

Toyoda Gosei Czech, s.r.o.

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Toyoda Gosei Czech, s.r.o.
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018
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1. The President's Introduction

“The President’s Introduction for the 2017 Fiscal Year”

In 2017, the Company faced many new challenges relating to the general economic situation not only in the Czech Republic, but also in the EU. The strong pressure on salary growth coupled with a shortage of labour not only resulted in a decline in profitability compared to prior years, but also significantly affected the launch of new projects. The Company unprecedentedly struggled in this regard in 2017 and underwent several production crises. The discontinuation of the Czech National Bank’s interventions in the CZK/EUR exchange rate also had an adverse effect, bringing another increase in the cost of labour. In 2017, sales amounted to CZK 4.18 billion as opposed to the planned CZK 4.22 billion, with the greatest decline recorded in LED lighting sales, in respect of which the Company failed to meet its plan. The volume of sales according to next year’s budget is expected to be the same as this year.

Key Milestones and Projects in 2017:

Safety systems and functional components – The Company launched the series production of knee airbags for the VW Group, with the first components going to Škoda Auto and Porsche, and other car makers and models following. The Company also launched the production of additional components for Honda, and performed a series of facelifts, eg of TMMF or Buick. However, the Company also discontinued major projects during the year, eg Toyota Verso. The models were fully abolished and not replaced in the customer’s portfolio. In historical terms, these were major projects with large volumes of components supplied across divisions.

Weatherstrips (WS) – Key milestones included the commencement of BMW’s G32 project, which is the first in the series where the Company is the supplier for the TG Meteor fellow subsidiary. Going forward, the new model, classified as Tier 2 by the Company, will significantly affect the subsequent development of the WS division’s production. The project’s launch raised many production and capacity issues, which also resulted in a Level 2 escalation in respect of BMW as, in launching the project, the Company failed to standardise production and thereby meet customer references within the requested deadlines, among others owing to a high employee fluctuation. The problem spread fast to other projects produced on the same machinery. The issues with supplies significantly affected the WS division’s profitability and tarnished its reputation with the end customer (BMW). Other major projects included F56/57 (BMW) and 865A (Yaris – TMMF). Unfortunately, the projects also raised numerous issues and, owing to employee fluctuation and low training levels, the Company was not successful in meeting customer expectations, which further decreased the WS division’s profitability.

The Company also made intensive preparations for new projects, the most important being the construction of a new, what is already the fourth, production hall, which will primarily serve the WS division, eg for launching the production of components for the new Toyota Auris and Corolla (160B), which is planned for late 2018.

In the 2017 fiscal year, the Company reported total sales of safety systems of CZK 2.69 billion (an increase of approx. 4.08% as compared to 2016).

With respect to functional components, products with total sales of CZK 0.52 billion were manufactured and sold (an increase of 2.74% as compared to 2016).

The production of sealing components reached total sales of CZK 0.91 billion (a decrease of 2.86% as compared to 2016).

Total sales of LED components amounted to approximately CZK 42.67 million (a decrease of 37.41% as compared to 2016).

The Company also sold production moulds to final customers in the amount of CZK 27.57 million in the 2017 fiscal year (in 2016, sales amounted to CZK 101.09 million).

Given the production and capacity issues as well as the increased demand and the preparation of new projects, the total number of employees significantly increased. In late 2017, their number was 1,379, including agency employees. During 2018, employee levels will remain similar, despite the roll-out of the new production hall, as the majority of employees has already been recruited and trained in the existing processes on an ongoing basis. An increase in labour productivity primarily at the WS division is also expected to have a major effect, as does the introduction of automated elements in production and service processes. During 2017, the Company continued to work closely 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 2018 resulted in an agreement.

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 continues to pursue its goal of becoming Toyoda Gosei's most efficient production unit in Europe.

The Company has no internal development unit.

The Company has no branch or another part of the business abroad, ie outside the Czech Republic.

The Company holds no treasury shares, interim certificates or equity investments, or treasury shares, interim certificates or equity investments of the controlling entity.

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 2018 (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”)

Haruhi Nagahata, 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 based on orders;
- Technical support based on orders;
- Goods and material based on orders; and
- Production machinery based on orders.
- Fees from sales based on the license contract;
- Management and coordinator wages based on the contract for the international hiring; and
- Other low-value supplies.

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 (42.84%) and TTC (21.69%)

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 (2.3%)

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 (3.9%)

C. OTHER RELATED PARTIES

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

No. 5 Wusha Section, Shunpan Rd., Daliang town, Shunde, Foshan City 528333, Guangdong Province, China

Relation to the reporting entity: entity controlled by TG (70%) and TTC (30%)

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 (49%)

MUFG Bank (Europe) N.V., Prague Branch (“MUFG EU-CZ”)

Klicperova 3208/12, 150 00 Prague 5, Czech Republic

Relation to the reporting entity: entity controlled by MUFG EU (100%)

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

- Banking fees based on a current account contract; and
- Paid interest based on loan provision contracts.

MUFG Bank (Europe) N.V. Oddział w Polsce (“MUFG EU-PL”)

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

Relation to the reporting entity: entity controlled by MUFG EU (100%)

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

- Banking fees based on a current account contract.

MUFG Bank (Europe) N.V. Spain branch (“MUFG EU-ES”)

Jose Ortega y Gasset 29, 3rd Floor, 28006 Madrid, Spain

Relation to the reporting entity: entity controlled by MUFG EU (100%)

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

- Banking fees based on a current account contract.

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 (100%)

Steel Center Europe, s.r.o. (“SCE”)

Pražská 1669, 396 01 Humpolec, Czech Republic

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 and adjustment development based on orders.

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

- Administration services related to bad material supplies.

Sumitomo Mitsui Banking Corporation (“SMBC Dusseldorf”)

Prinzenallee 7, 40549 Dusseldorf, Germany

Relation to the reporting entity: entity controlled by SMBC (100%)

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

- Banking fees based on a current account contract.

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 (100%)

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

- Paid interest based on loan provision contracts.

Toyota Boshoku Europe N.V. (“TBEU”)

Ikarooslaan 49, 1930 Zaventem, Vlaams Brabant, Belgium

Relation to the reporting entity: entity controlled by TB (100%)

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

- Products based on orders.

Toyota Boshoku (“TB”)

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

Relation to the reporting entity: entity controlled by TMC (39.36%)

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%)

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

- TG Global network connection based on a contract.

Toyota Financial Services Czech s.r.o. (“TFS CZ”)

Bavorská 2662-1, 155 00 Prague 5 - Stodůlky, Czech Republic

Relation to the reporting entity: entity controlled by TFS UK (100%)

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

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

Toyota Financial Services (UK) PLC (“TFS UK”)

Great Burgh, Burgh Heath Epsom, Surrey KT 18 5UZ, UK

Relation to the reporting entity: entity controlled by TFSC (100%)

Toyota Financial Services Corporation (“TFSC”)

Nagoya Lucent Tower 15F 6-1 Ushijima-cho, Nishi-ku, Nagoya, 451-6015 Japan

Relation to the reporting entity: entity controlled by TMC (100%)

Toyota (GB) PLC, (“TGB”)

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

Relation to the reporting entity: entity controlled by TME (100%)

Toyoda Gosei Europe N.V. (“TGE”)

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

Relation to the reporting entity: entity controlled by TG (100%)

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

- IT services and low-value software; and
- Goods based on orders.

