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PLEASE RETURN THIS COPY TO
EY OFFICE LIMITED
AFTER HAVING
THE FINANCIAL STATEMENTS SIGNED

Independent Auditor's Report

To the Shareholders of SMR Automotive System (Thailand) Limited

Opinion

I have audited the accompanying financial statements of SMR Automotive System (Thailand) Limited (the Company), which comprise the statement of financial position as at 31 March 2020, and the related statements of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMR Automotive System (Thailand) Limited as at 31 March 2020 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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



Supanee Triyanantakul
Certified Public Accountant (Thailand) No. 4498

EY Office Limited
Bangkok: 18 May 2020

SMR Automotive System (Thailand) Limited

Statement of financial position

As at 31 March 2020

(Unit: Baht)

	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents		3,320,060	2,182,416
Trade and other receivables	5	81,470,526	43,035,221
Inventories	6	109,605,233	77,323,715
Value added tax receivables		11,163,545	18,911,580
Other current assets		288,035	772,718
Total current assets		205,847,399	142,225,650
Non-current assets			
Property, plant and equipment	7	259,127,763	263,981,475
Intangible assets	8	915,324	703,784
Other non-current assets		48,000	62,000
Total non-current assets		260,091,087	264,747,259
Total assets		465,938,486	406,972,909

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



SMR Automotive System (Thailand) Limited

Statement of financial position (continued)

As at 31 March 2020

(Unit: Baht)

	Note	2020	2019
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts	9	87,116	34,913,321
Trade and other payables	10	126,393,013	91,589,150
Short-term loan from related party	11	60,000,000	-
Provision for warranties	12	28,660,496	29,469,373
Other current liabilities		1,713,596	2,338,879
Total current liabilities		216,854,221	158,310,723
Non-current liabilities			
Provision for long-term employee benefits	13	19,935,990	17,278,504
Total non-current liabilities		19,935,990	17,278,504
Total liabilities		236,790,211	175,589,227
Shareholders' equity			
Share capital			
Registered			
53,000,000 ordinary shares of Baht 10 each		530,000,000	530,000,000
Issued and paid-up			
33,000,000 ordinary shares of Baht 10 each, fully paid		330,000,000	330,000,000
20,000,000 ordinary shares of Baht 10 each, 71.2% paid-up		142,400,000	142,400,000
Deficits		(243,251,725)	(241,016,318)
Total shareholders' equity		229,148,275	231,383,682
Total liabilities and shareholders' equity		465,938,486	406,972,909

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

Directors



SMR Automotive System (Thailand) Limited

Income statement

For the year ended 31 March 2020

	Note	2020	2019
			(Unit: Baht)
Sales	14	489,942,407	522,457,319
Sales of tooling	14	17,016,643	7,455,617
Cost of sales		(437,744,410)	(466,541,552)
Cost of tooling		(13,130,903)	(6,836,900)
Gross profit		56,083,737	56,534,484
Value added tax refund		-	23,868,542
Insurance claims from insurer		13,239,893	-
Other income		8,288,533	8,764,802
Profit before expenses		77,612,163	89,167,828
Selling expenses		4,212,221	4,853,533
Administrative expenses		67,275,647	74,426,204
Loss on exchange		6,554,041	5,662,412
Total expenses		78,041,909	84,942,149
Profit (loss) before finance cost		(429,746)	4,225,679
Finance cost		(1,805,661)	(2,592,315)
Net profit (loss) for the year		(2,235,407)	1,633,364

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



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SMR Automotive System (Thailand) Limited
Statement of changes in shareholders' equity
For the year ended 31 March 2020

(Unit: Baht)

	Issued and paid-up share capital	Deficits	Total
Balance as at 1 April 2018	472,400,000	(242,649,682)	229,750,318
Net profit for the year	-	1,633,364	1,633,364
Balance as at 31 March 2019	<u>472,400,000</u>	<u>(241,016,318)</u>	<u>231,383,682</u>
Balance as at 1 April 2019	472,400,000	(241,016,318)	231,383,682
Net loss for the year	-	(2,235,407)	(2,235,407)
Balance as at 31 March 2020	<u>472,400,000</u>	<u>(243,251,725)</u>	<u>229,148,275</u>

