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### MANAGEMENT REPORT

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SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company  
Balance sheet at March 31, 2019  
(In euros)

ASSETS	Notes	03.31.2019	03.31.2018
<b>NON-CURRENT ASSETS</b>		<b>22,971,086</b>	<b>23,728,729</b>
Intangible assets	5	24,643	29,362
Property, plant, and equipment	6	12,602,789	11,996,071
Land and buildings		3,385,673	3,560,627
Technical installations, machinery, and other PP&E items		7,255,260	7,376,996
PP&E under construction and prepayments		1,961,856	1,058,448
Non-current investments in group companies and associates		9,925,266	11,415,295
Equity instruments	8	2,201,371	2,201,371
Non-current loans to group companies and associates	7, 9, 24	7,723,895	9,213,924
Non-current financial investments	7, 9	31,219	28,270
Deferred tax assets	18	387,169	259,731
<b>CURRENT ASSETS</b>		<b>16,634,918</b>	<b>14,763,213</b>
Inventories	10	6,277,352	5,458,293
Trade and other receivables	7, 9	4,878,666	4,583,291
Trade receivables for sales and services		4,079,264	3,973,370
Trade receivables from group companies and associates	24	799,402	609,921
Current investments in group companies and associates	7, 9, 24	3,003,356	22,181
Accruals	7	95,176	107,510
Cash and cash equivalents	7, 11	2,380,368	4,591,938
<b>TOTAL ASSETS</b>		<b>39,606,004</b>	<b>38,491,942</b>
<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>03.31.2019</b>	<b>03.31.2018</b>
<b>EQUITY</b>		<b>8,132,700</b>	<b>6,745,491</b>
<b>CAPITAL AND RESERVES</b>		<b>7,941,756</b>	<b>6,512,319</b>
Capital	12	1,165,963	1,165,963
Issued capital		1,165,963	1,165,963
Reserves	13	667,451	1,034,559
Legal and statutory reserves		233,193	233,193
Other reserves		434,258	801,366
Profit (loss) for the year	14	7,377,548	8,408,661
Interim dividend	14	(1,269,206)	(4,096,864)
GRANTS, DONATIONS, AND LEGACIES	15	190,944	233,172
<b>NON-CURRENT LIABILITIES</b>		<b>15,630,023</b>	<b>894,521</b>
Non-current borrowings	7, 16	611,396	713,185
Other financial liabilities		611,396	713,185
Non-current borrowings from group companies and associates	7, 16, 24	14,860,581	-
Deferred tax liabilities	18	158,046	181,336
<b>CURRENT LIABILITIES</b>		<b>15,843,281</b>	<b>30,851,930</b>
Current provisions	17	55,474	156,599
Current borrowings	7, 16	1,126,716	1,467,435
Other financial liabilities		1,126,716	1,467,435
Borrowings from group companies and associates	7, 16, 24	1,129,945	16,199,340
Trade and other payables	16	13,531,146	13,028,556
Suppliers	7	5,821,815	5,399,134
Suppliers, group companies, and associates	7, 24	1,875,995	1,226,379
Other payables	7	4,004,270	4,920,040
Employee benefits payable	7	554,883	497,911
Other payables to public administrations	20	1,274,183	985,092
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,606,004</b>	<b>38,491,942</b>

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company  
Income statement for the year ended March 31, 2019  
(in euros)

	NOTES	03.31.2019	03.31.2018
<b>CONTINUING OPERATIONS</b>			
Revenue	19	62,327,262	58,292,048
Sales		62,327,262	58,292,048
Changes in inventory of finished goods and work in progress		1,445,095	557,598
Cost of sales	19	(33,851,037)	(30,073,590)
Consumption of goods		(794,080)	(1,722,678)
Consumption of other supplies		(30,687,980)	(26,207,226)
Subcontracted work		(2,399,609)	(2,118,581)
Impairment of goods for resale	10	30,632	(25,105)
Other operating income		1,691,431	1,396,293
Ancillary income		1,691,431	1,396,293
Employee benefits expense	19	(9,242,094)	(8,764,522)
Wages, salaries, et al.		(6,985,286)	(6,643,525)
Social security costs		(2,256,808)	(2,120,997)
Other operating expenses		(10,992,831)	(9,563,723)
External services	19	(10,535,278)	(9,409,160)
Taxes	19	(69,408)	(66,464)
Losses on, impairment of, and changes in trade provisions	9	68,473	123,741
Other current operating expenses		(456,618)	(211,840)
Depreciation and amortization	5, 6	(1,745,925)	(1,652,218)
Grants related to non-financial assets and other grants released to income statement	15	58,062	198,678
Overprovisions		52,386	157,158
Impairment losses and gains (losses) on disposal of assets		(6,954)	28,160
Impairment and losses	6	21,046	21,046
Gains (losses) on disposals and other gains and losses	6	(28,000)	7,114
Other gains or losses		1,037	1,251
<b>OPERATING PROFIT</b>		<b>9,736,432</b>	<b>10,577,133</b>
Finance income		972,009	1,829,573
Finance expenses		(1,107,743)	(1,197,789)
Exchange gains (losses)		(25,448)	(34,479)
<b>FINANCE COST</b>		<b>(161,182)</b>	<b>597,305</b>
<b>PROFIT BEFORE TAX</b>		<b>9,575,250</b>	<b>11,174,438</b>
Corporate income tax	20	(2,197,702)	(2,765,777)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>7,377,548</b>	<b>8,408,661</b>
<b>PROFIT FOR THE YEAR</b>	<b>14</b>	<b>7,377,548</b>	<b>8,408,661</b>

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company  
Statement of changes in equity for the year ended March 31, 2019  
(in euros)

a) Statement of recognized income and expense for the year ended March 31, 2019

	Notes	03.31.2019	03.31.2018
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>14</b>	<b>7,377,648</b>	<b>8,408,661</b>
<b>INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY</b>	<b>15</b>	-	98,886
Grants, donations, and bequests received		-	131,448
Tax effect		-	(32,862)
<b>AMOUNTS TRANSFERRED TO THE INCOME STATEMENT</b>	<b>16</b>	(42,228)	(162,040)
Grants, donations, and bequests received		(58,062)	(198,678)
Tax effect		15,834	36,638
<b>TOTAL RECOGNIZED INCOME AND EXPENSE</b>		<b>7,335,320</b>	<b>8,345,207</b>

B) Statement of total changes in equity for the year ended March 31, 2019

	Issued capital	Legal reserve	Other reserves	Profit (loss) for the year	Interim dividend	Grants	TOTAL
<b>BALANCE AT 03.31.2017</b>	<b>1,165,963</b>	<b>233,193</b>	<b>464,098</b>	<b>6,737,268</b>	<b>(2,000,000)</b>	<b>296,626</b>	<b>6,897,148</b>
Total recognized income and expense	-	-	-	8,408,661	-	(63,454)	8,345,207
Transactions with partners	-	-	(8,400,000)	-	(2,096,864)	-	(8,496,864)
Dividend distribution	-	-	8,737,268	(6,737,268)	-	-	-
Other changes in equity	-	-	-	-	-	-	-
<b>BALANCE AT 03.31.2018</b>	<b>1,165,963</b>	<b>233,193</b>	<b>801,366</b>	<b>8,408,661</b>	<b>(4,096,864)</b>	<b>233,172</b>	<b>6,745,491</b>
Total recognized income and expense	-	-	-	7,377,548	-	(42,228)	7,335,320
Transactions with partners	-	-	(4,678,905)	-	(1,269,206)	-	(5,948,111)
Dividend distribution	-	-	4,311,797	(8,408,661)	4,096,864	-	-
Other changes in equity	-	-	-	-	-	-	-
<b>BALANCE AT 03.31.2019</b>	<b>1,165,963</b>	<b>233,193</b>	<b>434,268</b>	<b>7,377,548</b>	<b>(1,269,206)</b>	<b>190,944</b>	<b>8,132,700</b>

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company  
Statement of cash flows for the year ended March 31, 2019  
(in euros)

	Notes	03.31.2019	03.31.2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	20	9,575,250	11,174,438
Adjustments to profit		1,655,769	533,187
Depreciation and amortization	5, 6	1,745,925	1,652,218
Impairment	6, 9, 10	(120,151)	(119,682)
Changes in provisions (+/-)	11	(101,125)	(196,252)
Grants released to income (-)	15	(58,062)	(198,678)
Gains (losses) from derecognition and disposals of assets	6	28,000	(7,114)
Finance income		(972,009)	(1,829,573)
Finance expenses		1,107,743	1,197,789
Exchange gains (losses)		25,448	34,479
<b>Change in working capital</b>		<b>(1,994,501)</b>	<b>(1,991,758)</b>
Inventories		(788,427)	(1,536,117)
Trade and other receivables		(226,902)	(594,313)
Other current assets		(2,968,841)	(45,462)
Trade and other payables		502,590	703,528
Other non-current assets and liabilities		1,487,079	(519,394)
<b>Other cash flows from operating activities</b>		<b>(2,648,242)</b>	<b>(1,598,281)</b>
Interest paid		(1,107,743)	(1,197,789)
Interest received		972,009	1,829,573
Income tax receipts (payments)	20	(2,512,508)	(2,230,065)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>6,588,276</b>	<b>8,117,586</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments on investments		(2,379,378)	(2,713,341)
Intangible assets	5	(3,430)	(7,563)
Property, plant, and equipment	6	(2,375,948)	(2,705,778)
<b>Proceeds from sale of investments</b>		<b>24,500</b>	<b>20,659</b>
Property, plant, and equipment	6	24,500	20,659
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(2,354,878)</b>	<b>(2,692,682)</b>
<b>Proceeds from and payments on equity instruments</b>		<b>-</b>	<b>131,448</b>
Grants, donations, and bequests received	15	-	131,448
<b>Proceeds from and payments of financial liabilities</b>		<b>(471,410)</b>	<b>1,538,279</b>
Issues		-	1,054,265
Borrowings from group companies and associates		-	484,014
Other borrowings		-	-
Repayment and redemption of:			
Borrowings from group companies and associates		(28,902)	-
Other debts		(442,508)	-
<b>Dividends paid</b>		<b>(5,948,110)</b>	<b>(8,496,864)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(6,419,520)</b>	<b>(6,827,137)</b>
<b>NET FOREIGN EXCHANGE DIFFERENCE</b>		<b>(25,448)</b>	<b>(34,479)</b>
<b>INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,211,570)</b>	<b>(1,436,712)</b>
Cash and cash equivalents, opening balance		4,591,938	6,028,650
Cash and cash equivalents, closing balance		2,380,368	4,591,938
		<b>2,211,570</b>	<b>1,436,712</b>

**SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2019**

**1. GENERAL INFORMATION**

SMR Automotive Systems Spain, S.A., Sole Shareholder Company ("the Company"), was incorporated on July 13, 1990 with the registered name of Alfred Engelmann, S.A. (later changed to Visiocorp España, S.A.U.), and is located in Épila, Polígono Industrial Valdemuel s/n.

The Company's corporate purpose is the production and sale of technical parts for high quality plastic materials used in the automotive industry, especially exterior and interior rear-view mirrors.

On June 9, 2009, the sole shareholder decided to change the Company's registered name from Visiocorp España, S.A.U. to SMR Automotive Systems Spain, S.A.U.

The Company belongs to the group led by Samvardhana Motherson Reflectec Group Holdings Ltd. (formerly Samvardhana Motherson Visiocorp Solution Ltd) through its sole shareholder, SMR Automotive Mirrors Stuttgart GmbH, domiciled in Germany.

The parent of the aforementioned group, Samvardhana Motherson Reflectec Group Holdings Ltd., has its registered address in India, where it files its consolidated financial statements.

**2. BASIS OF PRESENTATION**

a) True and fair view

The financial statements have been prepared based on the Company's accounting records and are presented in compliance with prevailing mercantile legislation and Spanish GAAP approved by Royal Decree 1514/2007 and the modifications incorporated therein via Royal Decree 1159/2010 and Royal Decree 602/2016, to provide a true and fair view of the Company's net equity, its financial position and the results of its operations, as well as the veracity of the cash flows recognized in the cash flow statement.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the sole shareholder. They are expected to be approved without modification. The prior annual financial statements, for the year ended March 31, 2018, were approved by the sole shareholder on September 30, 2018.

The figures contained in the documents which make up these financial statements are expressed in euros without decimals.

b) Grouping of items

For purposes of clarity, the items shown on the accompanying balance sheet, income statement, statement of changes in equity, and cash flow statement have been grouped, and an analysis is provided in the notes to the financial statements where appropriate.

c) Critical issues concerning the measurement and assessment of uncertainty

Preparation of the financial statements requires the Company to make, and continually review, certain judgments and estimates with respect to the future, based on historical experience and other factors, including expectations with regard to future events that seem reasonable given present circumstances.



**SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company**  
**Notes corresponding to the year ended March 31, 2019**

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The estimates considered were made based on the best information available at the date of preparation of the accompanying financial statements, and any modifications to said estimates in the future will be applied prospectively, recognizing the effect of the changes made in the income statement of the corresponding year.

The main estimates and judgments made in the preparation of the financial statements were the following:

- The useful life of property, plant, and equipment and intangible assets (Notes 3.1 and 3.2)
- The recoverable amounts corresponding to interest held in group companies (Note 3.5)
- Calculation of provisions (Note 3.12)

### **3. ACCOUNTING POLICIES**

#### **3.1 Intangible assets**

##### IT applications

Computer software licenses acquired from third parties are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.

Costs associated with maintaining computer software programs are recognized as expenses when incurred.

#### **3.2 Property, plant, and equipment**

Items of property, plant, and equipment are recognized at either acquisition or production cost, less accumulated depreciation.

The amount recognized for work performed by the Company in connection with its PP&E items is calculated by adding the acquisition price of the consumables used and the related direct or indirect costs attributable to said items.

Expenses incurred for expansion, modernization or improvements to PP&E items which increase productivity and capacity, or prolong their useful life, are capitalized as an increase in the value of the assets provided that it is possible to identify or estimate the underlying book value of the assets derecognized from the inventory as a result of their replacement.

Costs incurred as a result of important repairs are capitalized and depreciated during the estimated useful life of the related assets, while recurring maintenance expenses are taken to the income statement in the year in which they are incurred.

Except for land, which is not depreciated, depreciation of PP&E items is calculated on a straight-line basis over their estimated useful lives, including effective depreciation due to functioning, use, and operation.

The annual depreciation rates applied on a straight line basis are the following:

	<b>Rate</b>
Buildings	3%
Plant	12 % - 15%
Machinery	12% - 21%
Tools	33%
Other installations	10%
Furniture	10%-25%
Information technology equipment	25%
Transport equipment	16%-32%
Other property, plant, and equipment	10%-15%

At each balance sheet date, residual values and useful lives are reviewed and adjusted where applicable.

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount (Note 3.4).

Gains and losses arising from the sale of PP&E items are calculated by comparing income obtained from the sale to the carrying amount, and are recognized in the income statement.

### **3.3 Borrowing costs**

Finance expenses directly attributable to the acquisition or construction of PP&E items that need more than one year to be brought into working condition are included in the cost of the assets until they are ready for use.

### **3.4 Impairment of non-financial assets**

Depreciable assets are tested for impairment when changes in circumstances indicate that the carrying amount might not be recoverable. Impairment losses are recognized for the excess carrying amount of an asset over its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. To assess impairment losses, assets are classified into the smallest group for which separate cash flows can be identified (cash generating unit).

### **3.5 Financial assets**

#### **a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not listed on active markets. They are included under current assets, except for those whose maturities exceed 12 months from the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are included in "Trade and other receivables" in the balance sheet.

These financial assets are measured initially at their fair value, including directly attributable transaction costs, and subsequently at amortized cost recognizing accrued interest at the effective rate. The effective interest rate is the rate that equates the carrying amount of the instrument with the total estimated cash flows to maturity.

Nevertheless, trade receivables which mature within less than one year are carried at nominal value both at initial and subsequent recognition, when the effect of not discounting cash flows is insignificant.

At least at year end, the necessary impairment adjustments are made when there is objective evidence that not all amounts owed will be collected.

The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses and related reversions are recognized in the income statement.

#### **b) Equity investments in group companies, jointly controlled entities, and associates**

These are valued at cost less any accumulated impairment losses when applicable. However, when an investment exists prior to classification as a group company, jointly controlled entity, or associate, the carrying amount of that investment prior to its new classification is taken as its cost. The previous value adjustments recognized directly in equity continue under that heading until the investment is derecognized.





If there is objective evidence that the carrying amount is not recoverable, the appropriate value adjustments are made for the difference between the carrying amount and the recoverable amount. Unless better evidence of the recoverable amount is available, impairment losses are estimated taking into account the net equity of the investee, adjusted by any tacit capital gains existing at the valuation date. Impairment losses, as well as any related reversals, are recognized in the income statement in the year in which they occur.

### **3.6 Inventories**

Inventories are measured at the lower of cost or net realizable value. When the net realizable value of inventories is less than their cost, they are written down and an expense is recognized in the income statement. If the circumstances causing the write-down disappear, the corresponding amount is reversed and recognized as income in the income statement.

The cost of raw materials is determined by the weighted average cost method and includes all expenses associated with the acquisition of said raw materials, mainly relating to transportation and freightage.

In addition to the cost of raw materials, the cost of finished products and products in progress includes design costs, the applicable portion of direct and indirect labor costs as well as other general production overheads (based on the normal working capacity of the production methods).

The Company's inventories include production work for molds, which are ordered by clients for subsequent production of parts by the Company. Their valuation includes all the expenses invoiced by the suppliers contracted for production plus the direct and indirect attributable production expenses.

The invoicing for said molds is conducted in accordance with the agreed upon terms and income is not recognized until the corresponding certification has been obtained or the goods have been accepted by the client.

Possible losses which the mold projects may incur are recognized as soon as they arise.

Net realizable value is the estimated selling price in the normal course of business less any estimated necessary costs to sell. In the case of raw materials and products in progress, net realizable value includes any estimated costs necessary to complete production.

### **3.7 Equity**

Share capital is comprised of registered shares.

The cost of issuing new shares is recognized directly in equity as a reduction of reserves.

### **3.8 Financial liabilities**

#### **a) Trade and other payables**

This heading includes trade and non-trade payables. These borrowings are classified as current liabilities, except when the Company has the unconditional right to defer their settlement for at least 12 months from the balance sheet date.

These debts are initially recognized at fair value less directly attributable transaction costs, and are later recognized at their amortized cost calculated using the effective interest rate method. The effective interest rate is the rate which equates the instrument's carrying amount with the expected flow of future payments to maturity of the liability.

Nevertheless, trade payables which mature within 12 months and do not have a contractual interest rate, are carried at nominal value both at initial and subsequent measurement when the effect of not discounting cash flows is not significant.