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

- Technical support and sales support based on contracts; and
- Transportation services based on an agreement.

TG Higashi Nihon Co., Ltd., (“TGEJ”)

3-3 Takashimizuosawa, 987-2014, Kurihara, Miyagi, Japan

Relation to the reporting entity: entity controlled by TG (100%)

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

- Technical support and sales support based on a contract.

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 (95%) and TTC (5%)

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.

Toyoda Gosei Meteor GmbH (“TG Meteor”)

Ernst-Deger-Strasse 9, 31167 Bockenem, Germany

Relation to the reporting entity: entity controlled by TG (100%)

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.

Toyoda Gosei North America Corporation (“TGNA”)

1400 Stepheson Highway Troy, Michigan 48083, USA

Relation to the reporting entity: entity controlled by TG (100%)

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

- Administration fees and bad supplies.

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 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 (70%)

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

- Material based on orders.

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 (100%)

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 (78.5%) and TTTC (21.5%)

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

- Goods based on orders.

Toyota Tsusho (Thailand) CO., Ltd. (“TTTC”)

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 (51%)

Toyoda Gosei UK Ltd. (“TGUK”)

Bessemer Way Centurion Business Park, Templeborough Rotherham South Yorkshire, S60 1FB UK

Relation to the reporting entity: entity controlled by TG (91.1%) and TTC (8.9%)

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 IT services based on orders.

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

- Support services based on orders;
- Material and goods based on orders; and
- Production equipment based on orders.

Toyota Logistics Services Sweden AB, (“TLSS”)

Lodgatan 26, 21124 Malmö, Sweden

Relation to the reporting entity: entity controlled by TME (100%)

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:

- Moulds and tools based on orders;
- Products and goods based on a general purchase contract; and
- Other low-value supplies (eg. prototypes, packaging certification).

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

- Costs of spare parts that were subject to complaints based on a general purchase contract.

Toyota Motor Manufacturing France SAS (“TMMF”)

Parc d'Activités de la Vallée, de l'Escaut-Sud, B.P. 16, Onnaing 59 264, France

Relation to the reporting entity: entity controlled by TMC (100%)

Toyota Motor Manufacturing Turkey Inc. (“TMMT”)

Toyota Caddesi No. 2, 54580, Arifiye, Sakayra, Turkey

Relation to the reporting entity: entity controlled by TMC (100%)

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

- Products 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 (100%)

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

- Goods and products based on orders.

Toyota Peugeot Citroën Automobile Czech, s.r.o. (“TPCA”)

Na Hradbách 126, 280 02 Kolín, Czech Republic

Relation to the reporting entity: entity controlled by TMC (50%)

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

- Goods and products based on a framework agreement.

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

- Sorting services based on orders.

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

Plzeňská 3185//5b, 150 00 Prague 5, Smíchov, Czech Republic

Relation to the reporting entity: entity controlled by TTESA (100%)

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

- Products and services based on orders; and
- Administration fees related to bad material supplies based on a framework agreement.

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

- Material based on a framework agreement;
- Services (eg re-packing) and other low value performances based on orders; and
- Production machinery based on orders.

Toyota Tsusho Europe S.A., France branch (“TTESA FR”)

Parc d'Activité de la Vallée de l'Escaut BP.10 – ZI No. 9 Ouest 59264 Onnaing, France

Relation to the reporting entity: entity controlled by TTESA (100%)

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

- Logistics services based on a contract.

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 (100%)

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

- Products and goods based on orders.

Toyota Tsusho Europe NV (“TTESA”)

Belgicastraat 13, 1930 Zaventam, Belgium

Relation to the reporting entity: entity controlled by TTC (100%)

TOYOTA TSUSHO PRAHA s.r.o. (“TT Praha”)

Obchodní 105, Čestlice, 25170

Relation to the reporting entity: entity controlled by TTC (100%)

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

- Used passenger cars based on an individual contract.

Waterville TG Inc. (“WTG”)

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

Relation to the reporting entity: entity controlled by TGH (100%)

Toyoda Gosei Holdings Inc. (“TGH”)

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

Relation to the reporting entity: entity controlled by TG (100%)

The above-mentioned contracts represent the entire list of valid contracts for the period from 1 April 2017 to 31 March 2018. In the year ended 31 March 2018, no other business performances were made or new contracts concluded beyond the scope of this list.

RELATED PARTY TRANSACTIONS IN THE YEAR ENDED 31 MARCH 2018

Income Generated with Related Parties

(CZK '000)

Entity	Relation to the reporting entity	Goods	Products	Services	Other income	Total
TG	Parent company	0	7 093	0	2 955	10 048
TG Meteor	Ultimate parent company	859	27 348	0	2 773	30 980
TGHP	Ultimate parent company	56 221	0	0	0	56 221
TGT	Ultimate parent company	295	0	0	0	295
TGUK	Ultimate parent company	1 121	81 090	33	110	82 354
TGE	Ultimate parent company	2 420	0	0	1 237	3 657
TGNA	Ultimate parent company	0	0	5	184	189
TGRT	Ultimate parent company	0	0	0	0	0
TTESA CR	Ultimate parent company	0	74 470	87	814	75 371
TTESA PL	Ultimate parent company	469	171	0	0	640
TME	Part of the holding	12 477	1 405 441	0	187	1 418 105
TPCA	Part of the holding	5 702	568 377	0	0	574 079
SCE	Part of the holding	0	0	5	0	5
TBEU	Part of the holding	0	1 932	0	0	1 932
TMMF	Part of the holding	0	0	0	0	0
TMMT	Part of the holding	0	28	0	0	28
TMUK	Part of the holding	4 327	3	0	0	4 330
TLSS	Part of the holding	0	0	0	0	0
TGB	Part of the holding	0	0	0	0	0
Total		83 891	2 165 953	130	8 260	2 258 234

Purchases Made from Related Parties

(CZK '000)

