

**Toyoda Gosei Czech, s.r.o.**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Toyoda Gosei Czech, s.r.o.**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**  
**TABLE OF CONTENTS**

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- 1. THE PRESIDENT'S INTRODUCTION**
- 2. REPORT ON RELATED PARTY TRANSACTIONS**
- 3. FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**
- 4. AUDIT REPORT**

# **1. The President's Introduction**

## **“The President’s Introduction for the 2016 Fiscal Year”**

In the 2016 fiscal year, the Company’s overall development reflected the ongoing economic recovery both in the Czech Republic and the EU. Owing also to the Czech National Bank’s intervention strategy maintaining the exchange rate of the Czech crown in relation to EUR above CZK 27, total sales amounted to almost CZK 4.2 billion.

The most significant projects of the 2016 fiscal year included predominantly the launch of production for the 560A project which includes the broadest portfolio of delivered products, thus being one of the biggest and most complex projects in the history of TGCZ. Furthermore, the production of the facelifted Toyota Corola in South Africa, F56 and F57 (Mini Cooper) for BMW and Honda Civic was launched.

The Company also made intensive preparations for new projects, the most important still being the projects for BMW, where the Company will start supplying knee airbags for other models. For the first time, we also realised pre-series deliveries for the Volkswagen group, for which TGCZ will newly be delivering knee airbags for brands such as VW, Škoda, Porsche or Audi. Mass production, however, will not be launched before the second half of 2017. The LED Lights Division experienced a decrease in sales in the 2016 fiscal year, as the Company did not succeed to start cooperating with the fellow subsidiary in Germany. Subsequent to the change in assets as well as business strategy of the biggest client Aura light, the turnover achieved with this customer sank rapidly. However, in the following years, TGCZ will predominantly continue to offer solutions for industrial use; primarily companies in the automotive industry have shown considerable interest.

In the 2016 fiscal year, the Company reported total sales of security systems of approximately CZK 2.58 billion (an increase of approx. 8% as compared to 2015).

With respect to functional components, products with total sales of approximately CZK 0.51 billion were manufactured and sold (an increase of 10% as compared to 2015, primarily due to the launch of production for Nissan).

The production of sealing components reached total sales of approximately CZK 0.94 billion (a slight decrease as compared to 2015 predominantly due to the termination of the YP6 project for Suzuki).

Total sales of LED components amounted to approximately CZK 70 million (a significant decrease as compared to 2015 of almost 45%).

The Company also sold production moulds to final customers in the amount of CZK 101 million in the 2016 fiscal year.

In connection with increased demand and the preparation of new projects, the total number of employees increased to 1,055. Another mild increase is expected in the coming year too. In the 2016 fiscal year, the Company further cooperated with the trade union organisation, OS Kovo. Positive communication and understanding were maintained by regular meetings and confirmed when the collective negotiations of conditions for 2017 resulted in an agreement.

As the number of projects and production volume grew, the 2016 fiscal year also saw an expansion of production hall no. 3. The expansion primarily concerned production premises but also included sanitary facilities – new day room for employees, sanitary facilities and other.

The Company also undertakes maximum efforts to minimise the impacts of its activities on the environment. Priorities in this area include emissions released to the atmosphere, and the emissions of all measured pollutants were maintained at last year's levels despite the increase in production. Other priorities include waste management and recycling; in this area, a solution was found once again to recycle or utilise 100 percent of waste.

The Company also makes efforts to reduce its energy consumption. The Company succeeded in getting certified with the ČSN EN ISO 5001 certification and, at present, the Company plans to introduce instruments leading to further reduction of consumption, eg installation of LED lights (through own products).

The 2016 fiscal year followed the trend of cost-cutting measures despite the growth in sales. The Company put emphasis on the reduction of variable costs in procurement, localisation, pricing policy as well as material management. With respect to fixed costs, plans for savings in a wide number of administrative and energy costs were prepared.

The Company continues to pursue its goal of becoming Toyoda Gosei's most efficient production unit and the number one for Europe.

The Company has no organisational branch abroad at present.

## **2. Report on Related Party Transactions**

## REPORT ON RELATED PARTY TRANSACTIONS

Toyoda Gosei Czech, s.r.o., registered at Průmyslová 2, 431 51 Klášterec nad Ohří, corporate ID: 26 43 71 71, recorded in the Register of Companies maintained at the Regional Court in Ústí nad Labem, Section C, File 18630 (hereinafter the “**reporting entity**” or “**TGCZ**”), is a member of a business group, within which the relations detailed below exist between the reporting entity and the controlling entities and between the reporting entity and entities controlled by the same controlling entities (hereinafter the “**related parties**”).

This report on relations between the entities specified below was prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended, for the reporting period ended 31 March 2017 (hereinafter the “**reporting period**”). TGCZ decided not to disclose the amounts of performances related to the listed agreements, for reasons of business secrecy. During the reporting period, the reporting entity and the entities listed below entered into the following agreements and adopted or implemented the following legal acts or other measures:

**A. STRUCTURE OF THE RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND THE PERSONS CONTROLLED BY THE SAME CONTROLLING ENTITY (manner and means of control)**

Appendix 1

**The controlled entity:**

**Toyoda Gosei Czech, s.r.o.**

**Průmyslová 2, 431 51 Klášterec nad Ohří**

The main scope of business activities (role) of TGCZ is the production of automotive parts and the purchase and sale of goods.

## **B. CONTROLLING ENTITIES**

### **TOYODA GOSEI CO., LTD., (“TG”)**

**Haruhinagahata, Kiyosu, Aichi-Prefecture, Japan**

Relation to the reporting entity: directly controlling entity – 80%

**During the reporting period, the reporting entity sold to the related party the following:**

- Products and material based on orders.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Costs related to product testing and other low value performances based on orders;
- Goods and material based on orders; and
- Production machinery based on orders.

**Other Settlements (costs):**

- Fees from sales and technical support based on the contract for technical support concluded on 30 April 2008.
- Costs connected to the international hiring out of labour based on the contract for the international hiring out of labour concluded on 1 March 2004.

### **Toyota Tsusho Corporation, (“TTC”)**

**9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan**

**Corporate ID 1899-01-031731**

Relation to the reporting entity: directly controlling entity – 20%

### **Toyota Motor Corporation, (“TMC”)**

**1, Toyota-cho, Toyota, Aichi-prefecture, Japan**

Relation to the reporting entity: entity controlling TG and TTC

### **Bank of Tokyo-Mitsubishi UFJ Ltd. (“BTM-UFJ”)**

**2-7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan**

Relation to the reporting entity: entity having an equity interest in TTC

### **Sumitomo Mitsui Banking Corporation (“SMBC”)**

**1-2, Marunouchi 1 cho-me, Chiyoda-ku Tokyo 100-0005, Japan**

Relation to the reporting entity: TG owns an equity investment



## **C. OTHER RELATED PARTIES**

### **Toyoda Gosei Europe N.V. (“TGE”)**

**Planet 2, Unit E 3.0. Leuvensesteenweg 542, 1930 Zaventem, Belgium**

**Corporate ID 645 627**

Relation to the reporting entity: entity controlled by TG

**During the reporting period, the reporting entity sold to the related party the following:**

- Second part of development compensation – BMW 35up project.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Technical support and sales support based on a contract on sales support from 1 January 2002; and
- Transportation services based on an agreement.

### **Toyoda Gosei (Zhangjiagang) Co., Ltd. (“TG Zhangjiagang”)**

**113 East side of Zhonghua Road, Zhanjiagang Free Trade Zone, Jiansu Province, 215634, China**

Relation to the reporting entity: entity controlled by TG

### **Toyoda Gosei Asia Co., Ltd. (“TGAS”)**

**700/489 Moo 4 Amata Nakorn Industrial Estate, Bangna-trad Highway KM.57, Tambon Bankhao, Amphur Pantong Chonburi 20160, Thailand**

Relation to the reporting entity: entity controlled by TG

### **Toyoda Gosei North America Corporation (“TGNA”)**

**1400 Stepheson Highway Troy, Michigan 48083, USA**

Relation to the reporting entity: entity controlled by TG

**During the reporting period, the reporting entity purchased from the related party the following:**

- Material based on orders; and
- Technical support for an information system.

### **Toyoda Gosei (Thailand) Co., Ltd. (“TGT”)**

**700/489 Moo 4 Amata Nakorn Industrial Estate, Bangna Trad Highway KM. 57, Tambon Bankao, Amphur Pantong, Chonburi 20160, Thailand**

Relation to the reporting entity: entity controlled by TGAS and TTTC

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods based on orders; and
- Administrative costs and fees for incorrect supplies.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Material based on the GBT concluded on 6 July 2010.

### **Toyoda Gosei Rubber (Thailand) Co., Ltd. (“TGRT”)**

**402/1 Moo 2 Soi Charoen Ratchada, Setthakij Road,**

**Om-noi Kratoomban, Samutsakorn 74130, Thailand**

Relation to the reporting entity: entity controlled by TGAS

**During the reporting period, the reporting entity sold to the related party the following:**

- Administrative costs and fees for incorrect supplies.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Material based on orders.

**TG Missouri Corporation (“TGMO”)**

**2200 Plattin Road Perryville Missouri 63775, U.S.A.**

Relation to the reporting entity: entity controlled by TGNA

**TG Automotive Sealing Kentucky, LLC (“TGASK”)**

**501 Frank Yost Lane Hopkinsville, Kentucky 42240, U.S.A.**

Relation to the reporting entity: entity controlled by TGNA

**Toyoda Gosei Automotive Sealing Mexico (“TGASMEX”)**

**Carr. San Luis Potosi-Zacatecas Km 12.5, Parque Industrial Pueblo Viejo, Mexquitic de Carmona, CP 78480, Mexico**

Relation to the reporting entity: entity controlled by TGNA

**Toyoda Gosei UK Ltd. (“TGUK”)**

**Bessemer Way Centurion Business Park, Templeborough Rotherham South Yorkshire, S60 1FB U.K.**

Relation to the reporting entity: entity controlled by TG and TTC

**During the reporting period, the reporting entity sold to the related party the following:**

- Products and goods based on orders;
- Testing services based on orders; and
- Support services based on orders.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Inspection services based on orders; and
- Cost of faulty parts based on mutual agreement.

**Toyoda Gosei (Foshan) Rubber Parts Co. (“FoshanTGR”)**

**NO5 Wusha Section of Shun Pan Road, Daliang Town, ShunDe, Guangdong Province, P.R. of China**

**Foshan City 528333**

Relation to the reporting entity: entity controlled by TG and TTC

**During the reporting period, the reporting entity purchased from the related party the following:**

- Products based on orders.

**Toyoda Gosei (Foshan) Auto Parts Co., Ltd. (“FoshanTGP”)**

**NO.3 Wusha Section of Shun Pan Road, Daliang Town, ShunDe, Guangdong Province P.R. of China**

Relation to the reporting entity: entity controlled by TG and TTC

**Toyoda Gosei Minda India Pvt. Ltd. ("TGMIN")**

**Plot No. SP2-3031, RIICO Industrial Area, Majrakath Area, Neemrana, Alwar Rajasthan 301 705**

Relation to the reporting entity: entity controlled by TG and TTC

**Toyoda Gosei Haiphong Co., Ltd. ("TGHP")**

**Land plot M, Nomura-Haiphong Industrial Zone, Km13, An Duong District, Haiphong City, Vietnam**

Relation to the reporting entity: entity controlled by TG and TTC

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods based on orders.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Administrative costs related to custom proceedings and transport based on orders.

