

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MSSL ADVANCED POLYMERS s.r.o.:

Opinion

We have audited the accompanying financial statements of MSSL ADVANCED POLYMERS s.r.o. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Representative is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Statutory Representative for the Financial Statements

The Statutory Representative is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Representative 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, the Statutory Representative 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 the Statutory Representative 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations 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 the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 the Statutory Representative.
- Conclude on the appropriateness of the Statutory Representative'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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We communicate with the Statutory Representative regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Audit, s.r.o.
License No. 401



Jiří Svoboda, Auditor
License No. 2070

12 July 2019
Prague, Czech Republic

Annual Report for 2018

MSSL ADVANCED POLYMERS s.r.o.

**with its registered address at Dašická 287,
533 75 Dolní Ředice**

Business registration number (IC): 60108576

**Commercial Register with the Regional Court in Hradec Králové
since 18 November 1993,
Section C, File No. 5286**

MSSL ADVANCED POLYMERS s.r.o. (MSP CZ) is a leading manufacturer of injection molding plastic components. The main manufacturing plant is located at Dolní Redice, approximately 15 km east of Pardubice in the Holice region. The Company was founded by three Czech partners as a limited liability company at the end of 1993 and commenced its operations on 1 January 1994.

On 1 December 2006, the Company's equity interests were transferred to MSSL GmbH, Germany (99%) and Mr. Andreas Heuser, Germany (1%). The transfer was recorded in the Commercial Register as at 8 December 2006. On 10 October 2016, MSSL GmbH, corporate ID: HRB 91564, was recorded in the Commercial Register as the sole shareholder.

The Company's name was changed from FP FORMAGRAU s.r.o. to MSSL ADVANCED POLYMERS s.r.o. as at 1 July 2007.

The Company is primarily engaged in the manufacturing of precision molded components and prefabricated plastic assemblies including injection molding with fully automated metal and non-metal insertion for the automotive industry.

As at 31 December 2018, the Company employed 310 people and expanded thus from the original number of six employees. Thanks to strict orientation to quality, cost curbing initiatives and meeting the agreed terms the Company has secured its growth.

The current manufacturing portfolio includes plastic moldings designated for the following car assembly groups:

- Safety belts (sensors, mechanisms, covers)
- Airbags (discharge reducers, insulators)
- Filtration and air technology
- Power steering
- Door positioning systems
- Electric connectors
- Roof racks
- Plastic parts for rear view mirror assembly
- Plastic components for bumpers
- Plastic components for door panels
- Plastic components for car seats

Our firm helps securing safety of people and operation of cars of the following trademarks: VW, BMW, Audi, Porsche, Daimler, Ford, Mercedes-Benz, Citroen, Peugeot, Fiat, Opel, Škoda Auto, Honda.

As at 1 October 2014 MSSL ADVANCED POLYMERS s.r.o. purchased assets (particularly non-current assets and inventories) designated for the production of plastic and rubber products from Minda Schenk GmbH having its registered address in the Federal Republic of Germany within its bankruptcy proceedings. At the same time the corporate reengineering process commenced in the form of crisis management supported by management from India and Corporate Office in Germany. Machines and projects started to be shifted to MSSL ADVANCED POLYMERS s.r.o. Since October 2014 the aforementioned products supplied to customers has been billed exclusively through MSSL ADVANCED POLYMERS s.r.o., which resulted in a significant growth in sales in 2015.

Following the acquisition of the German firm Minda Schenk GmbH and the plan to transfer the production of car seat plastic parts to the Czech Republic it was decided to expand the existing manufacturing premises and partially refurbish the existing manufacturing hall with the aim to establish a logistics background for finished products. The current manufacturing plant was completed in October 2015.

In addition, a decision was made to transfer the assembly line for the Daimler customer from the German plant at the end of 2015. A part of the newly constructed warehouse premises was allocated for this purpose, we commenced construction modifications of these premises in order to adapt the space for the installation of the assembly line. Components are put into special casings at this line, which are used directly at Daimler manufacturing lines.

Through the above acquisition the Company attained a high share in supplies to OEMs and moves thus gradually from TIER2 to TIER1 category.

In 2018, in addition to the aforementioned products the Company continued implementing customer projects through its fellow subsidiary SMP, and for domestic customers Kiekert, Edscha, Continental and Mann + Hummel (CZ).

The Company is certified under ISO TS 16949, ISO 14001.

In 2018 we exported approximately 82% of our production abroad.

Our results of operations for 2018 are apparent from the financial statements, which form an integral part of this Annual Report.

Subsequent Events

There were no significant subsequent events.

Projected Outlook

For the upcoming period 2019 a gradual decline is planned in direct supplies to OEM customer, Daimler. The strategy will be in place to further strengthen supplies within the group, particularly to the European fellow subsidiaries in SMP division (delivering to BMW, Škoda, VW, Audi) and SMRC division (delivering to PSA and RSA).

Research and Development Activities and Environmental Protection

The Company carries out no research & development activities.

The Company is involved in the system of collective compliance of take-back and recovery of packaging waste with EKO-KOM, a.s., thus meeting its obligation to ensure the take-back and recovery of packaging waste in a manner pursuant to Act on Packaging and helps protecting the environment.

Acquisition of Treasury Shares or Equity Interests

The Company neither owns nor has acquired treasury shares or interests as at 31 December 2018.

Branch or Affiliate Abroad

The Company does not operate a branch or affiliate abroad.

Employees and Employment Relations

Employment relations and payroll agenda are governed by the Labor Code and other relevant legal and payroll regulations.

Risk Management Strategy

The Company is part of Samvardhana Motherson Group and as such follows the group policies set by the parent company, which are binding for our Company as well as for all related parties.