### **3.9 Grants received**

Repayable grants are recognized as liabilities until the conditions for them to be considered non-refundable are met, while non-repayable grants are recognized directly in equity as income systematically and rationally correlated with the expenses relating to the grant. Non-refundable grants received from the partners are recognized directly in equity.

For these purposes, a grant is considered as non-refundable when there is an individualized grant concession agreement, all stipulated conditions for the concession have been met, and there are no reasonable doubts regarding collection of the grant.

Monetary grants are valued at the fair value of the amount received and non-monetary grants at the fair value of the goods received, both measured at the date of reception.

Non-repayable grants related to the acquisition of intangible assets, PP&E items, and investment properties are recognized as income for the year in proportion to the amortization or depreciation of the corresponding assets or, if applicable, when the assets are disposed of, valuation adjustments are made to the carrying amounts due to impairment, or when the assets are derecognized. In addition, non-refundable grants relating to specific expenses are recognized in the income statement during the period in which the corresponding expenses are accrued, and those granted to offset operating deficits are recognized during the year in which they are granted, except when they are used to offset operating deficits in future periods, in which case the corresponding amounts are recognized in said years.

### **3.10 Current and deferred income tax**

Income tax expense/(income) is the total amount accrued in the year, including expenses for both current income tax and deferred tax.

Current and deferred tax expense/(income) is recognized in the income statement. However, the tax effect related to items recognized directly in equity is likewise recognized in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, in accordance with prevailing tax legislation at the balance sheet date.

Deferred taxes are calculated based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts. Deferred taxes are determined in accordance with prevailing legislation and the tax rates approved at the balance sheet date, and also by applying the rates and legislation expected for when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which these assets may be utilized.

Effective from April 1, 2015, the Company has been filing a consolidated corporate tax return with the parent of its tax group, SMP Automotive Technology Ibérica, S.L., together with other subsidiaries of the group. Thus, tax assets and obligations with the public administrations are reported in the financial statements of group companies when applicable.

### **3.11 Employee benefits**

Termination benefits are paid to employees when the Company decides to terminate their labor contract before they reach retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it has a demonstrable commitment to terminate labor contracts under an irrevocable, formal, and detailed plan or to make indemnity payments as part of an offer to encourage voluntary redundancy. Benefits that will not be paid in the twelve months subsequent to the balance sheet date are discounted to their present value.



### **3.12 Provisions and contingent liabilities**

Provisions are recognized when the Company has a present obligation (legal or implicit) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the corresponding amounts can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the current value of the expected outflow to settle the obligation, using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the liability. Provision discount adjustments are recognized as a finance cost as they accrue.

Provisions due for settlement within one year from the end of the reporting period are not discounted if the financial effect is not significant.

When it is expected that part of the provision will be reimbursed by a third party, the reimbursement is recognized as a separate asset, provided that such reimbursement is practically certain.

Contingent liabilities are considered to be possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not within the control of the Company. Such contingent liabilities are not recognized but are disclosed in the notes to the financial statements.

### **3.13 Recognition of income**

Income is recognized at fair value of the consideration received or receivable and represents amounts receivable for goods delivered and services rendered in the normal course of business activity, less refunds, rebates, discounts, and VAT.

Income is recognized when it can be reliably measured and when future economic benefits are likely to flow to the Company. Income cannot be measured reliably until all sales-related contingencies have been resolved.

The main activity of the Company is the production and sale of rear-view mirrors for vehicles. Income is recognized in the income statement as soon as the risks and benefits associated with the products are transferred, which normally coincides with the date on which the purchaser can make use of the product.


The prices applied are based on agreements signed with the clients which also establish the remaining applicable commercial terms. These prices are renewed annually.

In addition, the Company internally produces or subcontracts the production of molds for the subsequent manufacture of automobile parts. Once the mold production process finalizes, the molds are sold to clients based on the agreed upon prices.

The expenses incurred by the Company in the manufacture of said molds are recognized under the current heading for inventories.

Income relating to the sale of molds is recognized as soon as the buyer has received and can make use of them, as it is at that moment that the related risks and benefits have effectively been transferred.

Interest income is recognized using the effective interest method. When an account receivable is impaired, the Company reduces the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and continues carrying the discounted cash flow as a decrease in interest income. Interest income from impaired loans is recorded using the effective interest rate method.



### **3.14 Leases**

Leases where the lessor substantially retains all the risks and benefits of ownership of the asset are classified as operating leases. Payments on operating leases (net of any incentives received from the lessor) are taken to the income statement for the year as accrued on a straight-line basis during the lease period.

### **3.15 Related-party disclosures**

Transactions carried out between Group companies are generally measured initially at fair value. When the agreed-upon prices differ from fair value, the differences are recognized based on the economic reality of the transaction. Subsequent measurements are carried out as established in the corresponding regulations.

### **3.16 Environmental matters**

Expenses arising from business actions taken to protect and improve the environment are recognized as an expense in the year incurred.

When these expenses constitute additions to PP&E items that will be used to minimize the environmental impact of activities as well as protect and improve the environment, they are recorded as an increase in the value of the asset.

### **3.17 Foreign currency transactions**

#### **(a) Functional and presentation currency**

The financial statements are presented in euros, which is the Company's functional and presentational currency.

#### **(b) Transactions and balances**

Foreign currency transactions are converted to the functional currency at the exchange rates prevailing on the respective transaction dates. Gains and losses in foreign currency arising from the settlement of transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

## **4. FINANCIAL RISK MANAGEMENT**

### **4.1 Financial risk factors**

The Company's activities are exposed to various financial risks: interest rate risk, credit risk, and liquidity risk.

Management of risk is controlled by the Company, which identifies, evaluates, and covers the financial risks in accordance with policies approved by the Group. The Group provides policies for overall risk management, as well as policies for covering specific areas, such as interest rate risk, liquidity risk, and investment of excess liquidity.

#### **a) Interest rate risk**

Since the Company does not have any significant remunerated assets, income and cash flows from operating activities are not significantly exposed to the risk of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risk. At March 31, 2019 and 2018, the Company does not have any long-term borrowings at variable interest rates.



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b) Credit risk

Credit risk arises from cash and cash equivalents, and clients, including receivables pending collection and transactions to which the Company has committed itself. The credit quality of the clients is evaluated taking into account their financial position, past experience, and other factors.

The main clients of the Company are important companies active in the automotive sector which have no history of non-payments. The Company's policy is to provision all past due balances older than 6 months.

The level of credit extended is regularly monitored.

c) Liquidity risk

Prudent management of liquidity risk consists in maintaining sufficient cash and marketable securities, having sufficient financing available from committed credit facilities, and having the capacity to exit market positions.

Management monitors forecasts relating to the Company's liquidity reserves, comprising available credit as well as cash and cash equivalents, based on expected cash flows.

The following table shows an analysis of the financial liabilities, grouped by maturities in accordance with pending installments at the balance sheet date until the maturity date established in the corresponding contracts.

Financial liabilities							
Euros	2019	2020	2021	2022	2023	Subsequent years	Total
Trade and other payables (Note 16)	12,256,963	-	-	-	-	-	12,256,963
Borrowings from group companies and associates (Note 24)	1,129,945	-	-	-	14,860,581	-	15,990,526
Other financial liabilities (Note 16)	1,126,716	108,480	114,019	119,839	109,862	159,196	1,738,112
	<b>14,513,624</b>	<b>108,480</b>	<b>114,019</b>	<b>119,839</b>	<b>14,970,443</b>	<b>159,196</b>	<b>29,985,601</b>

"Other financial liabilities" includes loans received by public bodies at subsidized interest rates, which are consequently recognized at amortized cost. The maturities shown in the above table do not take into account the effect of amortized cost on these loans, which amounts to 114,365 euros.

#### 4.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on market prices at the balance sheet date. The market price used for financial assets is the current purchase price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses the discounted cash flow method, applying hypotheses based on current market conditions at each balance sheet date.

The Company assumes that the carrying amounts of trade receivables and payables approximately agree with their fair value.

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**5. INTANGIBLE ASSETS**

The breakdown and movements in the items recognized under "Intangible assets" are as follows:

(In euros)	Beginning balance	Additions and allowances	Transfers	Balance at year end
<b>03.31.2019</b>				
Cost				
Software	526,566	3,430	17,025	547,021
	526,566	3,430	17,025	547,021
Accumulated amortization				
Software	(497,204)	(25,174)	-	(522,378)
	(497,204)	(25,174)	-	(522,378)
<b>Net carrying amount</b>	<b>29,362</b>			<b>24,643</b>
<b>03.31.2018</b>				
Cost				
Software	518,253	7,563	750	526,566
	518,253	7,563	750	526,566
Accumulated amortization				
Software	(477,275)	(19,929)	-	(497,204)
	(477,275)	(19,929)	-	(497,204)
<b>Net carrying amount</b>	<b>40,978</b>			<b>29,362</b>

At March 31, 2019, fully amortized intangible assets still in use amounted to 484,838 euros (2018: 465,535 euros).

