

SMR Automotive System (Thailand) Limited
Report and financial statements
31 March 2021

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 2021, 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 2021 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.

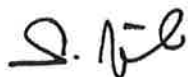
As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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: 17 May 2021

SMR Automotive System (Thailand) Limited

Statement of financial position

As at 31 March 2021

			(Unit: Baht)
	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents		33,478,301	3,320,060
Trade and other receivables	5	96,648,870	81,470,526
Inventories	6	126,284,652	109,605,233
Value added tax receivables		12,260,995	11,163,545
Other current assets		418,613	288,035
Total current assets		269,091,431	205,847,399
Non-current assets			
Property, plant and equipment	7	245,766,841	259,127,763
Intangible assets	8	983,577	915,324
Other non-current assets		96,000	48,000
Total non-current assets		246,846,418	260,091,087
Total assets		515,937,849	465,938,486

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



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SMR Automotive System (Thailand) Limited
Statement of financial position (continued)
As at 31 March 2021

			(Unit: Baht)
	Note	2021	2020
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts	9	-	87,116
Trade and other payables	10	170,320,430	126,393,013
Short-term loan from related party	11	40,000,000	60,000,000
Provision for warranties	12	29,581,740	28,660,496
Other current liabilities		1,730,230	910,036
Total current liabilities		241,632,400	216,050,661
Non-current liabilities			
Provision for long-term employee benefits	13	24,905,430	19,935,990
Other non current liabilities		803,560	803,560
Total non-current liabilities		25,708,990	20,739,550
Total liabilities		267,341,390	236,790,211
Shareholders' equity			
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		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		(223,803,541)	(243,251,725)
Total shareholders' equity		248,596,459	229,148,275
Total liabilities and shareholders' equity		515,937,849	465,938,486

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

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Directors



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SMR Automotive System (Thailand) Limited

Income statement

For the year ended 31 March 2021

		(Unit: Baht)	
	Note	2021	2020
Sales	14	577,460,655	489,942,407
Sales of tooling	14	10,560,434	17,016,6
Cost of sales		(486,225,726)	(437,744,418)
Cost of tooling		(8,754,667)	(13,130,903)
Gross profit		93,040,696	56,083,737
Insurance claims from insurer		-	13,239,893
Other income		5,353,527	8,288,533
Profit before expenses		98,394,223	77,612,163
Selling expenses		5,525,301	4,212,221
Administrative expenses		67,963,814	67,275,647
Loss on exchange		3,895,771	6,554,041
Total expenses		77,384,886	78,041,909
Profit (loss) before finance cost		21,009,337	(429,746)
Finance cost		(1,561,153)	(1,805,661)
Net profit (loss) for the year		19,448,184	(2,235,407)

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



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SMR Automotive System (Thailand) Limited
Statement of changes in shareholders' equity
For the year ended 31 March 2021

(Unit: Baht)

	Issued and paid-up share capital	Deficits	Total
Balance as at 1 April 2019	472,400,000	(241,016,318)	231,383,682
Net loss for the year	-	(2,235,407)	(2,235,407)
Balance as at 31 March 2020	<u>472,400,000</u>	<u>(243,251,725)</u>	<u>229,148,275</u>
Balance as at 1 April 2020	472,400,000	(243,251,725)	229,148,275
Net profit for the year	-	19,448,184	19,448,184
Balance as at 31 March 2021	<u>472,400,000</u>	<u>(223,803,541)</u>	<u>248,596,459</u>

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



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SMR Automotive System (Thailand) Limited

Notes to financial statements

For the year ended 31 March 2021

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, 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.



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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	4 - 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.



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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 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.

For provision for warranties, the Company recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. 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.



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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)	
	2021	2020
Trade receivables - unrelated companies	15,213,166	19,024,528
Trade receivables - related companies	76,031,805	61,058,802
Other receivables - unrelated companies	536,101	431,539
Other receivables - related companies	4,381,981	522,908
Prepaid expenses	485,817	432,749
Total	96,648,870	81,470,526

6. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2021	2020	2021	2020	2021	2020
Finished goods	82,406,249	61,238,388	(917,351)	(203,160)	81,488,898	61,035,228
Work in process	6,692,309	6,317,171	(107,483)	(49,165)	6,584,826	6,268,006
Raw materials	24,570,993	30,519,851	(4,697,181)	(2,303,564)	19,873,812	28,216,287
Goods in transit	1,352,567	1,398,338	-	-	1,352,567	1,398,338
Tooling	16,984,549	12,687,374	-	-	16,984,549	12,687,374
Total	132,006,667	112,161,122	(5,722,015)	(2,555,889)	126,284,652	109,605,233

During the current year, the Company reduced cost of inventories by Baht 3,601,297 (2020: Baht 1,894,250), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 435,171 (2020: Baht 1,134,905), and reduced the amount of inventories recognised as expenses during the year.