Entity	Relation to the reporting entity	Goods	Products	Services	Other expenses	Financial expenses	Total
TG	Parent company	3 065	291 044	203 214	505	0	497 828
TG Meteor	Ultimate parent company	97	13 009	3 178	1	0	16 285
TGHP	Ultimate parent company	0	0	317	0	0	317
TGT	Ultimate parent company	0	0	0	0	0	0
TGUK	Ultimate parent company	4 514	734	12 748	320	0	18 316
TGE	Ultimate parent company	442	211	40 109	0	0	40 762
TGNA	Ultimate parent company	0	15 456	1 487	0	0	16 943
TGRT	Ultimate parent company	0	273	0	0	0	273
Foshan TGR	Ultimate parent company	0	0	0	0	0	0
TGEJ	Ultimate parent company	0	0	7 439	0	0	7 439
TTESA CR	Ultimate parent company	2 031	450 840	996	362	0	454 229
TTESA FR	Ultimate parent company	0	0	190	0	0	190
SCE	Part of the holding	0	11 085	0	99	0	11 184
TDC	Part of the holding	0	0	213	0	0	213
TME	Part of the holding	0	0	1 492	0	0	1 492
TFS CZ	Part of the holding	0	0	388	62	0	450
TPCA	Part of the holding	0	0	1 587	0	0	1 587
MUFG EU-CZ	Part of the holding	0	0	0	0	470	470
MUFG EU-PL	Part of the holding	0	0	0	0	2	2
MUFG EU-ES	Part of the holding	0	0	0	0	1	1
SMBC Düsseldorf	Part of the holding	0	0	0	0	14	14
SMBC EU	Part of the holding	0	0	0	0	392	392
Total		10 149	782 652	273 358	1 349	879	1 068 387

Purchases of Tangible Fixed Assets from Related Parties

(CZK '000)

Entity	Relation to the reporting entity	Fixed assets
TGNA	Ultimate parent company	100
TG Meteor	Ultimate parent company	6 288
TGUK	Ultimate parent company	45 180
TTESA CR	Ultimate parent company	41 505
TG	Parent company	45
Total		93 118

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 4 May 2018

Toyoda Gosei Czech, s.r.o.



Kazutaka Murakami
Statutory Executive

3. Financial Statements for the Year Ended 31 March 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018.

Statutory body of the reporting entity:	Signature
MURAKAMI KAZUTAKA	

BALANCE SHEET

full version

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

As of
31.03.2018
(in CZK thousand)

Průmyslová 2
Kláštorec nad Ohří
District of Chomutov, 43151

		31.03.2018			31.03.2017
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	4 693 878	1 953 943	2 739 935	2 648 460
B.	Fixed assets	3 386 359	1 946 236	1 440 123	1 160 279
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>138 829</i>	<i>122 666</i>	<i>16 163</i>	<i>20 910</i>
B.I.2.	Valuable rights	137 991	122 666	15 325	19 174
B.I.2.1.	Software	60 964	45 704	15 260	18 950
B.I.2.2.	Other valuable rights	77 027	76 962	65	224
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	838		838	1 736
B.I.5.2.	Intangible fixed assets under construction	838		838	1 736
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>3 247 529</i>	<i>1 823 570</i>	<i>1 423 959</i>	<i>1 139 368</i>
B.II.1.	Land and structures	1 104 654	310 641	794 013	573 478
B.II.1.1.	Land	27 235		27 235	25 059
B.II.1.2.	Structures	1 077 419	310 641	766 778	548 419
B.II.2.	Tangible movable assets and sets of tangible movable assets	1 866 451	1 410 966	455 485	375 352
B.II.3.	Valuation difference on acquired assets				
B.II.4.	Other tangible fixed assets	123 732	101 963	21 769	5 072
B.II.4.1.	Perennial crops	7 157	2 135	5 022	3 268
B.II.4.2.	Breeding animals and their groups				
B.II.4.3.	Other tangible fixed assets	116 575	99 828	16 747	1 804
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	152 692		152 692	185 466
B.II.5.1.	Prepayments for tangible fixed assets	13 877		13 877	16 269
B.II.5.2.	Tangible fixed assets under construction	138 815		138 815	169 197
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>1</i>		<i>1</i>	<i>1</i>
B.III.3.	Equity investments in associates	1		1	
B.III.5.	Other non-current securities and investments				1
C.	Current assets	1 102 013	7 434	1 094 579	1 254 194
<i>C.I.</i>	<i>Inventories</i>	<i>560 131</i>	<i>6 454</i>	<i>553 677</i>	<i>544 110</i>
C.I.1.	Material	322 649	3 182	319 467	407 512
C.I.2.	Work in progress and semifinished goods	21 828		21 828	14 942
C.I.3.	Products and goods	210 324	3 272	207 052	119 828
C.I.3.1.	Products	65 996	2 554	63 442	60 462
C.I.3.2.	Goods	144 328	718	143 610	59 366
C.I.5.	Prepayments for inventories	5 330		5 330	1 828
<i>C.II.</i>	<i>Receivables</i>	<i>458 963</i>	<i>980</i>	<i>457 983</i>	<i>474 233</i>
C.II.1.	Long-term receivables	506		506	26
C.II.1.5.	Receivables - other	506		506	26
C.II.1.5.4.	Sundry receivables	506		506	26
<i>C.II.2.</i>	<i>Short-term receivables</i>	<i>458 457</i>	<i>980</i>	<i>457 477</i>	<i>474 207</i>
C.II.2.1.	Trade receivables	412 236	906	411 330	452 176
C.II.2.4.	Receivables - other	46 221	74	46 147	22 031
C.II.2.4.3.	State - tax receivables	38 493		38 493	11 746
C.II.2.4.4.	Short-term prepayments made	5 046		5 046	5 622
C.II.2.4.5.	Estimated receivables	438		438	821
C.II.2.4.6.	Sundry receivables	2 244	74	2 170	3 842
<i>C.IV.</i>	<i>Cash</i>	<i>82 919</i>		<i>82 919</i>	<i>235 851</i>
C.IV.1.	Cash on hand	430		430	240
C.IV.2.	Cash at bank	82 489		82 489	235 611
D.	Other assets	205 506	273	205 233	233 987
D.1.	Deferred expenses	7 456		7 456	3 275
D.2.	Complex deferred expenses	40 328		40 328	50 447
D.3.	Accrued income	157 722	273	157 449	180 265

		31.03.2018	31.03.2017
	TOTAL LIABILITIES & EQUITY	2 739 935	2 648 460
A.	Equity	1 498 551	1 605 803
<i>A.I.</i>	<i>Share capital</i>	970 000	970 000
A.I.1.	Share capital	970 000	970 000
<i>A.II.</i>	<i>Share premium and capital funds</i>	256	256
A.II.2.	<i>Capital funds</i>	256	256
A.II.2.1.	Other capital funds	256	256
<i>A.III.</i>	<i>Funds from profit</i>	51 438	51 438
A.III.1.	Other reserve funds	51 438	51 438
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	410 949	353 231
A.IV.1.	Accumulated profits brought forward	410 949	353 231
A.V.	<i>Profit or loss for the current period (+/-)</i>	65 908	230 878
B.+C.	Liabilities	1 241 384	1 041 238
B.	Reserves	62 673	61 894
B.IV.	Other reserves	62 673	61 894
C.	Payables	1 178 711	979 344
<i>C.I.</i>	<i>Long-term payables</i>	26 761	14 696
C.I.4.	Trade payables	4 525	
C.I.8.	Deferred tax liability	22 236	14 696
<i>C.II.</i>	<i>Short-term payables</i>	1 151 950	964 648
C.II.2.	Payables to credit institutions	546 745	243 270
C.II.4.	Trade payables	295 745	383 624
C.II.8.	<i>Other payables</i>	309 460	337 754
C.II.8.3.	Payables to employees	30 247	24 375
C.II.8.4.	Social security and health insurance payables	16 106	13 313
C.II.8.5.	State - tax payables and subsidies	3 263	63 067
C.II.8.6.	Estimated payables	259 825	236 880
C.II.8.7.	Sundry payables	19	119
D.	Other liabilities		1 419
D.2.	Deferred income		1 419

