independent Directors of the Company.
Does the Nomination Committee comprise entirely of independent directors?	The Board of Directors has established the Nomination Committee and appointed four Directors as its member consisting of three Independent Directors and one Executive Director. Since the Board of the Company normally consists of some Executive Directors representing its group companies, the Executive Director of the Committee, who has a similar back ground, is expected to take a role in the Committee of coordinating search and selection of candidates from the group companies.



## GOOD CORPORATE GOVERNANCE COMMITTEE'S REPORT

### Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

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

In 2019, the Committee held 2 meetings and reviewed the Company's Good Corporate Governance Policy and its related policies to ensure the policies updated and in line with the related checklists of Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand and the Thai Investors Association.

Starting from year 2016 the Company has been making continuous improvement of good corporate governance, and in year 2018 has reached up to "Very Good" recognition level (4 stars) on corporate governance of Thai listed companies. In 2019, the Company received the same qualification, "Very Good" (4 stars), with better score than the previous one.

In addition to that, the Good Corporate Governance Committee, based on the corruption risk assessment conducted by the Risk Management Committee as described in detail in the report of the Committee on this Annual Report (page. 63-68), also recommended the Company to improve anti-corruption measures including modification of the Anti-Corruption Policy wordings, preparation of relevant company regulations/guidelines and implementation of action programs.

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

**Mr. Yoichi Muramoto**  
**Chairman of the Good Corporate Governance Committee**

## NOMINATION COMMITTEE'S REPORT



### Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

The Nomination Committee was established by the resolution of the Board of Directors. According to its charter, the Committee has the following scope, authority, duty and responsibility functions.

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

The Committee consists of four directors, of which three are the independent directors. In 2019, the Committee held 2 meetings.

Concerning the candidate nomination for new director appointments in the Shareholders' Meeting in 2020, the Company invited shareholders to propose candidates for election to the Board. The policies and procedures to allow shareholders to propose candidates for the election of the Board were posted on the Company's website. However, there was no proposed candidate to the Committee from the shareholders. Therefore, the Committee reviewed those directors whose term expired by rotation in accordance with the Company's Articles of Association. The Committee has considered that those directors could continue to make further contribution to the Board and the Company.

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

**Mr. Wanchai Umpungart**  
**Chairman of the Nomination Committee**



## REMUNERATION COMMITTEE'S REPORT

### Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

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

In 2019, the Committee held 2 meetings. It considered and proposed to the Board of Directors the remuneration for Directors and President by taking into the consideration of the outcomes from the Performance Assessments of the Board of Directors, the Sub-Committees and the President as described in detail on "Management" section of this Annual Report.

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

**Mr. Yoichi Muramoto**  
**Chairman of the Remuneration Committee**



## RISK FACTORS AND RISK MANAGEMENT



### Y2019 METCO Risk Management Committee Report

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

	<b>Analysis and evaluation of incurred or possibly incurred risks</b>	<b>Development and review of risk management policies and procedures</b>
<b>1.4 Credit Risk</b>	Credit risk is a risk due to a customer's inability to pay for their purchases and a payment failure by a supplier on its debt to the Company.	The Company is carefully checking daily paying performance of customers and suppliers. Before starting a transaction with any new customer or supplier the Company carefully investigates creditability of it. In 2017, the Company started a credit control system including payment record investigation and credit rating of customers to maintain the minimize credit risk.
<b>1.5 Market Risk</b>	Market risk is possible loss of manufactured product, purchased parts and raw materials in inventory due to market change or sudden order cancellation from customers.	The Minimum Inventory Activity policy, which the Company has been deploying, is extremely essential in order to minimize this risk. The Company is well-prepared to meet any challenge in order to stay ahead of competitors in both product quality and product pricing; for instance, the Company is, through revising the Basic Transaction Agreement with suppliers, aiming to establish effective cooperation with them which could make both parties act more flexibly to the market changes.
<b>1.6 Competition Risk</b>	As a manufacturing service provider, the Company has to compete against not only competitors of the same business model but also the customer itself because the manufacturing provided by the Company must be better than or at least the same level of the customer's. For the same reason, the Company should also compete against competitors of the customer. The Company inherently faces this kind of competition risk.	In order to compete and survive in the industry, the Company should further strengthen its competitive edges as follows; <ul style="list-style-type: none"> <li>- Broad range of production method and technology as a manufacturing service provider including metal stamping, plastic molding, painting &amp; printing, surface mounting on PCB, assembly of component &amp; finished product, die &amp; mold design, die &amp; mold manufacturing, and metal surface treatment</li> <li>- Seamless integration of various manufacturing lines of assembling components and/or finished products applying various methods and technologies as mentioned above in the most effective way</li> <li>- Well-coordinated cross-functional cooperation established through the history and experience covering not only production but also sales, logistics, procurement and administration</li> </ul>
<b>1.7 Economic Condition Risk</b>	Since the Company has been involved in global supply chains relating to various industries, it is inevitably exposed to conditions of global economy. Now that global economic growth could face a serious slowdown driven by several events such as US-China trade war, China's economic slowdown, European economic volatility facing Brexit, tension in the Middle East causing oil price fluctuation etc., the Company's business could also face a downturn risk.	In order to manage all the aforementioned risks, the Company will continually monitor and analyze events which may affect the Company's business. Apart from the negative impact from an event, e.g. US-China trade war, if it may create any positive one by making a shift in global supply chains, the Company should take proper action without losing opportunity. In any case, under this kind of volatile situation, the Company should keep stringent due diligence process before making a decision.