Dolní Ředice, 12 July 2019



Andreas Heuser
Statutory Representative

Company Overview as at 31 December 2018

Name:	MSSL ADVANCED POLYMERS s.r.o.
Registered office:	Dašická 287, 533 75, Dolní Ředice
Business registration number (IC):	60108576
Tax registration No. (DIČ):	CZ60108576
Principal business activities:	<p>Locksmithing, toolmaking Manufacturing, trade and services not listed in Annexes 1 through 3 of the Trades Licensing Act</p> <p>Business lines: Production of plastic and rubber products Production of machinery and equipment Trade and services brokering Wholesale and retail Storage, packaging, handling and technical activities in transportation Testing, measuring, analyzes and controls Provision of technical services Manufacturing, trading and services not included elsewhere</p>
Date of incorporation:	18 November 1993
The Company is registered:	in the Commercial Register maintained with the Regional Court in Hradec Králové, Section C, File No. 5286
Basic capital:	CZK 2,000,000
Statutory body - statutory representative:	Andreas Heuser, the Federal Republic of Germany
Shareholders:	MSSL GmbH, Germanenring 3, 63486 Bruchköbel, the Federal Republic of Germany – 100 % equity interest

MSSL ADVANCED POLYMERS s.r.o.

Financial Statements for the year ended 31 December 2018

(Translation of Financial Statements Originally Issued in Czech –
See Note 2 to the Financial Statements)

BALANCE SHEET

		Current year			Prior year 2017
		Gross	Allowances	Net	Net
	TOTAL ASSETS	812,050	(335,653)	476,397	534,992
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	545,787	(293,801)	251,986	283,879
B. I.	Intangible fixed assets	21,371	(18,370)	3,001	901
B. I. 1.	Development				
2.	Valuable rights	18,440	(18,370)	70	901
1.	Software	5,400	(5,330)	70	901
2.	Other valuable rights	13,040	(13,040)	0	
3.	Goodwill				
4.	Other intangible fixed assets				
5.	Advances granted for intangible fixed assets and intangible fixed assets in progress	2,931		2,931	
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress	2,931		2,931	
B. II.	Tangible fixed assets	524,416	(275,431)	248,985	282,978
B. II. 1.	Land and structures	276,217	(75,444)	200,773	209,430
1.	Land	949		949	949
2.	Structures	275,268	(75,444)	199,824	208,481
2.	Movable assets and sets of movable assets	245,351	(199,987)	45,364	71,981
3.	Gain or loss on revaluation of acquired property				
4.	Other tangible fixed assets				
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets				
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress	2,848		2,848	1,567
1.	Advances granted for tangible fixed assets				21
2.	Tangible fixed assets in progress	2,848		2,848	1,546
B. III.	Long-term investments	0	0	0	0
B. III. 1.	Interests – controlled or controlling entity				
2.	Loans and borrowings – controlled or controlling entity				
3.	Interests – significant influence				
4.	Loans and borrowings - significant influence				
5.	Other long-term securities and interests				
6.	Loans and borrowings - other				
7.	Other long-term investments			0	0
1.	Miscellaneous long-term investments				
2.	Advances granted for long-term investments				
C.	CURRENT ASSETS	264,682	(41,852)	222,830	248,375
C. I.	Inventories	126,341	(8,202)	118,139	115,688
C. I. 1.	Materials	46,322	(4,276)	42,046	50,714
2.	Work in progress and semi-finished production	42,121	(873)	41,248	30,510
3.	Finished products and goods	32,893	(3,053)	29,840	29,440
1.	Finished products	27,598	(2,302)	25,296	26,747
2.	Goods	5,295	(751)	4,544	2,693
4.	Livestock				
5.	Advances granted for inventories	5,005		5,005	5,022
C. II.	Receivables	111,746	(33,650)	78,096	108,148
C. II. 1.	Long-term receivables	0	0	0	0
1.	Trade receivables				
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset				
5.	Other receivables				
5.1.	Receivables from partners				
5.2.	Long-term advances granted			0	
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables				

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

BALANCE SHEET

		Current year			Prior year 2017
		Gross	Allowances	Net	Net
C. II. 2.	Short-term receivables	111,746	(33,650)	78,096	108,148
1.	Trade receivables	105,180	(33,650)	71,530	85,252
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Other receivables	6,566		6,566	22,896
4.1.	Receivables from partners				
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables	5,880		5,880	16,673
4.4.	Short-term advances granted	243		243	479
4.5.	Unbilled revenue	438		438	5,723
4.6.	Miscellaneous receivables	5		5	21
C. III.	Short-term financial assets	0	0	0	0
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	Cash	26,595	0	26,595	24,541
1.	Cash in hand	153		153	247
2.	Cash at bank	26,442		26,442	24,294
D.	Prepaid expenses and accrued income	1,581	0	1,581	2,738
D. 1.	Prepaid expenses	1,581		1,581	2,738
2.	Prepaid expenses (specific-purpose expenses)				
3.	Accrued income				

BALANCE SHEET

		Current year	Prior year 2017
	TOTAL EQUITY & LIABILITIES	476,397	534,992
A.	EQUITY	124,888	145,740
A. I.	Basic capital	2,000	2,000
A. I. 1.	Registered capital	2,000	2,000
2.	Own ownership interests (-)		
3.	Changes in basic capital		
A. II.	Share premium and revaluation reserve	11,971	11,971
A. II. 1.	Share premium		
2.	Capital funds	11,971	11,971
1.	Other capital funds	11,971	11,971
2.	Gain or loss on revaluation of assets and liabilities (+/-)		
3.	Gain or loss on revaluation upon corporate transformation (+/-)		
4.	Differences arising on corporate transformation (+/-)		
5.	Differences arising between balance sheet date and transformation date (+/-)		
A. III.	Reserves from profit	260	260
A. III. 1.	Other reserves	200	200
2.	Statutory and other reserves	60	60
A. IV.	Profit (loss) brought forward (+/-)	131,509	115,167
IV. 1.	Retained earnings	131,509	115,167
2.	Other profit (loss) brought forward (+/-)		
A. V.	Profit (loss) for the year (+/-)	(20,854)	16,342
A. VI.	Approved decision on advances for profit distribution (-)	0	0
B. + C.	PROVISIONS AND LIABILITIES	351,475	389,142
B.	Provisions	5,483	7,908
B. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax		
3.	Provisions recognized under special legislation		
4.	Other provisions	5,483	7,908
C.	Liabilities	345,992	381,234
C. I.	Long-term liabilities	212,592	248,784
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions	31,024	44,239
3.	Long-term advances received		
4.	Trade payables		
5.	Long-term notes payable		
6.	Liabilities – controlled or controlling entity	178,789	201,766
7.	Liabilities – significant influence		
8.	Deferred tax liability	2,779	2,779
9.	Other liabilities		
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities		
C. II.	Current liabilities	133,400	132,450
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions	13,535	37,586
3.	Short-term advances received	22,596	21,788
4.	Trade payables	46,539	50,503
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity	25,262	383
7.	Liabilities – significant influence		
8.	Other liabilities	25,468	22,190
1.	Liabilities to partners		
2.	Short-term borrowings		
3.	Liabilities to employees	6,335	7,537
4.	Liabilities arising from social security and health insurance	3,649	4,387
5.	Due to government – taxes and subsidies	2,922	3,530
6.	Unbilled deliveries	6,829	6,695
7.	Miscellaneous liabilities	5,733	41
D.	Accruals and deferred income	39	110
D. 1.	Accruals	36	110
2.	Deferred income		

