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EY OFFICE LIMITED  
AFTER HAVING  
THE FINANCIAL STATEMENTS SIGNED

## Independent Auditor's Report

To the Shareholders of SMR Automotive System (Thailand) Limited

### Opinion

I have audited the accompanying financial statements of SMR Automotive System (Thailand) Limited (the Company), which comprise the statement of financial position as at 31 March 2019, and the related statements of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMR Automotive System (Thailand) Limited as at 31 March 2019 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

### Basis for Opinion

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

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management 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 am responsible for the audit resulting in this independent auditor's report.



Supanee Triyanantakul

Certified Public Accountant (Thailand) No. 4498

EY Office Limited

Bangkok: 15 May 2019

**SMR Automotive System (Thailand) Limited**

**Statement of financial position**

**As at 31 March 2019**

		(Unit: Baht)	
	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,182,416	22,586,870
Trade and other receivables	5	43,035,221	58,301,256
Inventories	6	77,323,715	52,629,243
Value added tax receivables		18,911,580	18,852,478
Other current assets		772,718	1,787,598
<b>Total current assets</b>		<u>142,225,650</u>	<u>154,157,445</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	263,981,475	277,345,526
Intangible assets	8	703,784	606,886
Other non-current assets		62,000	62,000
<b>Total non-current assets</b>		<u>264,747,259</u>	<u>278,014,412</u>
<b>Total assets</b>		<u><u>406,972,909</u></u>	<u><u>432,171,857</u></u>

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



*Bojot Kan* *Bhanting*

**SMR Automotive System (Thailand) Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2019**

(Unit: Baht)

	Note	2019	2018
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts	9	34,913,321	69,516,973
Trade and other payables	10	91,589,150	91,985,505
Provision for warranties	11	29,469,373	28,364,771
Other current liabilities		2,338,879	858,529
<b>Total current liabilities</b>		<b>158,310,723</b>	<b>190,725,778</b>
<b>Non-current liabilities</b>			
Provision for long-term employee benefits	12	17,278,504	11,695,761
<b>Total non-current liabilities</b>		<b>17,278,504</b>	<b>11,695,761</b>
<b>Total liabilities</b>		<b>175,589,227</b>	<b>202,421,539</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
53,000,000 ordinary shares of Baht 10 each		530,000,000	530,000,000
Issued and paid-up			
33,000,000 ordinary shares of Baht 10 each, fully paid-up		330,000,000	330,000,000
20,000,000 ordinary shares of Baht 10 each, 71.2% paid-up		142,400,000	142,400,000
Deficits		(241,016,318)	(242,649,682)
<b>Total shareholders' equity</b>		<b>231,383,682</b>	<b>229,750,318</b>
<b>Total liabilities and shareholders' equity</b>		<b>406,972,909</b>	<b>432,171,857</b>

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

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*Bayit Sri*

Directors

.....

*Shanting*



**SMR Automotive System (Thailand) Limited**

**Income statement**

**For the year ended 31 March 2019**

	(Unit: Baht)	
	2019	2018
Sales	522,457,319	468,798,722
Sales of tooling	7,455,617	1,675,955
Cost of sales	(466,541,552)	(428,710,644)
Cost of tooling	<u>(6,836,900)</u>	<u>(1,198,000)</u>
<b>Gross profit</b>	56,534,484	40,566,033
Value added tax refund	23,868,542	-
Other income	<u>8,764,802</u>	<u>6,394,394</u>
<b>Profit before expenses</b>	<u>89,167,828</u>	<u>46,960,427</u>
Selling expenses	4,853,533	1,332,400
Administrative expenses	74,426,204	55,239,583
Loss on exchange	<u>5,662,412</u>	<u>4,374,856</u>
<b>Total expenses</b>	<u>84,942,149</u>	<u>60,946,839</u>
<b>Profit (loss) before finance cost</b>	4,225,679	(13,986,412)
Finance cost	<u>(2,592,315)</u>	<u>(2,424,637)</u>
<b>Net profit (loss) for the year</b>	<u><u>1,633,364</u></u>	<u><u>(16,411,049)</u></u>

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



*Regat Lavin*  
*Thantong*

**SMR Automotive System (Thailand) Limited**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 March 2019**

(Unit: Baht)

	Issued and paid-up share capital	Deficits	Total
<b>Balance as at 1 April 2017</b>	472,400,000	(226,238,633)	246,161,367
Net loss for the year	-	(16,411,049)	(16,411,049)
<b>Balance as at 31 March 2018</b>	<u>472,400,000</u>	<u>(242,649,682)</u>	<u>229,750,318</u>
<b>Balance as at 1 April 2018</b>	472,400,000	(242,649,682)	229,750,318
Net profit for the year	-	1,633,364	1,633,364
<b>Balance as at 31 March 2019</b>	<u>472,400,000</u>	<u>(241,016,318)</u>	<u>231,383,682</u>