**Waterville TG Inc. ("WTG")**

**10 rue Depot Waterville, Quebec, JOB 3H0, Canada**

Relation to the reporting entity: entity controlled by TGH

**Toyoda Gosei Holdings Inc. ("TGH")**

**10 rue Depot Waterville, Quebec, JOB 3H0, Canada**

Relation to the reporting entity: entity controlled by TG

**Toyoda Gosei South Africa (PTY) Ltd. ("TGSA")**

**15 Beechgate Crescent, Southgate, Business Park, Moss Kolnik Drive, Umbogintwini, Durban, 4126 South Africa**

Relation to the reporting entity: entity controlled by TG and TTAf

**Toyota Tsusho (Thailand) CO., Ltd. ("TTTC")**

**The Trading Firm Representing "Toyota Group"**

**607 Asoke-Dindaeng Road, Kwaeng Dindaeng, Khet Dindaeng, Bangkok 10400 Thailand**

**Corporate ID 3-10-1-01535-5**

Relation to the reporting entity: entity controlled by TTC

**Toyota Tsusho Africa (PTY) LTD ("TTAF")**

**15 Beechgate crescent, Southgate business park moss kolnik drive Umbogintwini, Kwazulu Natal, South Africa**

Relation to the reporting entity: entity controlled by TTC

**Toyota Tsusho Europe S.A. ("TTESA")**

**Belgicastraat 13, 1930 Zaventam, Belgium**

**Corporate ID 347039**

Relation to the reporting entity: entity controlled by TTC

**Toyota Tsusho UK Ltd. ("TTUK")**

**6th Floor, 88 Wood Street, London, United Kingdom**

**Corporate ID GB739936673**

Relation to the reporting entity: entity controlled by TTC

**Toyota Tsusho Europe S.A. Poland ("TTESA PL")**

**Poland branch, ul. M. Jachimowicza 6, Walbrzych, 58-306 Poland**

Relation to the reporting entity: entity controlled by TTESA

**During the reporting period, the reporting entity sold to the related party the following:**

- Products based on orders.

**Toyota Tsusho Europe S.A., organizační složka v České republice ("TTESA CR")**

**Praha 5, Smíchov, Plzeňská 3185//5b, 150 00, Czech Republic**

**Corporate ID 26 45 51 37**

Relation to the reporting entity: entity controlled by TTESA

**During the reporting period, the reporting entity sold to the related party the following:**

- Products and services based on orders.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Material based on the GBT concluded on 16 June 2006;
- Services, material and other low value performances based on orders; and
- Production machinery based on orders.

**Other Settlements (income):**

- Accepted fees for incorrect supplies based on the GBT concluded on 16 June 2006.

**Steel Center Europe, s.r.o. ("SCE")**

**Pražská 1669, 396 01 Humpolec, Czech Republic**

**Corporate ID 26 77 75 76**

Relation to the reporting entity: entity controlled by TTC and TTESA (each 25%)

**During the reporting period, the reporting entity purchased from the related party the following:**

- Products based on orders.

**Green Metal Czech s.r.o. ("GMCZ")**

**Ovčáry 277, 280 02 Kolín, Czech Republic**

**Corporate ID 27 12 41 69**

Relation to the reporting entity: entity controlled by TTESA and TTC

**TT Network Integration Europe GmbH ("TTNIE")**

**Immermannstrasse 65B, 40210 Dusseldorf, Germany**

Relation to the reporting entity: entity controlled by TTESA and TTC

**Toyota Motor Europe, NV/SA ("TME")**

**Avenue du Bourget 60, 1140 Brussel, Belgium**

Relation to the reporting entity: entity controlled by TMC

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods (production moulds) based on orders; and
- Products and goods based on a general purchase contract concluded on 16 January 2003; and
- Material based on orders and other low-value supply (primarily packaging).

**Other Settlements (costs):**

- Costs of spare parts that were subject to complaints and costs of part reprocessing based on a general purchase contract concluded on 16 January 2003.

**Toyota Motor Manufacturing France SAS ("TMMF")**

**Parc d'Activites de la Vallee, de l'Escaut-Sud, B.P. 16, Onnaing 59 264, France**

Relation to the reporting entity: entity controlled by TMC

**During the reporting period, the reporting entity sold to the related party the following:**

- Products, goods and packaging based on orders.

**Toyota Peugeot Citroën Automobile Czech, s.r.o. ("TPCA")**

**Kolín, Na Hradbách 126, PSČ 280 02, Czech Republic**

Relation to the reporting entity: entity controlled by TMC

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods and products based on orders.

**During the reporting period, the reporting entity sold to the related party the following:**

- Sorting services based on orders.

**Toyota Financial Services Corporation ("TFSC")**

**Mitsui Sumitomo Bank Nagoya BLD.10F**

**18-19, Nishiki 2-Chome, Naka-ku, Nagoya, 460-0003 Japan**

Relation to the reporting entity: entity controlled by TMC

**Toyota Boshoku ("TB")**

**1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan**

Relation to the reporting entity: entity controlled by TMC

**Toyota Boshoku Europe N.V. ("TBEU")**

**Ikaroslaan 49, 1930 Zaventem, Vlaams Brabant, Belgium**

Relation to the reporting entity: entity controlled by TB

**During the reporting period, the reporting entity sold to the related party the following:**

- Products and goods based on orders.

**Toyota Financial Services (UK) PLC ("TFS UK")**

**Yew Tree Bottom Road, Great Burgh, Burgh Heath, Epsom, Surrey, KT 18 5UZ, UK**

Relation to the reporting entity: entity controlled by TFSC

**Toyota Financial Services Czech s.r.o. ("TFS CZ")**

**Praha 5, Stodůlky, Bavorská 2662-1, PSČ 155 00, Czech Republic**

Relation to the reporting entity: entity controlled by TFS UK

**Other Settlements (costs):**

- Costs of future purchases of passenger cars based on finance lease contracts.

**Toyota Digital Cruise, INC. ("TDC")**

**8-11, Nishiki 1-Chome, Naka-ku, Nagoya, 460-0003 Japan**

Relation to the reporting entity: entity controlled by TMC (62%) and TTC (10%)

**Other Settlements (costs):**

- TG Global network connection based on a contract concluded on 19 September 2006.

**MUFG Bank (Europe) N.V. ("MUFG-EU")**

**World Trade Centre Amsterdam, Strawinskylaan 565, 1077 XX Amsterdam, The Netherlands**

Relation to the reporting entity: entity controlled by BTM-UFJ

**MUFG Bank (Europe) N.V. (“MUFG EU-CZ”)**

**Prague Branch, organizační složka, Klicperova 3208/12, 150 00 Praha 5, Czech Republic**

Relation to the reporting entity: entity controlled by BTM-UFJ NL

**Other Settlements (costs):**

- Banking fees based on a current account contract concluded on 9 May 2006; and
- Paid interest based on loan provision contracts of 31 March 2011 and 19 October 2011.

**Sumitomo Mitsui Banking Corporation (“SMBC Dusseldorf”)**

**Prinzenallee 7, 40549 Dusseldorf, Germany**

Relation to the reporting entity: entity controlled by SMBC

**Other Settlements (costs):**

- Banking fees based on a current account contract concluded on 21 February 2006.

**Sumitomo Mitsui Finance Dublin Limited (“SMFD”)**

**La Touche House, IFSC, Custom House Docks, Dublin , Ireland**

Relation to the reporting entity: entity controlled by SMBC

**Sumitomo Mitsui Banking Corporation Europe Limited (“SMBC EU”)**

**99 Queen Victoria Street, London EC4V 4EH, U.K.**

Relation to the reporting entity: entity controlled by SMBC

**Other Settlements (costs):**

- Paid interest based on loan provision contracts concluded on 31 July 2012.

**Toyota (G.B.) PLC, (“TGB”)**

**Great Burgh, Burgh Heath, Epsom, Surrey, KT18 5UX, United Kingdom,**

Relation to the reporting entity: entity controlled by TME

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods based on orders.

**TG Welfare Co., Ltd. (“TG Welfare”)**

**100 Haruhinagahata Kiyosu, Aichi, Japan 452-0961**

Relation to the reporting entity: entity controlled by TG

**Green Metal France SAS (“GMF”)**

**Parc d'activites de la Vallee de l'Escaut - Z.I. No9 Ouest 59264 Onnaing, France**

Relation to the reporting entity: entity controlled by TTESA (50%) and TTC (20%)

**Toyoda Gosei Meteor GmbH (“TG Meteor”)**

**Ernst-Deger-Strasse 9, 31167 Bockenem, Germany**

Relation to the reporting entity: entity controlled by TG

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods, material and products based on orders; and
- Support services based on orders.

**During the reporting period, the reporting entity purchased from the related party the following:**

- Material and goods based on orders;
- Testing services and development based on orders; and
- Production machinery based on orders.

**Toyota Motor Manufacturing (UK) Ltd., (“TMUK”)**  
**Burnaston, Derbyshire, East Midlands, DE1 9TA, United Kingdom**  
Relation to the reporting entity: entity controlled by TMC

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods based on orders.

**Toyota Logistics Services France S.A.S. (“TLSF”)**  
**PARCACTIVITIES VALLEE ESCAUT PARC D ACTIVITIES ONNAING, NORD**  
**59264, France**  
Relation to the reporting entity: entity controlled by TME

**Toyota Logistics Services Sweden AB, (“TLSS”)**  
**Lodgatan 26, 21124 Malmö, Sweden**  
Relation to the reporting entity: entity controlled by TME

**During the reporting period, the reporting entity sold to the related party the following:**

- Goods based on an individual contract.

**Toyota Manufacturing UK Charitable Trust (“TMUKCT”)**  
**Burnaston, DE1 9TA Derbyshire, U.K.**  
Relation to the reporting entity: entity controlled by TMUK

**Minda TG Rubber Pvt. Ltd. (“MTG”)**  
**Plot No.385, Sector-3, Phase-II, IMT Bawal (Haryana), New Delhi, 110052, India**  
Relation to the reporting entity: entity controlled by TG and TTC

**TOYOTA TSUSHO PRAHA s.r.o. (“TT Praha”)**  
**Čestlice, Obchodní 105, Praha-východ region, 25170, ID 45801924**  
Relation to the reporting entity: entity controlled by TTC

**During the reporting period, the reporting entity sold to the related party the following:**

- Used passenger cars based on an individual contract.

**Toyota Boshoku Haiphong (“TBHP”)**  
**Land Plot M, Nomura-Haiphong Industrial Zone, An Duong, Haiphong City, Vietnam**  
Relation to the reporting entity: entity controlled by TB

**Toyota Industries Corporation (“TICO”)**  
**2-1, Toyoda-cho, Kariya-shi, Aichi 448-8671 JAPAN**  
Relation to the reporting entity: entity controlled by TMC (23.51%) and TTC (4.69%)

**Toyota Material Handling CZ s.r.o. (“TMH CZ”)**  
**K Vypichu 1049, Rudná, 252 19, Czech Republic**  
Relation to the reporting entity: entity controlled by TMH EU

**Toyota Material Handling Europe AB (“TMH EU”)**  
**BT PRODUCTS AB SVARVARGATAN 8 Mjölby, 595 81, Sweden**  
Relation to the reporting entity: entity controlled by TICO

**Toyota Material Handling Nederland B.V. (“TMH NL”)**  
**4, Stevinlaan, 6716 WB Ede, Netherlands**  
Relation to the reporting entity: entity controlled by TMH EU

**MUFG Bank (Europe) N.V. (“MUFG EU-PL”)**

**Warsaw Financial Center, Floor 19, Emilii Plater 53, Warsaw, 00-113, Poland**

Relation to the reporting entity: entity controlled by BTM-UFJ

**The Bank of Tokyo-Mitsubishi UFJ Ltd. Madrid Branch (“BTM-UFJ ES”)**

**José Ortega y Gasset, 29, 28006 Madrid, Spain**

Relation to the reporting entity: entity controlled by BTM-UFJ

The above-mentioned contracts represent the entire list of valid contracts for the period from 1 April 2016 to 31 March 2017. In the year ended 31 March 2017, no other business performances were made or new contracts concluded beyond the scope of this list.