MSSL ADVANCED POLYMERS s.r.o. for the year ended 31.12.2018
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2017
I.	Revenue from sale of finished products and services	593,726	656,152
II.	Revenue from sale of goods	18,956	24,713
A.	Production-related consumption	409,818	456,060
A.1.	Cost of goods sold	19,864	24,496
A.2.	Consumption of material and energy	257,306	299,750
A.3.	Services	132,648	131,814
B.	Change in inventory produced internally (+/-)	(9,871)	16,332
C.	Own work capitalized (-)	(863)	(911)
D.	Personnel expenses	155,612	163,157
D.1.	Wages and salaries	114,981	121,428
D.2.	Social security and health insurance costs and other costs	40,631	41,729
D.2.1.	Social security and health insurance costs	38,986	40,282
D.2.2.	Other costs	1,645	1,447
E.	Value adjustments in respect of operating activities	57,001	26,226
E.1.	Value adjustments in respect of intangible and tangible fixed assets	37,936	41,189
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	37,936	41,189
E.1.2.	Value adjustments in respect of intangible and tangible fixed assets - temporary		
E.2.	Value adjustments in respect of inventory	(786)	(10,165)
E.3.	Value adjustments in respect of receivables	19,851	(4,798)
III.	Other operating income	8,038	7,542
III.1.	Income from sale of fixed assets	838	1,511
III.2.	Income from sale of materials	4,782	4,003
III.3.	Miscellaneous operating income	2,418	2,028
F.	Other operating expenses	10,466	13,006
F.1.	Net book value of fixed assets sold		771
F.2.	Net book value of materials sold	7,371	4,089
F.3.	Taxes and charges relating to operations	678	650
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	(2,426)	3,190
F.5.	Miscellaneous operating expenses	4,843	4,306
*	Profit or loss on operating activities (+/-)	(1,443)	14,537
IV.	Income from long-term investments - interests	0	0
IV.1.	Income from interests in subsidiaries or parents		
IV.2.	Other income from interests		
G.	Cost of interests sold	0	0
V.	Income from other long-term investments	0	0
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments		
H.	Expenses relating to other long-term investments	0	0
VI.	Interest receivable and similar income	0	0
VI.1.	Interest receivable and similar income - subsidiaries or parents		
VI.2.	Other interest receivable and similar income		
I.	Value adjustments and provisions relating to financial activities	0	0
J.	Interest payable and similar expenses	4,149	3,928
J.1.	Interest payable and similar expenses - subsidiaries or parents	3,262	2,865
J.2.	Other interest payable and similar expenses	887	1,063
VII.	Other finance income	11,099	24,330
K.	Other finance cost	22,556	13,470
*	Profit or loss on financial activities (+/-)	(15,606)	6,932
**	Profit or loss before taxation (+/-)	(17,049)	21,469

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

MSSL ADVANCED POLYMERS s.r.o. for the year ended 31.12.2018
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2017
L.	Income tax	3,805	5,127
L.1.	Income tax due	3,805	4,322
L.2.	Income tax deferred (+/-)		805
**	Profit or loss after taxation (+/-)	(20,854)	16,342
M.	Transfer of share of profit or loss to partners (+/-)	0	0
***	Profit or loss for the year (+/-)	(20,854)	16,342
*	Net turnover	631,819	712,737

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

CASH FLOW STATEMENT

For the years ended 31 December 2018 and 2017

		Current year	Prior year 2017
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	(17,049)	21,469
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	58,989	18,198
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	37,936	41,189
A. 1. 2.	Change in allowances	19,064	(14,963)
A. 1. 3.	Change in provisions	(2,425)	3,190
A. 1. 4.	Foreign exchange differences	1,103	(14,406)
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(838)	(740)
A. 1. 6.	Interest expense and interest income	4,149	3,928
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)		
A *	Net cash from operating activities before taxation, changes in working capital and extraordinary items	41,940	39,667
A. 2.	Change in non-cash components of working capital	(1,690)	(90,702)
A. 2. 1.	Change in inventory	(1,668)	14,556
A. 2. 2.	Change in trade receivables	(5,042)	(12,341)
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	8,192	6,436
A. 2. 4.	Change in trade payables	(7,040)	(70,137)
A. 2. 5.	Change in other payables, and in accruals and deferred income	3,868	(29,216)
A **	Net cash from operating activities before taxation, interest paid and extraordinary items	40,250	(51,035)
A. 3. 1.	Interest paid	(4,149)	(3,953)
A. 4. 1.	Income Tax paid	2,753	(21,760)
A ***	Net cash provided by (used in) operating activities	38,854	(76,748)
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	(3,195)	(4,467)
B. 2. 1.	Proceeds from sale of fixed assets	858	1,511
B. 3. 1.	Loans granted		
B. 4. 1.	Interest received		
B. 5. 1.	Dividends received		
B ***	Net cash provided by (used in) investing activities	(2,337)	(2,956)
Cash flows from financing activities			
C. 1.	Change in long-term liabilities, and long-term and short-term loans	(34,463)	86,238
C. 2. 1.	Effect of other changes in equity on cash		
C. 2. 2.	Profit shares paid		
C. 2. 3.	Effect of other changes in own capital on cash		
C ***	Net cash provided by (used in) financing activities	(34,463)	86,238
F.	Net increase (decrease) in cash	2,054	6,534
P.	Cash and cash equivalents at beginning of year	24,541	18,007
R.	Cash and cash equivalents at end of year	26,595	24,541