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

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

Year ended
31.03.2018
(in CZK thousand)

Průmyslová 2
Klášterec nad Ohří
District of Chomutov, 43151

		Year ended 31.03.2018	Year ended 31.03.2017
I.	Sales of products and services	3 878 223	3 783 722
II.	Sales of goods	299 399	400 452
A.	Purchased consumables and services	3 481 107	3 335 903
A.1.	Costs of goods sold	231 489	292 693
A.2.	Consumed material and energy	2 649 826	2 600 967
A.3.	Services	599 792	442 243
B.	Change in internally produced inventory (+/-)	-10 211	-5 442
D.	Staff costs	512 970	405 544
D.1.	Payroll costs	378 674	295 232
D.2.	Social security and health insurance costs and other charges	134 296	110 312
D.2.1.	Social security and health insurance costs	128 957	101 637
D.2.2.	Other charges	5 339	8 675
E.	Adjustments to values in operating activities	134 133	148 104
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	147 404	142 431
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	149 592	142 136
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-2 188	295
E.2.	Adjustments to values of inventories	-10 746	5 435
E.3.	Adjustments to values of receivables	-2 525	238
III.	Other operating income	49 973	45 052
III.1.	Sales of fixed assets	1 220	813
III.2.	Sales of material	12 501	12 142
III.3.	Sundry operating income	36 252	32 097
F.	Other operating expenses	52 973	49 253
F.1.	Net book value of sold fixed assets	194	6
F.2.	Net book value of sold material	15 957	15 132
F.3.	Taxes and charges	1 559	1 632
F.4.	Reserves relating to operating activities and complex deferred expenses	13 616	9 517
F.5.	Sundry operating expenses	21 647	22 966
*	Operating profit or loss (+/-)	56 623	295 864
VI.	Interest income and similar income	230	4
VI.2.	Other interest income and similar income	230	4
J.	Interest expenses and similar expenses	851	330
J.2.	Other interest expenses and similar expenses	851	330
VII.	Other financial income	85 827	14 096
K.	Other financial expenses	68 388	19 404
*	Financial profit or loss (+/-)	16 818	-5 634
**	Profit or loss before tax (+/-)	73 441	290 230
L.	Income tax	7 533	59 352
L.1.	Due income tax	-7	62 877
L.2.	Deferred income tax (+/-)	7 540	-3 525
**	Profit or loss net of tax (+/-)	65 908	230 878
***	Profit or loss for the current period (+/-)	65 908	230 878
*	Net turnover for the current period	4 313 652	4 243 326

STATEMENT OF CHANGES IN EQUITY

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

Year ended
31.03.2018
(in CZK thousand)

Průmyslová 2
Kláštorec nad Ohří
District of Chomutov, 43151

	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
Balance at 31 March 2016	970 000	256	51 438	97 535		255 696	1 374 925
Distribution of profit or loss				255 696		-255 696	
Profit or loss for the current period						230 878	230 878
Balance at 31 March 2017	970 000	256	51 438	353 231		230 878	1 605 803
Distribution of profit or loss				57 719		-57 719	
Profit shares paid						-173 159	-173 159
Profit or loss for the current period						65 908	65 908
Rounding				-1			-1
Balance at 31 March 2018	970 000	256	51 438	410 949		65 908	1 498 551

CASH FLOW STATEMENT

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

Year ended
31.03.2018
(in CZK thousand)

Průmyslová 2
Kláštorec nad Ohří
District of Chomutov, 43151

		Year ended 31.03.2018	Year ended 31.03.2017
P.	Opening balance of cash and cash equivalents	235 851	126 747
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	73 441	290 230
A.1.	Adjustments for non-cash transactions	147 344	157 140
A.1.1.	Depreciation of fixed assets	149 592	142 136
A.1.2.	Change in provisions and reserves	-1 843	15 485
A.1.3.	Profit/(loss) on the sale of fixed assets	-1 026	-807
A.1.5.	Interest expense and interest income	621	326
A.*	Net operating cash flow before changes in working capital	220 785	447 370
A.2.	Change in working capital	45 220	-219 984
A.2.1.	Change in operating receivables and other assets	117 985	-7 352
A.2.2.	Change in operating payables and other liabilities	-73 944	-127 809
A.2.3.	Change in inventories	1 179	-84 823
A.2.4.	Change in current financial assets		
A.**	Net cash flow from operations before tax	266 005	227 386
A.3.	Interest paid	-851	-330
A.4.	Interest received	230	4
A.5.	Income tax paid from ordinary operations	-83 293	-3 403
A.***	Net operating cash flows	182 091	223 657
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-471 083	-115 141
B.2.	Proceeds from fixed assets sold	1 220	813
B.***	Net investment cash flows	-469 863	-114 328
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	307 999	-225
C.2.	Impact of changes in equity	-173 159	
C.2.6.	Profit shares paid	-173 159	
C.***	Net financial cash flows	134 840	-225
F.	Net increase or decrease in cash and cash equivalents	-152 932	109 104
R.	Closing balance of cash and cash equivalents	82 919	235 851

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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

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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 2018 for the period of 12 months (hereinafter referred to as the “year ended 31 March 2018”). The prior year’s 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 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%
Total	100%

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

During the reporting period, no changes were recorded in Register of Companies.

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
 - Weatherstrips 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 weatherstrips	8 or 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. No provisions are created against 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 2018 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 and compensation for lost wages.

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. Operating Leases

Operating leases represent a short-term or long-term lease when the lessee returns the leased asset to the lessor once the lease expires. No contractual claim exists regarding the potential transfer of the leased asset to the lessee's possession.

TGCZ holds assets under operating leases. Related costs are charged to operating expenses under 'Services' based on invoices received from the individual lessors. Payables are recorded as trade payables and divided into short-term and long-term payables.

3.11. Taxation

3.11.1. Depreciation of Fixed Assets for Tax Purposes

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

3.11.2. 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.

3.11.3. 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.

3.12. 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.

3.13. 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.

3.14. 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.