	<b>Analysis and evaluation of incurred or possibly incurred risks</b>	<b>Development and review of risk management policies and procedures</b>
<b>1.8 Compliance Risk</b>	As a publicly listed company, the Company is required to comply with various laws and regulations. Any failure to comply with any one or more of such laws and/or regulations could expose the Company to penalties or other legal action against the Company and its Senior Management. In addition to that, such a failure could affect reputation of the Company and could damage trust of customers, business partners, communities and other stakeholders.	Since establishing the Good Corporate Governance Committee in 2016, the Company has been making continuous improvement of compliance-related matters, e.g. “The Company’s Regulations Re-Establishment Project” through which it up-dates, renews and re-introduces more than 30 company regulations. In year 2019, the Company was qualified level 4 (“Very Good”) in the Corporate Governance Report of Thai Listed Companies (CGR) 2019 by the Thai Institute of Directors Association (IOD) in two consecutive years. The Company will continue and strengthen the improvement.
<b>1.9 Corruption Risk</b>	Corruption is a serious problem and obstacle of the Company’s sustainability which affect both financial and non-financial loss such as profit, penalty and reputation. Even in case the Company has strict measures and internal control, corruption can possibly occur anytime. The Company should give attention to and tackle this risk.	The Company has established Anti-Corruption Policy, Corporate Code of Ethics and related policies, and provides all the employees with educational programs. The Company also provides employees and business partners with the whistleblowing channel set in several different routes. In 2019, the Company, through the Risk Management Committee, made a corruption risk assessment, as a trial basis, following “A Guide For Anti-Corruption Risk Assessment” published by United Nations Global Compact Office with the form, “Table of Corruption Risk Assessment”, ANNEX 1 of the Self-Evaluation Tool for Countering Bribery, Private Sector Collective Action Coalition Against Corruption (CAC).
<b>2. Technology Risk</b>	In the world of electrical and electronics appliances business development and progress has been there always, and accelerated more and more recently.	The production of components has to keep pace and to be in line with this ever-evolving progress. The Company must make investment in a number of areas to maintain the lead over competition. These areas include high technology machinery, measuring equipment and the training of skillful engineers and workers. The Company has started a new project to correspond to the electronics industry towards smaller, more efficient and more complicated designs, according to its mid-term business plan. The Company’s technology and capability of die-making, which represent special value among its technical resources, should be important to secure valued orders from customers and to keep costs down. The Company has expanded its training program in this technology.

	<b>Analysis and evaluation of incurred or possibly incurred risks</b>	<b>Development and review of risk management policies and procedures</b>
<b>3. Workforce Risk</b>	The industry of electrical and electronic components production depends enormously on the workforce, not only on technicians and engineers but also on workers in production lines, where though the Company even uses high technology automatic machines and robots, it still relies very much on the human power and abilities as critical resource of its pursuing value.	The Company greatly values the importance of its personnel at all levels by setting employee welfare at a high standard. An executive/employee joint committee called CP&H Kai (Creation, Power & Harmony Committee) has been founded to coordinate and communicate effectively between executives and employees. In 2016 the operation rules of this committee have been improved by inviting more participation from employee side. This has promptly resulted some positive modifications of employee treatment through discussion in the new committee. Since this committee has achieved such successful results, the Company has been rewarded for “Labour Management Excellence Award” for many consecutive years and in year 2017 received a special one for 10 years coverage. Since last year, the Company has started a new project, according to its mid-term business plan, provides appropriate incentive and benefits to employees to ensure a long-term and rewarding mutual relationship.
<b>4. Financial Risk</b>	As many products of the Company are exported, directly and indirectly, to foreign countries, and a lot of raw materials and components, which are not available in Thailand, need to be imported in a foreign currency. Therefore, it is inevitable that the Company is exposed to currency exchange matters.	The Company has been making efforts in matching foreign currency income to the payment in the same currency in order to reduce the actual exchange profit or loss into acceptable level. In addition to that, the Company manages to minimize cash balance maintained in USD and JPY currency and utilizing financial tools including forward booking. The Company has established internal policies and rules covering such transactions. Concerning a risk on financial resource, the Company has built good relationships with financial institutions in Thailand as well as abroad in order to secure a long-term and stable fund facility for possible expansion, rehabilitation and diversification of operation in the future.
<b>5. Environmental Risk</b>	The Company is always aware of its mission to provide society with environmentally sustainable and energy-efficient operation. Otherwise, environmental issue could be a significant risk to the Company.	The Company has been operating with ISO 14001 certification for many years. In 2017, the Company successfully received a certification under the up-dated version of the system. In 2016 the Company reached up to level 4 of the Green Industry qualification promoted by Thai government and then is keeping it. The Company has established internal policy and is conducting the Annual Plan of Environment and Safety Improvement. With such system, qualification and plan, the Company is continuously improving its sustainability including chemical substances control and waste materials management.

	Analysis and evaluation of incurred or possibly incurred risks	Development and review of risk management policies and procedures
<b>6. Disaster Risk</b>	The Company could be exposed to risk from fire or natural disasters, which might interrupt production and bring a serious impact to the Company's business.	The Company has insurance for property damage in order to mitigate this risk. This year the Company has significantly reduced a temporally flood risk in a day of heavy rain by improving drain system around its factory. In addition, the Company could, based on the BCP, ask support from other production sites of affiliate companies in a same corporate group, which locate in Thailand and other countries.
<b>7. IT-Security Risk</b>	Due to rapid and continuous progresses in information technology, there are risks associated to IT security or technological threats that could occur either as a result of system faults, human errors and cyber-attacks etc. If the information system is down or encounters any circumstances that cause data loss, data leakage, failure and/or malfunction, it would be a severe and serious impact to the Company's operation, competitiveness, reliability and eventually reputation in the industry.	The Company has re-established Information System Management Regulations as well as IT Security Policy. Under these Policy and Regulations, the Company has been managing security measures including firewall installation, hardware redundancy, anti-virus software, software patches, back-up facilities, access authorization to the critical systems etc. In addition to that, the Company has also been building awareness of employees to IT security issues through education and training, and conducting regular risk assessment and audit.