Financial Statements for the year ended 31 December 2018

1. DESCRIPTION OF THE COMPANY

MSSL ADVANCED POLYMERS s.r.o. ("the Company") is a limited liability company incorporated on 18 November 1993 in the Czech Republic. The Company's registered office is located at Dolní Ředice, Dašická 287, zip code 533 75, Czech Republic, and the business registration number (IČ) is 60108576. The Company is involved in the production of plastic and rubber products, locksmithery and tool engineering.

No significant changes were made to a public register in 2018.

The sole shareholder holding a 100% ownership interest is the parent company MSSL GmbH.

The parent company is MSSL GmbH, Germanenring 3, 63486 Bruchköbel, the Federal Republic of Germany, and the ultimate parent company is Motherson Sumi Systems Limited, with its registered office at Plot No.1, Sector-127, Noida 201301, India.

The Company is included in the consolidated group of the parent company Motherson Sumi Systems Limited, India.

As at 31 December 2018, the Company's statutory body and also the sole statutory representative is Andreas Heuser, residing at Bad Soden - Salmünster, Gustav - Kastrop 5, 636 28, the Federal Republic of Germany.

Statutory representative acts on behalf of the Company independently.

As at 31 December 2018, the Company's organizational structure was as follows:

- Quality Control
- Production
- Finance
- Reporting & Controlling
- Sales
- Personnel
- Logistics
- Purchasing
- Maintenance
- IT

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2018 and 2017.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

Financial Statements for the year ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING METHODS AND DEPARTURES THEREFROM

The accounting policies applied by the Company in preparing the 2018 and 2017 financial statements are as follows:

a) Intangible Fixed Assets

Intangible assets with a useful life greater than one year and a cost exceeding CZK 15 thousand per item are considered intangible fixed assets and are amortized over their useful economic lives.

Intangible fixed assets with a cost from CZK 15 thousand to CZK 60 thousand per item are amortized over 18 months due to a simplified asset amortization procedure and immateriality of the assets in view of total amount of fixed assets.

Intangible fixed assets with a cost of less than CZK 15 thousand are expensed in the year of acquisition.

Intangible fixed assets are recorded at their acquisition cost and related expenses. Related interest and other finance cost is also capitalized.

Internally-developed intangible fixed assets are recorded at their accumulated cost, which consists of direct material and labor costs and production overhead costs. Related interest and other finance cost is also capitalized.

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	3
Other valuable rights	5
Small intangible assets (up to CZK 60 thousand)	1.5

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

b) Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs. Related interest and other finance cost is also capitalized.

Internally-developed tangible fixed assets are recorded at their accumulated cost, which consists of direct material and labor costs and production overheads. Related interest and other finance cost is also capitalized.

Revenue from sale of products manufactured during the tests of tangible assets that were performed prior to putting these assets into use is recognized as operating income.

Financial Statements for the year ended 31 December 2018

Purchased tangible fixed assets with a cost exceeding CZK 15 thousand are depreciated over their useful economic lives.

Tangible fixed assets with a cost from CZK 15 thousand to CZK 40 thousand per item are depreciated over 18 months due to a simplified asset depreciation procedure and immateriality of the assets in view of total amount of fixed assets.

Tangible fixed assets with a cost of less than CZK 15 thousand are expensed in the year of acquisition.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded with a corresponding credit to the 'Other capital funds' account on the date of acquisition.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Structures	6 - 30
Machinery and equipment	6 - 8
Furniture and fixtures	10 - 15
Motor vehicles	4
Small tangible assets (up to CZK 40 thousand)	1.5

c) Cash

Cash includes cash in hand and at bank.

d) Inventory

Purchased inventory is stated at actual cost being determined using the weighted average method. Costs of purchased inventory include acquisition-related costs (such as freight, customs, commission, etc.).

Inventory produced internally, i.e. work-in-progress and finished goods, is recorded at actual cost. The cost of inventory produced internally includes direct and indirect material and labor costs and production overhead costs.

e) Receivables

Receivables are initially measured at their nominal amount. Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

Financial Statements for the year ended 31 December 2018

f) Derivatives

Derivatives are initially measured at cost. Derivatives are recorded in other receivables or payables, as appropriate, in the accompanying balance sheet.

Derivatives are classified as derivatives held for trading or hedging derivatives. The latter are designated as either fair value hedges or cash flow hedges. In order to qualify for hedge accounting, the change in the fair value of a derivative or of its estimated cash flow must offset, in whole or in part, the change in the fair value or cash flow arising from the hedged item. In addition, there must be formal documentation of the hedging relationship at inception and the Company must prove that the hedging relationship is highly effective. In all other cases, derivatives are recognized as held-for-trading.

Derivatives are revalued to fair value as at the balance sheet date. Changes in the fair value of derivatives held for trading are charged or credited, as appropriate, to finance income. Changes in the fair value of derivatives designated as fair value hedges are also recognized in finance income, together with the change in the fair value of the hedged item attributable to the risk being hedged. Changes in the fair value of derivatives designated as cash flow hedges are taken to equity and reflected in the balance sheet through gain or loss on revaluation of assets and liabilities. Any ineffective portion of the hedge is charged or credited, as appropriate, to finance income.

g) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Regional Court. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the balance sheet date is recorded through changes in basic capital. Other capital funds consist of monetary and non-monetary contributions in excess of basic capital.

The Company has adopted the Corporations Act in its entirety and has chosen not to create a statutory reserve fund – this option is also set forth in the Company's Articles of Association. The Company has not yet decided on the utilization of the reserve fund totaling CZK 200 thousand.

h) Provisions and Liabilities

The Company creates provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables.

