

MSSL WH System (Thailand) Limited
Report and financial statements
31 March 2022

Independent Auditor's Report

To the Shareholders of MSSL WH System (Thailand) Limited

Opinion

I have audited the accompanying financial statements of MSSL WH System (Thailand) Limited (the Company), which comprise the statement of financial position as at 31 March 2022, 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 MSSL WH System (Thailand) Limited as at 31 March 2022 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: 21 July 2022

MSSL WH System (Thailand) Limited**Statement of financial position****As at 31 March 2022**

			(Unit: Baht)
	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Assets			
Current assets			
Cash and cash equivalents	5	19,357,819	55,461,360
Trade and other receivables	6	219,167,080	125,477,382
Inventories	7	306,564,479	173,944,768
Value added tax receivables		971,256	18,298,417
Other current assets		4,299,012	3,544,537
Total current assets		<u>550,359,646</u>	<u>376,726,464</u>
Non-current assets			
Restricted bank deposits	5	1,001,000	1,001,000
Building leasehold improvement and equipment	8	175,942,300	174,850,696
Deposits		1,267,560	1,302,560
Total non-current assets		<u>178,210,860</u>	<u>177,154,256</u>
Total assets		<u>728,570,506</u>	<u>553,880,720</u>

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

MSSL WH System (Thailand) Limited
Statement of financial position (continued)
As at 31 March 2022

			(Unit: Baht)
	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	9	55,000,000	80,000,000
Trade and other payables	10	126,568,013	90,830,346
Current portion of long-term loans	11	40,000,000	40,000,000
Income tax payable		5,038,220	-
Other current liabilities		1,320,138	1,254,637
Total current liabilities		<u>227,926,371</u>	<u>212,084,983</u>
Non-current liabilities			
Long-term loans - net of current portion	11	30,000,000	70,000,000
Long-term loans from related companies			
- net of current portion	12	50,955,300	49,005,200
Provision for long-term employee benefits	13	7,816,081	6,326,119
Total non-current liabilities		<u>88,771,381</u>	<u>125,331,319</u>
Total liabilities		<u>316,697,752</u>	<u>337,416,302</u>

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

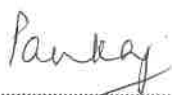
MSSL WH System (Thailand) Limited

Statement of financial position (continued)

As at 31 March 2022

	(Unit: Baht)	
	<u>2022</u>	<u>2021</u>
Shareholders' equity		
Share capital		
Registered		
15,000,000 ordinary shares of Baht 10 each	150,000,000	150,000,000
Issued and fully paid		
15,000,000 ordinary shares of Baht 10 each	150,000,000	150,000,000
Retained earnings - unappropriated	261,872,754	66,464,418
Total shareholders' equity	411,872,754	216,464,418
Total liabilities and shareholders' equity	728,570,506	553,880,720

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





Directors

MSSL WH System (Thailand) Limited**Income statement****For the year ended 31 March 2022**

		(Unit: Baht)	
	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Sales	14	1,060,872,487	517,754,162
Cost of sales		(779,248,622)	(414,812,944)
Gross profit		281,623,865	102,941,218
Gain on exchange		2,944,075	929,803
Other income		4,028,335	2,793,358
Profit before expenses		288,596,275	106,664,379
Selling and distribution expenses		4,517,943	2,289,841
Administrative expenses		74,323,179	54,892,592
Total expenses		78,841,122	57,182,433
Profit before finance cost and income tax expenses		209,755,153	49,481,946
Finance cost		(4,642,258)	(6,234,196)
Profit before income tax expenses		205,112,895	43,247,750
Income tax expenses		(9,704,559)	-
Net profit for the year		195,408,336	43,247,750

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

MSSL WH System (Thailand) Limited**Statement of changes in shareholders' equity****For the year ended 31 March 2022**

(Unit: Baht)