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



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SMR Automotive System (Thailand) Limited

Notes to financial statements

For the year ended 31 March 2020

1. General information

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

2. Basis of preparation

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

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

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

3. Significant accounting policies

3.1 Revenue recognition

Sales of goods

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

Interest income

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



3.2 Cash and cash equivalents

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

3.3 Trade accounts receivable

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

3.4 Inventories

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

3.5 Property, plant and equipment/Depreciation

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

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

Buildings	20 years
Building improvement	5 years
Machinery and factory equipment	4 - 10 years
Testing equipment	5 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years

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

3.6 Borrowing costs

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



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3.7 Intangible assets

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

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

3.8 Long-term leases

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

3.9 Foreign currencies

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

Gains and losses on exchange are included in determining income.

3.10 Provisions

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

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

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

3.11 Income tax

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



4. Use of accounting estimates

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

5. Trade and other receivables

	(Unit: Baht)	
	2020	2019
Trade receivables - third parties	19,024,528	20,696,161
Trade receivables - related companies	61,058,802	20,764,071
Other receivables - third parties	431,539	443,950
Other receivables - related companies	522,908	473,190
Prepaid expenses	432,749	448,586
Advance payments	-	209,263
Total	<u>81,470,526</u>	<u>43,035,221</u>

6. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2020	2019	2020	2019	2020	2019
Finished goods	61,238,388	41,255,400	(203,160)	(169,420)	61,035,228	41,085,980
Work in process	6,317,171	3,975,731	(49,165)	(139,305)	6,268,006	3,836,426
Raw materials	30,519,851	18,155,458	(2,303,564)	(1,487,819)	28,216,287	16,667,639
Goods in transit	1,398,338	8,177,349	-	-	1,398,338	8,177,349
Tooling	12,687,374	7,556,321	-	-	12,687,374	7,556,321
Total	<u>112,161,122</u>	<u>79,120,259</u>	<u>(2,555,889)</u>	<u>(1,796,544)</u>	<u>109,605,233</u>	<u>77,323,715</u>

During the current year, the Company reduced cost of inventories by Baht 1,894,250 (2019: Baht 1,020,863), to reflect the net realisable value.

This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 1,134,905 (2019: Baht 1,445,076), and reduced the amount of inventories recognised as expenses during the year.



7. **Property, plant and equipment**

(Unit: Baht)

	Land	Building and building improvement	Machinery and factory equipment	Testing equipment	Furniture and fixture	Office equipment	Motor vehicles	Assets under installation	Total
Cost									
1 April 2018	68,574,325	110,032,113	193,477,569	7,743,999	2,708,651	6,876,593	2,564,694	1,396,538	393,374,482
Additions	-	1,707,702	9,369,930	40,000	328,922	732,952	-	2,243,307	14,422,813
Disposals/Write-off	-	-	(461,980)	-	-	-	-	-	(461,980)
Transfers in (out)	-	-	1,090,800	305,738	-	-	-	(1,396,538)	-
31 March 2019	68,574,325	111,739,815	203,476,319	8,089,737	3,037,573	7,609,545	2,564,694	2,243,307	407,335,315
Additions	-	-	19,185,470	1,519,262	19,290	523,900	-	2,594,132	23,842,054
Transfers in (out)	-	-	2,243,307	-	-	-	-	(2,243,307)	-
31 March 2020	68,574,325	111,739,815	224,905,096	9,608,999	3,056,863	8,133,445	2,564,694	2,594,132	431,177,369
Accumulated depreciation									
1 April 2018	-	33,125,923	69,534,331	5,203,985	1,906,273	4,783,404	1,475,040	-	116,028,956
Depreciation for disposals/Write-off	-	-	(8,101)	-	-	-	-	-	(8,101)
Depreciation for the year	-	5,899,414	19,147,980	860,332	263,989	825,270	336,000	-	27,332,985
31 March 2019	-	39,025,337	88,674,210	6,064,317	2,170,262	5,608,674	1,811,040	-	143,353,840
Depreciation for the year	-	5,888,372	20,864,809	737,462	256,378	740,624	208,121	-	28,695,766
31 March 2020	-	44,913,709	109,539,019	6,801,779	2,426,640	6,349,298	2,019,161	-	172,049,606
Net book value									
31 March 2019	68,574,325	72,714,478	114,802,109	2,025,420	867,311	2,000,871	753,654	2,243,307	263,981,475
31 March 2020	68,574,325	66,826,106	115,366,077	2,807,220	630,223	1,784,147	545,533	2,594,132	259,127,763