Long-term liabilities and current liabilities to credit institutions and related party are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

i) Leases

The Company records leased assets by expensing the lease payments and, for finance leases, capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

Financial Statements for the year ended 31 December 2018

j) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at a fixed monthly rate, set on the basis of the Czech National Bank's daily rate prevailing at the last working day of the preceding month or at the first working day of the year in January. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

k) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

l) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises. Sale revenue is recognized as at the date on which the goods have been delivered to and accepted by the customer or as at the date on which the services have been rendered, and is stated net of discounts and VAT.

m) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss, research and development costs) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

Financial Statements for the year ended 31 December 2018

n) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

Financial Statements for the year ended 31 December 2018

4. FIXED ASSETS**a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Disposals	At end of year
Software	5,506	-	(106)	5,400
Valuable rights	13,040	-	-	13,040
Intangible fixed assets in progress	-	2,931	-	2,931
2018 Total	18,546	2,931	(106)	21,371
2017 Total	18,356	190	-	18,546

ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Disposals	At end of year	Net book value
Software	(4,605)	(831)	106	(5,330)	70
Valuable rights	(13,040)	-	-	(13,040)	-
Intangible fixed assets in progress	-	-	-	-	2,931
2018 Total	(17,645)	(831)	106	(18,370)	3,001
2017 Total	(16,456)	(1,189)	-	(17,645)	901

Financial Statements for the year ended 31 December 2018

b) Tangible Fixed Assets (in CZK thousands)**COST**

	At beginning of year	Additions	Disposals	Transfers	At end of year
Land	949	-	-	-	949
Structures	273,484	-	-	1,784	275,268
Movable assets and sets of movable assets	246,588	-	(1,284)	47	245,351
Advances granted for tangible fixed assets	21	-	-	(21)	-
Tangible fixed assets in progress	1,546	3,112	-	(1,810)	2,848
2018 Total	522,588	3,112	(1,284)	-	524,416
2017 Total	520,916	4,278	(2,606)	-	522,588

ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Disposals	Residual value	At end of year	Net book value
Land	-	-	-	-	-	949
Structures	(65,003)	(10,441)	-	-	(75,444)	199,824
Movable assets and sets of movable assets	(174,607)	(26,664)	1,284	-	(199,987)	45,364
Advances granted for tangible fixed assets	-	-	-	-	-	-
Tangible fixed assets in progress	-	-	-	-	-	2,848
2018 Total	(239,610)	(37,105)	1,284	-	(275,431)	248,985
2017 Total	(201,444)	(40,000)	2,606	(772)	(239,610)	282,978

As at 31 December 2018 and 2017, a production hall with the original cost of CZK 204,998 thousand and net book value of CZK 163,938 thousand and CZK 170,492 thousand, respectively was pledged as security for a loan from UniCredit Bank, a.s. As at 31 December 2018 and 2017, machinery equipment assets with the original cost of CZK 11,560 thousand and net book value of CZK 4,834 thousand and CZK 6,280 thousand, respectively was pledged as security for a loan from Česká spořitelna (see Note 11).

5. INVENTORY

Excess, obsolete and slow-moving inventory has been written down to its estimated net realizable value by an allowance account. The allowance is determined by management based on an analysis of turnover and individual assessment of inventories (see Note 7).

Financial Statements for the year ended 31 December 2018

6. RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income based on an ageing structure and collectibility of individual receivables in 2018 and 2017, respectively (see Note 7).

As at 31 December 2018 and 2017, overdue receivables totaled CZK 57,244 thousand and CZK 38,848 thousand, respectively (out of which, receivables overdue for more than 180 days were CZK 41,623 thousand and CZK 23,233 thousand, respectively). Part of these overdue receivables was due from group companies; as the Company expects their full recovery, they were not provided for.

As at 31 December 2018 and 2017, the Company has pledged its receivables of CZK 35,735 thousand and CZK 36,191 thousand, respectively as security for a loan from UniCredit Bank, a.s. (see Note 11).

Tax receivables include a receivable arising from the difference between income tax prepayments made and 2018 income tax calculated, and a receivable arising from value added tax.

Unbilled revenue represents, in particular, an estimate of unbilled revenue pertaining to the respective period.

Receivables from related parties (see Note 17).

7. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 5 and 6).

Changes in the allowance accounts (in CZK thousands):

Allowances against	Balance as at 31/ 12/ 2016	Additions	Deductions	Balance as at 31/ 12/ 2017	Additions	Deductions	Balance as at 31/ 12/ 2018
Inventory	19,153	69,590	79,755	8,988	-	(786)	8,202
Receivables – legal	3,296	527	678	3,145	19	-	3,164
Receivables – other	15,302	54,938	59,585	10,655	19,831	-	30,486

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

Financial Statements for the year ended 31 December 2018

8. EQUITY

Statement of changes in equity (in CZK thousands):

	Balance as at 31/ 12/ 2016	Transfer of profit/loss	Increase	Balance as at 31/ 12/ 2017	Transfer of profit/loss	Increase	Balance as at 31/ 12/ 2018
Basic capital	2,000	-	-	2,000	-	-	2,000
Other capital funds	11,971	-	-	11,971	-	-	11,971
Other reserves	200	-	-	200	-	-	200
Statutory and other reserves	60	-	-	60	-	-	60
Retained earnings	59,626	55,541	-	115,167	16,342	-	131,509
Profit (loss) for the year	55,541	(55,541)	16,342	16,342	(16,342)	(20,854)	(20,854)
Total equity	129,398	-	16,342	145,740	-	(20,854)	124,886

The basic capital of the Company consists of interests fully subscribed and paid, with a nominal value of CZK 2,000 thousand. Other capital funds consist of a contribution in equity of MSSL GmbH in 2011.

The Annual General Meetings held on 19 November 2018 and 7 November 2017, respectively, approved the aforementioned profit distribution for 2017 and 2016 and related transfer to the 'Retained earnings' account.