## RELATED PARTY TRANSACTIONS

### Income Generated with Related Parties

Year ended 31 March 2017

							(CZK '000)
Entity	Relation to the reporting entity	Goods	Products	Services	Other income	Financial income	Total
TG	Parent company	0	732	0	687	0	1 419
TTESA CR	Ultimate parent company	0	57 229	65	776	0	58 070
TTESA PL	Ultimate parent company	0	185	0	0	0	185
TGUK	Ultimate parent company	1 037	29 297	96	2 326	0	32 756
TGE	Ultimate parent company	0	0	0	3 424	0	3 424
TBEU	Part of the holding	0	2 560	0	0	0	2 560
TPCA	Part of the holding	8 736	628 415	0	0	0	637 151
TGMIN	Ultimate parent company	0	0	0	0	0	0
TGT	Ultimate parent company	877	0	-9	51	0	919
TGRT	Ultimate parent company	0	0	5	9	0	14
TGHP	Ultimate parent company	27 150	0	0	123	0	27 273
TME	Part of the holding	71 522	1 339 464	0	270	0	1 411 256
TGSA	Ultimate parent company	0	0	0	0	0	0
MTG	Ultimate parent company	0	0	0	0	0	0
TGNA	Ultimate parent company	0	0	0	0	0	0
TMMF	Part of the holding	954	0	0	122	0	1 076
TMUK	Part of the holding	19 758	0	0	0	0	19 758
TLSF	Part of the holding	0	0	0	0	0	0
TLSS	Part of the holding	312	0	0	0	0	312
TT Praha	Ultimate parent company	0	0	0	0	0	0
TGB	Part of the holding	10	0	0	0	0	10
TG Meteor	Ultimate parent company	375	355	0	7 537	0	8 267
<b>Total</b>		<b>130 731</b>	<b>2 058 237</b>	<b>157</b>	<b>15 325</b>	<b>0</b>	<b>2 204 450</b>

### Purchases Made from Related Parties

Year ended 31 March 2017

							(CZK '000)
Entity	Relation to the reporting entity	Goods	Products	Services	Other expenses	Financial expenses	Total
TG	Parent company	6 627	300 534	202 505	812	49	510 527
BTM-UFJ CR	Part of the holding	0	0	0	0	182	182
TGT	Ultimate parent company	0	25 377	0	0	0	25 377
TGE	Ultimate parent company	596	266	34 179	0	0	35 041
TGHP	Ultimate parent company	0	0	382	0	0	382
TDC	Part of the holding	0	0	237	0	0	237
TGUK	Ultimate parent company	0	0	574	0	0	574
TGNA	Ultimate parent company	0	23 494	2 526	0	0	26 020
TTESA CR	Ultimate parent company	3 928	388 985	218	506	0	393 637
TME	Part of the holding	0	0	989	0	0	989
TGRT	Ultimate parent company	0	5 241	0	0	0	5 241
SCE	Ultimate parent company	0	12 252	0	0	0	12 252
Foshan TGR	Ultimate parent company	0	17	0	0	0	17
TFS CZ	Part of the holding	0	0	944	171	0	1 115
WTG	Ultimate parent company	0	0	0	0	0	0
TTNIE	Ultimate parent company	0	0	0	0	0	0
TG Meteor	Ultimate parent company	0	3 813	65	76	0	3 954
TMUKCT	Part of the holding	0	0	0	0	0	0
TPCA	Part of the holding	0	0	1 593	0	0	1 593
SMBC Düsseldorf	Part of the holding	0	0	0	0	12	12
SMFD	Part of the holding	0	0	0	0	170	170
<b>Total</b>		<b>11 151</b>	<b>759 979</b>	<b>244 212</b>	<b>1 565</b>	<b>413</b>	<b>1 017 320</b>

### Purchases of Tangible Fixed Assets from Related Parties

2016

		(CZK '000)
Entity	Relation to the reporting entity	Fixed assets
TTNIE	Ultimate parent company	0
TG Meteor	Ultimate parent company	1 894
TTESA CZ		9 323
TG	Parent company	7 971
<b>Total</b>		<b>19 188</b>

#### **D. CONCLUSION**

While exercising due care and diligence, the reporting entity is not aware of any related parties other than those disclosed herein. During the reporting period, the reporting entity took or executed no legal acts in the interest of or at the initiative of the related parties other than those described herein. Our review of the legal relations between the reporting entity and the related parties indicates that the reporting entity incurred no detriment in connection with contractual arrangements or legal acts or other measures that the reporting entity adopted or implemented during the reporting period in the interest of or at the initiative of individual related parties. It can also be stated that no disadvantages ensued to the reporting entity arising from these relations.

In Klášterec nad Ohří on 21 April 2017

**Toyoda Gosei Czech, s.r.o.**



---

Kazutaka Murakami  
Statutory Executive

### **3. Financial Statements for the Year Ended 31 March 2017**

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

**Name of the Company:** Toyoda Gosei Czech, s.r.o.  
**Registered Office:** Průmyslová 2, 431 51 Klášterec nad Ohří –  
District of Chomutov  
**Legal Status:** Limited Liability Company  
**Corporate ID:** 264 37 171

### Components of the Financial Statements:

Balance Sheet


Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 4 May 2017.

Statutory body of the reporting entity:	Signature
MURAKAMI KAZUTAKA	

**BALANCE SHEET**

full version

Toyota Gosei Czech, s.r.o.

Corporate ID 264 37 171

As of

31.3.2017

(in CZK thousand)

Průmyslová 2

Kláštorec nad Ohří

District of Chomutov, 431 51

		31.3.2017			31.3.2016
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>4 485 544</b>	<b>1 837 084</b>	<b>2 648 460</b>	<b>2 333 543</b>
<b>B.</b>	<b>Fixed assets</b>	<b>2 976 383</b>	<b>1 816 104</b>	<b>1 160 279</b>	<b>1 032 927</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>137 420</i>	<i>116 510</i>	<i>20 910</i>	<i>22 887</i>
<i>B.I.2.</i>	<i>Valuable rights</i>	<i>135 684</i>	<i>116 510</i>	<i>19 174</i>	<i>22 427</i>
<i>B.I.2.1.</i>	Software	58 657	39 707	18 950	22 044
<i>B.I.2.2.</i>	Other valuable rights	77 027	76 803	224	383
<i>B.I.5.</i>	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	<i>1 736</i>		<i>1 736</i>	<i>460</i>
<i>B.I.5.1.</i>	Prepayments for intangible fixed assets				45
<i>B.I.5.2.</i>	Intangible fixed assets under construction	1 736		1 736	415
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>2 838 962</i>	<i>1 699 594</i>	<i>1 139 368</i>	<i>1 010 039</i>
<i>B.II.1.</i>	<i>Land and structures</i>	<i>849 514</i>	<i>276 036</i>	<i>573 478</i>	<i>547 599</i>
<i>B.II.1.1.</i>	Land	25 059		25 059	25 059
<i>B.II.1.2.</i>	Structures	824 455	276 036	548 419	522 540
<i>B.II.2.</i>	Tangible movable assets and	1 705 337	1 329 985	375 352	410 832
<i>B.II.4.</i>	<i>Other tangible fixed assets</i>	<i>98 645</i>	<i>93 573</i>	<i>5 072</i>	<i>3 782</i>
<i>B.II.4.1.</i>	Perennial crops	5 206	1 938	3 268	3 447
<i>B.II.4.3.</i>	Other tangible fixed assets	93 439	91 635	1 804	335
<i>B.II.5.</i>	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	<i>185 466</i>		<i>185 466</i>	<i>47 826</i>
<i>B.II.5.1.</i>	Prepayments for tangible fixed assets	16 269		16 269	13 731
<i>B.II.5.2.</i>	Tangible fixed assets under construction	169 197		169 197	34 095
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>1</i>		<i>1</i>	<i>1</i>
<i>B.III.5.</i>	Other non-current securities and investments	1		1	1
<b>C.</b>	<b>Current assets</b>	<b>1 274 949</b>	<b>20 755</b>	<b>1 254 194</b>	<b>1 107 029</b>
<i>C.I.</i>	<i>Inventories</i>	<i>564 311</i>	<i>17 201</i>	<i>547 110</i>	<i>464 722</i>
<i>C.I.1.</i>	Material	416 174	8 662	407 512	320 868
<i>C.I.2.</i>	Work in progress and semifinished goods	14 942		14 942	15 827
<i>C.I.3.</i>	<i>Products and goods</i>	<i>128 367</i>	<i>8 539</i>	<i>119 828</i>	<i>101 535</i>
<i>C.I.3.1.</i>	Products	62 739	2 277	60 462	54 025
<i>C.I.3.2.</i>	Goods	65 628	6 262	59 366	47 510
<i>C.I.5.</i>	Prepayments for inventories	1 828		1 828	26 492
<i>C.II.</i>	<i>Receivables</i>	<i>477 787</i>	<i>3 554</i>	<i>474 233</i>	<i>515 560</i>
<i>C.II.1.</i>	Long-term receivables	26		26	660
<i>C.II.1.5.</i>	<i>Receivables - other</i>	<i>26</i>		<i>26</i>	<i>660</i>
<i>C.II.1.5.2.</i>	Long-term prepayments made				644
<i>C.II.1.5.4.</i>	Sundry receivables	26		26	16
<i>C.II.2.</i>	<i>Short-term receivables</i>	<i>477 761</i>	<i>3 554</i>	<i>474 207</i>	<i>514 900</i>
<i>C.II.2.1.</i>	Trade receivables	455 730	3 554	452 176	481 455
<i>C.II.2.4.</i>	<i>Receivables - other</i>	<i>22 031</i>		<i>22 031</i>	<i>33 445</i>
<i>C.II.2.4.3.</i>	State - tax receivables	11 746		11 746	22 768
<i>C.II.2.4.4.</i>	Short-term prepayments made	5 622		5 622	7 369
<i>C.II.2.4.5.</i>	Estimated receivables	821		821	1 861
<i>C.II.2.4.6.</i>	Sundry receivables	3 842		3 842	1 447
<i>C.IV.</i>	<i>Cash</i>	<i>235 851</i>		<i>235 851</i>	<i>126 747</i>
<i>C.IV.1.</i>	Cash on hand	240		240	325
<i>C.IV.2.</i>	Cash at bank	235 611		235 611	126 422
<b>D.</b>	<b>Other assets</b>	<b>234 212</b>	<b>225</b>	<b>233 987</b>	<b>193 587</b>
<i>D.1.</i>	Deferred expenses	3 275		3 275	3 079
<i>D.2.</i>	Complex deferred expenses	50 447		50 447	52 344
<i>D.3.</i>	Accrued income	180 490	225	180 265	138 164