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



*Rajat Lani*  
*Ranjit Singh*

## SMR Automotive System (Thailand) Limited

### Notes to financial statements

For the year ended 31 March 2019

#### 1. General information

SMR Automotive System (Thailand) Limited (“the Company”) is a limited company incorporated on 16 November 2010 and domiciled in Thailand. Its parent company is SMR Automotive Technology Holding Cyprus Ltd., which was incorporated in Cyprus. The parent company of the Group is Motherson Sumi Systems Limited. The Company is principally engaged in the manufacture and distribution of mirror plates for passenger cars. The registered office of the Company is at 500/49 Moo 3 Hemaraj Eastern Seaboard Industrial Estate, Tasith, Pluakdaeng, Rayong Province.

#### 2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 3. Significant accounting policies

##### 3.1 Revenue recognition

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.



*Regat Law* *Bhanting*



### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 3.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 3.4 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by First-in First-out method.

### 3.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Buildings	-	20 years
Building improvement	-	5 years
Machinery and factory equipment	-	3 -10 years
Testing equipment	-	5 years
Furniture and fixtures	-	5 years
Office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

### 3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred.



*Payit Law* *Bhanting*

### 3.7 Intangible assets

Intangible assets are stated at cost less any accumulated amortisation and allowance for diminution in value (if any).

Intangible assets are amortised as expenses in the income statements on a straight-line basis over the economic useful life. Computer software is amortised not exceeding a period of 5 years.

### 3.8 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, which interest element is charged to the income statements over the lease period.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### 3.9 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

### 3.10 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.



*Regat Lavi Bheethy*

For provision for warranties, the Company recognises the estimated liability to repair or replace products still under warranty at the year end date. The provision for warranty is calculated based on past history of the level of repairs and replacements.

### 3.11 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### 4. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

### 5. Trade and other receivables

	(Unit: Baht)	
	2019	2018
Trade receivable - third parties	20,696,161	12,058,858
Trade receivable - related companies	20,764,071	44,862,558
Other receivable - related companies	473,190	247,363
Prepaid expenses	448,586	399,712
Advance payments	101,263	276,457
Others	551,950	456,308
<b>Total</b>	<b>43,035,221</b>	<b>58,301,256</b>



*Report done* *Shanting*

## 6. Inventories

(Unit: Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	41,255,400	31,665,009	(169,420)	(652,980)	41,085,980	31,012,029
Work in process	3,975,731	3,317,845	(139,305)	(60,526)	3,836,426	3,257,319
Raw materials	18,155,458	15,243,168	(1,487,819)	(1,487,251)	16,667,639	13,755,917
Goods in transit	8,177,349	656,978	-	-	8,177,349	656,978
Tooling	7,556,321	3,947,000	-	-	7,556,321	3,947,000
<b>Total</b>	<b>79,120,259</b>	<b>54,830,000</b>	<b>(1,796,544)</b>	<b>(2,220,757)</b>	<b>77,323,715</b>	<b>52,629,243</b>

During the current year, the Company reduced cost of inventories by Baht 1,020,863 to reflect the net realisable value. In addition, the Company reversed the write-down of cost of inventories by Baht 1,445,076 (2018: the Company reduced cost of inventories by Baht 794,058 to reflect the net realisable value and reversed the write-down of cost of inventories by Baht 1,935,949).



*Regist. Law Bhudhng*

## 7. Property, plant and equipment

	Land	Building and building improvement	Machinery and factory equipment	Testing equipment	Furniture and fixture	Office equipment	Motor vehicles	Assets under installation	Total
(Unit: Baht)									
<b>Cost</b>									
1 April 2017	68,574,325	109,834,639	146,552,668	5,448,402	2,019,100	5,945,200	1,614,694	23,269,767	363,258,795
Additions	-	197,474	25,264,144	1,984,420	689,551	931,393	950,000	1,396,538	31,413,520
Disposals /Write-off	-	-	(1,297,833)	-	-	-	-	-	(1,297,833)
Transfers in/out	-	-	22,958,590	311,177	-	-	-	(23,269,767)	-
31 March 2018	68,574,325	110,032,113	193,477,569	7,743,999	2,708,651	6,876,593	2,564,694	1,396,538	393,374,482
Additions	-	1,707,702	9,369,930	40,000	328,922	732,952	-	2,243,307	14,422,813
Disposals /Write-off	-	-	(461,980)	-	-	-	-	-	(461,980)
Transfers in/out	-	-	1,090,800	305,738	-	-	-	(1,396,538)	-
31 March 2019	68,574,325	111,739,815	203,476,319	8,089,737	3,037,573	7,609,545	2,564,694	2,243,307	407,335,315
<b>Accumulated depreciation</b>									
1 April 2017	-	27,498,003	53,054,028	4,348,974	1,593,520	3,860,253	1,270,676	-	91,625,454
Disposals /Write-off	-	-	(716,738)	-	-	-	-	-	(716,738)
Depreciation for the year	-	5,627,920	17,197,041	855,011	312,753	923,151	204,364	-	25,120,240
31 March 2018	-	33,125,923	69,534,331	5,203,985	1,906,273	4,783,404	1,475,040	-	116,028,956
Disposals /Write-off	-	-	(8,101)	-	-	-	-	-	(8,101)
Depreciation for the year	-	5,899,414	19,147,980	860,332	263,989	825,270	336,000	-	27,332,985
31 March 2019	-	39,025,337	88,674,210	6,064,317	2,170,262	5,608,674	1,811,040	-	143,353,840
<b>Net book value</b>									
31 March 2018	68,574,325	76,906,190	123,943,238	2,540,014	802,378	2,093,189	1,089,654	1,396,538	277,343,526
31 March 2019	68,574,325	72,714,478	114,802,109	2,025,420	867,311	2,000,871	753,654	2,243,307	263,981,475