The Company proposes to transfer loss for 2018 of CZK 20,854 thousand, to the 'Retained earnings' account.

9. PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

	Balance as at 31/ 12/ 2016	Additions	Deductions	Balance as at 31/ 12/ 2017	Additions	Deductions	Balance as at 31/ 12/ 2018
Other	4,718	76,505	(73,315)	7,908	-	(2,425)	5,483

Other provisions were created in particular for untaken vacation, pending warranty procedures, sorting and rework.

10. LIABILITIES

Long-term liabilities comprise long-term liabilities to credit institutions (see Note 11), long-term liabilities to related parties (see Note 17) and deferred tax liability (see Note 13).

As at 31 December 2018 and 2017, the Company had overdue current payables totaling CZK 16,665 thousand and CZK 12,621 thousand, respectively (out of which, payables overdue for more than 180 days were CZK 7,561 thousand and CZK 3,700 thousand, respectively, where more than 85% accounted for payables to group companies).

Financial Statements for the year ended 31 December 2018

As at 31 December 2018 and 2017, the Company had liabilities of CZK 3,649 thousand and CZK 4,387 thousand, respectively owing to social security and health insurance premiums, payable in January next year.

As at 31 December 2018 and 2017, short-term advances received include in particular advances for mold manufacturing.

Unbilled deliveries represent, in particular, unbilled cost of services, utilities and materials.

As at 31 December 2018, other liabilities comprise fair values of outstanding derivatives (see Note 12).

Payables to related parties (see Note 17).

11. AMOUNTS OWED TO CREDIT INSTITUTIONS

Bank loans can be itemized as follows

	Interest rate (%)	Currency	31/ 12/ 2018 (in CZK thousands)	31/ 12/ 2017 (in CZK thousands)
UniCredit Bank - loan for extension	3M EURIBOR + 1.15%	EUR	43,475	55,524
UniCredit Bank - overdraft facility		CZK	-	22,184
Česká spořitelna - 3D device	1M PRIBOR + 0.975%	EUR	399	1,432
Česká spořitelna - KM 650t press	1M PRIBOR + 0.975%	EUR	685	1,787
Česká spořitelna - automation	1M PRIBOR + 0.975%	CZK	-	898
Total bank loans			44,559	81,825

The aggregate maturities of bank loans and borrowings in CZK thousands are as follows:

	31/ 12/ 2018	31/ 12/ 2017
Other bank loans due within one year (incl. portion of long-term debt which is due within one year)	13,535	37,586
Long-term bank loans due between 1 – 5 years	31,024	44,239
Total bank loans and overdraft facilities	44,559	81,825

Assets pledged as at 31 December 2018:

- UniCredit Bank (extension): company blank bill of exchange, trade receivables, real estate, subordination of part of group loans;
- Česká spořitelna (machinery equipment): blank bill of exchange, subordination of due dates of payables to third parties, transfer of ownership of movable assets as security of obligation, indemnification.

Financial Statements for the year ended 31 December 2018

The Company has opened a multipurpose revolving line of credit up to CZK 68,000 thousand at UniCredit Bank. As at 31 December 2018, the Company drew this line in the form of derivative transactions (see Note 12). As at 31 December 2017, the drawn element of the overdraft was CZK 22,184 thousand (in accordance with the agreed credit limit) and was classified as a short-term bank loan in the accompanying balance sheet.

Unused sources of funding as at 31 December 2018 were as follows:

- UniCredit Bank: line of credit of CZK 5 million for bank guarantees.
- Česká spořitelna: overdraft facility of CZK 15,000 thousand

The loan agreements include the following terms and conditions to be fulfilled by the Company:

- UniCredit Bank: net financial debt to EBITDA ratio not higher than 5.0;
- Česká spořitelna: debt-service coverage ratio not less than 1.5.

The Company was in compliance with both ratios as at 31 December 2018.

The interest expense relating to amounts owed to credit institutions for 2018 and 2017 was CZK 887 thousand and CZK 1,063 thousand, respectively.

12. DERIVATIVES

The Company enters into derivative transactions with creditworthy bank counterparties in order to hedge against financial risks to which the Company is exposed. As at 31 December 2018 and 2017, the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively.

The Company has financial derivatives that serve as hedging instrument in compliance with the Company's risk management strategy; however, pursuant to Czech accounting legislation, they cannot be accounted for using hedge accounting because they do not meet the criteria for hedge accounting. As a result, these derivatives are recognized as derivatives held for trading.

The following table summarizes face values and positive or negative values of outstanding derivatives as at 31 December 2018 and 2017:

(in CZK thousands)	Contractual/ Face value	2018		Contractual/ Face value	2017	
		Positive	Negative		Positive	Negative
Foreign currency forward contracts	15,350 EUR	559	6,247	-	-	-
Total derivatives held for trading	15,350 EUR	559	6,247	-	-	-

Financial Statements for the year ended 31 December 2018

13. INCOME TAXES

On the basis of preliminary calculation the Company calculated tax expense as follows (in CZK thousands):

	2018	2017
Profit (Loss) before taxes	(17,049)	21,469
Non-taxable revenues	(688)	(683)
Difference between book and tax depreciation	12,729	6,931
Non-deductible expenses		
Creation of allowances, net	19,045	(14,812)
Creation of provisions, net	(2,425)	3,190
Other (e.g. entertainment expenses, shortages and losses)	8,416	7,047
Tax deductibles	-	(20)
Taxable income	20,028	23,121
Current income tax rate	19%	19%
Tax	3,805	4,393
Adjustment of the tax paid in previous years	-	(71)
Current tax expense	3,805	4,322

The Company quantified deferred taxes as follows (in CZK thousands):

	2018		2017	
Deferred tax items	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(5,509)	-	(8,014)
Other temporary differences:				
Allowance against receivables	130	-	2,024	-
Allowance against inventory	1,558	-	1,708	-
Provisions	1,042	-	1,503	-
Total	2,730	(5,509)	5,235	(8,014)
Net		(2,779)		(2,779)

As at 31 December 2018 and 2017, the Company recorded a deferred tax liability of CZK 2,779 thousand and CZK 2,779 thousand, respectively.