		31.3.2017	31.3.2016
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2 648 460</b>	<b>2 333 543</b>
<b>A.</b>	<b>Equity</b>	<b>1 605 803</b>	<b>1 374 925</b>
<i>A.I.</i>	<i>Share capital</i>	<i>970 000</i>	<i>970 000</i>
A.I.1.	Share capital	970 000	970 000
<i>A.II.</i>	<i>Share premium and capital funds</i>	<i>256</i>	<i>256</i>
A.II.2.	Capital funds	256	256
A.II.2.1.	Other capital funds	256	256
<i>A.III.</i>	<i>Funds from profit</i>	<i>51 438</i>	<i>51 438</i>
A.III.1.	Other reserve funds	51 438	51 438
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	<i>353 231</i>	<i>97 535</i>
A.IV.1.	Accumulated profits brought forward	353 231	97 535
A.V.	<i>Profit or loss for the current period (+/-)</i>	<i>230 878</i>	<i>255 696</i>
<b>B.+C.</b>	<b>Liabilities</b>	<b>1 041 238</b>	<b>947 372</b>
<b>B.</b>	<b>Reserves</b>	<b>61 894</b>	<b>60 418</b>
B.IV.	Other reserves	61 894	60 418
<b>C.</b>	<b>Payables</b>	<b>979 344</b>	<b>886 954</b>
<i>C.I.</i>	<i>Long-term payables</i>	<i>14 696</i>	<i>18 221</i>
C.I.8.	Deferred tax liability	14 696	18 221
<i>C.II.</i>	<i>Short-term payables</i>	<i>964 648</i>	<i>868 733</i>
C.II.2.	Payables to credit institutions	243 270	243 495
C.II.4.	Trade payables	383 624	311 141
C.II.8.	<i>Other payables</i>	<i>337 754</i>	<i>314 097</i>
C.II.8.3.	Payables to employees	24 375	18 629
C.II.8.4.	Social security and health insurance payables	13 313	9 526
C.II.8.5.	State - tax payables and subsidies	63 067	1 462
C.II.8.6.	Estimated payables	236 880	284 235
C.II.8.7.	Sundry payables	119	245
<b>D.</b>	<b>Other liabilities</b>	<b>1 419</b>	<b>11 246</b>
D.2.	Deferred income	1 419	11 246

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

**Toyoda Gosei Czech, s.r.o.**  
**Corporate ID 264 37 171**

Year ended  
31.3.2017  
(in CZK thousand)

Průmyslová 2  
Kláštorec nad Ohří  
District of Chomutov, 431 51

		Year ended 31.3.2017	Year ended 31.3.2016
I.	Sales of products and services	3 783 722	3 713 696
II.	Sales of goods	400 452	403 763
A.	Purchased consumables and services	3 335 903	3 282 154
A.1.	Costs of goods sold	292 693	282 046
A.2.	Consumed material and energy	2 600 967	2 533 598
A.3.	Services	442 243	466 510
B.	Change in internally produced inventory (+/-)	-5 442	-2 750
D.	Staff costs	405 544	343 500
D.1.	Payroll costs	295 232	252 007
D.2.	Social security and health insurance costs and other charges	110 312	91 493
D.2.1.	Social security and health insurance costs	101 637	86 503
D.2.2.	Other charges	8 675	4 990
E.	Adjustments to values in operating activities	148 104	151 596
E.1.	Adjustments to values of intangible and tangible fixed assets	142 431	146 252
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	142 136	142 422
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	295	3 830
E.2.	Adjustments to values of inventories	5 435	2 061
E.3.	Adjustments to values of receivables	238	3 283
III.	Other operating income	45 052	47 001
III.1.	Sales of fixed assets	813	300
III.2.	Sales of material	12 142	10 323
III.3.	Sundry operating income	32 097	36 378
F.	Other operating expenses	49 253	61 283
F.1.	Net book value of sold fixed assets	6	
F.2.	Net book value of sold material	15 132	13 274
F.3.	Taxes and charges	1 632	1 514
F.4.	Reserves relating to operating activities and complex deferred expenses	9 517	24 057
F.5.	Sundry operating expenses	22 966	22 438
*	<b>Operating profit or loss (+/-)</b>	<b>295 864</b>	<b>328 677</b>
VI.	Interest income and similar income	4	2
VI.2.	Other interest income and similar income	4	2
J.	Interest expenses and similar expenses	330	936
J.2.	Other interest expenses and similar expenses	330	936
VII.	Other financial income	14 096	32 956
K.	Other financial expenses	19 404	33 850
*	<b>Financial profit or loss (+/-)</b>	<b>-5 634</b>	<b>-1 828</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>290 230</b>	<b>326 849</b>
L.	Income tax	59 352	71 153
L.1.	Due income tax	62 877	
L.2.	Deferred income tax (+/-)	-3 525	71 153
**	<b>Profit or loss net of tax (+/-)</b>	<b>230 878</b>	<b>255 696</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>230 878</b>	<b>255 696</b>
*	Net turnover for the current period	4 243 326	4 197 418

# **STATEMENT OF CHANGES IN EQUITY**

Year ended  
31.3.2017  
(in CZK thousand)

**Toyoda Gosei Czech, s.r.o.**  
**Corporate ID 264 37 171**

Průmyslová 2  
Klášteřec nad Ohří  
District of Chomutov, 431 51

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 March 2015</b>	<b>970 000</b>	<b>256</b>	<b>51 438</b>		<b>-62 467</b>	<b>160 002</b>	<b>1 119 229</b>
Distribution of profit or loss				97 535	62 467	-160 002	
Profit or loss for the current period						255 696	255 696
<b>Balance at 31 March 2016</b>	<b>970 000</b>	<b>256</b>	<b>51 438</b>	<b>97 535</b>		<b>255 696</b>	<b>1 374 925</b>
Distribution of profit or loss				255 696		-255 696	
Profit or loss for the current period						230 878	230 878
<b>Balance at 31 March 2017</b>	<b>970 000</b>	<b>256</b>	<b>51 438</b>	<b>353 231</b>		<b>230 878</b>	<b>1 605 803</b>



# CASH FLOW STATEMENT

Toyoda Gosei Czech, s.r.o.  
Corporate ID 264 37 171

Year ended  
31.3.2017  
(in CZK thousand)

Průmyslová 2  
Kláštrec nad Ohří  
District of Chomutov, 431 51

		Year ended 31.3.2017	Year ended 31.3.2016
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>126 747</b>	<b>147 919</b>
	<i>Cash flows from ordinary activities (operating activities)</i>		
<b>Z.</b>	<b>Profit or loss before tax</b>	<b>290 230</b>	<b>326 849</b>
<b>A.1.</b>	<b>Adjustments for non-cash transactions</b>	<b>157 140</b>	<b>176 287</b>
A.1.1.	Depreciation of fixed assets	142 136	142 422
A.1.2.	Change in provisions and reserves	15 485	33 231
A.1.3.	Profit/(loss) on the sale of fixed assets	-807	-300
A.1.5.	Interest expense and interest income	326	934
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>447 370</b>	<b>503 136</b>
<b>A.2.</b>	<b>Change in working capital</b>	<b>-219 984</b>	<b>-37 484</b>
A.2.1.	Change in operating receivables and other assets	-7 352	-87 340
A.2.2.	Change in operating payables and other liabilities	-127 809	83 282
A.2.3.	Change in inventories	-84 823	-33 426
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>227 386</b>	<b>465 652</b>
A.3.	Interest paid	-330	-936
A.4.	Interest received	4	2
A.5.	Income tax paid from ordinary operations	-3 403	
<b>A.***</b>	<b>Net operating cash flows</b>	<b>223 657</b>	<b>464 718</b>
	<i>Cash flows from investing activities</i>		
<b>B.1.</b>	<b>Fixed assets expenditures</b>	<b>-115 141</b>	<b>-142 246</b>
<b>B.2.</b>	<b>Proceeds from fixed assets sold</b>	<b>813</b>	<b>300</b>
<b>B.***</b>	<b>Net investment cash flows</b>	<b>-114 328</b>	<b>-141 946</b>
	<i>Cash flow from financial activities</i>		
<b>C.1.</b>	<b>Change in payables from financing</b>	<b>-225</b>	<b>-343 944</b>
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-225</b>	<b>-343 944</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>109 104</b>	<b>-21 172</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>235 851</b>	<b>126 747</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>Name of the Company:</b>	<b>Toyoda Gosei Czech, s.r.o.</b>
<b>Registered Office:</b>	<b>Průmyslová 2, 431 51 Klášterec nad Ohří, District of Chomutov</b>
<b>Legal Status:</b>	<b>Limited Liability Company</b>
<b>Corporate ID:</b>	<b>264 37 171</b>

## TABLE OF CONTENTS

<b>1.</b>	<b>GENERAL INFORMATION.....</b>	<b>4</b>
1.1.	INCORPORATION AND DESCRIPTION OF THE COMPANY .....	4
1.2.	YEAR-ON-YEAR CHANGES AND AMENDMENTS TO THE REGISTER OF COMPANIES .....	4
1.3.	ORGANISATIONAL STRUCTURE.....	5
1.4.	GROUP IDENTIFICATION .....	5
1.5.	STATUTORY BODY.....	5
<b>2.</b>	<b>BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES.....</b>	<b>6</b>
<b>3.</b>	<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>7</b>
3.1.	TANGIBLE FIXED ASSETS .....	7
3.2.	INTANGIBLE FIXED ASSETS .....	8
3.3.	INVENTORY .....	8
3.4.	RECEIVABLES .....	9
3.5.	TRADE PAYABLES .....	9
3.6.	LOANS .....	9
3.7.	RESERVES.....	9
3.8.	FOREIGN CURRENCY TRANSLATIONS .....	10
3.9.	FINANCE LEASES .....	10
3.10.	TAXATION .....	10
3.10.1.	<i>Depreciation of Fixed Assets for Tax Purposes</i> .....	10
3.10.2.	<i>Current Tax Payable</i> .....	10
3.10.3.	<i>Deferred Tax</i> .....	11
3.11.	GOVERNMENT GRANTS .....	11
3.12.	REVENUE RECOGNITION.....	11
3.13.	USE OF ESTIMATES .....	11
3.14.	YEAR-ON-YEAR CHANGES IN VALUATION, DEPRECIATION OR ACCOUNTING POLICIES .....	12
3.15.	CASH FLOW STATEMENT .....	12
3.16.	YEAR-ON-YEAR CHANGES IN THE CLASSIFICATION AND DESIGNATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT ITEMS AND THEIR SUBSTANCE .....	12
3.17.	SUMMARY OF USED ABBREVIATIONS .....	13
<b>4.</b>	<b>ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT .....</b>	<b>14</b>
4.1.	FIXED ASSETS.....	14
4.1.1.	<i>Intangible Fixed Assets</i> .....	14
4.2.	TANGIBLE FIXED ASSETS .....	14
4.2.1.	<i>Assets Held under Finance and Operating Lease Agreements</i> .....	15
4.3.	INVENTORY .....	16
4.4.	RECEIVABLES .....	16
4.4.1.	<i>Long-Term Receivables</i> .....	16
4.4.2.	<i>Short-Term Receivables</i> .....	16
4.5.	DEFERRALS AND ACCRUALS .....	17
4.5.1.	<i>Temporary Assets</i> .....	17
4.5.2.	<i>Temporary Liabilities and Estimated Payables</i> .....	18
4.6.	EQUITY .....	18
4.6.1.	<i>Changes in Equity</i> .....	18
4.7.	RESERVES.....	18
4.8.	PAYABLES .....	19
4.8.1.	<i>Aging of Short-Term Trade Payables</i> .....	19
4.8.2.	<i>Intercompany Payables</i> .....	19
4.9.	BANK LOANS.....	19
4.9.1.	<i>Short-Term Bank Loans and Financial Borrowings</i> .....	19
4.10.	INCOME TAXATION.....	20
4.10.1.	<i>Deferred Tax</i> .....	20
4.11.	DETAILS OF INCOME BY PRINCIPAL ACTIVITY .....	20
4.12.	RELATED PARTY TRANSACTIONS .....	21
4.12.1.	<i>Income Generated with Related Parties</i> .....	21
4.12.2.	<i>Purchases from Related Parties</i> .....	22
4.12.3.	<i>Purchases and Sales of Fixed Assets and Financial Assets with Related Parties</i> .....	22
4.13.	CONSUMED PURCHASES .....	23