Signature

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8. Intangible assets

	(Unit: Baht)	
	2020	2019
Computer software - cost	2,178,508	1,830,345
Less: Accumulated amortisation	(1,263,184)	(1,126,561)
Net book value	<u>915,324</u>	<u>703,784</u>
	2020	2019
Net book value at beginning year	703,784	606,886
Additions	348,163	241,455
Amortisation	(136,623)	(144,557)
Net book value at end of year	<u>915,324</u>	<u>703,784</u>

9. Bank overdrafts

As at 31 March 2020, the bank overdrafts carry interest at the rate of 2.75% per annum (2019: 3.00% per annum). The bank overdrafts from a financial institution were guaranteed by Samvardhana Motiherson Automotive Systems Group B.V.

As at 31 March 2020, the Company has unused bank overdrafts credit facility amounting to Baht 99.91 million (2019: Baht 65.09 million).

10. Trade and other payables

	(Unit: Baht)	
	2020	2019
Trade payables - third parties	68,992,550	36,111,229
Trade payables - related companies	8,723,447	20,638,041
Other payables - third parties	25,579,135	15,092,442
Other payables - related companies	9,392,011	5,730,386
Advance received from customers	8,196,376	10,631,246
Accrued expenses	5,509,494	3,385,806
Total	<u>126,393,013</u>	<u>91,589,150</u>



11. Short-term loan from related party

As at 31 March 2020, the Company has short-term loan from a related party for its working capital, on which interest is charged at the rate per annum of 1.67%. Full or partial settlement of this short-term loan is to be made together with all accrued interest no later than 90 days after each drawdown.

12. Provision for warranties

	(Unit: Baht)
As at 1 April 2018	28,364,771
Increased during the year	1,140,795
Paid during the year	<u>(36,193)</u>
As at 31 March 2019	29,469,373
Increased during the year	460,000
Paid during the year	<u>(1,268,877)</u>
As at 31 March 2020	<u>28,660,496</u>

13. Provision for long-term employee benefits

	(Unit: Baht)
As at 1 April 2018	11,695,761
Increased during the year	<u>5,582,743</u>
As at 31 March 2019	17,278,504
Increased during the year	<u>2,657,486</u>
As at 31 March 2020	<u>19,935,990</u>

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

  

14. Promotional privileges

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

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

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales						
Domestic sales	90,645,292	126,563,267	-	-	90,645,292	126,563,267
Export sales	<u>399,297,115</u>	<u>395,894,052</u>	<u>17,016,643</u>	<u>7,455,617</u>	<u>416,313,758</u>	<u>403,349,669</u>
Total sales	<u>489,942,407</u>	<u>522,457,319</u>	<u>17,016,643</u>	<u>7,455,617</u>	<u>506,959,050</u>	<u>529,912,936</u>

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2020, the Company had outstanding capital commitments of approximately Baht 0.19 million (2019: Baht 10.19 million), relating to the acquisition of machinery and factory equipment.

15.2 Operating lease commitments

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

  

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

	(Unit: Million Baht)	
	As at 31 March	
	2020	2019
Payable:		
in up to 1 year	0.61	0.61
In over 1 and up to 5 years	0.95	1.06
	1.56	1.67

15.3 Guarantees

As at 31 March 2020, there were outstanding bank guarantees of approximately Baht 1.38 million issued by a financial institution on behalf of the Company in respect of electricity usages (2019: Baht 1.38 million).

15.4 Financial derivatives

Foreign exchange contracts outstanding are summarised below.

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

As at 31 March 2020, the Company had unrealised loss on exchange from foreign exchange contracts amounting to Baht 0.9 million.

16. Approval of financial statements

These financial statements were authorised for issue by authorised directors of the Company on 18 May 2020.