Financial Statements for the year ended 31 December 2018

14. LEASES

As at 31 December 2018 and 2017, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):

Description	Expense in 2018	Expense in 2017
Automobiles	1,478	1,273
Real estate	4,170	4,172
Other (machinery, packing, etc.)	1,897	2,597

The real estate rental agreements have been signed for an indefinite period, with a 3-month notice. Rental of packing is recognized on the basis of monthly invoices; as regards packing items, like machinery, contractual commitments cannot be determined sufficiently accurately. As at 31 December 2018 and 2017, the Company records the following contractual commitments arising from operating leases of automobiles (in CZK thousands):

	31/ 12/ 2018	31/ 12/ 2017
Due within one year	1,097	1,064
Due within 1-5 years	1,597	695
Total	2,694	1,759

Assets which are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the lease term expires) as at 31 December 2018 consist of the following (in CZK thousands):

	Total lease	Payments made as at 31/ 12/ 2018	Payments made as at 31/ 12/ 2017	Remaining payments as at 31/ 12/ 2018	
				Due within one year	Due over one year
Machinery and equipment	37,997	32,226	27,493	3,098	2,673

15. REVENUES

The breakdown of revenues on ordinary activities is as follows (in CZK thousands):

	2018		2017	
	Domestic	Foreign	Domestic	Foreign
Products	88,991	494,690	115,822	529,880
Services	1,549	8,496	5,262	5,188
Goods	148	18,808	559	24,154
Total revenues	90,688	521,994	121,643	559,222

In 2018 and 2017 the revenues of the Company were concentrated primarily with 10 main customers in the automotive industry.

Financial Statements for the year ended 31 December 2018

16. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2018	2017
	Total personnel	Total personnel
Average number of employees	360	389
Wages and salaries	114,981	121,428
Social security and health insurance	38,986	40,282
Social cost	1,645	1,447
Total personnel expenses	155,612	163,157

17. RELATED PARTY INFORMATION

The members of management, supervisory and administrative bodies were granted no advances, earnest money, loans, borrowings, guarantees or other benefits except for the use of company cars for private purposes in 2018 and 2017 and they do not hold any interests of the Company.

The Company sells products, materials, services, goods and fixed assets to related parties in the ordinary course of business. Sales were CZK 280,468 thousand and CZK 240,673 thousand in 2018 and 2017, respectively.

The Company purchases goods, materials, machinery and other services from related parties in the ordinary course of business. Purchases were CZK 51,495 thousand and CZK 37,050 thousand in 2018 and 2017, respectively.

Receivables from related parties and payables to related parties as at 31 December were as follows (in CZK thousands):

	31/ 12/ 2018	31/ 12/ 2017
Receivables		
Trade receivables	23,008	22,133
Total	23,008	22,133
Payables		
Trade payables	19,572	10,241
Borrowings received	204,051	202,149
Total	223,623	212,007

Borrowings received bear market interest rates. Borrowings received are payable in 2020, respectively 2022 and are recognized as long-term liabilities; the exception is the amount of CZK 25,262 thousand that represents instalments for 2019 and is recognized as current liability, accordingly. The interest expense relating to amounts owed to related parties for 2018 and 2017 was CZK 3,262 thousand and CZK 2,865 thousand, respectively.

Financial Statements for the year ended 31 December 2018

18. SIGNIFICANT ITEMS OF INCOME STATEMENT

Services for 2018 and 2017 were as follows (in CZK thousands):

	2018	2017
Advisory services	12,158	7,691
Audit and tax services	991	897
Agency services and external works	19,956	31,238
Transportation and logistics services	31,813	36,090
Leases	4,353	8,851
Rental of objects, real estate and packing	7,545	6,782
Warranty claims	2,610	4,520
Repairs and maintenance	4,508	4,851
Telecommunication and IT services	2,903	2,641
Mold-related services	35,966	20,247
Other services	9,845	8,006
Total	132,648	131,814

Statutory auditor's fees for assurance services are disclosed in notes to the consolidated financial statements of the parent company MSSL GmbH, with its registered office in Germany.

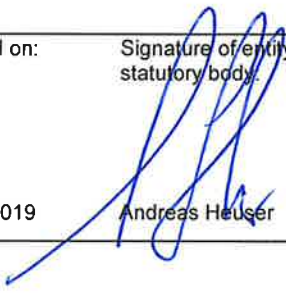
Miscellaneous operating expenses include, in particular, insurance costs.

Other finance income and cost include, in particular, exchange rate gains and losses and gain and loss on derivative transactions, respectively.

19. SUBSEQUENT EVENTS

No events have occurred after the balance sheet date that might have a significant impact on the financial statements for the year ended 31 December 2018.

20. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 8)

Prepared on:	Signature of entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
12 July 2019	 Andreas Heuser	Kateřina Pachtová	Ing. Pavel Peňáz

Report on Relations

of

MSSL ADVANCED POLYMERS s.r.o.

pursuant to Section 82 of the Corporations Act

for the year ended 31 December 2018

The statutory representative of MSSL ADVANCED POLYMERS s.r.o. with its registered address at Dolní Ředice, Dašická 287, zip code 533 75, business registration number (IC) 60108576, recorded in the Commercial Register maintained with the Regional Court in Hradec Králové, Section C, File No. 5286 (hereinafter the "**Company**") prepared this Report on Relations within the meaning of Section 82 of Act No. 90/2012 Coll., on Corporations and Cooperatives (the "**Corporations Act**") for the year ended 31 December 2018 (hereinafter the "**Reference Period**").

1. Structure of Relations

1.1 Based on the information available to the Company's statutory representative acting with due managerial care and diligence, the Company was, through the whole Reference Period, a member of the group in which the controlling person is Motherson Sumi Systems Limited (hereinafter referred to as the "**Group**"). The data on persons belonging to the Group are provided as of 31 December 2018 in Enclosure No. 1, in accordance with the information available to the statutory body of the Company acting with due managerial care.