## RISK MANAGEMENT COMMITTEE'S REPORT

### Dear Shareholders of Muramoto Electron (Thailand) Public Company Limited

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

The Risk Management Committee comprises three qualified Directors as follows :

1. Mr. Yoshiyuki Muramoto      Chairman of the Committee
2. Mr. Ichiro Nishimura      Member
2. Mr. Tatsuya Awazu      Member

In 2019, the Risk Management Committee met on one occasion to analyze incurred or possibly incurred risks and develop and review risk management policies and procedures as well as their effectiveness. This time, the Risk Management Committee put a focus on corruption risk. It made a corruption risk assessment, as a trial basis, following "A Guide For Anti-Corruption Risk Assessment" published by United Nations Global Compact Office with the form, "Table of Corruption Risk Assessment", ANNEX 1 of the Self-Evaluation Tool for Countering Bribery, Private Sector Collective Action Coalition Against Corruption (CAC).

The Risk Management Committee has found the followings and reported them to the Board of Directors;

- 1) The Company should make a "Program" to counter bribery (i.e. values, code of conduct, detailed policies and procedures, risk management, internal & external communication, training & guidance, internal controls, oversight monitoring and assurance) by putting together the already existing codes, guidelines and procedures under the Anti-Corruption Policy of the Company.
- 2) The Company should establish regulations, e.g. Practice Standards for Anti-Corruption Measures, under the Anti-Corruption Policy in order to clarify the duties and responsibilities of the Company personnel concerned.

Now that the Company has established, through this trial, a corruption risk assessment procedure, the Risk Management Committee has recommended the Company to conduct such assessment annually in order to determine the extent of the risk of corruption to the business.

**Mr. Yoshiyuki Muramoto**  
**Chairman of the Risk Management Committee**

# CORPORATE SOCIAL RESPONSIBILITY POLICY



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

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

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



## 1. Good Corporate Governance

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

## 2. Human Rights and Labor Practices

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



## CORPORATE SOCIAL RESPONSIBILITY POLICY

### 3. Community Involvement and Development

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

### 4. Customer, business partner, and consumer responsibility

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

### 5. Fair operating practices

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

### 6. Conforming to Environmental Standards

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





**Hydroponic salad farming in small greenhouse Project at Wat Bampen Nuea School**



**Young Entrepreneur Project at Wat Saothongnok School**



**Melon farming in green house project at Lamun Rot Siri School**



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



# Responsibility of the Board of Directors for the Financial Statements

as at 30<sup>th</sup> September 2019

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

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

The Board of Directors is of the opinion that Muramoto Electron (Thailand) Public Company Limited and its subsidiary internal control system are adequate and appropriate and reasonably assure the creditability of the financial statement as at 30th September 2019.

**Mr. Yoichi Muramoto**  
**Chairman of the Board of Directors**



# INDEPENDENT AUDITOR'S REPORT



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

### *Opinion*

I have audited the consolidated and separate financial statements of Muramoto Electron (Thailand) Public Company Limited and its subsidiary (the “Group”) and of Muramoto Electron (Thailand) Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



## INDEPENDENT AUDITOR'S REPORT

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

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.



# INDEPENDENT AUDITOR'S REPORT



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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.



## INDEPENDENT AUDITOR'S REPORT

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Siripen Sukcharoenyingyong)

Certified Public Accountant

Registration No. 3636

KPMG Phoomchai Audit Ltd.

Bangkok

22 November 2019

# STATEMENTS OF FINANCIAL POSITION



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

As at 30 September 2019 and 2018

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

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



# STATEMENTS OF FINANCIAL POSITION (Continued)

As at 30 September 2019 and 2018

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

	Note	Consolidated financial statements		Separate financial statements	
		2019 (in Baht)	2018 (in Baht)	2019 (in Baht)	2018 (in Baht)
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable	4, 13	920,008,976	1,375,967,453	729,224,686	1,141,933,290
Other payables	4, 14	227,546,921	262,373,188	191,293,684	209,939,332
Payable for property, plant and equipment	4	17,456,715	16,642,797	16,054,778	12,056,640
Current portion of finance lease liabilities	12	43,961,958	35,711,301	-	-
Income tax payable		-	32,388,768	-	26,545,857
<b>Total current liabilities</b>		<b>1,208,974,570</b>	<b>1,723,083,507</b>	<b>936,573,148</b>	<b>1,390,475,119</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	12	98,630,297	84,348,299	-	-
Non-current provisions for employee benefits	15	399,411,312	267,790,191	342,708,037	228,759,017
<b>Total non-current liabilities</b>		<b>498,041,609</b>	<b>352,138,490</b>	<b>342,708,037</b>	<b>228,759,017</b>
<b>Total liabilities</b>		<b>1,707,016,179</b>	<b>2,075,221,997</b>	<b>1,279,281,185</b>	<b>1,619,234,136</b>
<b>Equity</b>					
Share capital					
Authorised share capital	16	238,981,000	238,981,000	238,981,000	238,981,000
Issued and paid-up share capital	16	208,981,000	208,981,000	208,981,000	208,981,000
Additional paid-in capital					
Premium on ordinary shares	17	653,700,000	653,700,000	653,700,000	653,700,000
Retained earnings					
Appropriated					
Legal reserve	17	25,000,000	25,000,000	25,000,000	25,000,000
Unappropriated		4,573,450,662	5,084,729,264	3,631,624,879	4,083,304,165
<b>Total equity</b>		<b>5,461,131,662</b>	<b>5,972,410,264</b>	<b>4,519,305,879</b>	<b>4,970,985,165</b>
<b>Total liabilities and equity</b>		<b>7,168,147,841</b>	<b>8,047,632,261</b>	<b>5,798,587,064</b>	<b>6,590,219,301</b>