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

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

3.16. 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 2018	31 March 2017
Cash on hand and cash in transit	430	240
Cash at bank	82 489	235 611
Total cash and cash equivalents	82 919	235 851

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

3.17. Summary of Used Abbreviations with Related Parties

Abbreviation	Entity	Country
Foshan TGR	Toyoda Gosei (Foshan) Rubber Parts Co. Ltd.	China
MTG	Minda TG Rubber Pvt Ltd.	India
MUFG EU-CZ	MUFG Bank (Europe) N.V., Prague branch	Czech Republic
MUFG EU-PL	MUFG Bank (Europe) N.V., Oddział w Polsce	Poland
MUFG EU-ES	MUFG Bank (Europe) N.V., Spain branch	Spain
SCE	Steel Center Europe, s.r.o.	Czech Republic
SMBC Düsseldorf	Sumitomo Mitsui Banking Corporation, Düsseldorf	Germany
SMBC EU	Sumitomo Mitsui Banking Corporation, London	Great Britain
TBEU	Toyota Boshoku Europe N.V.	Belgium
TDC	Toyota Digital Cruise, Inc.	Japan
TFS CZ	Toyota Financial Services Czech s.r.o.	Czech Republic
TG	TOYODA GOSEI Co. Ltd.	Japan
TGB	Toyota (GB) plc	Great Britain
TGE	Toyoda Gosei Europe N.V.	Belgium
TGEJ	TG Higashi Nihon Co., Ltd.	Japan
TGHP	Toyoda Gosei Haiphong Co., Ltd.	Vietnam
TG Meteor	Toyoda Gosei Meteor GmbH	Germany
TGNA	Toyoda Gosei North America Corporation	USA
TGRT	Toyoda Gosei Rubber (Thailand) Co., Ltd.	Thailand
TGT	Toyoda Gosei Thailand Co., Ltd.	Thailand
TGUK	Toyoda Gosei UK Ltd.	Great Britain
TLSS	Toyota Logistics Services Sweden AS	Sweden
TME	Toyota Motor Europe, NV/SA	Belgium
TMMF	Toyota Motor Manufacturing France SAS	France
TMMT	Toyota Motor Manufacturing Turkey Inc.	Turkey
TMUK	Toyota Motor Manufacturing (UK) Ltd.	Great Britain
TPCA	Toyota Peugeot Citroën Automobile Czech, s.r.o.	Czech Republic
TTESA CR	Toyota Tsusho Europe S.A., organisational branch in the Czech Republic	Czech Republic
TTESA FR	Toyota Tsusho Europe S.A., Onnaing	France
TTESA PL	Toyota Tsusho Europe S.A. Oddział w Polsce	Poland
TT Praha	Toyota Tsusho Praha s.r.o.	Czech Republic
WTG	Waterville TG Inc.	Canada

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 2016	Additions	Disposals	Balance at 31 March 2017	Additions	Disposals	Balance at 31 March 2018
Land	25 059	0	0	25 059	2 176	0	27 235
Structures	766 917	57 538	0	824 455	253 080	116	1 077 419
Tangible movable assets							
- <i>Machines and equipment</i>	1 604 984	61 529	19 052	1 647 461	168 670	10 066	1 806 065
- <i>Vehicles</i>	1 824	0	0	1 824	0	284	1 540
- <i>Furniture and fixtures</i>	14 444	423	190	14 677	79	2 085	12 671
- <i>Sundry tangible fixed assets</i>	39 026	6 559	4 210	41 375	9 658	4 858	46 175
Other tangible fixed assets and perennial crops	96 672	1 973	0	98 645	25 087	0	123 732
Tangible fixed assets under construction	34 095	265 663	130 561	169 197	425 976	456 358	138 815
Prepayments for tangible fixed assets	13 731	2 538	0	16 269	0	2 392	13 877
Total	2 596 752	396 223	154 013	2 838 962	884 726	476 159	3 247 529

Accumulated Depreciation

	(CZK thousand)						
	Balance at 31 March 2016	Additions	Disposals	Balance at 31 March 2017	Additions	Disposals	Balance at 31 March 2018
Land	0	0	0	0	0	0	0
Structures	244 377	31 658	0	276 035	34 721	115	310 641
Tangible movable assets							
- <i>Machines and equipment</i>	1 205 512	97 607	19 051	1 284 068	90 137	10 066	1 364 139
- <i>Vehicles</i>	1 770	17	0	1 787	17	284	1 520
- <i>Furniture and fixtures</i>	7 356	953	190	8 119	1 007	1 937	7 189
- <i>Sundry tangible fixed assets</i>	34 808	5 413	4 210	36 011	6 919	4 812	38 118
Other tangible fixed assets and perennial crops	92 890	683	0	93 573	8 390	0	101 963
Total	1 586 713	136 331	23 451	1 699 593	141 191	17 214	1 823 570

Net Book Value

	(CZK thousand)	
	Balance at 31 March 2017	Balance at 31 March 2018
Land	25 059	27 235
Structures	548 419	766 778
Individual movable tangible assets		
- <i>Machines and equipment</i>	363 393	441 926
- <i>Vehicles</i>	37	20
- <i>Furniture and fixtures</i>	6 558	5 482
- <i>Sundry tangible fixed assets</i>	5 364	8 057
Other tangible fixed assets and perennial crops	5 072	21 769
Tangible fixed assets under construction	169 197	138 815
Prepayments for tangible fixed assets	16 269	13 877
Total	1 139 368	1 423 959

The Company created a provision against tangible movable assets in the amount of CZK 294 thousand in the year ended 31 March 2017. In the year ended 31 March 2018, CZK 2,188 thousand was released.

The balance sheet value of the provision against tangible movable assets thus decreased to CZK 1,936 thousand as of 31 March 2018 (compared to CZK 4,124 thousand as of 31 March 2017).

In the year ended 31 March 2018, principal additions to assets include new production hall no. 4, the extension of production machinery in individual halls (specifically eg two new lines for knee airbags related to projects for BMW, moulding and cutting tools for Toyota; also, for project no. F56/F57 for BMW, the Company acquired a new pinning machine including tables necessary for the termination of the manufacturing process).

Another significant addition was the newly built car park at hall no. 1, due to which the parking space capacity for the Company's employees was extended.

Obsolete technology is being replaced on an ongoing basis – eg new IT equipment and improvement of technologies for increased work efficiency (improvement of the internal information system for production, warehouse and accounting, new production software etc.).

In the years ended 31 March 2018 and 2017, the Company acquired tangible assets which were directly expensed in the amounts of CZK 2,108 thousand and CZK 1,921 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.

The main disposal of tangible assets in the year ended 31 March 2018 includes unused machines, against which a provision was created and it was decided that these machines would not be used any more. Furthermore, a number of low-value assets under IT (scanners, notebooks, terminals or obsolete SW) were disposed of. Also, a series of low-value assets that are unused or obsolete were disposed of (eg. cabinets, carts, small tools, obsolete scales, etc.).

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

4.2.1. Assets Held under Finance and Operating Lease AgreementsFinance Leases with Subsequent Purchase

(CZK thousand)

Description	Total lease value	Payments made at 31 March 2017	Payments made at 31 March 2018	Due in following years
Total cars and machinery	11 930	10 836	11 626	304

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 2017	Payments made in the year ended 31 March 2018
Handling technology	January 2010 – August 2017	May 2015 – August 2022	20 886	7 205	11 123
Cars	June 2015 – February 2018	June 2019 – November 2022	14 316	2 593	5 463
Machinery	November 2015 – February 2018	October 2019 – November 2022	7 977	1 103	1 467

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

4.3. Inventory

(CZK thousand)

	Balance at 31 March 2018	Balance at 31 March 2017
Material	322 649	416 174
Work in progress	21 828	14 942
Products	65 996	62 739
Goods	29 871	29 758
Goods – moulds intended for sale	114 457	35 870
Prepayments made for inventory	5 330	1 828
Provisions	- 6 454	-17 201
Total	553 677	544 110

The decrease in material is due to the improvement of warehousing and material flow planning. With regard to moulds intended for sale, the increase is due to the acquisition of new items for projects the production of which will be launched in the next period.