1.1.1 Controlling Person

Motherson Sumi Systems Limited, having its registered address at Plot No.1, Sector-127, Noida 201301, India (referred to as the "**Controlling Person**" further in this Report) indirectly controls the Company through MSSL GmbH, with its registered address at Bruchköbel, Germanenring 3, zip code 63486, Federal Republic of Germany, Company ID 44 225 24825, recorded in the Register of Companies maintained by the District Court in Hanau, Section B, File No. HRB 91564, which was the Company's majority owner through the Reference Period.

2. Company Role in the Group

The Company manufactures injection molding parts and components for the automotive industry and sells them to third parties, particularly to automobile manufacturers and their sub-suppliers either directly or via distribution companies belonging to the Group.

3. Method and Means of Control

The Company is controlled especially through the decision-making process at general meetings.

4. Summary of Intercompany Contracts and Agreements

4.1 Contracts and agreements made by and between the Company and the Controlling Person valid in the Reference Period:

No valid contracts were in place between the Company and the Controlling Person in the Reference Period.

4.2 Contracts and agreements made by and between the Company and other persons controlled by the Controlling Person valid in the Reference Period:

- 1 Management Services Agreement entered into with **MSSL GmbH**, Germany, dated 20 July 2007
- 2 Contract for the purchase of materials, sale of parts and other services entered into with **MSSL GmbH**, Germany, dated 25 October 2009
- 3 Agreement for arranging accommodation facilities and other travel related serviced entered into **Motherson Air Travel Agencies Ltd**, India, dated 1 April 2017
- 4 Agreement for arranging accommodation facilities and other travel related serviced entered into **Motherson Air Travel Agencies GmbH**, Germany, dated 1 August 2016
- 5 Loan agreement entered into with **MSSL GmbH**, Germany dated 1 March 2017
- 6 Loan agreement entered into with **MSSL Mideast (FZE)**, United Arab Emirates dated 21 September 2009

- 7 Contract for the establishment of consignment warehouse of finished products entered into with **Samvardhana Motherson Reflectec Automotive Mirror Technology Bt**, Hungary, dated 1 January 2013
- 8 Contract for the establishment of finished product consignment warehouse entered into with **SMP Deutschland GmbH**, Germany, dated 13 April 2012
- 9 The production of molds and related services were made on grounds of partial orders between the Company and the following companies: **MSSL Tooling Limited**, **SMP Deutschland GmbH**, **SMIIEI (A Unit of Motherson Sumi Systems Limited)**
- 10 IT services by **Motherson Sumi Infotech & Designs Limited** and **Motherson Orca Precision Technology GmbH** were performed on grounds of partial orders.
- 11 Supplies of products to **Samvardhana Motherson Reflectec Automotive Mirror Technology Bt**, **SMP Automotive Solutions Slovakia s. r. o.**, **SMP Deutschland GmbH**, **MSSL GmbH**, **SMR Automotive System Spain SAU**, **SMP Automotive Exterior GmbH**, **Samvardhana Motherson Innovative Autosystems B.V. & Co.KG** were made on grounds of partial orders
- 12 Purchases of materials from **Samvardhana Motherson Reflectec Automotive Mirror Technology Bt**, **Motherson Orca Precision Technology GmbH**, **MSSL Tooling Limited**, **MSSL GmbH**, **SMP Deutschland GmbH** were made on grounds of partial orders
- 13 Sales of materials to **MSSL Tooling Limited** , **Samvardhana Motherson Reflectec Automotive Mirror Technology Bt** were made on grounds of partial orders

5. Summary of acts made at the initiative or in the interest of the Controlling Person or persons controlled by the Controlling Person

During the Reference Period the Company made the below mentioned acts at the initiative of the Controlling Person or persons controlled by the Controlling Person involving assets in excess of 10% of the Company's equity as reported in the last financial statements, i.e. in the amount exceeding CZK 12,489 thousand as identified in the last financial statements for the year ended 31 December 2018.

- Supplies of products to **Samvardhana Motherson Reflectec Automotive Mirror Technology Bt**, **SMP Deutschland GmbH**

6. Assessment of Damage and its Settlement

The Company suffered no damage as a result of contracts signed, other acts and measures made in the Reference Period between the Company and other Group companies which the Company made in the interest or at the initiative of these persons in the Reference Period.

7. Assessment of Relations and Risks within the Group

7.1 Assessment of advantages and disadvantages of relations within the Group.

The membership in the Group brings mainly advantages to the Company. The Group is a leading global manufacturer of car parts holding a strong trademark and financial background, which is beneficial to the Company mainly in making deals with its suppliers/customers and dealing with financing banks.

The participation in the Group brings no disadvantages to the Company.

7.2 No risks are associated with the relations between the companies in the Group.

Date:

Andreas Heuser

Statutory Representative

Enclosure 1 - Information about the persons belonging to the Group which were parties to transactions with the Company in 2018

	<i>Name</i>	<i>Location</i>
Controlling Person	Motherson Sumi Systems Limited	India
Controlled Persons	MSSL GmbH	Germany
	MSSL Mideast (FZE)	United Arab Emirates
	MSSL Tooling Limited	United Arab Emirates
	Motherson Air Travel Agencies Ltd.	India
	Motherson Air Travel Agency GmbH	Germany
	Motherson Sumi Infotech & Designs Limited	India
	Samvardhana Motherson Reflectec Automotive Mirror Technology Bt	Hungary
	Motherson Orca Precision Technology GmbH	Germany
	Motherson Automotive Technologies & Engineering	India
	SMP Deutschland GmbH	Germany
	SMIIEI (A Unit of Motherson Sumi Systems Limited)	India
	SMP Automotive Solutions Slovakia s. r. o.	Slovakia
	Samvardhana Motherson Innovative Autosystems B.V. & Co.KG	Germany
	Motherson Molds and Diecasting Limited	India
	SMR Automotive Systems Spain SAU	The Kingdom of Spain
	SMP Automotive Exterior GmbH	Germany
	MSSL Manufacturing Hungary Kft.	Hungary
	Samvardhana Motherson Automotive Systems Group B.V.	The Netherlands
	Motherson Auto Limited	India