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



# STATEMENTS OF COMPREHENSIVE INCOME



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2019 and 2018

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

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

## STATEMENTS OF CHANGES IN EQUITY



Muramot Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2019 and 2018

## Consolidated financial statements

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

(in Baht)

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

# STATEMENTS OF CHANGES IN EQUITY



Muramato Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2019 and 2018

## Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total Equity
				Legal reserve	Unappropriated	
<b>Year ended 30 September 2019</b>						
<b>Balance at 1 October 2018</b>		208,981,000	653,700,000	25,000,000	5,084,729,264	5,972,410,264
<b>Transactions with owners, recorded directly in equity</b>						
<b>Distributions to owners of the parent</b>						
Dividends	25	-	-	-	(271,675,633)	(271,675,633)
<b>Total distributions to owners of the parent</b>		-	-	-	<b>(271,675,633)</b>	<b>(271,675,633)</b>
<b>Comprehensive income (loss) for the year</b>						
Loss		-	-	-	(198,052,393)	(198,052,393)
Other comprehensive income (loss)		-	-	-	(41,550,576)	(41,550,576)
<b>Total comprehensive income (loss) for the year</b>		-	-	-	<b>(239,602,969)</b>	<b>(239,602,969)</b>
<b>Balance at 30 September 2019</b>		208,981,000	653,700,000	25,000,000	4,573,450,662	5,461,131,662

(in Baht)

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

## STATEMENTS OF CHANGES IN EQUITY



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2019 and 2018

## Separate financial statements

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

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

# STATEMENTS OF CHANGES IN EQUITY



Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2019 and 2018

## Separate financial statements

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

(in Baht)



# STATEMENTS OF CASH FLOWS

For the years ended 30 September 2019 and 2018

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

	Note	Consolidated financial statements		Separate financial statements	
		2019 (in Baht)	2018 (in Baht)	2019 (in Baht)	2018 (in Baht)
<b>Cash flows from operating activities</b>					
Profit (loss) for the year		<b>(198,052,393)</b>	152,640,044	<b>(147,574,377)</b>	199,093,944
<i>Adjustments to reconcile profit (loss) to cash receipts</i>					
Tax expense		<b>20,469,786</b>	34,854,893	<b>9,715,094</b>	28,975,113
Depreciation and amortisation		<b>351,069,451</b>	401,014,833	<b>231,347,979</b>	254,041,012
Dividend income	4	-	-	<b>(49,999,667)</b>	(72,899,514)
Finance costs		<b>2,725,660</b>	2,482,496	-	-
Unrealised loss on exchange rate		<b>22,462,311</b>	27,698,381	<b>24,090,716</b>	17,518,219
Allowance for obsolete and decline in value of inventories		<b>17,091,019</b>	8,846,103	<b>14,399,335</b>	8,365,748
Loss on disposal of property, plant and equipment		<b>17,882,894</b>	12,316,708	<b>243,986</b>	2,280,879
Loss on disposal of intangible assets		<b>10,358</b>	-	-	-
Provision for impairment loss on property, plant and equipment	10	-	32,775,380	-	-
Employee benefit expenses	15	<b>111,223,273</b>	26,469,117	<b>96,414,799</b>	20,969,061
		<b>344,882,359</b>	699,097,955	<b>178,637,865</b>	458,344,462
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		<b>283,539,358</b>	71,965,532	<b>376,843,136</b>	68,634,702
Other receivables		<b>32,776,240</b>	(55,424,783)	<b>43,357,276</b>	(48,640,794)
Inventories		<b>95,945,061</b>	(1,360,044)	<b>98,487,449</b>	(40,525,310)
Other non-current assets		<b>2,414,000</b>	(13,000)	<b>2,064,000</b>	(73,000)
Trade accounts payable		<b>(457,440,664)</b>	(56,215,646)	<b>(411,354,927)</b>	(14,531,283)
Other payables		<b>(34,339,150)</b>	30,260,284	<b>(18,469,233)</b>	35,294,028
Employee benefit paid	15	<b>(21,152,729)</b>	(12,306,275)	<b>(14,895,388)</b>	(6,802,458)
Tax paid		<b>(32,388,768)</b>	(21,119,890)	<b>(26,545,857)</b>	(18,218,722)
<b>Net cash from operating activities</b>		<b>214,235,707</b>	<b>654,884,133</b>	<b>228,124,321</b>	<b>433,481,625</b>

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

# STATEMENTS OF CASH FLOWS (Continued)

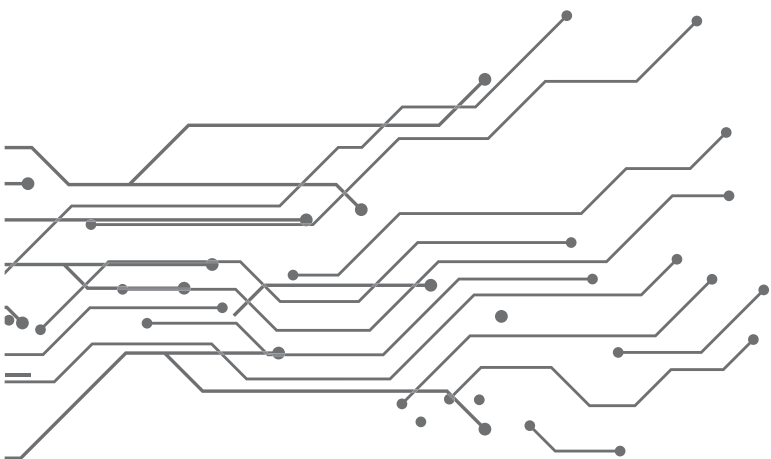


Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

For the years ended 30 September 2019 and 2018

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

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



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

NOTES TO THE FINANCIAL STATEMENTS  
For the years ended 30 September 2019



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# N TEST THE FINANCIAL STATEMENTS

For the years ended 30 September 2019

Muramoto Electron (Thailand) Public Company Limited and its Subsidiary

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 22 November 2019.