**6. PROPERTY, PLANT, AND EQUIPMENT**

The breakdown and movements in the items recognized under "Property, plant, and equipment" are as follows:

(In euros)	Beginning balance	Additions and allowances	Derecognitions	Transfers	Balance at year end
<b>03.31.2019</b>					
Cost					
Land and buildings	6,010,107	3,033	-	-	6,013,140
Plant and other PP&E items	30,289,717	1,094,541	(60,000)	333,441	31,657,699
Prepayments and PP&E under construction	1,058,448	1,278,374	(24,500)	(350,466)	1,961,856
	37,358,272	2,375,948	(84,500)	(17,025)	39,632,695
Accumulated depreciation					
Land and buildings	(2,449,480)	(177,987)	-	-	(2,627,467)
Plant and other PP&E items	(22,822,294)	(1,542,764)	32,000	-	(24,333,058)
	(25,271,774)	(1,720,751)	32,000	-	(26,960,525)
Impairment					
Plant and other PP&E items	(90,427)	-	21,046	-	(69,381)
	(90,427)	-	21,046	-	(69,381)
<b>Net carrying amount</b>	<b>11,986,071</b>				<b>12,602,789</b>
<b>03.31.2018</b>					
Cost					
Land and buildings	6,005,328	4,779	-	-	6,010,107
Plant and other PP&E items	27,944,188	1,642,551	(5,773)	708,751	30,289,717
Prepayments and PP&E under construction	717,273	1,058,448	(7,772)	(709,501)	1,058,448
	34,666,789	2,705,778	(13,545)	(750)	37,358,272
Accumulated depreciation					
Land and buildings	(2,271,642)	(177,838)	-	-	(2,449,480)
Plant and other PP&E items	(21,367,843)	(1,454,451)	-	-	(22,822,294)
	(23,639,485)	(1,632,289)	-	-	(25,271,774)
Impairment					
Plant and other PP&E items	(111,472)	-	21,045	-	(90,427)
	(111,472)	-	21,045	-	(90,427)
<b>Net carrying amount</b>	<b>10,915,832</b>				<b>11,986,071</b>

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At March 31, 2019, the amount recognized for land and buildings totaled 110,465 euros and 3,275,208 euros, respectively (2018: 110,465 euros and 3,450,162 euros, respectively).

Acquisitions for the years ended March 31, 2019 and March 31, 2018 correspond to investments in machinery and installations for the manufacturing of new projects.

The decreases for the year ended March 31, 2019 mainly correspond to technical installations elements, while for the year ended March 31, 2018 mainly corresponded to equipment items.

No PP&E items were sold to Group companies during the current year or the prior year.

In prior years, during a period of three months, the Company manufactured plastic parts for the Group company SMP Automotive Technology Ibérica S.L. In order to perform this activity, it was necessary to make investments in machinery amounting to 174,609 euros. Once said period had ended, Management decided to recognized impairment losses equivalent to the acquisition cost of these investments, given that said assets cannot be utilized for the production of plastic components by the Company. During the year ended March 31, 2019, said provision was reversed in the amount of 21,045 euros (2018: 21,045 euros), in line with the depreciation allowance recognized for the period.

a) Fully depreciated assets

At March 31, 2019 fully depreciated PP&E items still in use were recognized in the amount of 18,781,090 euros (2018: 18,281,170 euros).

b) Insurance

The Company has taken out various insurance policies to cover the risks to which its PP&E items are exposed. The coverage of these policies is considered sufficient.

c) Goods under operating leases

The income statement includes expenses corresponding to operating leases in connection with the leasing of the following items:

(In euros)	03.31.2019	03.31.2018
Buildings	116,819	114,564
Transport equipment	130,824	114,322
	<b>247,643</b>	<b>228,886</b>

In July 2014, a five-year operating lease was contracted for the rental of a warehouse next to the Company's installations, subsequently renewable annually. During the current period expenses relating to this lease accrued in the amount of 116,819 euros (2018: 114,564 euros).

Note 19.e) to the accompanying financial statements provides disclosure on the future minimum lease payments in connection with the aforementioned items.

d) Revaluation of assets

As described in Note 13 to the accompanying financial statements, the Company restated certain PP&E items as permitted by various legal provisions. At March 31, 2019 the amount of net revaluations accumulated and recognized as per said legal provisions and the effect on depreciation allowances for the period was as follows:



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(In euros)	Beginning balance	Additions and allowances	Balance at year end
<b>03.31.2019</b>			
Cost			
Land and buildings	177,071	-	177,071
Plant and other PP&E items	270,618	-	270,618
	447,689	-	447,689
Accumulated depreciation			
Land and buildings	(123,687)	(5,852)	(129,539)
Plant and other PP&E items	(270,618)	-	(270,618)
	(394,305)	(5,852)	(400,157)
<b>Net carrying amount</b>	<b>53,384</b>		<b>47,532</b>
<b>03.31.2018</b>			
Cost			
Land and buildings	177,071	-	177,071
Plant and other PP&E items	270,618	-	270,618
	447,689	-	447,689
Accumulated depreciation			
Land and buildings	(117,835)	(5,852)	(123,687)
Plant and other PP&E items	(270,618)	-	(270,618)
	(388,453)	(5,852)	(394,305)
<b>Net carrying amount</b>	<b>59,236</b>		<b>53,384</b>

## 7. ANALYSIS OF FINANCIAL INSTRUMENTS

### 7.1 Analysis by categories

The carrying amount of each of the categories of financial instruments established in the standard for recognition and measurement of "Financial instruments," excluding investments in Group companies and associates (Note 8), is as follows:

(In euros)	Loans, derivatives, and other		Total	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
<b>Non-current financial assets</b>				
Loans and receivables (Note 9)	7,755,114	9,242,194	7,755,114	9,242,194
<b>Current financial assets</b>				
Loans and receivables (Note 9)	4,878,666	4,583,291	4,878,666	4,583,291
Loans to group companies and associates (Note 9)	3,003,356	22,181	3,003,356	22,181
Cash and cash equivalents (Note 11)	2,380,368	4,591,938	2,380,368	4,591,938
	<b>18,017,504</b>	<b>18,439,604</b>	<b>18,017,504</b>	<b>18,439,604</b>

The heading for short term accruals, amounting to 95,176 euros, includes anticipated expenses for services to be received in the short term (2018: 107,510 euros).

(In euros)	Derivatives and other		Total	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
<b>Non-current financial liabilities</b>				
Borrowings from group companies and associates (Note 16)	14,860,581	-	14,860,581	-
Trade and other payables (Note 16)	611,396	713,185	611,396	713,185
	<b>15,471,977</b>	<b>713,185</b>	<b>15,471,977</b>	<b>713,185</b>
<b>Current financial liabilities</b>				
Borrowings from group companies and associates (Note 16)	1,129,945	16,199,340	1,129,945	16,199,340
Trade and other payables (Note 16)	13,383,679	13,510,899	13,383,679	13,510,899
	<b>14,513,624</b>	<b>29,710,239</b>	<b>14,513,624</b>	<b>29,710,239</b>



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## 7.2 Breakdown by maturity

The breakdown of financial assets classified by maturity is as follows:

Financial assets						
(in euros)	2019	2020	2021	2022	2023	Subsequent years
Loans to group companies and associates (Note 24)	3,003,356	-	-	-	7,723,895	-
Loans and receivables (Note 9)	4,878,668	-	-	-	-	-
Other financial assets (Note 9)	-	-	-	-	-	31,210
Cash (Note 11)	2,380,368	-	-	-	-	-
	10,262,390	-	-	-	7,723,895	31,210
						18,017,604

The breakdown of financial liabilities classified by maturity is as follows:

Financial liabilities						
(in euros)	2019	2020	2021	2022	2023	Subsequent years
Trade and other payables (Note 16)	12,256,963	-	-	-	-	-
Borrowings from group companies and associates (Note 24)	1,129,945	-	14,860,581	-	-	-
Other financial liabilities (Note 16)	1,126,716	108,480	114,019	119,839	109,862	159,196
	14,513,624	108,480	14,974,600	119,839	109,862	159,196
						29,985,601

"Other financial liabilities" includes loans received by public bodies at subsidized interest rates, which are consequently recognized at amortized cost. The maturities shown in the above table take into account the effect of amortized cost on these loans.

## 7.3 Credit rating of financial assets

None of the financial assets recognized have a credit rating granted by external bodies which might serve to evaluate the credit quality of the assets. The directors consider the risk of insolvency or late payments as low for the financial assets held given the disclosure provided in Note 4 to the accompanying financial statements on credit risk.

The accounts receivable from Group companies and public administrations are considered low risk.

None of the unmatured financial assets were subject to renegotiations during the period. The amounts collected prior to the preparation of the accompanying financial statements, together with the client histories, allow the directors to consider that none of the matured balances represent a significant risk of insolvency or late payment, and thus they did not consider it necessary to recognize any impairment losses on the accounts receivable in addition to those recognized at March 31, 2019.

## 8. INVESTMENTS IN GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES, AND ASSOCIATES

Interest held in Group companies corresponds to the 35.32% stake in SMR Automotive Vision Systems Mexico S.A. de C.V. (previously Visiocorp México S.A. de C.V.), a company which performs the same activity as the Company and whose shares are not listed on a stock exchange.

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The amounts of capital, reserves, and profit (loss) for the period, as well as other relevant information, as presented in the individual financial statements of the company at December 31, 2018, are as follows:

(In euros)	Share capital	Reserves and retained earnings	Profit for the year	Total equity (*)
<b>12.31.2018</b>				
SMR Automotive Vision Systems Mexico, S.A. de C.V.	2,854,788	13,196,777	13,835,049	29,886,614
<b>12.31.2017</b>				
SMR Automotive Vision Systems Mexico, S.A. de C.V.	8,196,127	12,031,047	5,339,412	25,566,586
(*) Data according to financial statements translated to euros at the year-end exchange rate of the society. There is not impairment if it is considered the exchange rate at the date of the preparation of the financial statements. The financial statements as at December 31, 2017 were audited by EY Mexico. At the date of the formulation of these annual accounts, there is not available the audited financial statements by EY Mexico as at December 31, 2018.				