In the years ended 31 March 2018 and 2017, the provisions against inventory of products were created in the balance sheet amounts of CZK 2,554 thousand and CZK 2,277 thousand, and the provisions against inventory of goods amounted to CZK 718 thousand and CZK 6,262 thousand, respectively. The provision against material was recognised in the amount of CZK 3,182 thousand (31 March 2017: CZK 8,662 thousand). The decrease was due to the liquidation of dead inventory.

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 71 thousand and CZK 26 thousand as of 31 March 2018 and 31 March 2017, respectively.

The Company paid recoverable deposits related to the lease of residential premises. As of 31 March 2018, the value of the deposits amounts to CZK 435 thousand (31 March 2017: CZK 440 thousand).

4.4.2. Short-Term Receivables

Aging of Trade Receivables

Year ended 31 March	Category	Before due	Past due				(CZK thousand)	
			1 – 90 days	91 – 180 days	181 days – 2 years	2 years and more	Total past due	Total
2018	Gross	389 910	21 010	284	591	441	22 326	412 236
	Provisions	0	0	0	-474	-432	-906	-906
	Net	388 910	21 010	284	117	9	21 420	410 330
2017	Gross	431 683	22 381	63	1 502	101	24 047	455 730
	Provisions	0	- 3 000	0	-453	-101	-3 554	-3 554
	Net	431 683	19 381	63	1 049	0	20 493	452 176

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

Intercompany Receivables

Entity	(CZK thousand)	
	Balance at 31 March 2018	Balance at 31 March 2017
<i>Short-term receivables</i>		
Trade		
In the Toyoda Gosei group		
TGUK	9 089	8 696
TG Meteor	7 439	218
TGE	1 953	3 425
TGHP	7 484	6 140
TGNA	54	0
TGT	24	26
WTG	1	1
MTG	4	5
In the Toyota Tsusho group		
TTESA PL	21	39
TTESA CR	3 515	6 163
Other intercompany receivables		
TME	2 092	30 826
TMMT	6	0
TMUK	429	7 687
TBEU	78	177
TPCA	145 656	154 544
From companies with controlling influence		
TG	2 045	2 906
From accruals and deferrals (accrued income)		
In the Toyoda Gosei group		
TGE	2 420	0
Other intercompany receivables		
TME	139 987	178 265
TPCA	2 801	2 456
Total short-term intercompany receivables and accrued income	325 098	401 574
Other than intercompany receivables	244 860	234 646
Total short-term receivables and accrued income	569 958	636 220

4.5. Deferrals and Accruals

4.5.1. Temporary Assets

	(CZK thousand)	
	Balance at 31 March 2018	Balance at 31 March 2017
Lease	4 284	58
Insurance premium	1 539	1 347
Accrued income	157 722	180 490
Provision against accrued income	-273	-225
Complex deferred expenses	40 328	50 447
Other	1 633	1 870
Total temporary assets	205 233	233 987

Accrued income consists of products purchased by individual car factories (Toyota, Nissan, TPCA, Ford, BMW, VW) with which a self-billing agreement was concluded. The balance are orders where the value given represents the value of products that were not invoiced by the customer based on this agreement as of 31 March 2018.

The year-on-year decrease resulted from the decrease in production in Toyota plants in Great Britain and Turkey. The Ford car producer also recorded a decrease in Spain as a result of relocating part of its production to China.

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 2018	Balance at 31 March 2017
Estimated payable for inventory	123 213	130 536
Other estimated payables	136 612	106 344
Deferred income	0	1 419
Total temporary liabilities	259 825	238 299

The estimated payable for inventory includes amounts of received material and goods for which the Company had not received invoices as of 31 March 2018.

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 2018. The share capital amounts to CZK 970,000 thousand.

Reserve Fund

In the year ended 31 March 2018, 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 2017 of CZK 230,878 thousand was approved by the General Meeting in the year ended 31 March 2018. According to the resolution of the General Meeting, 75% of the profit was paid out as a dividend and the remaining 25% was transferred to retained earnings.

The total dividend of CZK 173,159 thousand was paid out to the individual controlling entities according to their business share. The retained earnings of CZK 57,719 thousand were transferred to a separate analytical account and reported on a net basis.

The parent company has not yet decided about the distribution of profit made in the year ended 31 March 2018. However, it is highly probable that the profit will be distributed in the same way as in the previous period.

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
Balance at 31 March 2017	7 385	10 505	18 273	25 731	61 894
Charge for reserves	127 526	0	0	1 432	128 958
Use of reserves	122 808	2 150	0	3 221	128 179
Balance at 31 March 2018	12 103	8 355	18 273	23 942	62 673

4.8. Payables**4.8.1. Aging of Short-Term Trade Payables**

(CZK thousand)								
Year ended	Category	Before due	Past due					Total past due
31 March			1 – 90 days	91 – 180 days	181 – 360 days	1 – 2 years	2 years and more	Total
2018	Short-term	245 047	43 799	650	3 813	2 424	12	50 698
2017	Short-term	319 400	58 479	0	0	4 433	1 312	64 224
								383 624

Payables typically mature within one month. The reason for the decrease in the payables of the Company predominantly relates to outstanding investments as of 31 March 2017. Another reason is the decreased registration of invoices. An estimated payable was created in respect of a majority of invoices which were not registered,.

As of 31 March 2018, 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 2018. 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 2018	Balance at 31 March 2017
Short-term payables		
<u>Trade</u>		
<i>In the Toyoda Gosei group</i>		
TG Meteor	3 300	2 270
TGUK	2 450	0
TGNA	0	6 064
TGT	0	1 312
<i>In the Toyota Tsusho group</i>		
TTESA CR	18 977	59 873
<i>Other intercompany payables</i>		
SCE	579	594
TPCA	93	82
TDC	19	21
<i>In associates</i>		
TG	100 917	118 865
<u>From estimated payables</u>		
<i>In the Toyoda Gosei group</i>		
TG Meteor	2 059	164
TGUK	1 045	640
TGNA	524	2 354
TGE	3 334	3 412
TGRT	24	263
TGHP	7	7
<i>In the Toyota Tsusho group</i>		
TTESA CR	25 491	42 620
<i>Other intercompany payables</i>		
SCE	356	676
TPCA	32	57
TME	92	502
TDC	0	21
<i>In associates</i>		
TG	55 779	60 518
Total short-term intercompany payables and estimated payables	215 078	300 315
Other than intercompany payables	340 492	320 189
Total short-term payables	555 570	620 504

4.9. Bank Loans**4.9.1. Short-Term Bank Loans and Financial Borrowings**

As of 31 March 2018, the Company reports three bank loans totalling CZK 546,745 thousand (2017: CZK 243,270 thousand).