## 1. General information

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

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

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

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

## 2. Basis of preparation of the financial statements

### (a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that may have an impact on the Group’s operations are disclosed in note 29.

### (b) Basis of measurement

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

Item	Measurement base
Defined benefit liability	Present value of the defined benefit obligations

### (c) Functional and presentation currency

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

### (d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 September 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in note 15 measurement of defined benefit obligations : key actuarial assumptions.

*Measurement of fair values*

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

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

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 27 financial instruments.

## **. Significant accounting policies**

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

### **(a) Basis of consolidation**

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

*Subsidiary*

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

*Transactions eliminated on consolidation*

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

### **(b) Foreign currencies**

*Foreign currency transactions*

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

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

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

### **(c) Derivatives**

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

## NOTES TO THE FINANCIAL STATEMENTS

### *Forward exchange contracts*

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

### **(d) Cash and cash equivalents**

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

### **(e) Trade and other accounts receivable**

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

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

### **(f) Inventories**

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

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

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

### **(- ) Investments**

#### *Investments in subsidiary*

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

### **(h) Property plant and equipment**

#### *Recognition and measurement*

#### *Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

#### *Leased assets*

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

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

#### *Subsequent costs*

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

*Depreciation*

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

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

Land improvements	10, 20 years
Buildings and structures	4 - 31 years
Machinery and equipment	2 - 20 years
Transportation equipment	5 years
Furniture, fixtures and office equipment	3, 5 years

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

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

**(i) Intangible assets**

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

*Subsequent expenditure*

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

*Amortisation*

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

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

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

**( ) Impairment**

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

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

*Calculation of recoverable amount*

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

*Reversals of impairment*

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

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

## ● NOTES TO THE FINANCIAL STATEMENTS

### ( ) Interest-bearing liabilities

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

### (l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

### (m) Employee benefits

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

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

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

#### *Short-term employee benefits*

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

### (n) Provisions

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

### (o) Share capital

#### *Ordinary shares*

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

### (p) Revenue

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

#### *Sale of goods*

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

#### *Dividend income*

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

#### *Interest income and other income*

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

**(q) Finance costs**

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

**(r) Lease payments**

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

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

*Determining whether an arrangement contains a lease*

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

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

**(s) Income tax**

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

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

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

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

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

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

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

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

**(t) Earnings per share**

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

## NOTES TO THE FINANCIAL STATEMENTS

### (u) Related parties

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

### (v) Segment reporting

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

### Related parties

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

Relationships with related parties were as follows :

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

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

#### Transactions

Sales of goods  
Purchases of goods and fixed assets  
Service fees  
Technical fees  
Interest income  
Dividend income  
Other income

#### Pricing policies

At mutually agreed prices  
At mutually agreed prices  
1% and 0.75% of total sales  
At contractually agreed prices  
At contractually agreed rates  
Upon declaration  
At mutually agreed prices



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

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

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Trade accounts receivable - related parties</b>				
Parent	39,349	163,544	39,349	32,025
Subsidiary	-	-	40	107,947
Other related parties	347,229	316,744	346,078	315,119
<b>Total</b>	<b>386,578</b>	<b>480,288</b>	<b>385,467</b>	<b>455,091</b>
<b>Other receivables - related parties</b>				
Parent	376	2,661	376	2,661
Subsidiary	-	-	331	18
Other related parties	3,116	-	3,116	-
<b>Total</b>	<b>3,492</b>	<b>2,661</b>	<b>3,823</b>	<b>2,679</b>

	Interest rate		Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018	2019	2018
	(% per annum)	(% per annum)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Short-term loan to related party</b>						
Other related party	-	1.65	-	64,473	-	64,473
<b>Total</b>			-	<b>64,473</b>	-	<b>64,473</b>

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

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

On 17 December 2013, the Company entered into a loan agreement with Muramoto Asia Pte Ltd. in which the Company agreed to lend USD 3 million (equivalent to Baht 103 million) to the latter. The loan bears interest at 1.20% per annum, is unsecured and is due on 16 December 2016. At the Board of Directors' meeting held on 25 November 2016, the Board approved the extension of the period of loan to 16 December 2017 and the loan interest rate at 1.65% per annum. At the Board of Directors' meeting held on 24 November 2017, the Board approved the extension USD 2 million due on 16 December 2018 and the loan interest rate at 1.65% per annum. On 14 December 2018, the Company received repayment loan in full amount.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Trade accounts payable - related parties</b>				
Parent	57,592	14,412	57,592	9,464
Subsidiary	-	-	9,626	2,022
Other related parties	-	16,707	-	32
<b>Total</b>	<b>57,592</b>	<b>31,119</b>	<b>67,218</b>	<b>11,518</b>
<b>Other payables - related parties</b>				
Parent	43,252	47,430	41,142	45,282
Other related parties	35	176	35	176
<b>Total</b>	<b>43,287</b>	<b>47,606</b>	<b>41,177</b>	<b>45,458</b>
<b>Other payables for property, plant and equipment - related party</b>				
Parent	4,594	-	4,594	-
<b>Total</b>	<b>4,594</b>	-	<b>4,594</b>	-

**Significant agreements with related parties**

As at 30 September 2019, the parent company has guaranteed USD 6.1 million (equivalent to Baht 187.67 million) and Baht 775 million of credit facilities extended by the financial institutions to the Company (30 September 2018: USD 6.1 million (equivalent to Baht 198.72 million) and Baht 775 million).