## 9. LOANS AND RECEIVABLES

The breakdown of "Loans and receivables" is as follows:

(In euros)	03.31.2019	03.31.2018
Non-current financial assets		
Borrowings from group companies and related parties (Notes 7, 24)	7,723,895	9,213,924
Other financial assets	31,219	28,270
	7,755,114	9,242,194
Current financial assets		
Clients	4,150,140	4,064,414
Receivables from group companies and related parties	799,402	609,921
Borrowings from group companies and related parties (Note 24)	3,003,356	22,181
Impairment loss provisions	(70,876)	(91,044)
	7,882,022	4,605,472
	<b>15,637,136</b>	<b>13,847,666</b>

At the closing of the period there were receivable balances amounting to 958,993 euros (2018: 269,550 euros) classified as clients who enjoy different prices and who will be compensated via future sales invoices.

At 2019 year end, the Company had access to various non-recourse factoring lines with a total limit of 13,895,600 euros (2018: 11,625,000 euros), having drawn down 6,415,914 euros at March 31, 2019 (2018: 7,158,706 euros).

The movements in the impairment loss allowances relating to the accounts receivable from clients are as follows:

(In euros)	03.31.2019	03.31.2018
Beginning balance	(91,044)	(178,753)
Provision for impairment of receivables	-	-
Reversal of impaired receivables	19,734	84,467
Losses on irrecoverable trade receivables	434	3,242
<b>Balance at year end</b>	<b>(70,876)</b>	<b>(91,044)</b>

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Impairment losses on accounts receivable from clients and any related reversals are recognized under "Losses on, impairment of, and change in trade provisions" in the income statement. Normally, amounts charged to impairment losses are derecognized when the possibility of recovering more cash is remote. Under this line of the income statements are recognised too the movements of the commercial provision related to clients' guarantees (note 17). As at March 31, 2019 the net effect has been 48,739 euros (2018: 39,274 euros).

The maximum credit risk exposure at the balance sheet date corresponds to the fair value of each of the aforementioned receivable categories.

## **10. INVENTORIES**

The breakdown for this balance sheet heading is as follows:

<b>(In euros)</b>	<b>03.31.2019</b>	<b>03.31.2018</b>
Goods for resale	4,021,147	3,491,394
Raw materials and other consumables	1,049,905	941,017
Work in progress	670,243	602,394
Finished goods	553,391	471,454
Impairment of raw materials	(17,334)	(47,966)
<b>Total</b>	<b>6,277,352</b>	<b>5,458,293</b>

### **a) Insurance**

The Company has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies is considered sufficient.

### **b) Impairment allowances for inventories**

The movements in the impairment loss allowances relating to inventories are as follows:

<b>(In euros)</b>	<b>03.31.2019</b>	<b>03.31.2018</b>
Beginning balance	(47,966)	(22,860)
Provisions for impairment of inventory		(25,106)
Reversal of provisions for impairment of inventory	30,632	-
<b>Balance at year end</b>	<b>(17,334)</b>	<b>(47,966)</b>

## **11. CASH AND CASH EQUIVALENTS**

At March 31, 2019 and 2018 the balance for cash and cash equivalents is broken down as follows:

<b>(In euros)</b>	<b>03.31.2019</b>	<b>03.31.2018</b>
Cash in hand	2,971	748
Cash in foreign currency	386	407
Demand deposits in current accounts	2,377,011	4,590,783
	<b>2,380,368</b>	<b>4,591,938</b>

## **12. SHARE CAPITAL**

Issued capital consists of 194,000 registered shares with a nominal value of 6.010121 euros each, fully subscribed and paid-in.

The entire share capital of the Company is owned by SMR Automotive Mirrors Stuttgart GmbH.

The Company is registered in the Mercantile Register as a sole shareholder company,

The Company's shares are not listed.

## **13. RESERVES AND RETAINED EARNINGS**

The breakdown of this heading is the following:

<b>(In euros)</b>	<b>03.31.2019</b>	<b>03.31.2018</b>
Legal reserve	233,193	233,193
Voluntary reserves	-	367,108
Revaluation Reserve Royal Decree-Law 7/1996	434,258	434,258
	<b>667,451</b>	<b>1,034,559</b>

### Legal reserve

The legal reserve must be allocated in accordance with Article 274 of the Spanish Corporate Enterprises Act, which states that an amount equal to 10% of the profit for each year must be earmarked for the legal reserve until it represents at least 20% of share capital.

This reserve may not be distributed, and can only be used to offset losses if no other reserves are available. Any amount of the reserve used for this purpose must be restored with future profits.

### Revaluation Reserve Royal Decree-Law 7/1996, dated June 7

This reserve arises from the revaluation of balances as regulated by article 5 of said Royal Decree-Law.

Given that the three-year period counted from the closing date of the balance sheet in which the revaluations were carried out elapsed without the Tax Authorities having performed any verification, the revaluations are considered to be correct and accepted by the Tax Authorities. Thus, the balance can be used to:

- Eliminate negative accounting results
- Increase share capital
- Constitute freely distributable reserves, once ten years have elapsed counted from the balance sheet date on which the revaluations were carried out

The balance of this line item cannot be distributed, directly or indirectly, unless the gains have been realized, which is understood to have occurred when the revalued items have been completely amortized/depreciated, transferred or derecognized in the accounting records.

#### 14. PROFIT FOR THE YEAR

##### a) Proposed appropriation of profit

The proposed appropriation of profit and reserves to be presented to the Sole Shareholder in 2019 as well as the distribution approved by the Sole Shareholder in the prior period are as follows:

(In euros)	03.31.2019	03.31.2018
<b>Basis of appropriation:</b>		
Income statement balance	7,377,548	8,408,661
	<b>7,377,548</b>	<b>8,408,661</b>
<b>Distribution to:</b>		
Interim dividend	1,269,206	4,096,864
Voluntary reserves	6,108,342	4,311,797
	<b>7,377,548</b>	<b>8,408,661</b>

##### b) Interim dividend

The Sole Shareholder agreed upon an interim dividend distribution amounting to 1,269,206 euros on the following dates:

- December 21, 2018 269,206 euros.
- January 28, 2019 500,000 euros.
- February 26, 2019 500,000 euros.

These amounts to be distributed did not exceed the results obtained since the end of the last fiscal year, after deducting the estimated corporate income tax payable on those results, in accordance with article 277 of the Revised Text of the Spanish Corporate Enterprises Act as per Royal Decree 1/2010 of July 2, 2010.

The provisional accounting statement shown below, approved in accordance with legal requirements, shows sufficient liquidity to distribute said dividend:

(In euros)	
<b>PROFIT (LOSS) BEFORE TAXES FROM 04.01.2018 TO 01.31.2019</b>	<b>7,692,891</b>
Estimated payable income tax (tax payable less withholdings and payments on account)	1,806,034
Legal reserves to be allocated	-
<b>Maximum possible amount distributable</b>	<b>5,886,857</b>
<b>Amount to be distributed</b>	<b>1,269,206</b>

#### 15. GRANTS RECEIVED

The breakdown of non-repayable grants which are reflected in the balance sheet under "Grants, donations, and legacies" is as follows:

Grantor	Grants awarded	Grant 03.31.2019	Year grant awarded
1.-Government of Aragon	5,253	5,253	1993
2.-Government of Aragon	7,036	128	2011
3.-Government of Aragon	6,881	126	2012
4.- Ministry for Industry	264,045	61,207	2012
5.-Government of Aragon	262,896	124,230	2017
	<b>546,111</b>	<b>190,944</b>	

(\*) Grant net of tax effect

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The grant awarded in 1993 was used for acquiring the land where the Company performs its habitual activities.

On June 2, 2011 the Ministry for Industry, Tourism, and Trade granted the Company a loan under the Competitiveness Plan for Developing Strategic Sectors. This loan totaled 632,979 euros, repayable at 0% interest over a period of 15 years with a five-year grace period. The grant associated with this loan amounts to 264,045 euros and was almost entirely used for acquiring fixed assets.

On May 17, 2016 the Regional Government of Aragon, Department of Economy, Industry, and Employment, awarded a grant to the Company meant for the realization of an investment project which had already been executed in prior years, consisting in expansion of the paint plant in Épila, Zaragoza.