	Paid-up share capital	Retained earnings - unappropriated	Total
Balance as at 1 April 2020	150,000,000	23,216,668	173,216,668
Net profit for the year	-	43,247,750	43,247,750
Balance as at 31 March 2021	150,000,000	66,464,418	216,464,418
Balance as at 1 April 2021	150,000,000	66,464,418	216,464,418
Net profit for the year	-	195,408,336	195,408,336
Balance as at 31 March 2022	150,000,000	261,872,754	411,872,754

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

MSSL WH System (Thailand) Limited

Notes to financial statements

For the year ended 31 March 2022

1. General information

MSSL WH System (Thailand) Limited ("the Company") is a limited company incorporated and domiciled in Thailand. Its parent company is MSSL (S) Pte Ltd., which was incorporated in Singapore. The parent company of the Group is Motherson Sumi Systems Limited. The Company is principally engaged in the manufacture and distribution of wiring harness. The registered office of the Company is at 500/51 Moo 3, WHA Eastern Seaboard Industrial Estate 1, 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.

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 and other receivables

Trade and other receivables 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 ageing.

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 Building leasehold improvement and equipment/Depreciation

Building leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

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

Buildings and leasehold improvement	14 years
Machinery and factory equipment	9 - 10 years
Office equipment	6 years
Motor vehicles	4 years
Computer	3 years

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

3.6 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.

3.7 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.

3.8 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.

3.9 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. Cash and cash equivalents

	(Unit: Baht)	
	2022	2021
Cash on hand	31,140	31,098
Cash at bank	20,327,679	56,431,262
Total	20,358,819	56,462,360
Less: Deposit at bank pledged as collateral	(1,001,000)	(1,001,000)
Cash and cash equivalents - net	19,357,819	55,461,360

As at 31 March 2022, the deposit amount of 1,001,000 Baht (2021: Baht 1,001,000) has been pledged as collateral for bank guarantees as mentioned in Note 15.3.

6. Trade and other receivables

	(Unit: Baht)	
	2022	2021
Trade receivables - related parties	1,779,877	2,467,579
Trade receivables - unrelated parties	216,943,280	122,701,413
Advance payments	-	16,380
Prepaid expenses	1,307,785	905,193
Total	220,030,942	126,090,565
Less: Allowance for doubtful accounts	(863,862)	(613,183)
Trade and other receivables - net	219,167,080	125,477,382

7. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2022	2021	2022	2021	2022	2021
Finished goods	23,578,062	20,060,252	(3,718,900)	(2,402,073)	19,859,162	17,658,179
Work in process	64,243,173	36,076,570	(1,048,689)	(282,950)	63,194,484	35,793,620
Raw materials	189,495,434	89,558,259	(3,945,825)	(6,944,344)	185,549,609	82,613,915
Goods in transit	37,961,224	37,879,054	-	-	37,961,224	37,879,054
Total	315,277,893	183,574,135	(8,713,414)	(9,629,367)	306,564,479	173,944,768

During the current year, the Company reduced cost of inventories by Baht 2,082,565 (2021: Baht 5,966,978), 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 2,998,518 (2021: Baht 192,071), and reduced the amount of inventories recognised as expenses during the year.

8. Building leasehold improvement and equipment

(Unit: Baht)

	Building and leasehold improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Computer	Total
Cost						
1 April 2020	176,071,322	48,680,981	2,694,823	5,843,525	2,602,940	235,893,591
Additions	174,000	4,279,601	581,680	-	208,400	5,243,681
Write-off	-	-	(337,200)	-	(70,398)	(407,598)
31 March 2021	176,245,322	52,960,582	2,939,303	5,843,525	2,740,942	240,729,674
Additions	-	20,563,843	203,601	-	13,500	20,780,944
31 March 2022	176,245,322	73,524,425	3,142,904	5,843,525	2,754,442	261,510,618
Accumulated depreciation						
1 April 2020	9,647,743	28,769,488	1,377,419	5,843,525	2,459,467	48,097,642
Depreciation for year	12,599,678	5,100,137	363,146	-	125,973	18,188,934
Depreciation on write-off	-	-	(337,200)	-	(70,398)	(407,598)
31 March 2021	22,247,421	33,869,625	1,403,365	5,843,525	2,515,042	65,878,978
Depreciation for year	12,588,952	6,580,433	420,503	-	99,452	19,689,340
31 March 2022	34,836,373	40,450,058	1,823,868	5,843,525	2,614,494	85,568,318
Net book value						
31 March 2021	153,997,901	19,090,957	1,535,938	-	225,900	174,850,696
31 March 2022	141,408,949	33,074,367	1,319,036	-	139,948	175,942,300