4.14.	SERVICES.....	23
4.15.	FEE TO THE STATUTORY AUDITOR .....	24
4.16.	CHANGE IN RESERVES AND PROVISIONS RELATING TO OPERATING ACTIVITIES AND COMPLEX DEFERRED EXPENSES .....	24
4.17.	OTHER OPERATING INCOME .....	24
4.18.	GRANTS .....	24
4.19.	OTHER OPERATING EXPENSES.....	25
4.20.	OTHER FINANCIAL INCOME .....	25
4.21.	OTHER FINANCIAL EXPENSES.....	25
<b>5.</b>	<b>EMPLOYEES, MANAGEMENT AND STATUTORY BODIES.....</b>	<b>26</b>
5.1.	STAFF COSTS AND NUMBER OF EMPLOYEES.....	26
<b>6.</b>	<b>OFF BALANCE SHEET COMMITMENTS.....</b>	<b>27</b>
<b>7.</b>	<b>POST BALANCE SHEET EVENTS .....</b>	<b>28</b>

## 1. GENERAL INFORMATION

### 1.1. Incorporation and Description of the Company

Toyoda Gosei Czech, s.r.o. (hereinafter referred to as the “Company”) was established by a Deed of Association as a limited liability company on 21 December 2000 and was incorporated following its registration in the Register of Companies held at the Regional Court in Ústí nad Labem, Section C, File 18630, on 1 March 2001.

The Company is primarily engaged in:

- Foundry work, modelling;
- Production, trade and services not listed in appendices 1 to 3 to the Trade Licensing Act; and
- Production, installation, repairs of electrical machines and appliances, electronic and telecommunication equipment.

The Company’s registered office is located at Průmyslová 2, 431 51 Klášterec nad Ohří, Chomutov region.

The Company’s share capital is CZK 970,000 thousand.

The financial statements of the Company were prepared as of 31 March 2017 for the period of 12 months (hereinafter referred to as the “year ended 31 March 2017”). The prior year’s financial statements of the Company were prepared as of 31 March 2016 for the period of 12 months (hereinafter referred to as the “year ended 31 March 2016”).

The following table shows individuals and corporate entities with an equity interest greater than 20 % and the amount of their equity interest:

Owner	Ownership percentage
TOYODA GOSEI CO., LTD., 1, Haruhinagahata, Kiyosu Aichi-Prefecture, 452-8564, Japan	80%
TOYOTA TSUSHO CORPORATION, Toyota Bldg., 9-8, Meieki 4-chrome, Nakamura-ku, Nagoya, 450-8575, Japan	20%
<b>Total</b>	<b>100%</b>

The Company’s primary activities include the manufacture of automotive parts and the purchase and sale of goods.

### 1.2. Year-on-Year Changes and Amendments to the Register of Companies

In the reporting period, two new statutory executives were recorded in Register of Companies, refer to Note 1.5.

### 1.3. Organisational Structure

- President of the Company
  - Corporate governance
    - Finance
    - IT
    - LED
    - HR
    - Administration of buildings
    - Environment
    - Procurement and logistics
  - Production of security systems and functional components division
    - Quality assurance and project management
    - Technical department
    - Production administrative department
    - Production department
  - Car sealing production division
    - Quality assurance and project management
    - Technical department
    - Production administrative issues
    - Production department

### 1.4. Group Identification

The Company is included in the Japanese Toyoda Gosei Co. Limited Group.

The consolidated financial statements of the Group are available at <http://www.toyoda-gosei.com>.

### 1.5. Statutory Body

	Position	Time	Name
Statutory body	Statutory executive	since 15 June 2014	Masahiko Ito
	Statutory executive	since 10 January 2017	Shoji Okajima
	Statutory executive	since 1 March 2017	Kazatuka Murakami

**2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES**

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK").

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 5 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Tangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads), or alternatively incidental costs of an administrative character if the production period of the assets exceeds one accounting period.

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation, tangible fixed assets acquired without consideration on the basis of a contract to purchase a leased asset (accounted for by a corresponding entry in the relevant accumulated depreciation account), fixed assets recently entered in the accounting records (accounted for by a corresponding entry in the relevant accumulated depreciation account), and an investment of tangible fixed assets. The replacement cost is determined based on an expert valuation report prepared by a certified appraiser.

The cost of fixed asset improvements exceeding CZK 40 thousand for the period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

	Number of years
Structures	30 (50)
Infrastructure networks	20
Air-conditioning, EPS, etc.	12
Machinery and equipment for the production of sealing	10
Other production machines and equipment	8
Other machines and equipment	6
Computer technology	4
Vehicles	4
Furniture and fixtures	6
Moulds	Depending on the type and useful life
Transportation containers	Depending on the type and useful life
Assets between CZK 5 thousand and CZK 40 thousand	2

Assets held under finance leases are depreciated by the lessor.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

#### Provisioning

Provisions against tangible fixed assets are created based on the results of inventory taking. The Company regularly assesses all indicators that might cause asset impairment and require relevant adjustments in the financial statements.



### 3.2. Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible fixed assets also comprise development activities with an estimated useful life greater than one year. Assets arising from development activities are capitalised only if utilised for repeated sale. Intangible assets arising from research and development, software and valuable rights generated internally for the Company's internal needs are not capitalised. Internally generated intangible assets are stated at the lower of internal production costs and replacement cost.

Purchased intangible fixed assets are stated at cost less accumulated amortisation.

The cost of fixed asset improvements exceeding CZK 60 thousand for the period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	Number of years
Software	6
Valuable rights	5

#### Provisioning

The Company creates provisions against intangible fixed assets based on the results of inventory taking.

### 3.3. Inventory

The Company measures the inventory using standard prices determined for the particular period.

Internally developed inventory – internally developed semi-finished goods and finished products – are valued at the calculated costs, which primarily consist of the direct costs of production (direct material, direct wages, other direct costs) and the portion of indirect costs relating to production. Financial expenses relating to the use of external funding can be reported as part of the cost of producing the inventory solely if they relate to the period of their production.

#### Provisioning

Inventories are provisioned in three cases as follows:

- Obsolete inventory (50% against inventory older than six months, 100% for inventory older than 12 months);
- The balance of final products or goods in stock from finished projects for which no other use is anticipated (in the amount of 100%); and
- The amount of final products or goods in stock for items, the standard cost of which is higher than the selling price, in the amount of the difference increased by the estimate of expenses relating to their sales. This type of provision is also used for moulds intended for sale (see above).

Inventories older than six months or one year which will, however, be used to produce spare parts when the project is completed are not provided for.

### **3.4. Receivables**

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for bad amounts. Provisions are also created against unbilled supplies to customers with whom the Company has concluded a self-billing contract. These supplies have not been included in the self-billing invoices and are therefore pending to be billed. In recognising the provision, the Company applied the same policies as for receivables.

#### Provisioning

Provisions against receivables are recorded if their recoverability is doubtful. If so, the Company creates, based on an analysis, a 50% provision against receivables past due between 180 to 365 days, while receivables past due for more than 365 days are provisioned in full, the only exception being intercompany receivables. In determining the provisioning charges, the Company also refers to the status of court proceedings, the financial health of the debtor, opinions from legal counsel, etc.

### **3.5. Trade Payables**

Trade payables are stated at their nominal value.

### **3.6. Loans**

Loans are stated at their nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

Interest is included in the profit or loss for the period.

All borrowing costs are recorded to the profit and loss account in the period in which they are incurred.

### **3.7. Reserves**

Reserves are intended to cover future obligations or expenditure, the nature of which is clearly defined and which are either likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

The Company records an accounting non-tax deductible reserve for warranty repairs. The calculation is based on the monitoring of the development of defects reported by customers which is conducted by the Quality Control Department and the aggregate production of the reporting period. The maximum warranty repair period is five years after the relevant component is delivered to a customer. For that period, the Company maintains the reserves. After five years, the previously maintained and undrawn reserve is released.

The Company also created a non-tax deductible reserve for outstanding vacation days for the year ended 31 March 2017 by reference to the calculation based on the payroll information, a non-tax deductible reserve for repairs of tangible fixed assets and a non-tax deductible reserve for the costs, if any, arising from legal disputes with employees regarding work injuries.

In the year ended 31 March 2013, the Company started creating accounting reserves for employee benefits as a result of the current employment policy and the number and structure of the Company's employees.

### **3.8. Foreign Currency Translations**

Transactions denominated in foreign currencies during the year are translated using the daily exchange rate of the Czech National Bank.

At the balance sheet date, financial assets, short-term receivables and payables denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded as the current year's financial expenses or revenues as appropriate.

### **3.9. Finance Leases**

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title, the lessee makes lease payments to the lessor for the asset that are charged to expenses.

If a finance lease contains an initial lump-sum payment, the lump-sum payment is accrued as an asset and released as an expense over the life of the lease.

Leasehold improvements are depreciated over the lease term. Following the transfer of ownership title of the leased asset to the lessee, the cost of improvements is added to the value of acquired assets and the depreciation of this increased amount continues.

### **3.10. Taxation**

#### **3.10.1. Depreciation of Fixed Assets for Tax Purposes**

Depreciation of fixed assets is calculated using the straight line method for tax purposes.

#### **3.10.2. Current Tax Payable**

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates that have been enacted by the balance sheet date.

### **3.10.3. Deferred Tax**

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised.

The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

### **3.11. Government Grants**

Grants received to offset costs are recognised as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses added to the cost are deducted in reporting their cost or internal cost. Grants received for the creation of jobs are posted to income when the Company reaches the required number of employees.

### **3.12. Revenue Recognition**

Revenues are recognised in line with the delivery terms concluded with the customer, i.e. when goods are delivered and accepted by the customer, and when goods are shipped out of stock and title has passed to the customer. Revenues are reported net of discounts and VAT.

Revenues from services are recognised when services are rendered and are reported net of discounts and VAT.

### **3.13. Use of Estimates**

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in the following reporting periods.

### 3.14. Year-on-Year Changes in Valuation, Depreciation or Accounting Policies

No year-on-year change in the accounting policy was determined.

### 3.15. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

	(CZK thousand)	
	31 March 2017	31 March 2016
Cash on hand and cash in transit	240	325
Cash at bank	235 611	126 422
<b>Total cash and cash equivalents</b>	<b>235 851</b>	<b>126 747</b>

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

### 3.16. Year-on-Year Changes in the Classification and Designation of Balance Sheet and Profit and Loss Account Items and their Substance

In preparing the financial statements, the Company proceeded in line with Czech Accounting Standard No. 024 – Comparable Period for the Reporting Period Starting in 2016.