The bank loan from MUFG-EU-CZ of CZK 101,720 thousand is due on 19 April 2018 and is 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 292,445 thousand is due on 19 April 2018 and is rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

The bank loan from Mizuho Bank Europe NV of CZK 152,580 thousand is due on 19 April 2018 and is also 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 2018	Balance at 31 March 2017
Deferred tax arising from differences in net book values of fixed assets	-38 040	-33 408
Deferred tax arising from reserves for warranties	1 587	1 996
Deferred tax arising from the provision against inventory	1 226	3 268
Deferred tax arising from the provision against receivables	155	694
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	2 300	1 403
Deferred tax arising from the reserve for employee benefits	4 406	4 267
Deferred tax arising from other reserves	2 658	3 612
Total	-22 236	-14 696

As of 31 March 2018, 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 22,236 thousand.

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.

4.11. Details of Income by Principal Activity

	(CZK thousand)					
	Year ended 31 March 2018			Year ended 31 March 2017		
	In- country	Cross- border	Total	In- country	Cross- border	Total
Goods – safety components	75 427	134 229	209 656	98 625	113 115	211 740
Goods – moulds and tools	6 258	21 311	27 569	75 297	25 795	101 092
Goods – functional parts	0	4 800	4 800	0	5 258	5 258
Goods – weatherstrips	0	14 745	14 745	0	14 294	14 294
Goods – optoelectronic parts	5 263	37 366	42 629	4 874	63 194	68 068
Sales of goods	86 948	212 451	299 399	178 796	221 656	400 452
Sale of products – safety components	823 182	1 652 497	2 475 679	761 623	1 606 945	2 368 568
Sale of products – functional parts	69 701	440 193	509 894	77 277	418 417	495 694
Sale of products – weatherstrips	58 996	831 749	890 745	65 261	852 549	917 810
Sale of products – optoelectronic parts	0	37	37	28	75	103
Other services	536	1 332	1 868	1 152	395	1 547
Total sales of products and services	952 415	2 925 808	3 878 223	905 341	2 878 381	3 783 722

4.12. Related Party Transactions

4.12.1. Income Generated with Related Parties

Year Ended 31 March 2018

(CZK thousand)						
Entity	Relation to the Company	Goods	Products	Services	Other income	Total
TG	Parent company	0	7 093	0	2 955	10 048
TG Meteor	Ultimate parent company	859	27 348	0	2 773	30 980
TGHP	Ultimate parent company	56 221	0	0	0	56 221
TGT	Ultimate parent company	295	0	0	0	295
TGUK	Ultimate parent company	1 121	81 090	33	110	82 354
TGE	Ultimate parent company	2 420	0	0	1 237	3 657
TGNA	Ultimate parent company	0	0	5	184	189
TGRT	Ultimate parent company	0	0	0	0	0
TTESA CR	Ultimate parent company	0	74 470	87	814	75 371
TTESA PL	Ultimate parent company	469	171	0	0	640
TME	Part of the holding	12 477	1 405 441	0	187	1 418 105
TPCA	Part of the holding	5 702	568 377	0	0	574 079
SCE	Part of the holding	0	0	5	0	5
TBEU	Part of the holding	0	1 932	0	0	1 932
TMMF	Part of the holding	0	0	0	0	0
TMMT	Part of the holding	0	28	0	0	28
TMUK	Part of the holding	4 327	3	0	0	4 330
TLSS	Part of the holding	0	0	0	0	0
TGB	Part of the holding	0	0	0	0	0
Total		83 891	2 165 953	130	8 260	2 258 234

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
TG Meteor	Ultimate parent company	375	355	0	7 537	8 267
TGHP	Ultimate parent company	27 150	0	0	123	27 273
TGT	Ultimate parent company	877	0	-9	51	919
TGUK	Ultimate parent company	1 037	29 297	96	2 326	32 756
TGE	Ultimate parent company	0	0	0	3 424	3 424
TGNA	Ultimate parent company	0	0	0	0	0
TGRT	Ultimate parent company	0	0	5	9	14
TTESA CR	Ultimate parent company	0	57 229	65	776	58 070
TTESA PL	Ultimate parent company	0	185	0	0	185
TME	Part of the holding	71 522	1 339 464	0	270	1 411 256
TPCA	Part of the holding	8 736	628 415	0	0	637 151
SCE	Part of the holding	0	0	0	0	0
TBEU	Part of the holding	0	2 560	0	0	2 560
TMMF	Part of the holding	954	0	0	122	1 076
TMMT	Part of the holding	0	0	0	0	0
TMUK	Part of the holding	19 758	0	0	0	19 758
TLSS	Part of the holding	312	0	0	0	312
TGB	Part of the holding	10	0	0	0	10
Total		130 731	2 058 237	157	15 325	2 204 450

4.12.2. Purchases from Related Parties**Year Ended 31 March 2018**

(CZK thousand)							
Entity	Relation to the Company	Goods	Products	Services	Other expenses	Financial expenses	Total
TG	Parent company	3 065	291 044	203 214	505	0	497 828
TG Meteor	Ultimate parent company	97	13 009	3 178	1	0	16 285
TGHP	Ultimate parent company	0	0	317	0	0	317
TGT	Ultimate parent company	0	0	0	0	0	0
TGUK	Ultimate parent company	4 514	734	12 748	320	0	18 316
TGE	Ultimate parent company	442	211	40 109	0	0	40 762
TGNA	Ultimate parent company	0	15 456	1 487	0	0	16 943
TGRT	Ultimate parent company	0	273	0	0	0	273
Foshan TGR	Ultimate parent company	0	0	0	0	0	0
TGEJ	Ultimate parent company	0	0	7 439	0	0	7 439
TTESA CR	Ultimate parent company	2 031	450 840	996	362	0	454 229
TTESA FR	Ultimate parent company	0	0	190	0	0	190
SCE	Part of the holding	0	11 085	0	99	0	11 184
TDC	Part of the holding	0	0	213	0	0	213
TME	Part of the holding	0	0	1 492	0	0	1 492
TFS CZ	Part of the holding	0	0	388	62	0	450
TPCA	Part of the holding	0	0	1 587	0	0	1 587
MUFG EU-CZ	Part of the holding	0	0	0	0	470	470
MUFG EU-PL	Part of the holding	0	0	0	0	2	2
MUFG EU-ES	Part of the holding	0	0	0	0	1	1
SMBC Düsseldorf	Part of the holding	0	0	0	0	14	14
SMBC EU	Part of the holding	0	0	0	0	392	392
Total		10 149	782 652	273 358	1 349	879	1 068 387