*Banrot King Bojjet Anai*

## 8. Intangible assets

	(Unit: Baht)	
	2019	2018
Computer software - cost	1,830,345	1,588,890
Less: Accumulated amortisation	(1,126,561)	(982,004)
Net book value	703,784	606,886
	2019	2018
Net book value at beginning year	606,886	223,982
Additions	241,455	532,550
Amortisation	(144,557)	(149,646)
Net book value at end of year	703,784	606,886

## 9. Bank overdrafts

As at 31 March 2019, the bank overdrafts carry interest at the rate of 3.00% per annum (2018: 4.25% per annum). The bank overdrafts from a financial institution were guaranteed by Samvardhana Moterson Automotive Systems Group B.V.

As at 31 March 2019, the Company has unused bank overdrafts credit facility amounting to Baht 65.09 million (2018: Baht 30.48 million).

## 10. Trade and other payables

	(Unit: Baht)	
	2019	2018
Trade payables - third parties	46,018,639	68,868,179
Trade payables - related companies	22,932,302	13,082,628
Other payables - third parties	5,185,032	4,912,605
Other payables - related companies	3,436,125	2,545,286
Advance received from customers	10,631,246	-
Accrued expenses	3,385,806	2,576,807
Total	91,589,150	91,985,505



*Rajat Lani* *Shashy*

## 11. Provision for warranties

	(Unit: Baht)
As at 1 April 2017	36,830,896
Increased during the year	3,512,191
Paid during the year	<u>(11,466,905)</u>
As at 31 March 2018	28,364,771
Increase during the year	1,140,795
Paid during the year	<u>(36,193)</u>
As at 31 March 2019	<u>29,469,373</u>

## 12. Provision for long-term employee benefits

	(Unit: Baht)
As at 1 April 2017	8,267,621
Increased during the year	<u>3,428,140</u>
As at 31 March 2018	11,695,761
Increased during the year	<u>5,582,743</u>
As at 31 March 2019	<u>17,278,504</u>

The provisions represent the Company's obligations payable to its employees when they reach a retirement age. They are determined based on the employee's age, length of employment services and salary increase rate, among other things.

## 13. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacturing of mirror, pursuant to the promotion certificate No. 1234(2)/2554 issued on 25 February 2011 and for the manufacturing of automotive parts and PRINTED CIRCUIT BOARD, pursuant to the promotion certificate No. 1164(2)/2557 issued on 6 February 2014. Subject to certain imposed conditions, the privileges include the exemption from import duty on approved machinery, the exemption for import duty on approved raw materials and the exemption from corporate income tax for the promoted activities not in excess of 100% of investments excluding land cost and working capital for a period of 8 years from the date of commencement of earning revenue.



*Rajat Kumar*



## 14. Commitments and contingent liabilities

### 14.1 Capital commitments

As at 31 March 2019, the Company had outstanding capital commitments of approximately Baht 10.19 million (2018: Baht 3.88 million), relating to the acquisition of machinery and factory equipment.

### 14.2 Operating lease commitments

The Company has entered into several lease agreements in respect of car, and office equipment rental. The terms of the agreements are generally between 1-5 years.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

(Unit: Million Baht)

	As at 31 March	
	2019	2018
Payable:		
in up to 1 year	0.61	0.76
In over 1 and up to 5 years	1.06	0.70
	<u>1.67</u>	<u>1.46</u>

### 14.3 Guarantees

As at 31 March 2019, there were outstanding bank guarantees of approximately Baht 1.38 million issued by a financial institution on behalf of the Company in respect of electricity usages (2018: Baht 1.08 million).

## 15. Approval of financial statements

These financial statements were authorised for issue by authorised directors of the Company on 15 May 2019.



*Bojet Lan*

*Bhanting*