### Service agreements

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

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

## 5. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019 (in thousand Baht)	2018 (in thousand Baht)	2019 (in thousand Baht)	2018 (in thousand Baht)
Cash on hand	413	587	183	357
Cash at banks	2,418,287	2,650,602	2,215,340	2,305,592
<b>Total</b>	<b>2,418,700</b>	<b>2,651,189</b>	<b>2,215,523</b>	<b>2,305,949</b>

## 6. Trade accounts receivable

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

Aging analyses for trade accounts receivable were as follows :

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

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

## 7. Other receivables

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

## 8. Inventories

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

## 9. Investment in subsidiary

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

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

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

## 1 . Property plant and equipment

## Consolidated financial statements

	Land (in thousand Baht)	Land improvements (in thousand Baht)	Buildings and structures (in thousand Baht)	Machinery & equipment (in thousand Baht)	Transportation equipment (in thousand Baht)	Furniture, fixtures and office equipment (in thousand Baht)	Construction in progress (in thousand Baht)	Total (in thousand Baht)
<b>Cost</b>								
At 1 October 2017	278,500	41,943	3,415,425	6,458,741	8,459	139,334	34,121	10,376,523
Additions	-	-	4,096	73,749	-	15,968	244,368	338,181
Transfers, net	-	-	25,687	192,492	-	3,907	(222,086)	-
Disposals	-	-	(27,683)	(420,586)	(450)	(36,336)	-	(485,055)
<b>At 30 September 2018 and 1 October 2018</b>	<b>278,500</b>	<b>41,943</b>	<b>3,417,525</b>	<b>6,304,396</b>	<b>8,009</b>	<b>122,873</b>	<b>56,403</b>	<b>10,229,649</b>
Additions	-	-	1,301	169,267	-	4,628	72,900	248,096
Transfers, net	-	-	32,386	50,217	-	54	(82,657)	-
Disposals	-	-	(70,178)	(428,847)	-	(9,751)	-	(508,776)
<b>At 30 September 2019</b>	<b>278,500</b>	<b>41,943</b>	<b>3,381,034</b>	<b>6,095,033</b>	<b>8,009</b>	<b>117,804</b>	<b>46,646</b>	<b>9,968,969</b>
<b>Depreciation and impairment loss</b>								
At 1 October 2017	-	37,135	2,076,316	5,742,683	8,367	122,933	-	7,987,434
Depreciation charge for the year	-	1,209	113,813	267,446	25	10,899	-	393,392
Impairment losses	-	-	-	32,775	-	-	-	32,775
Disposals	-	-	(20,508)	(414,615)	(450)	(36,225)	-	(471,798)
<b>At 30 September 2018 and 1 October 2018</b>	<b>-</b>	<b>38,344</b>	<b>2,169,621</b>	<b>5,628,289</b>	<b>7,942</b>	<b>97,607</b>	<b>-</b>	<b>7,941,803</b>
Depreciation charge for the year	-	914	114,337	215,113	25	12,121	-	342,510
Disposals	-	-	(52,081)	(419,165)	-	(9,433)	-	(480,679)
<b>At 30 September 2019</b>	<b>-</b>	<b>39,258</b>	<b>2,231,877</b>	<b>5,424,237</b>	<b>7,967</b>	<b>100,295</b>	<b>-</b>	<b>7,803,634</b>

1 . Property plant and equipment (Continued)

Consolidated financial statements

	Land (in thousand Baht)	Land improvements (in thousand Baht)	Buildings and structures (in thousand Baht)	Machinery & equipment (in thousand Baht)	Transportation equipment (in thousand Baht)	Furniture, fixtures and office equipment (in thousand Baht)	Construction in progress (in thousand Baht)	Total (in thousand Baht)
<b>Net book value</b>								
<b>At 30 September 2018</b>								
Owned assets	278,500	3,599	1,247,904	546,580	67	25,266	56,403	2,158,319
Assets under finance leases	-	-	-	129,527	-	-	-	129,527
	<b>278,500</b>	<b>3,599</b>	<b>1,247,904</b>	<b>676,107</b>	<b>67</b>	<b>25,266</b>	<b>56,403</b>	<b>2,287,846</b>
<b>At 30 September 2019</b>								
Owned assets	278,500	2,685	1,149,157	495,346	42	17,509	46,646	1,989,885
Assets under finance leases	-	-	-	175,450	-	-	-	175,450
	<b>278,500</b>	<b>2,685</b>	<b>1,149,157</b>	<b>670,796</b>	<b>42</b>	<b>17,509</b>	<b>46,646</b>	<b>2,165,335</b>