## 3.17. Summary of Used Abbreviations

Abbreviation	Full name
BTMU	Bank of Tokyo-Mitsubishi UFJ Ltd., Tokyo
MUFG EU-CZ	MUFG Bank (Europe) N.V., Prague branch, Czech Republic
MUFG EU	MUFG Bank (Europe) N.V., The Netherlands
Foshan TGP	Toyoda Gosei (Foshan) Auto Parts Co, China
Foshan TGR	Toyoda Gosei (Foshan) Rubber Parts Co, China
GMC	Green Metal Czech s.r.o.
GMF	Green metal Farnce SAS
MTG	Minda TG Rubber Pvt Ltd.
SCE	Steel Center Europe, s.r.o.
SMBC EU	Sumitomo Mitsui Banking Corporation
SMBC Düsseldorf	Sumitomo Mitsui Banking Corporation Düsseldorf
SMFD	Sumitomo Mitsui Finance Dublin Limited
TB	Toyota Boshoku
TBEU	Toyota Boshoku Europe L.V.
TDC	Toyota Digital Cruise, INC., Nagoya
TFS CZ	Toyota Financial Services Czech s.r.o.
TFS UK	Toyota Financial Services (UK) PLC
TFSC	Toyota Financial Services Corporation
TG	TOYODA GOSEI CO., LTD.
TG Meteor	Toyoda Gosei Meteor GmbH
TG Welfare	TG Welfare Co., Ltd
TG Zhangjiagang	Toyoda Gosei (Zhangjiagang) Co., Ltd.
TGAS	Toyoda Gosei Asia Co., Ltd., Bankhao
TGASK	TG Automotive Sealing Kentucky, LLC
TGASMEX	Toyoda Gosei Automotive Sealing Mexico
TGB	Toyota (G.B) PLC, United Kingdom
TGE	Toyoda Gosei Europe N.V., Zaventem
TGH	Toyoda Gosei Holdings Inc.
TGHP	Toyoda Gosei Haiphong Co., Ltd., Hai Phong City
TGMIN	Toyoda Gosei Minda India Pvt. Ltd.
TGMO	Toyoda Gosei Missouri Corporation
TGNA	Toyoda Gosei North America Corporation, Michigan
TGRT	Toyoda Gosei Rubber (Thailand) Co.,Ltd.
TGSA	Toyoda Gosei South Africa (Pty) Ltd.
TGT	Toyoda Gosei Thailand Co., Ltd.
TGUK	Toyoda Gosei UK Ltd.
TLSF	Toyota Logistic Services France S.A.S.
TLSS	Toyota Logistics Services Sweden AS
TMC	Toyota Motor Corporation, Aichi-prefecture
TME	Toyota Motor Europe, NV/SA
TMMF	Toyota Motor Manufacturing France SAS, Onnaing
TMUK	Toyota Motor Manufacturing (UK) Ltd.
TMUKCT	Toyota Manufacturing UK Charitable Trust
TPCA	Toyota Peugeot Citroën Automobile Czech, s.r.o.
TT Praha	Toyota Tsusho Praha s.r.o.
TTAF	Toyota Tsusho Africa (Pty) Ltd.
TTC	TOYOTA TSUSHO CORPORATION
TTESA	Toyota Tsusho Europe S.A., Zaventem
TTESA CR	Toyota Tsusho Europe S.A., organisational branch in the Czech Republic
TTESA PL	Toyota Tsusho Europe S.A. Poland
TTNIEID	Toyota Tsusho ID Systems GmbH TT Network Integration Europe GmbH
TTTC	Toyota Tsusho (Thailand) CO., Ltd., Bangkok
TTUK	Toyota Tsusho UK Ltd.
WTG	Waterville TG Inc.

#### 4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

##### 4.1. Fixed Assets

##### 4.1.1. Intangible Fixed Assets

###### Overview of principal balances:

Intangible fixed assets under construction – new software used for customer transactions, expansion/improvement of JDE.

##### 4.2. Tangible Fixed Assets

###### Cost

	(CZK thousand)						
	Balance at 31 March 2015	Additions	Disposals	Balance at 31 March 2016	Additions	Disposals	Balance at 31 March 2017
Land	25 059	0	0	25 059	0	0	25 059
Structures	677 513	89 404	0	766 917	57 538	0	824 455
Tangible movable assets	1 643 480	47 678	30 880	1 660 278	61 529	19 052	1 647 461
- <i>Machines and equipment</i>	1 589 931	41 529	26 476	1 604 984	61 529	19 052	1 647 461
- <i>Vehicles</i>	4 144	0	2 320	1 824	0	0	1 824
- <i>Furniture and fixtures</i>	13 575	1 016	147	14 444	423	190	14 677
- <i>Sundry tangible fixed assets</i>	35 830	5 133	1 937	39 026	6 559	4 210	41 375
Other tangible fixed assets and perennial crops	96 307	365	0	96 672	1 973	0	98 645
Tangible fixed assets under construction	30 985	140 554	137 444	34 095	265 663	130 561	169 197
Prepayments for tangible fixed assets	9 388	59 361	55 018	13 731	2 538	0	16 269
<b>Total</b>	<b>2 482 732</b>	<b>337 362</b>	<b>223 342</b>	<b>2 596 752</b>	<b>396 223</b>	<b>154 013</b>	<b>2 838 962</b>

###### Accumulated Depreciation

	(CZK thousand)						
	Balance at 31 March 2015	Additions	Disposals	Balance at 31 March 2016	Additions	Disposals	Balance at 31 March 2017
Land	0	0	0	0	0	0	0
Structures	217 003	27 374	0	244 377	31 658	0	276 035
Tangible movable assets	1 168 501	111 683	30 738	1 249 446	103 990	23 451	1 329 985
- <i>Machines and equipment</i>	1 125 535	106 313	26 336	1 205 512	97 607	19 051	1 284 068
- <i>Vehicles</i>	4 073	17	2 320	1 770	17	0	1 787
- <i>Furniture and fixtures</i>	6 508	995	147	7 356	953	190	8 119
- <i>Sundry tangible fixed assets</i>	32 385	4 358	1 935	34 808	5 413	4 210	36 011
Other tangible fixed assets and perennial crops	91 479	1 411	0	92 890	683	0	93 573
<b>Total</b>	<b>1 476 983</b>	<b>140 468</b>	<b>30 738</b>	<b>1 586 713</b>	<b>136 332</b>	<b>23 451</b>	<b>1 699 594</b>

### Net Book Value

	(CZK thousand)	
	Balance at 31 March 2016	Balance at 31 March 2017
Land	25 059	25 059
Structures	522 540	548 419
Individual movable tangible assets	410 832	375 352
- <i>Machines and equipment</i>	399 472	363 393
- <i>Vehicles</i>	54	37
- <i>Furniture and fixtures</i>	7 088	6 558
- <i>Sundry tangible fixed assets</i>	4 218	5 364
Other tangible fixed assets and perennial crops	3 782	5 072
Tangible fixed assets under construction	34 095	169 197
Prepayments for tangible fixed assets	13 731	16 269
<b>Total</b>	<b>1 010 039</b>	<b>1 139 368</b>

The Company released a provision against tangible movable assets in the amount of CZK 294 thousand in the year ended 31 March 2017. The item "Tangible movable assets" after the recognition of the provision amounts to CZK 4,124 thousand as of 31 March 2017.

The principal additions regarding asset acquisition and prepayments made related to:

The extension of hall no. 3, the extension of production machinery in production halls nos. 1 and 2 for the new projects 560A (Toyota C-HR) and B02E (Nissan Micra). For other projects, we purchased new machines, eg cutters, forming machines or a 3D testing device. In addition, IT equipment is gradually being replaced. Furthermore, LED lighting was installed, thus replacing the old lighting, offices in hall no. 1 were renovated and buildings were improved. Office fixtures were replaced in some of the Company's departments.

In the years ended 31 March 2017 and 2016, the Company acquired tangible assets which were directly expensed in the amounts of CZK 1,921 thousand and CZK 2,935 thousand, respectively. These assets comprise low value tangible assets consisting of other movable assets and sets of movable assets with an estimated useful life exceeding one year excluded from fixed assets. These assets are expensed on a one-off basis.

Disposals of tangible assets in the year ended 31 March 2017 include non-functional IT devices and unused or obsolete machinery.

Disposals of tangible assets in the year ended 31 March 2016 include a sale of cars of CZK 296 thousand and a disposal of defunct machinery.

Interest was not capitalised as part of the cost of tangible fixed assets.

#### 4.2.1. Assets Held under Finance and Operating Lease Agreements

##### Finance Leases

	(CZK thousand)			
Description	Total lease value	Payments made at 31 March 2016	Payments made at 31 March 2017	Due in following years
Total cars and machinery	11 930	9 553	10 836	1 094

The above figures are net of VAT if input VAT recovery is possible.



**Operating Leases**

(CZK thousand)					
Description	Date of inception	Date of expiration	Total lease value	Payments made in the year ended 31 March 2016	Payments made in the year ended 31 March 2017
Handling technology	13 Jan 2010 – 08 Nov 2016	19 May 2016 – 12 June 2021	21 910	3 960	12 947
Cars	17 June 2015 – 19 Jan 2017	16 June 2019 – 18 July 2021	11 200	708	2 737

The above figures are net of VAT if input VAT recovery is possible.

**4.3. Inventory**

(CZK thousand)		
	Balance at 31 March 2017	Balance at 31 March 2016
Material	416 174	329 033
Work in progress	14 942	15 827
Products	62 739	56 627
Goods	29 758	29 226
Goods – moulds intended for sale	35 870	19 281
Prepayments made for inventory	1 828	26 492
Provisions	-17 201	-11 764
<b>Total</b>	<b>544 110</b>	<b>464 722</b>

In the years ended 31 March 2017 and 2016, the provisions against inventory of products were created in the amounts of CZK 2,277 thousand and CZK 2,602 thousand, and the provisions against inventory of goods amounted to CZK 6,262 thousand and CZK 997 thousand, respectively. The provision against material was recognised in the amount of CZK 8,662 thousand (31 March 2016: CZK 8,165 thousand). The increase was due to the completion of production for long-term projects.

**4.4. Receivables****4.4.1. Long-Term Receivables**

Since 2006, the Company has provided loans to its employees. The long-term portion of these loans amounts to CZK 26 thousand and CZK 16 thousand as of 31 March 2017 and 31 March 2016, respectively.

**4.4.2. Short-Term Receivables****Aging of Trade Receivables**

(CZK thousand)								
Year ended 31 March	Category	Before due	1 – 90 days	91 – 180 days	181 days – 2 years	2 years and more	Total past due	Total
2017	Gross	431 683	22 381	63	1 502	101	24 047	455 730
	Provisions	0	0	0	-453	-101	-554	-554
	Net	431 683	22 381	63	1 049	0	23 493	455 176
2016	Gross	453 167	27 451	693	220	196	28 560	481 727
	Provisions	0	0	0	-91	-181	-272	-272
	Net	453 167	27 451	693	129	15	28 288	481 455

Receivables typically mature within one to three months, depending on the customer.

**Intercompany Receivables**

(CZK thousand)		
Entity	Balance at 31 March 2017	Balance at 31 March 2016
<b>Short-term receivables</b>		
Trade		
TGUK	8 696	5 425
TTESA PL	39	28
TGE	3 425	0
TGHP	6 140	1 697
TGT	26	23
TME	30 826	3 331
TPCA	154 544	179 916
TTESA CR	6 163	4 770
TBEU	177	187
TGRT	0	4
TMMF	0	3 944
TMUK	7 687	6 902
TG Meteor	218	32
MTG	5	5
TLSS	0	101
WTG	1	1
From companies with controlling influence		
TG	2 906	186
<b>Total short-term intercompany receivables</b>	<b>220 853</b>	<b>206 552</b>
Other than intercompany receivables	234 877	275 175
<b>Total short-term receivables</b>	<b>455 730</b>	<b>481 727</b>

**4.5. Deferrals and Accruals****4.5.1. Temporary Assets**

(CZK thousand)		
	Balance at 31 March 2017	Balance at 31 March 2016
Lease prepayments	58	142
Insurance premium	1 347	1 214
Accrued income	180 490	138 374
Provision against accrued income	-225	-210
Complex deferred expenses	50 447	52 344
Other	1 870	1 723
<b>Total temporary assets</b>	<b>233 987</b>	<b>193 587</b>

Accrued income consists of products purchased by Toyota Motor Europe NV/SA in the United Kingdom, Turkey, France or products designated for export to South Africa, Japan, Brazil or Venezuela. Furthermore, these include products purchased by Ford-Werke GmbH, Ford España SA, TPCA Czech s.r.o., Nissan Motor Iberica SA, Bayerische Motoren Werke AG, ŠKODA AUTO a.s and Magna Steyr Fahrzeugtechnik AG & Co. KG.