The movements under this heading during the year were as follows:

(In thousands of euros)	Beginning balance	Additions	Transfers to income statement	Tax effect (Note 20)	Balance at year end
03.31.2019					
Grants	233,172	-	(58,062)	15,834	190,944
<b>Net carrying amount</b>	<b>233,172</b>				<b>190,944</b>
03.31.2018					
Grants	296,626	131,447	(198,678)	3,777	233,172
<b>Net carrying amount</b>	<b>296,626</b>				<b>233,172</b>

## 16. TRADE AND OTHER PAYABLES

The breakdown of "Trade and other payables" at December 31 is as follows:

(In euros)	03.31.2019	03.31.2018
<b>Trade and other payables</b>		
Borrowings from group companies and associates (Notes 7 and 24)	14,860,581	-
Other financial liabilities (Note 7)	611,396	713,185
	<b>15,471,977</b>	<b>713,185</b>
<b>Current trade and other payables (Note 7)</b>		
Asset suppliers	985,691	1,326,410
Other financial liabilities	141,025	141,025
Suppliers and creditors	9,826,085	10,319,174
Borrowings from group companies and associates (Note 24)	1,129,945	16,199,340
Suppliers, group companies and associates (Note 24)	1,875,995	1,226,379
Other payables to public administrations	1,274,183	985,092
Employee benefits payable	554,883	497,911
	<b>15,787,807</b>	<b>30,695,331</b>

- a) Information on average payment periods for suppliers. Third additional provision, "Reporting requirement" of Law 15/2010 of July 5

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The breakdown of required information relating to the average payment periods for suppliers is as follows:

	03.31.2019	03.31.2018
<b>(Days)</b>		
Average supplier payment period	76	53
Paid transactions ratio	64	76
Outstanding transaction payment ratio	137	24
<b>(Euros)</b>		
Total payments made	51,819,015	45,886,077
Total payments outstanding	10,136,784	11,169,238

b) Other non-current financial liabilities

In prior periods the Company received two loans from the Center for Industrial Technological Development (CITD) with a limit of 536 thousand euros and 158 thousand euros, of which at present 475 thousand and 153 thousand euros have been drawn down, respectively. Given that these loans are repayable over 10 years at 0% interest with a three-year grace period, the Company recognized the corresponding grant at a subsidized interest rate (Note 15). At March 31, 2019 the carrying amount of said loans amounts to 337,555 euros (2018: 398,476 euros). The implicit interest accrued during the year amounted to 17,334 euros (2018: 20,121 euros).

On June 2, 2011 the Ministry for Industry, Tourism, and Trade granted a loan under the Competitiveness Plan for Development of Strategic Sectors for a nominal amount of 632,979 euros, fully drawn down and almost entirely used to acquire fixed assets. Said loan is repayable over 15 years at 0% interest with a five-year grace period and was consequently recognized as a grant at a subsidized rate (Note 15). The carrying amount of said loan at March 31, 2019 totaled 414,866 euros (2018: 455,733 euros). Interest accrued during period, arising from valuation of the loans at amortized cost, amounted to 21,092 euros (2018: 23,983 euros).

## 17. PROVISIONS

At March 31, 2019 and 2018, the heading for short-term provisions includes provisions for guarantees as well as other provisions.

The movements in this heading during the year were as follows:

(In euros)	03.31.2018	Amounts provisioned	Reversal	03.31.2019
Guarantees	104,213	-	(48,739)	55,474
Other	52,386	-	(52,386)	-
<b>Balance at year end</b>	<b>156,599</b>			<b>55,474</b>

(In euros)	03.31.2017	Amounts provisioned	Reversal	03.31.2018
Guarantees	143,307	31,146	(70,240)	104,213
Other	209,544	-	(157,158)	52,386
<b>Balance at year end</b>	<b>352,851</b>			<b>156,599</b>

Amounts set aside and reversed in connection with these provisions are recognized under "Losses, impairment and changes in trade provisions" in the income statement.

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Since the products manufactured by the Company have a two-year use warrantee, it sets aside a provision each year to settle estimated costs relating to said warrantees in effect at year end. At March 31, 2019 the provision for guarantees is recognized as a generic provision amounting to 55,474 euros, while at the 2018 closing said provision totaled 104,213 euros.

With respect to the generic provision, its calculation is determined based on revenue, historical experience of the Company, and information obtained from clients relating to deficient quality in the products sold.

## 18. DEFERRED TAX LIABILITIES

The movement in deferred tax assets during the period was the following:

(In euros)	Beginning balance	Additions	Derecognitions	Balance at year end
<b>03.31.2019</b>				
<b>Deferred tax assets</b>				
Depreciation and amortization	160,369	-	(22,953)	137,416
Impairment	22,910	-	-	22,910
Provisions	76,452	164,703	(14,312)	226,843
	259,731	164,703	(37,265)	387,169
<b>03.31.2018</b>				
<b>Deferred tax assets</b>				
Depreciation and amortization	183,322	-	(22,953)	160,369
Impairment	28,171	-	(5,261)	22,910
Provisions	217,736	-	(141,284)	76,452
	429,229	-	(169,498)	259,731

The movement in deferred tax liabilities during the period was the following:

(In euros)	Beginning balance	Additions	Derecognitions	Balance at year end
<b>03.31.2019</b>				
<b>Deferred tax liabilities</b>				
Amortization/depreciation D.L. 3/93	4,657	-	(41)	4,616
Amortization/depreciation D.L. 3/94	32,999	-	(3,263)	29,736
Amortization/depreciation D.L. 3/95	752	-	(71)	681
Accelerated depreciation/amortization (Note 20)	49,826	-	(4,081)	45,745
Grants (Note 15)	93,102	-	(15,834)	77,268
	181,336	-	(23,290)	158,046
<b>03.31.2018</b>				
<b>Deferred tax liabilities</b>				
Amortization/depreciation D.L. 3/93	4,698	-	(41)	4,657
Amortization/depreciation D.L. 3/94	36,362	-	(3,363)	32,999
Amortization/depreciation D.L. 3/95	823	-	(71)	752
Accelerated depreciation/amortization (Note 20)	53,919	-	(4,093)	49,826
Grants (Note 15)	96,779	32,962	(36,639)	93,102
	192,581	32,962	(44,207)	181,336

In 1994 and 1995 the Company availed itself of the tax benefits established in Royal Decree Law 7/94 and 2/95, respectively, which allow for accelerated depreciation of PP&E items acquired during the period based on the increase in the average employee headcount. Thus, the related difference between accounting depreciation charges and tax deductible depreciation for the year ended March 31, 2019 amounted to 13,502 euros (March 31, 2018: 13,502 euros).



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In addition, the Company applied the tax regime of accelerated depreciation to all acquisitions of PP&E items which were put to use during the year ended March 31, 2012 and which were related to the Company's corporate activity. Thus, the related difference between accounting depreciation charges and tax deductible depreciation for the year ended March 31, 2019 amounted to 16,327 euros (March 31, 2018: 16,371 euros).

**19. INCOME AND EXPENSES**

**a) Revenue**

The distribution of net turnover was the following:

(In euros)	03.31.2019	03.31.2018
<b>By business segment</b>		
Mirror casing	15,097,653	18,004,458
External mirror	30,026,279	26,116,428
Interior mirror	3,656,027	3,478,522
Fuel cap	3,659,940	1,662,187
Molds (tooling)	2,930,874	2,002,884
Other	6,956,489	7,027,569
	<b>62,327,262</b>	<b>58,292,048</b>
<b>By geographical market</b>		
Spain	23,074,343	27,118,447
Eurozone	28,569,764	18,107,951
Other European countries	9,253,584	10,791,159
Rest of the world	1,429,571	2,274,491
	<b>62,327,262</b>	<b>58,292,048</b>

**b) Consumption of goods for resale, raw materials, and other consumables**

(In euros)	03.31.2019	03.31.2018
<b>Consumption and changes in inventories</b>		
Purchase of goods for resale	28,524	201,763
Purchases of raw materials	22,598,527	19,791,346
Consumption of other supplies	8,219,634	6,307,870
Discount on early payment for purchases	(21,293)	(16,818)
Subcontracted work	2,399,609	2,118,580
Increase/(decrease) in inventories (Note 10)	656,668	1,645,743
Impairment of goods for resale, raw materials, and other consumables (Note 10)	(30,632)	25,106
	<b>33,851,037</b>	<b>30,073,590</b>
<b>(In euros)</b>	<b>03.31.2019</b>	<b>03.31.2018</b>
<b>By geographical market</b>		
Spain	13,387,817	12,935,567
Eurozone	13,080,082	11,120,336
Other European countries	856,097	815,503
Rest of the world	6,527,041	5,202,184
	<b>33,851,037</b>	<b>30,073,590</b>

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c) Employee benefits expense

(In euros)	03.31.2019	03.31.2018
Wages, salaries, et al.	6,985,286	6,643,525
Social security costs:		
- Other welfare charges	2,256,808	2,120,997
	<b>9,242,094</b>	<b>8,764,522</b>

At March 31, 2019 there are not indemnity payments relating to dismissals (2018: 1,451 euros).

The personnel employed by the Company by categories and gender at March 31, 2019 and 2018, as well as the average headcount for the years ended March 31, 2019 and 2018 were as follows:

	Headcount at year end			Average headcount during the year
	Men	Women	Total	
<b>03.31.2019</b>				
Manager	1	-	1	1
Production and section managers	13	1	14	13
Supervisors, technicians, and administrative personnel	65	18	83	82
Remaining employees	79	102	181	175
	<b>158</b>	<b>121</b>	<b>279</b>	<b>271</b>
<b>03.31.2018</b>				
Manager	1	-	1	1
Production and section managers	14	1	15	15
Supervisors, technicians, and administrative personnel	43	14	57	56
Remaining employees	96	101	197	197
	<b>154</b>	<b>116</b>	<b>270</b>	<b>269</b>

During the period ended March 31, 2019, the Company had 4 employees under contract with disabilities greater than or equal to 33% (the same number as at March 31, 2018).

d) External services and other taxes

(In euros)	03.31.2019	03.31.2018
Leases and royalties	257,071	238,313
Repairs and maintenance	2,387,053	2,523,979
Independent professional services	4,398,936	3,678,815
Transport	892,602	801,214
Insurance premiums	115,769	82,188
Banking and similar services	829	1,145
Publicity, advertising, and public relations	28,184	49,196
Supplies	1,164,019	1,090,611
Other external services	1,290,816	943,699
Other taxes	69,407	66,464
	<b>10,604,686</b>	<b>9,475,624</b>