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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)									
Cost									
1 April 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
Additions	-	-	19,185,470	1,519,262	19,290	523,900	-	2,594,132	23,842,054
Transfers in (out)	-	-	2,243,307	-	-	-	-	(2,243,307)	-
31 March 2020	68,574,325	111,739,815	224,905,096	9,608,999	3,056,863	8,133,445	2,564,694	2,594,132	431,177,369
Additions	-	-	10,841,996	350,000	-	363,511	-	7,275,104	18,830,611
Transfers in (out)	-	-	1,594,276	-	-	-	-	(1,594,276)	-
31 March 2021	68,574,325	111,739,815	237,341,368	9,958,999	3,056,863	8,496,956	2,564,694	8,274,960	450,007,980
Accumulated depreciation									
1 April 2019	-	39,025,337	88,674,210	6,064,317	2,170,262	5,608,674	1,811,040	-	143,353,840
Depreciation for the year	-	5,888,372	20,864,809	737,462	256,378	740,624	208,121	-	28,695,766
31 March 2020	-	44,913,709	109,539,019	6,801,779	2,426,640	6,349,298	2,019,161	-	172,049,606
Depreciation for the year	-	5,834,659	24,331,723	886,426	245,342	703,384	189,999	-	32,191,533
31 March 2021	-	50,748,368	133,870,742	7,688,205	2,671,982	7,052,682	2,209,160	-	204,241,139
Net book value									
31 March 2020	68,574,325	66,826,106	115,366,077	2,807,220	630,223	1,784,147	545,533	2,594,132	259,127,763
31 March 2021	68,574,325	60,991,447	103,470,626	2,270,794	384,882	1,444,274	355,534	8,274,960	245,766,841



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8. Intangible assets

	(Unit: Baht)	
	2021	2020
Computer software - cost	2,382,686	2,178,508
Less: Accumulated amortisation	(1,399,109)	(1,263,184)
Net book value	983,577	915,324
	2021	2020
Net book value at beginning year	915,324	703,784
Additions	204,177	348,163
Amortisation	(135,924)	(136,623)
Net book value at end of year	983,577	915,324

9. Bank overdrafts

As at 31 March 2020, the bank overdrafts carry interest at the rate of 2.75% per annum. The bank overdrafts from a financial institution were guaranteed by Samvardhana Motherson Automotive Systems Group B.V.

As at 31 March 2021, the Company has unused bank overdrafts credit facility amounting to Baht 100 million (2020: Baht 99.91 million).

10. Trade and other payables

	(Unit: Baht)	
	2021	2020
Trade payables - unrelated companies	87,649,092	68,992,550
Trade payables - related companies	19,097,826	8,723,447
Other payables - unrelated companies	26,841,216	25,579,135
Other payables - related companies	3,927,006	9,392,011
Advance received from customers	24,492,855	8,196,376
Accrued expenses	8,312,435	5,509,494
Total	170,320,430	126,393,013



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11. Short-term loan from related party

(Unit: Baht)

	Interest rate		2021	2020
	2021	2020		
	(% per annum) (% per annum)			
SMRC Automotive Smart Interior				
Tech (Thailand) Ltd	1.67	1.67	40,000,000	60,000,000

As at 31 March 2021, the Company has short-term loan from a related party for its working capital. Full or partial settlement of this short-term loan is to be made together with all accrued interest no later than 90 days after each drawdown.

12. Provision for warranties

(Unit: Baht)

As at 1 April 2019	29,469,373
Increased during the year	460,000
Paid during the year	(1,268,877)
As at 31 March 2020	28,660,496
Increased during the year	921,244
As at 31 March 2021	29,581,740

13. Provision for long-term employee benefits

(Unit: Baht)

As at 1 April 2019	17,278,504
Increased during the year	2,657,486
As at 31 March 2020	19,935,990
Increased during the year	4,969,440
As at 31 March 2021	24,905,430

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.



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14. 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.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales						
Domestic sales	48,553,639	90,645,292	27,601,287	-	76,154,926	90,645,292
Export sales	<u>450,112,675</u>	<u>399,297,115</u>	<u>61,753,488</u>	<u>17,016,643</u>	<u>511,866,163</u>	<u>416,313,758</u>
Total sales	<u>498,666,314</u>	<u>489,942,407</u>	<u>89,354,775</u>	<u>17,016,643</u>	<u>588,021,089</u>	<u>506,959,050</u>

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2021, the Company had outstanding capital commitments of approximately Baht 1.73 million (2020: Baht 0.19 million), relating to the acquisition of machinery and factory equipment.

15.2 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 to 5 years.



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

(Unit: Million Baht)		
As at 31 March		
	2021	2020
Payable:		
in up to 1 year	0.59	0.61
In over 1 and up to 5 years	0.49	0.95
	1.08	1.56

15.3 Guarantees

As at 31 March 2021, 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 (2020: Baht 1.38 million).

15.4 Financial derivatives

Foreign exchange contracts outstanding are summarised below.

As at 31 March 2021					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
Euro	-	6.0	-	36.35 - 36.56	28 April 2021 - 8 June 2021

As at 31 March 2020					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
Euro	-	2.4	-	35.62 - 36.01	27 April 2020 - 25 March 2021

As at 31 March 2021, the Company had unrealised loss on exchange from foreign exchange contracts amounting to Baht 2.07 million (2020: Baht 0.90 million).



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16. Reclassification

Certain account in the financial statements as at 31 March 2020 have been reclassified to conform to the current year's classification with no effect to previously reported net profit or shareholders' equity.

The reclassifications are as follows:

	(Unit: Thousand Baht)	
	As reclassified	As previously reported
Other current liabilities	-	803,560
Other non-current liabilities	803,560	-

17. Approval of financial statements

These financial statements were authorised for issue by authorised directors of the Company on 17 May 2021.



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