9. Short-term loans from financial institutions

Short-term loans from financial institutions represented loan in Thai Baht, which are due on 10 May 2022 (2021: Due on 10 May 2021) and bear interest at the rate of 1.82% per annum (2021: 1.82% per annum).

10. Trade and other payables

(Unit: Baht)

	2022	2021
Trade payables - related parties	61,096,397	33,934,140
Trade payables - unrelated parties	60,936,944	47,709,917
Accrued expenses	4,534,672	9,186,289
Total	126,568,013	90,830,346

11. Long-term loans

	(Unit: Baht)	
	2022	2021
Long-term loans from financial institutions	70,000,000	110,000,000
Less: Current portion	(40,000,000)	(40,000,000)
Long-term loans from financial institutions - net	30,000,000	70,000,000

Long-term loans from financial institutions bear interest at rates based on BIBOR plus 1.45% per annum. The loans are repayable by quarterly installments with prescribed principal repayment in the agreement within 5 years from the drawdown date. Full settlement of these loans is to be made within November 2023. The loans are guaranteed by Motherson Sumi Systems Limited ("the Guarantor").

The loan agreements contain covenants as specified in the agreement that, among other things, requires the Guarantor to maintain a certain net leverage ratio according to the agreement.

As at 31 March 2022 and 2021, there was no long-term credit facilities of the Company which have not yet been drawn down.

12. Long-term loans from related companies

As at 31 March 2022, long-term loans from related companies consist of loans amounting to Baht 17,500,000 bearing interest at the rate of 3.00% per annum and due within 30 June 2025; and amounting to USD 1,000,000, bearing interest at the rate of LIBOR plus 1.50% per annum and due within 31 March 2024.

13. Provision for long-term employee benefits

	(Unit: Baht)
As at 1 April 2020	5,122,070
Increase during the year	1,204,049
As at 31 March 2021	6,326,119
Increase during the year	1,489,962
As at 31 March 2022	7,816,081

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

14. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of wiring harness, pursuant to the promotion certificate No. 2426(2)/2555 issued on 2 July 2012. 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.

Revenues for promoted activities and non-promoted activities are as follows.

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	2022	2021	2022	2021	2022	2021
Sales						
Domestic sales	-	327,035,306	777,335,175	20,910,261	777,335,175	347,945,567
Export sales	-	159,508,271	283,537,312	10,300,324	283,537,312	169,808,595
Total sales	-	486,543,577	1,060,872,487	31,210,585	1,060,872,487	517,754,162

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2021, the Company had capital commitments of approximately JPY 17.78 million and EUR 0.01 million (2022: Nil), relating to acquisition of machinery and equipment.

15.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of land. The terms of the agreements are generally 15 years.

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

(Unit: Baht)

	As at 31 March	
	2022	2021
Payable:		
In up to 1 year	2,555,321	2,531,214
In over 1 and up to 5 years	13,499,760	13,211,009
In over 5 years	15,351,127	18,195,199

15.3 Guarantees

As at 31 March 2022, there were outstanding bank guarantees of approximately Baht 1.2 million issued by a financial institution on behalf of the Company in respect of electricity use and custom duty (2021: Baht 1.2 million).

16. Approval of financial statements

These financial statements were authorised for issue by authorised directors of the Company on 21 July 2022.