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
TG Meteor	Ultimate parent company	0	3 813	65	76	0	3 954
TGHP	Ultimate parent company	0	0	382	0	0	382
TGT	Ultimate parent company	0	25 377	0	0	0	25 377
TGUK	Ultimate parent company	0	0	574	0	0	574
TGE	Ultimate parent company	596	266	34 179	0	0	35 041
TGNA	Ultimate parent company	0	23 494	2 526	0	0	26 020
TGRT	Ultimate parent company	0	5 241	0	0	0	5 241
Foshan TGR	Ultimate parent company	0	17	0	0	0	17
TGEJ	Ultimate parent company	0	0	0	0	0	0
TTESA CR	Ultimate parent company	3 928	388 985	218	506	0	393 637
TTESA FR	Ultimate parent company	0	0	0	0	0	0
SCE	Part of the holding	0	12 252	0	0	0	12 252
TDC	Part of the holding	0	0	237	0	0	237
TME	Part of the holding	0	0	989	0	0	989
TFS CZ	Part of the holding	0	0	944	171	0	1 115
TPCA	Part of the holding	0	0	1 593	0	0	1 593
MUFG EU-CZ	Part of the holding	0	0	0	0	182	182
MUFG EU-PL	Part of the holding	0	0	0	0	0	0
MUFG EU-ES	Part of the holding	0	0	0	0	0	0
SMBC Düsseldorf	Part of the holding	0	0	0	0	12	12
SMBC EU	Part of the holding	0	0	0	0	170	170
Total		11 151	759 979	244 212	1 565	413	1 017 320

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

In the year ended 31 March 2018, the Company sold four cars of CZK 512 thousand to the related party TT Praha.

In the year ended 31 March 2018, the Company also sold hardware of CZK 138 thousand to the related party TGE.

In the year ended 31 March 2017, the Company sold two cars of CZK 307 thousand to the related party TT Praha.

Purchases

Year Ended 31 March 2018

(CZK thousand)		
Entity	Relation to the Company	Intangible and tangible FA
TGNA	Ultimate parent company	100
TG Meteor	Ultimate parent company	6 288
TGUK	Ultimate parent company	45 180
TTESA CR	Ultimate parent company	41 505
TG	Parent company	45
Total		93 118

Year Ended 31 March 2017

(CZK thousand)		
Entity	Relation to the Company	Intangible and tangible FA
TGNA	Ultimate parent company	0
TG Meteor	Ultimate parent company	1 894
TGUK	Ultimate parent company	0
TTESA CR	Ultimate parent company	9 323
TG	Parent company	7 971
Total		19 188

4.13. Consumed Purchases

(CZK thousand)		
	Year ended 31 March 2018	Year ended 31 March 2017
Consumed material	2 608 833	2 559 566
Consumed energy	40 993	41 401
Costs of goods sold	231 489	292 693
Total consumed purchases	2 881 315	2 893 660

4.14. Services

(CZK thousand)		
	Year ended 31 March 2018	Year ended 31 March 2017
Repairs and maintenance	13 217	12 136
Travel expenses	5 420	6 171
Representation costs	958	1 184
Telephone, Internet	1 165	1 204
Low value intangible assets put into use	31	196
Rental	17 888	15 842
Leasing	797	944
Storage fees	2 033	2 934
Marketing support	38 630	34 557
Freight costs except for inventory	53 905	28 528
Royalties (licence fees)	154 136	157 865
International hiring of foreign labour	32 902	39 077
Audit services, legal and tax advisory	3 721	3 397
Training of employees	1 789	1 094
Waste disposal	3 010	1 949
Technical support from TG	20 270	2 056
Warranty repairs	1 075	989
Mediation of workers via agencies	136 931	63 796
IT Support	13 356	13 615
Other services	98 558	54 709
Total	599 792	442 243

Other services primarily include customer services, engineering services, cleaning, security services, translation services, advertising, 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 2018	Year ended 31 March 2017
Costs of the financial statements audit	1 308	1 651
Total	1 308	1 651

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

(CZK thousand)

	Year ended 31 March 2018	Year ended 31 March 2017
Change in other reserves	779	1 476
Change in provisions	-15 459	5 968
Complex deferred expenses	12 837	8 041
Total	-1 843	15 485

The increase in complex deferred expenses was due to the write-off of pre-production expenses related to projects for Volkswagen.

Provisions were released since the inventory was liquidated in the reporting period.

The change in other reserves involves an increase in the reserve for outstanding vacation days, which was caused by the increase in headcount but also the introduction of a new benefit when new employees are immediately entitled to 25 vacation days.

4.17. Other Operating Income

(CZK thousand)

	Year ended 31 March 2018	Year ended 31 March 2017
Grants received to offset costs	10 093	159
Sundry operating income	26 159	31 938
Total operating income	36 252	32 097

Sundry operating income includes contractual fines. It also includes the sale of waste disposal, compensation from employees and insurance companies, other operating income from the liquidation of time-barred payables, income from development or testing, IT support or various packing compensations.

4.18. GrantsSummary Outline of the Grant Balances

(CZK thousand)

Purpose	Total grant	Drawn in the year ended 31 March 2018	Drawn as of 31 March 2017
New positions	10 000	10 000	0
Specialised IT training	160	0	158
Total	10 160	10 000	158

The drawing of the grants is reflected in “Other operating income”.

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.

In the year ended 31 March 2018, the Company received a grant arising from the “Material support for the creation of new jobs” provided based on an agreement within investment incentive no. 196/1V/2018. This grant was provided by the Czech Employment Office with its registered office at Prague 7. In the year ended 31 March 2018, a total of CZK 10 million was drawn.

4.19. Other Operating Expenses

	(CZK thousand)	
	Year ended 31 March 2018	Year ended 31 March 2017
Gifts	90	296
Other penalties and fines	6	10
Insurance	5 228	4 794
Liquidation of old inventory	12 326	16 196
Other	3 997	1 670
Total other operating expenses	18 114	22 966

4.20. Other Financial Income

	(CZK thousand)	
	Year ended 31 March 2018	Year ended 31 March 2017
Foreign exchange rate gains	85 827	14 096
Total	85 827	14 096

4.21. Other Financial Expenses

	(CZK thousand)	
	Year ended 31 March 2018	Year ended 31 March 2017
Foreign exchange rate losses	67 802	18 735
Sundry financial expenses	586	669
Total	68 388	19 404

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 2018 and 2017:

Year Ended 31 March 2018

					(CZK thousand)
	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Staff	1 003	378 674	128 957	5 339	512 970
Total	1 167	378 674	128 956	5 339	512 970

Year Ended 31 March 2017

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

The number of employees is based on the average recalculated headcount. The current Company's statutory executives work 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 MUFG Bank (Europe) NV, organisational branch in the Czech Republic (former Bank of Tokyo-Mitsubishi UFJ (Holland) NV).

Legal Disputes

As of 31 March 2018, 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 2018. 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: Průmyslová 2, 431 51 Klášterec nad Ohří

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 2018, 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 2018, 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; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement 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 2018

Audit firm:

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



Statutory Auditor:

Ladislav Šauer
registration no. 2261