During the current period the Company was charged 987,123 euros by Group companies for engineering expenses (2018: 860,664 euros). These amounts were recognized under the heading for independent professional services received. Likewise, of the total invoicing received during the period, 788,459 euros correspond to charges relating directly to the designing of products, recognized as a greater amount under inventories (2018: 573,763 euros).

e) Operating lease agreements

The Company has rented vehicles and forklifts under operating lease agreements together with a warehouse next to its installations (Note 6). The future minimum payments relating to these leased items are as follows:

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(In euros)	03.31.2019	03.31.2018
Within one year	257,071	238,313
Between one and five years	1,028,283	953,252
More than 5 years	-	-
	<b>1,285,354</b>	<b>1,191,565</b>

## 20. CORPORATE INCOME TAX AND TAX SITUATION

The balances with public administrations were the following:

(In euros)	03.31.2019	03.31.2018
Deferred tax assets	387,169	259,731
	<b>387,169</b>	<b>259,731</b>
Deferred tax liabilities	158,046	181,336
Other payables to public administrations		
Value added tax	975,443	697,895
Personal income tax withholdings (IRPF)	87,282	78,667
Social security	211,458	208,530
	<b>1,432,229</b>	<b>1,166,428</b>

The reconciliation between accounting income and expense for the year and taxable income is as follows:

03.31.2019

(In euros)	Income statement		
	Increases	Decreases	Total
Income and expenses for the year	-	-	7,377,548
Income tax	-	-	2,197,702
Income and expense for the year before tax	-	-	<b>9,575,250</b>
Permanent differences	1,500	(468,755)	(467,255)
Temporary differences			
Arising in prior years (Note 18)	29,829	(133,757)	(103,928)
Arising during the year (Note 18)	658,812	-	658,812
<b>Tax result</b>	<b>690,141</b>	<b>(602,512)</b>	<b>9,662,879</b>

03.31.2018

(In euros)	Income statement		
	Increases	Decreases	Total
Income and expenses for the year	-	-	8,408,661
Income tax	-	-	2,765,777
Income and expense for the year before tax	-	-	<b>11,174,438</b>
Permanent differences	1,000	-	1,000
Temporary differences			
Arising in prior years (Note 18)	29,873	(662,690)	(632,817)
Arising during the year (Note 18)	-	-	-
<b>Tax result</b>	<b>30,873</b>	<b>(662,690)</b>	<b>10,542,621</b>

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Current corporate income tax is calculated as the result of applying the 25% tax rate to taxable income, taking into account the deductions generated during the period in the amount of 73,297 euros (2018: 28,082 euros). Deductions generated during the period correspond to IT deductions.

Withholdings and payments on account during the period amounted to 1,215,874 euros (2018: 1,307,112 euros). This amount does not include the first payment on account made in 2019.

The amount payable for corporate income tax amounted to 1,116,723 euros (2018: 1,296,635 euros, including the first payment on account made during the period as indicated in the previous paragraph). The balance payable for said item at 2018 closing is in connection with related parties given that since April 1, 2015 the Company files its corporate income tax return under a consolidated regime, with SMP Automotive Technology Ibérica, S.L. as the Parent of the tax group) (Note 24).

The reconciliation of the Company's accounting profit/(loss) and tax income/(expense) is as follows:

(In euros)	Income statement	
	03.31.2019	03.31.2018
Income and expense for the year before tax	9,575,250	11,174,438
Permanent differences	(467,255)	1,000
Theoretical tax expense (tax rate: 25%)	2,276,999	2,793,860
Deductions	(79,297)	(28,082)
Other	-	(1)
<b>Expense/(Income) due to tax effect</b>	<b>2,197,702</b>	<b>2,765,777</b>

As a result, amongst other things, of the varying possible interpretations of prevailing tax legislation, additional tax contingencies could arise in the event of a tax inspection. Nonetheless, the directors do not consider that these additional liabilities, if any, would have a significant affect on the financial statements.

The Company is open to inspection of all significant taxes to which it is liable for the past four years.

## 21. FOREIGN CURRENCY

As the Company did not carry out any sales transactions in currencies other than the euro during the years ended March 31, 2019 and 2018, there are no accounts receivable denominated in foreign currencies at those closing dates.

The transactions carry out during the period related purchase and services received are the following:

Foreign currency transactions		
(In euros)	Pounds sterling	US dollars
Purchases / Services received	38,068	1,411,603
	<b>38,068</b>	<b>1,411,603</b>

At year end there were balances payable in foreign currency amounting to 307,349 US dollars (2018: 229,699 US dollars) and 11,738 Pounds sterling (2018: 4,009 Pounds sterling).

In addition, the investment made in SMR Automotive Vision Systems Mexico, S.A. de C.V. is denominated in Mexican pesos (MXN) (Note 8).

## **22. COMMITMENTS AND CONTINGENCIES**

### **a) Purchase-sale commitments**

At March 31, 2019 the Company had not signed any firm purchase or sales commitments.

### **b) Guarantees**

At March 31, 2019 the Company had neither granted nor received any third-party guarantees (2018: 0 euros).

## **23. REMUNERATION FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

### **a) Remuneration for members of the Board of Directors**

During the years ended March 31, 2019 and 2018, the Board members did not receive any remuneration for wages or salaries. Neither were any civil liability insurance premiums paid. No remuneration was received in connection with the Company's role as a member on the Boards of other companies.

The Company did not grant any advances or loans to its Board members either.

During the years ended March 31, 2019 and 2018, no contributions were made to pension plans for former or current members of the Company's Board of Directors. Likewise, no related obligations were assumed during the current year.

### **b) Remuneration and loans to senior management**

For purposes of preparing the annual financial statements senior management was understood to comprise those who plan, direct, and control the Company's activities, directly or indirectly, and who carry out their functions independently and responsibly, only limited by the criteria and direct instructions issued by the legal owners of the Company or higher governmental and administrative bodies who represent said owners. Thus, the work of senior management is performed by the directors of the Company (except for the secretary).

SMR Automotive Systems Spain, S.A.U. has designated a director general, who in turn was Board member until March 2016. It is not informed about the remuneration in current and prior year because the director general is no longer a member of senior management or a Board member.

### **c) Conflicts of interest with respect to directors**

With a view to avoid situations representing a conflict of interest with the Company, the directors who held positions on the Board during the year complied with the stipulated obligations of article 228 of the Revised Text of the Spanish Corporate Enterprises Act. In addition, both the directors and related persons refrained from engaging in any activities which may represent a conflict of interest with those of the Company as established in article 229 of said law.



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**24. OTHER TRANSACTIONS WITH RELATED PARTIES**

**a) Transactions**

The breakdown of the transactions undertaken with related parties is as follows:

(In euros)	Sales	Services rendered	Finance income	Purchases	Services received	Finance expenses
<b>03.31.2019</b>						
<i>Group companies</i>						
SMR Group Holdings Limited, Jersey	-	-	3,356	-	-	-
SMR Automotive Systems France, S.A.	299,333	107,319	10,447	4,432	103,025	-
SMR Automotive Mirror Technology Hungary Bt.	598,842	439,967	-	413,548	152,920	-
SMR Automotive Mirrors UK Ltd	1,464,889	222,205	489,326	-	487,884	-
SMR Automotive Servicios Mexico S.A. de C.V.	4,967	-	468,755	-	-	-
SMR USA Inc.	-	-	-	-	-	-
SMP Automotive Technologies Teruel, S.L.	160	-	-	86,531	-	-
SMR Automotive Technology Valencia S.A.U.	-	725	126	-	-	-
SMR Automotive Australia Pty	-	-	-	453,142	-	-
SMR Automotive Brasil Ltda.	-	-	-	-	-	-
SMR Automotive System Thailandia, Ltd.	-	13,631	-	1,028,724	51,752	-
SMR Automotive Mirrors Stuttgart GmbH	-	-	-	-	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	172,047	-	-	2,341,850	971,098
SMR Automotive Systems India, Ltd.	-	-	-	-	16,800	-
SMR Automotive Operations Japan k.k.	-	-	-	-	824	-
SMP Automotive Technology Iberica S.L	-	-	-	-	3,200	-
Samvardhana Motherson Global (FZE)	-	-	-	-	44,017	-
SM Global Holdings Limited (Cyprus)	-	-	-	-	-	-
Motherson Sumi Systems, LTD	-	-	-	2,172,517	6,336	-
MSSL Advanced Polymers s.r.o	-	-	-	4,202	-	-
MSSL GmbH	-	-	-	-	64,672	-
	<b>2,368,191</b>	<b>966,594</b>	<b>972,009</b>	<b>4,163,056</b>	<b>3,273,281</b>	<b>971,098</b>

(In euros)	Sales	Services rendered	Finance income	Purchases	Services received	Finance expenses
<b>03.31.2018</b>						
<i>Group companies</i>						
SMR Group Holdings Limited, Jersey	-	-	476	-	-	-
SMR Automotive Systems France, S.A.	147,752	110,283	10,021	233,858	211,254	-
SMR Automotive Mirror Technology Hungary Bt.	240,344	297,143	-	444,897	55,151	-
SMR Automotive Mirrors UK Ltd	2,839,203	95,829	521,543	(62)	340,119	-
SMR Automotive Servicios Mexico S.A. de C.V.	37,354	-	1,296,864	-	-	-
SMR USA Inc.	420	-	-	-	-	-
SMP Automotive Technologies Teruel, S.L.	-	80	-	98,952	6,900	-
SMR Automotive Technology Valencia S.A.U.	-	1,056	554	-	-	-
SMR Automotive Australia Pty	-	-	-	487,176	-	-
SMR Automotive Brasil Ltda.	13,108	104	-	-	-	-
SMR Automotive System Thailandia, Ltd.	345	1,668	-	362,385	57,550	-
SMR Automotive Mirrors Stuttgart GmbH	-	153,103	-	-	1,896,071	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	1,054,265
SMR Automotive Systems India, Ltd.	-	-	-	-	16,800	-
SM Global Holdings Limited (Cyprus)	-	161	-	-	34,154	-
Motherson Sumi Systems, LTD	-	28,534	-	1,941,925	717	-
MSSL GmbH	-	-	-	-	76,918	-
Other companies	-	-	-	3,325	-	-
	<b>3,278,526</b>	<b>687,962</b>	<b>1,829,457</b>	<b>3,572,456</b>	<b>2,695,634</b>	<b>1,054,265</b>

The goods are sold based on prevailing price lists applicable to unrelated third parties. Services are normally negotiated with related parties based on a cost plus margin basis, and mainly relate to IT services.