These are orders where invoicing is subject to the self-billing agreement, ie the value given represents the value of products that were not invoiced by the customer based on this agreement as of 31 March 2017.

The increase in this item resulted from the acquisition of a new significant project from Toyota Motor Europe NV/SA in Turkey. The project is named 560A and relates to the C-HR model.

The provision against accrued income represents a provision that was created against unbilled supplies as disclosed in Note 3.4.

**4.5.2. Temporary Liabilities and Estimated Payables**

	(CZK thousand)	
	Balance at 31 March 2017	Balance at 31 March 2016
Estimated payable for inventory	130 536	142 461
Other estimated payables	106 344	141 774
Deferred income	1 419	11 246
<b>Total temporary liabilities</b>	<b>238 299</b>	<b>295 481</b>

The estimated payable for inventory includes amounts of received material and goods for which the Company had not received invoices as of 31 March 2017.

**4.6. Equity****4.6.1. Changes in Equity**Share Capital

There were no changes in the share capital in the year ended 31 March 2017. The share capital amounts to CZK 970,000 thousand.

Reserve Fund

In the year ended 31 March 2017, the Company recognised no reserve fund based on the decision of the General Meeting.

The aggregate amount of the reserve fund was CZK 51,438 thousand as of 31 March 2017.

Retained Earnings and Accumulated Losses

The profit for the year ended 31 March 2016 of CZK 255,696 thousand was approved by the General Meeting in the year ended 31 March 2017. According to the resolution of the General Meeting, this amount was transferred to retained earnings. This account is recognised on a net basis with accumulated losses.

The parent company has not yet decided about the distribution of profit achieved in the year ended 31 March 2017. However, it is probable that the profit be transferred to retained earnings brought forward.

**4.7. Reserves**

	(CZK thousand)				
	Reserve for outstanding vacation days	Reserve for warranty repairs	Reserve for repairs of tangible fixed assets	Other reserves	Total reserves
<b>Balance at 31 March 2016</b>	<b>6 845</b>	<b>12 370</b>	<b>18 273</b>	<b>22 930</b>	<b>60 418</b>
Charge for reserves	75 881	0	0	8 561	84 442
Use of reserves	75 341	1 865	0	5 760	82 966
<b>Balance at 31 March 2017</b>	<b>7 385</b>	<b>10 505</b>	<b>18 273</b>	<b>25 731</b>	<b>61 894</b>

## 4.8. Payables

### 4.8.1. Aging of Short-Term Trade Payables

Year ended 31 March	Category	Before due	Past due					(CZK thousand)	
			1 – 90 days	91 – 180 days	181 – 360 days	1 – 2 years	2 years and more	Total past due	Total
2017	Short-term	319 400	58 479	0	0	4 433	1 312	64 224	383 624
2016	Short-term	269 919	38 759	0	0	2 463	0	41 222	311 141

Payables typically mature within one month. The reason for the increase in the payables of the Company is the registration of invoices where the material was not received on stock, and, therefore, these invoices correspond to the account of material in transit. Furthermore, investment invoices show a significant increase.

As of 31 March 2017, the Company carried due amounts arising from social security, contribution to the governmental employment policy and due amounts arising from the public health insurance which are due in April 2017. The Company does not report any tax arrears or other past-due payables.

### 4.8.2. Intercompany Payables

Entity	(CZK thousand)	
	Balance at 31 March 2017	Balance at 31 March 2016
<b>Short-term payables</b>		
Trade		
TPCA	82	0
TGT	1 312	3 112
TGUK	0	931
TTESA CR	59 873	19 318
TDC	21	22
TGNA	6 064	0
TG	118 865	95 951
SCE	594	998
TGRT	0	1 555
TG Meteor	2 270	43
<b>Total short-term intercompany trade payables</b>	<b>189 081</b>	<b>120 375</b>
Other than intercompany payables	194 543	190 766
<b>Total short-term trade payables</b>	<b>383 624</b>	<b>311 141</b>

## 4.9. Bank Loans

### 4.9.1. Short-Term Bank Loans and Financial Borrowings

As of 31 March 2017, the Company reports two bank loans totalling CZK 243,270 thousand (2016: CZK 243,495 thousand).

The bank loan from MUFG-EU-CZ of CZK 189,210 thousand is due on 21 April 2017 and may be rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

The bank loan from SMBC EU of CZK 54,060 thousand is due on 21 April 2017 and can be rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

#### 4.10. Income Taxation

##### 4.10.1. Deferred Tax

The deferred tax asset is analysed as follows:

##### Deferred Tax Arising from

	(CZK thousand)	
	Balance at 31 March 2017	Balance at 31 March 2016
Deferred tax arising from differences in net book values of fixed assets	-33 408	-35 287
Deferred tax arising from reserves for warranties	1 996	2 350
Deferred tax arising from the provision against inventory	3 268	2 235
Deferred tax arising from the provision against receivables	694	653
Deferred tax arising from the reserve for repairs of tangible fixed assets	3 472	3 472
Deferred tax arising from the reserve for outstanding vacation days	1 403	1 301
Deferred tax arising from the reserve for employee benefits	4 267	3 748
Deferred tax arising from other reserves	3 612	1 338
Deferred tax arising from tax losses of prior years	0	1 969
<b>Total</b>	<b>-14 696</b>	<b>-18 221</b>

As of 31 March 2017, the Company assessed the individual temporary differences which gave rise to the calculation of deferred tax, and based on the sum of deferred taxes for the individual differences, the Company recognised a tax liability in the amount of CZK 14,696 thousand.

As of 31 March 2016, the Company assessed the individual temporary differences which gave rise to the calculation of deferred tax, and based on the sum of deferred taxes for the individual differences, the Company recognised a tax liability in the amount of CZK 18,221 thousand.

#### 4.11. Details of Income by Principal Activity

	(CZK thousand)					
	Year ended 31 March 2017			Year ended 31 March 2016		
	In- country	Cross- border	Total	In- country	Cross- border	Total
Goods – safety components	98 625	113 114	211 739	70 660	89 178	159 838
Goods – moulds and tools	75 297	25 795	101 092	51 783	46 003	97 786
Goods – functional parts	0	5 258	5 258	396	753	1 149
Goods – rubber sealing	0	14 294	14 294	0	22 850	22 850
Goods – optoelectronic parts	4 874	63 194	68 068	11 220	110 920	122 140
<b>Sales of goods</b>	<b>178 796</b>	<b>221 655</b>	<b>400 451</b>	<b>134 059</b>	<b>269 704</b>	<b>403 763</b>
Sale of products – safety components	761 623	1 606 946	2 368 569	769 271	1 470 251	2 239 522
Sale of products – functional parts	77 277	418 417	495 694	57 641	396 243	453 884
Sale of products – rubber sealing	65 261	852 549	917 810	54 152	963 454	1 017 606
Sale of products – optoelectronic parts	28	75	103	342	702	1 044
Other services	1 152	395	1 547	628	1 012	1 640
<b>Total sales of products and services</b>	<b>905 341</b>	<b>2 878 382</b>	<b>3 783 723</b>	<b>882 034</b>	<b>2 831 662</b>	<b>3 713 696</b>

## 4.12. Related Party Transactions

### 4.12.1. Income Generated with Related Parties

#### Year Ended 31 March 2017

						(CZK thousand)
Entity	Relation to the Company	Goods	Products	Services	Other income	Total
TG	Parent company	0	732	0	687	1 419
TTESA CR	Ultimate parent company	0	57 229	65	776	58 070
TTESA PL	Ultimate parent company	0	185	0	0	185
TGUK	Ultimate parent company	1 037	29 297	96	2 326	32 756
TGE	Ultimate parent company	0	0	0	3 424	3 424
TBEU	Part of the holding	0	2 560	0	0	2 560
TPCA	Part of the holding	8 736	628 415	0	0	637 151
TGMIN	Ultimate parent company	0	0	0	0	0
TGT	Ultimate parent company	877	0	-9	51	919
TGRT	Ultimate parent company	0	0	5	9	14
TGHP	Ultimate parent company	27 150	0	0	123	27 273
TME	Part of the holding	71 522	1 339 464	0	270	1 411 256
TGSA	Ultimate parent company	0	0	0	0	0
MTG	Ultimate parent company	0	0	0	0	0
TGNA	Ultimate parent company	0	0	0	0	0
TMMF	Part of the holding	954	0	0	122	1 076
TMUK	Part of the holding	19 758	0	0	0	19 758
TLSF	Part of the holding	0	0	0	0	0
TLSS	Part of the holding	312	0	0	0	312
TT Praha	Ultimate parent company	0	0	0	0	0
TGB	Part of the holding	10	0	0	0	10
TG Meteor	Ultimate parent company	375	355	0	7 537	8 267
<b>Total</b>		<b>130 731</b>	<b>2 058 237</b>	<b>157</b>	<b>15 325</b>	<b>2 204 450</b>

#### Year Ended 31 March 2016

						(CZK thousand)
Entity	Relation to the Company	Goods	Products	Services	Other income	Total
TG	Parent company	0	81	0	692	773
TTESA CR	Ultimate parent company	0	60 810	91	2 172	63 073
TTESA PL	Ultimate parent company	0	209	0	0	209
TGUK	Ultimate parent company	107	27 957	211	1 518	29 793
TGE	Ultimate parent company	0	0	0	0	0
TBEU	Part of the holding	0	2 368	0	0	2 368
TPCA	Part of the holding	6 986	672 249	0	0	679 235
TGMIN	Ultimate parent company	0	17	0	0	17
TGT	Ultimate parent company	274	0	9	69	352
TGRT	Ultimate parent company	0	0	30	64	94
TGHP	Ultimate parent company	9 349	0	0	0	9 349
TME	Part of the holding	46 309	1 186 302	0	911	1 233 522
TGSA	Ultimate parent company	0	0	49	0	49
MTG	Ultimate parent company	0	0	0	5	5
TGNA	Ultimate parent company	0	7	5	10	22
TMMF	Part of the holding	4 312	26	0	206	4 544
TMUK	Part of the holding	17 812	52	0	0	17 864
TLSF	Part of the holding	85	0	0	0	85
TLSS	Part of the holding	101	0	0	0	101
TT Praha	Ultimate parent company	0	0	0	211	211
TGB	Part of the holding	0	0	0	0	0
TG Meteor	Ultimate parent company	46	150	0	168	364
<b>Total</b>		<b>85 381</b>	<b>1 950 228</b>	<b>395</b>	<b>6 026</b>	<b>2 042 030</b>