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

## 1 . Property plant and equipment (Continued)

## Separate financial statements

	Land (in thousand Baht)	Land improvements (in thousand Baht)	Buildings and structures (in thousand Baht)	Machinery & equipment (in thousand Baht)	Transportation equipment (in thousand Baht)	Furniture, fixtures and office equipment (in thousand Baht)	Construction in progress (in thousand Baht)	Total (in thousand Baht)
<b>Cost</b>								
At 1 October 2017	246,807	41,943	2,299,001	4,339,347	5,067	88,869	22,654	7,043,688
Additions	-	-	3,420	42,889	-	14,355	161,935	222,599
Transfers, net	-	-	15,700	108,941	-	3,545	(128,186)	-
Disposals	-	-	(2,487)	(136,632)	-	(3,904)	-	(143,023)
<b>At 30 September 2018 and 1 October 2018</b>	<b>246,807</b>	<b>41,943</b>	<b>2,315,634</b>	<b>4,354,545</b>	<b>5,067</b>	<b>102,865</b>	<b>56,403</b>	<b>7,123,264</b>
Additions	-	-	-	64,162	-	4,435	71,927	140,524
Transfers, net	-	-	31,413	50,217	-	54	(81,684)	-
Disposals	-	-	(3,302)	(274,547)	-	(5,794)	-	(283,643)
<b>At 30 September 2019</b>	<b>246,807</b>	<b>41,943</b>	<b>2,343,745</b>	<b>4,194,377</b>	<b>5,067</b>	<b>101,560</b>	<b>46,646</b>	<b>6,980,145</b>
<b>Depreciation and impairment loss</b>								
At 1 October 2017	-	37,135	1,437,254	3,863,049	5,017	78,199	-	5,420,654
Depreciation charge for the year	-	1,209	58,302	178,943	14	8,331	-	246,799
Disposals	-	-	(237)	(136,208)	-	(3,892)	-	(140,337)
<b>At 30 September 2018 and 1 October 2018</b>	<b>-</b>	<b>38,344</b>	<b>1,495,319</b>	<b>3,905,784</b>	<b>5,031</b>	<b>82,638</b>	<b>-</b>	<b>5,527,116</b>
Depreciation charge for the year	-	914	59,677	153,147	14	9,618	-	223,370
Disposals	-	-	(2,882)	(273,940)	-	(5,789)	-	(282,611)
<b>At 30 September 2019</b>	<b>-</b>	<b>39,258</b>	<b>1,552,114</b>	<b>3,784,991</b>	<b>5,045</b>	<b>86,467</b>	<b>-</b>	<b>5,467,875</b>
<b>Net book value</b>								
At 30 September 2018	246,807	3,599	820,315	448,761	36	20,227	56,403	1,596,148
At 30 September 2019	246,807	2,685	791,631	409,386	22	15,093	46,646	1,512,270

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

## 11. eferred tax

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

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

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

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

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



## 11. eferred tax (Continued)

## Consolidated financial statements

(Charged) / Credited to :

	At 1 October 2017 (in thousand Baht)	Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income (in thousand Baht)	At 30 September 2018 (in thousand Baht)
<b>Deferred tax assets</b>				
Inventories	4,021	1,768	-	5,789
Accrued termination benefits	-	2,523	-	2,523
Finance lease liabilities	254	(254)	-	-
Non-current provisions for employee benefits	51,747	3,255	(1,524)	53,478
<b>Total</b>	<b>56,022</b>	<b>7,292</b>	<b>(1,524)</b>	<b>61,790</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(19,874)	(1,197)	-	(21,071)
Finance lease liabilities	-	(98)	-	(98)
<b>Total</b>	<b>(19,874)</b>	<b>(1,295)</b>	<b>-</b>	<b>(21,169)</b>
<b>Net</b>	<b>36,148</b>	<b>5,997</b>	<b>(1,524)</b>	<b>40,621</b>

## Separate financial statements

(Charged) / Credited to :

	At 1 October 2018 (in thousand Baht)	Profit or loss (Note 22) (in thousand Baht)	Other comprehensive income (in thousand Baht)	At 30 September 2019 (in thousand Baht)
<b>Deferred tax assets</b>				
Inventories	5,693	-	-	5,693
Non-current provisions for employee benefits	45,752	(2,979)	-	42,773
<b>Total</b>	<b>51,445</b>	<b>(2,979)</b>	<b>-</b>	<b>48,466</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(32,713)	(6,736)	-	(39,449)
<b>Total</b>	<b>(32,713)</b>	<b>(6,736)</b>	<b>-</b>	<b>(39,449)</b>
<b>Net</b>	<b>18,732</b>	<b>(9,715)</b>	<b>-</b>	<b>9,017</b>

## Separate financial statements

(Charged) / Credited to :

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

## 12. Interest-bearing liabilities

### Finance lease liabilities

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

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

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

## 13. Trade accounts payable

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

## 1. Other payables

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

## 15. Non-current provisions for employee benefits

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

### Defined benefit plan

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

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

Movement in the present value of the defined benefit obligation.

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

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

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the year of 2019. As a result of this change, the provision for retirement benefits as at 30 September 2019 as well as past service cost recognised during the year then ended in the consolidated and separate financial statements increased by an amount of Baht 83.4 million and Baht 73.3 million, respectively.

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

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

### Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2019 %	2018 %	2019 %	2018 %
Discount rate	1.5, 1.6	2.8, 3.0	1.5	2.8
Future salary growth	3.0, 5.0	2.4 - 5.0	5.0	5.0
Employee turnover	0 - 20.0	0 - 20.0	0 - 20.0	0 - 20.0

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

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

At 30 September 2019, the weighted-average duration of the defined benefit obligation were during 10 to 13 years (2018: 10 to 16 years).

### Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht) Increase	(in thousand Baht) Decrease	(in thousand Baht) Increase	(in thousand Baht) Decrease
<b>30 September 2019</b>				
Discount rate (0.5% movement)	(18,203)	19,593	(15,067)	16,217
Future salary growth (0.5% movement)	18,726	(17,578)	15,119	(14,205)
Employee turnover (0.5% movement)	(18,508)	11,240	(14,959)	8,912
<b>30 September 2018</b>				
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(13,787)	14,395	(10,761)	11,579
Future salary growth (0.5% movement)	13,955	(13,099)	10,861	(10,203)
Employee turnover (0.5% movement)	(14,021)	8,539	(10,744)	6,403

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

## 16. Share capital

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

## 17. Additional paid-in capital and reserves

### Share premium

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

### Legal reserve

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

## 1 . Segment information

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

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

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

### Information about reportable segments

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

## 1 . Segment information (Continued)

### Reconciliation of reportable segment assets and liabilities

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

### Geographical information

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

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

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

### Major customer

Revenues from three customers of the Group's Electronic parts for automotive, Electronic parts for office automation and other electronic parts segments represents approximately Baht 7,484 million (2018: Baht 8,315 million) of the Group's total revenues.