The main charges relate to the following services:

(In euros)	03.31.2019	03.31.2018
Technical engineering services	987,123	860,664
General management expenses	1,645,674	1,232,356
Other	640,484	602,614
	<b>3,273,281</b>	<b>2,695,634</b>

**b) Balances with related parties**

The breakdown of balances with related parties at March 31, 2019 and 2018, is as follows:

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(In euros)	03.31.2019				
	Accounts receivable (Note 9)	Credits (Note 9)	Accounts payable (Note 16)	Current borrowings (Note 16)	Non-current borrowings (Note 16)
<i>Group companies</i>					
SMR Group Holdings Limited, Jersey	-	3,003,356	-	-	-
SM Global Holdings Limited (Cyprus)	-	-	-	-	-
SMR Automotive Mirrors Stuttgart GmbH	24,878	-	(491,749)	(13,222)	-
SMR Automotive Mirrors UK Ltd.	611,410	-	(427,621)	-	-
SMR Automotive Technology Valencia S.A.U.	-	-	-	-	-
SMR Automotive Systems France, S.A.	88,077	-	(23,872)	-	-
SMR Automotive Mirror Technology Hungary Bt.	72,385	-	(225,885)	-	-
SMR Automotive Australia Pty	-	-	(37,692)	-	-
SMR Automotive System Thailandia, Ltd.	-	-	(179,355)	-	-
SMP Automotive Technologies Teruel, S.L.	-	-	(23,925)	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	(14,860,581)
SMP Automotive Technology Iberica S.L.	-	-	-	(1,116,723)	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	7,723,895	-	-	-
SMR Automotive Brasil Ltda.	-	-	-	-	-
SMR Automotive Vision System Mexico	2,652	-	-	-	-
SMR Automotive Systems India, Ltd.	-	-	(1,400)	-	-
SMR Automotive Operations Japan k.k.	-	-	(840)	-	-
Samvardhana Motiherson Global (FZE)	-	-	(5,078)	-	-
Other companies	-	-	(458,578)	-	-
	<b>799,402</b>	<b>10,727,251</b>	<b>(1,875,995)</b>	<b>(1,129,945)</b>	<b>(14,860,581)</b>

(In euros)	03.31.2018				
	Accounts receivable (Note 9)	Non-current loans (Note 9)	Accounts payables (Note 16)	Current borrowings (Note 16)	Non-current borrowings (Note 16)
<i>Group companies</i>					
SMR Group Holdings Limited, Jersey	-	-	-	(13,222)	-
SM Global Holdings Limited (Cyprus)	-	-	(9,602)	-	-
SMR Automotive Mirrors Stuttgart GmbH	22,059	-	(347,534)	-	-
SMR Automotive Mirrors UK Ltd.	360,503	-	(41,077)	-	-
SMR Automotive Technology Valencia S.A.U.	-	22,181	(2,904)	-	-
SMR Automotive Systems France, S.A.	64,967	-	(63,900)	-	-
SMR Automotive Mirror Technology Hungary Bt.	161,475	-	(91,324)	-	-
SMR Automotive Australia Pty	-	-	(47,743)	-	-
SMR Automotive System Thailandia, Ltd.	-	-	(76,134)	-	-
SMP Automotive Technologies Teruel, S.L.	-	-	(32,896)	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	(14,889,483)	-
SMR Automotive Technology Iberica S.L.	-	-	-	(1,296,635)	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	9,213,924	-	-	-
SMR Automotive Brasil Ltda.	104	-	-	-	-
SMR Automotive Vision System Mexico	813	-	-	-	-
SMR Automotive Systems India, Ltd.	-	-	(4,200)	-	-
Other companies	-	-	(509,065)	-	-
	<b>609,921</b>	<b>9,236,105</b>	<b>(1,226,379)</b>	<b>(16,199,340)</b>	<b>-</b>

The loan received from SMR Automotive Beteiligungen Deutschland GmbH whose balance at year end amounted to 14,860,581 euros (2018: 14,889,483 euros), entirely corresponding to a participative loan. The movements in the period have been an interest payment in the amount of 1,000 thousand euros and accrued interest in the amount of 971,098 euros (2018: 1,054,265 euros). The interest rate accrued on the participative loan is equivalent to 10% of EBIT obtained by the Company.

In addition, borrowings from Group companies include a balance payable to SMP Automotive Technology Iberica, S.L. arising on the tax consolidation (Note 20).

## 25. ENVIRONMENTAL DISCLOSURES

Any transaction carried out primarily to minimize the Company's impact on the environment or to protect or improve the environment is considered environmental activity.

The Company has no significant systems, equipment or installations meant for environmental activities.

The Company did not make any significant investments relating to environmental issues during 2019 or 2018.

## **26. SUBSEQUENT EVENTS**

No events occurred after the end of the reporting period that could significantly affect these financial statements.

## **27. AUDITOR FEES**

The fees accrued during the year for financial statement audit services amounted to 24 thousand euros (2018: 30 thousand euros).





**SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company**

**MANAGEMENT REPORT FOR THE YEAR ENDED MARCH 31, 2019**

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The Company's performance of activities and revenue remained within budgeted forecasts and at similar levels to those of last year, maintaining the eighth position in global ranking for countries that produce automobiles (second position in Europe). In 2018, 2, 81 million of vehicles were manufactured in Spain, representing a 1.01% decrease as compared to the prior year (according with ANFAC information).

Due to the high levels of productivity in Spanish companies and the high degree of qualification and specialization in labor at all levels, including operators, engineers, and researchers, the main automotive brands have established themselves in Spain. 82% of the automobiles manufactured in Spain were exported to more than 100 countries in 2018. Employment in the automobile industry represented 10% of all employment in Spain in 2018.

On average, investment in the industry as a whole (manufacturers and automobile suppliers) is estimated to be 4,000 million euros on average in expansion and modernization of plants. In light of the above, investments in the manufacturing industry in connection with expansion and modernization of plants is expected to be high. In SMR Spain, investments were made during the year totaling more than 2, 3 million euros.

The average payment period for suppliers during the year ended March 31, 2019 was 64.71 days.

No events occurred subsequent to the closing of the year which may significantly affect results for the year ended March 31, 2019.

Economic indicators show a slump in GDP growth in Spain, hovering at about 2.2%. Despite this downturn, growth continues to be robust and well above other European countries. The improved performance of the main European markets and exportation to countries outside the EU, mean that the Company can confidently expect a trend of increasing vehicle production in Spain. This situation, together with the confidence which SMR Spain has continued generating in its clients, have made it possible to obtain new orders, which will allow the Company to maintain its rhythm of activity.



**SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.**

**PREPARATION OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT  
2019**

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On May 7, 2019, the Board of Directors of SMR Automotive Systems Spain, S.A.U., in compliance with the requirements established in Article 253 of the Spanish Corporate Enterprises Act and Article 37 of the Commercial Code, prepared the financial statements and management report for the year ended March 31, 2019, consisting of the foregoing documents.

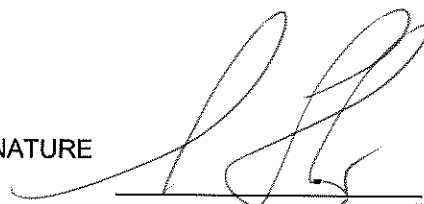
- a) Balance sheet at March 31, 2019
- b) Income statement for the year ended March 31, 2019
- c) Statement of changes in equity for the year ended March 31, 2019
- d) Cash flow statement for the year ended March 31, 2019
- e) Notes to the financial statements for the year ended March 31, 2019
- f) 2019 Management Report

The Secretary of the Board has signed all of the pages comprising the financial statements and management report as delegated by the Board of Directors.

**BOARD OF DIRECTORS:**

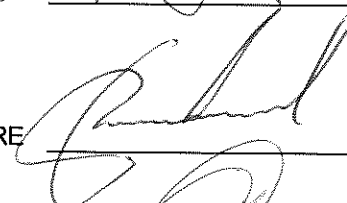
**Mr. Andreas Heuser**  
(in representation of SMR Automotive Mirrors Stuttgart  
GmbH)  
Chairman

SIGNATURE



**Mr. Char Zawadzinski**  
Board member

SIGNATURE



**Mr. Mario Enrique Flores Camacho**  
Board member

SIGNATURE



**Mr. Miguel Pelayo Muñoz**  
Secretary Non Board member

SIGNATURE