**4.12.2. Purchases from Related Parties**Year Ended 31 March 2017

		(CZK thousand)					
Entity	Relation to the Company	Goods	Products	Services	Other expenses	Financial expenses	Total
TG	Parent company	6 627	300 534	202 505	812	49	510 527
MUFG-EU-CZ	Part of the holding	0	0	0	0	182	182
TGT	Ultimate parent company	0	25 377	0	0	0	25 377
TGE	Ultimate parent company	596	266	34 179	0	0	35 041
TGHP	Ultimate parent company	0	0	382	0	0	382
TDC	Part of the holding	0	0	237	0	0	237
TGUK	Ultimate parent company	0	0	574	0	0	574
TGNA	Ultimate parent company	0	23 494	2 526	0	0	26 020
TTESA CR	Ultimate parent company	3 928	388 985	218	506	0	393 637
TME	Part of the holding	0	0	989	0	0	989
TGRT	Ultimate parent company	0	5 241	0	0	0	5 241
SCE	Ultimate parent company	0	12 252	0	0	0	12 252
Foshan TGR	Ultimate parent company	0	17	0	0	0	17
TFS CZ	Part of the holding	0	0	944	171	0	1 115
WTG	Ultimate parent company	0	0	0	0	0	0
TTNIE	Ultimate parent company	0	0	0	0	0	0
TG Meteor	Ultimate parent company	0	3 813	65	76	0	3 954
TMUKCT	Part of the holding	0	0	0	0	0	0
TPCA	Part of the holding	0	0	1 593	0	0	1 593
SMBC Düsseldorf	Part of the holding	0	0	0	0	12	12
SMBC EU	Part of the holding	0	0	0	0	170	170
SMFD	Part of the holding	0	0	0	0	0	0
<b>Total</b>		<b>11 151</b>	<b>759 979</b>	<b>244 212</b>	<b>1 565</b>	<b>413</b>	<b>1 017 320</b>

Year Ended 31 March 2016

		(CZK thousand)					
Entity	Relation to the Company	Goods	Products	Services	Other expenses	Financial expenses	Total
TG	Parent company	1 560	299 638	216 271	492	46	518 007
MUFG-EU-CZ	Part of the holding	0	0	0	0	409	409
TGT	Ultimate parent company	0	35 441	0	0	0	35 441
TGE	Ultimate parent company	0	228	33 209	0	0	33 437
TGHP	Ultimate parent company	0	0	491	0	0	491
TDC	Part of the holding	0	0	400	0	0	400
TGUK	Ultimate parent company	0	0	6 512	0	0	6 512
TGNA	Ultimate parent company	0	557	335	0	0	892
TTESA CR	Ultimate parent company	589	397 617	1 190	381	0	399 777
TME	Part of the holding	0	0	992	0	0	992
TGRT	Ultimate parent company	0	9 452	0	0	0	9 452
SCE	Ultimate parent company	0	14 752	0	0	0	14 752
TG Foshan TGR	Ultimate parent company	0	0	0	0	0	0
TFS CZ	Part of the holding	0	0	2 048	360	0	2 408
WTG	Ultimate parent company	0	0	116	0	0	116
TTNIE	Ultimate parent company	0	0	1 098	0	0	1 098
TG Meteor	Ultimate parent company	0	12	0	44	0	56
TMUKCT	Part of the holding	0	0	39	0	0	39
TPCA	Part of the holding	0	0	975	0	0	975
SMBC Düsseldorf	Part of the holding	0	0	0	0	16	16
SMBC EU	Part of the holding	0	0	0	0	0	0
SMFD	Part of the holding	0	0	0	0	570	570
<b>Total</b>		<b>2 149</b>	<b>757 697</b>	<b>263 676</b>	<b>1 277</b>	<b>1 041</b>	<b>1 025 840</b>

**4.12.3. Purchases and Sales of Fixed Assets and Financial Assets with Related Parties****Sales**

In the year ended 31 March 2017, the Company sold two cars of CZK 307 thousand to the related party Toyota Tsusho Praha s.r.o.

In the year ended 31 March 2016, the Company sold a car of CZK 211 thousand to the related party Toyota Tsusho Praha s.r.o.

**Purchases****Year Ended 31 March 2017**

		(CZK thousand)
Entity	Relation to the Company	Intangible and tangible FA
TTNIE	Ultimate parent company	0
TG Meteor	Ultimate parent company	1 894
TTESA CZ		9 323
TG	Parent company	7 971
<b>Total</b>		<b>19 188</b>

**Year Ended 31 March 2016**

		(CZK thousand)
Entity	Relation to the Company	Intangible and tangible FA
TTNIE	Ultimate parent company	2 635
TG Meteor	Ultimate parent company	539
TTESA CZ	Ultimate parent company	0
TG	Parent company	0
<b>Total</b>		<b>3 174</b>

**4.13. Consumed Purchases**

			(CZK thousand)
	Year ended 31 March 2017	Year ended 31 March 2016	
Consumed material	2 559 566	2 488 446	
Consumed energy	41 401	45 152	
Costs of goods sold	292 693	282 046	
<b>Total consumed purchases</b>	<b>2 893 660</b>	<b>2 815 644</b>	

**4.14. Services**

			(CZK thousand)
	Year ended 31 March 2017	Year ended 31 March 2016	
Repairs and maintenance	12 136	8 622	
Travel expenses	6 171	6 208	
Representation costs	1 184	775	
Telephone, Internet	1 204	1 104	
Low value intangible assets put into use	196	151	
Rental	15 842	13 792	
Leasing	944	2 048	
Storage fees	2 934	3 625	
Marketing support	34 557	33 012	
Freight costs except for inventory	28 528	18 104	
Royalties (licence fees)	157 865	168 361	
International hiring of foreign labour	39 077	34 362	
Audit services, legal and tax advisory	3 397	3 516	
Training of employees	1 094	2 817	
Waste disposal	1 949	2 500	
Technical support from TG	2 056	4 392	
Warranty repairs	989	938	
Mediation of workers via agencies	63 796	94 909	
IT Support	13 615	13 587	
Other services	54 709	53 687	
<b>Total</b>	<b>442 243</b>	<b>466 510</b>	

Other services primarily include engineering services, cleaning, security services, translation services, company health care and others.



**4.15. Fee to the Statutory Auditor**

The table above includes the fee to the statutory auditor under “Audit services, legal and tax advisory”.

	(CZK thousand)	
	Year ended 31 March 2017	Year ended 31 March 2016
Costs of the financial statements audit	1 651	1 838
Advisory services	0	91
Training	0	4
<b>Total</b>	<b>1 651</b>	<b>1 933</b>

**4.16. Change in Reserves and Provisions Relating to Operating Activities and Complex Deferred Expenses**

	(CZK thousand)	
	Year ended 31 March 2017	Year ended 31 March 2016
Change in other reserves	1 476	14 761
Change in provisions	5 968	9 174
Complex deferred expenses	8 041	9 296
<b>Total</b>	<b>15 485</b>	<b>33 231</b>

**4.17. Other Operating Income**

	(CZK thousand)	
	Year ended 31 March 2017	Year ended 31 March 2016
Grants received to offset costs	159	294
Sundry operating income	31 938	36 084
<b>Total operating income</b>	<b>32 097</b>	<b>36 378</b>

Sundry operating income includes contractual fines received by the Company from its customers. It also includes the sale of the Company’s waste disposal, compensation from employees and insurance companies, income from the liquidation of time-barred payables.

**4.18. Grants**Summary Outline of the Grant Balances

	(CZK thousand)		
Purpose	Total grant	Drawn in the year ended 31 March 2017	Drawn as of 31 March 2016
Training	6 909	0	6 909
Specialised IT training	160	158	0
<b>Total</b>	<b>7 069</b>	<b>158</b>	<b>6 909</b>

The drawing of the grants is reflected in “Other operating income”. In the year ended 31 March 2014, the Company received a subsidy from the Ministry of Labour and Social Affairs under the Human Resources and Employment operational programme for the Systematic Education of Employees towards Prosperity project in the amount of CZK 9.8 million. In the years ended 31 March 2016 and 2017, the Company used CZK 6,909 thousand. This grant will not be drawn any more.

In the year ended 31 March 2017, the Company received a grant from the “Support of Specific Education of Employees” project in the aggregate amount of CZK 160 thousand. This subsidy was provided by the Employment Office of the Czech Republic – Regional Branch in Ústí nad Labem and was drawn in the amount of CZK 158 thousand. The Company is not entitled to claim the remaining CZK 2 thousand.

#### 4.19. Other Operating Expenses

	(CZK thousand)	
	Year ended 31 March 2017	Year ended 31 March 2016
Gifts	296	159
Other penalties and fines	10	78
Insurance	4 794	4 281
Deficits and damage relating to operating activities	14 718	7 703
Liquidation of old inventory	1 478	7 988
Other	1 670	2 228
<b>Total other operating expenses</b>	<b>22 966</b>	<b>22 437</b>

#### 4.20. Other Financial Income

	(CZK thousand)	
	Year ended 31 March 2017	Year ended 31 March 2016
Foreign exchange rate gains	14 096	32 956
<b>Total</b>	<b>14 096</b>	<b>32 956</b>

#### 4.21. Other Financial Expenses

	(CZK thousand)	
	Year ended 31 March 2017	Year ended 31 March 2016
Foreign exchange rate losses	18 735	33 259
Sundry financial expenses	669	591
<b>Total</b>	<b>19 404</b>	<b>33 850</b>

## 5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

### 5.1. Staff Costs and Number of Employees

The following tables summarise the average recalculated number of the Company's employees and managers for the years ended 31 March 2017 and 2016:

#### Year Ended 31 March 2017

	Number of staff	Payroll costs	Social security and health insurance	Other costs	(CZK thousand) Total staff costs
Staff	818	295 232	101 637	8 675	405 544
<b>Total</b>	<b>818</b>	<b>295 232</b>	<b>101 637</b>	<b>8 675</b>	<b>405 544</b>

#### Year Ended 31 March 2016

	Number of staff	Payroll costs	Social security and health insurance	Other costs	(CZK thousand) Total staff costs
Staff	766	252 007	86 503	4 990	343 500
<b>Total</b>	<b>766</b>	<b>252 007</b>	<b>86 503</b>	<b>4 990</b>	<b>343 500</b>

The number of employees is based on the average recalculated headcount. The category of "managers" includes the Company's statutory executive. The Company's current statutory executive, Masahiko Ito, works for the Company under the programme for international hiring of labour.

## **6. OFF BALANCE SHEET COMMITMENTS**

### **Guarantees Received and Provided**

As of 19 October 2011, the Company received a payment bank guarantee in the aggregate amount of CZK 3,000 thousand from Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.

The Company started to build a new production hall. Based on the contract, the Company's liability amounts to CZK 198 million.

### **Legal Disputes**

As of 31 March 2017, the Company was involved in no legal dispute the outcome of which would significantly impact the Company.

### **Environmental Liabilities**

An environmental audit of the Company on the basis of the ISO 14001 certificate was completed as of 31 March 2017. Pursuant to the outcome of the audit, the Company's management believes that the Company is not exposed to any contingent liabilities pertaining to damage caused by prior activities or liabilities related to the prevention of potential future damage.

**7. POST BALANCE SHEET EVENTS**

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements.

## **4. Audit Report**

## **INDEPENDENT AUDITOR'S REPORT** **To the Partners of Toyoda Gosei Czech, s.r.o.**

Having its registered office at: Klášterec nad Ohří, Průmyslová 2, District of Chomutov, 431 51

### Opinion

We have audited the accompanying financial statements of Toyoda Gosei Czech, s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 March 2017, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Toyoda Gosei Czech, s.r.o. as of 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

### Basis for Opinion

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

### Other Information in the Annual Report

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

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

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

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

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

## Responsibilities of the Company's Statutory Executives for the Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executives determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In Prague on 4 May 2017

Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Martin Tesař  
registration no. 2030