## 1 . Other income

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

## 2 . Employee benefit expenses

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

### Defined contribution plans

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

## 21 . Expenses by nature

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

### Included in cost of sales of goods :

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

### Included in distribution costs :

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



## 21. Expenses by nature (Continued)

Included in administrative expenses :

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Employee benefit expenses	132,028	140,521	101,435	97,903
IT expenses	38,842	63,412	38,842	63,412
Impairment loss	-	32,775	-	-
Depreciation and amortisation	11,276	10,208	6,914	8,062
Professional fee	8,399	11,933	5,383	10,516
Travelling	1,756	1,802	86	454
Others	167,298	162,909	137,697	143,894
<b>Total</b>	<b>359,599</b>	<b>423,560</b>	<b>290,357</b>	<b>324,241</b>

## 22. Income tax expense

Income tax recognised in profit or loss

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

Income tax recognised in other comprehensive income

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

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

## 22. Income tax expense (Continued)

### Reconciliation of effective tax rate

	Consolidated financial statements			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(177,583)		187,495
Income tax using the Thai corporation tax rate	20	(35,517)	20	37,499
Expenses additionally deductible for tax purposes		(6,463)		(9,046)
Expenses not deductible for tax purposes and others		7,038		6,402
Temporary difference which no deferred tax was recognised		25,433		-
Current year losses for which no deferred tax asset was recognised		29,979		-
<b>Total</b>	-	<b>20,470</b>	<b>19</b>	<b>34,855</b>

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

## 2 . Promotional privileges

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

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

## 2 . Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 30 September 2019 and 2018 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows :

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht /thousand shares)	(in thousand Baht /thousand shares)	(in thousand Baht /thousand shares)	(in thousand Baht /thousand shares)
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b>(198,052)</b>	<b>152,640</b>	<b>(147,574)</b>	<b>199,094</b>
<b>Number of ordinary shares outstanding</b>	<b>20,898</b>	<b>20,898</b>	<b>20,898</b>	<b>20,898</b>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<b>(9.48)</b>	<b>7.30</b>	<b>(7.06)</b>	<b>9.53</b>

## 25. Dividends

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

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

## 26. Supplemental disclosures of cash flows information

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

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

## 27. Financial instruments

### Financial risk management policies

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

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

### Capital management

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

### Foreign currency risk

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

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

## 27. Financial instruments (Continued)

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

### Credit risk

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

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

### Liquidity risk

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

### Carrying amount and fair values

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

### Financial instruments not measured at fair value

	Consolidated financial statements	
	Carrying amount	Fair value
	(in thousand Baht)	Level 3 (in thousand Baht)
<b>30 September 2019</b>		
Finance lease liabilities	(142,592)	(145,082)
<b>30 September 2018</b>		
Finance lease liabilities	(120,060)	(119,519)
Foreign currency forward contract	-	241,773

## 27. Financial instruments (Continued)

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

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

## 28. Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Capital commitments</b>				
Contracted but not provided for buildings, machine and other constructions	22,323	56,127	22,323	56,127
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	17,469	14,520	12,802	10,020
After one year but within five years	22,992	21,715	19,938	18,083
<b>Total</b>	<b>40,461</b>	<b>36,235</b>	<b>32,740</b>	<b>28,103</b>
<b>Other commitments</b>				
Bank guarantees	31,310	32,632	31,310	32,632

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

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

## 29. Thai financial reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2019 are as follows:

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

\*TFRS - Financial instruments standards

## ● NOTES TO THE FINANCIAL STATEMENTS

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

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

### **(b) TFRS 16 Leases**

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

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

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

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

# CERTIFICATE



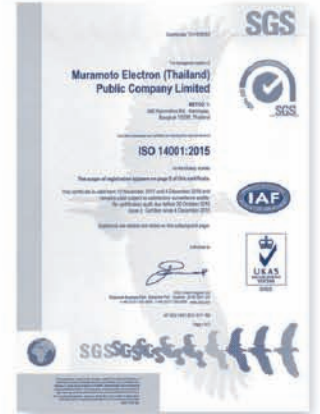
ISO 9001/2015  
Certificate SGS TH06/2775



ISO 9001/2015  
Certificate SGS TH15/8445



ISO 9001/2015  
Certificate SGS TH15/8458



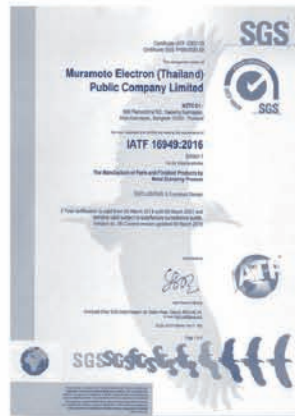
ISO 14001/2015  
Certificate SGS TH15/9055



IATF 16949/2016  
Certificate SGS TH06/2833.01



IATF 16949/2016  
Certificate SGS TH06/2833.02



IATF 16949/2016  
Certificate SGS TH06/2833.03



OHSAS 18001/2007  
Certificate SGS TH17/10431



Green Industry Level 4



3Rs Award



CSR-DIW Continuous Award 2019

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MURAMOTO ELECTRON (THAILAND) PUBLIC COMPANY LIMITED  
WEBSITE MURAMOTO : <http://metco.co.th>



**METCO1**

886 RAMINTRA Rd., KWANG KANNAYAO,  
KHET KANNAYAO, BANGKOK 10230  
TEL. 02-518-1280 FAX. 02-518-1287



**METCO2**

1 MU 6 BANGNA-TRAD Rd., KM.25, TAMBON BANGSAOWTHONG,  
AMPHUR BANGSAOWTHONG, SAMUTPRAKARN 10570  
TEL. 02-338-1535 FAX. 02-338-1539,1949



**METCO3**

99/7 MU 3 BANGNA-TRAD Rd., KM.23, TAMBON BANGSAOWTHONG,  
AMPHUR BANGSAOWTHONG, SAMUTPRAKARN 10570  
TEL. 02-397-9220-30 FAX. 02-397-9232