

**POLYPLEX (ASIA) PTE. LTD.**

**(Reg. No. : 200409516K)**

**(Incorporated in Singapore)**

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS  
31 MARCH 2019**

**POLYPLEX (ASIA) PTE. LTD.**  
**(Reg. No. : 200409516K)**

**I N D E X**

	<u>Page</u>
Directors' statement	2 - 3
Independent auditor's report	4 - 6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of financial position	9
Statement of cash flows	10
Notes to financial statements	11 - 24

**POLYPLEX (ASIA) PTE. LTD.**  
**(Reg. No. : 200409516K)**

**DIRECTORS' STATEMENT**

The directors present their statement together with the audited financial statements of the company for the year ended 31 March 2019.

1. In the opinion of the directors :
  - (a) the financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the year covered by the financial statements; and
  - (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.
  
2. The directors of the company in office at the date of this statement are :-

Navin Jatia  
Amit Prakash  
Ching Huay Yong  
Vaibhav Kumar Jain  
Ashish Kumar Ghosh

3. Neither at the end of nor at any time during the financial year, was the company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.
  
4. None of the directors holding office at the end of the financial year had, according to the register of directors' shareholdings, any interests in the share capital of the company and related companies at the beginning and end of the financial year.

**POLYPLEX (ASIA) PTE. LTD.**  
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**DIRECTORS' STATEMENT**

5. No person has been granted option to subscribe for shares in the company.
  
6. The auditors, Messrs Robert Tan Partners PAC, Public Accountants and Chartered Accountants, Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board,



Amit Prakash  
Director



Ashish Kumar Ghosh  
Director

15 MAY 2019

# Robert Tan Partners PAC

Chartered Accountants, Singapore

陳萬勝會計有限公司

61 Club Street Singapore 069436  
Tel: (65) 6586 9339 Fax: (65) 6227 7205  
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Co. Reg. No. 201525158E

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYPLEX (ASIA) PTE. LTD. (Reg. No. : 200409516K)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **POLYPLEX (ASIA) PTE. LTD.** (the company), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position and financial performance of the company for the year covered by the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 2 to 3.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

.....Cont'd

# Robert Tan Partners PAC

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYPLEX (ASIA) PTE. LTD. (Reg. No. : 200409516K) (Continued)

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the company's financial reporting process.

### 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 management.

.....Cont'd

# Robert Tan Partners PAC

Chartered Accountants, Singapore

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
POLYPLEX (ASIA) PTE. LTD.  
(Reg. No. : 200409516K)  
(Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements** *(Cont'd)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If 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 directors 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.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.



**Robert Tan Partners PAC**  
Public Accountants and  
Chartered Accountants,  
Singapore

15 MAY 2019

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
<b>Sale of goods</b>		19,766,398	17,558,257
Purchases		(19,587,368)	(17,284,597)
Dividend income from associate		6,332,557	4,835,450
Exchange (loss)/gain		(3,465)	1,777
Interest income	3	4,106,096	3,672,441
Other income		228	464
Depreciation		(47)	(48)
Employee benefits	4	(133,224)	(125,559)
Loss on redemption of financial assets at FVTOCI		(360,650)	-
Penalty		(1,547,948)	-
Professional fees		(217,062)	(330,149)
Rental of premises		(5,667)	(5,899)
Travelling		(21,910)	(23,545)
Other operating expenses		(62,530)	(72,217)
		-----	-----
<b>Profit before tax</b>		8,265,408	8,226,375
Income tax expense - Withholding tax	5	(719,738)	(525,324)
		-----	-----
<b>Profit for the year</b>		7,545,670	7,701,051
		-----	-----
<b>Other comprehensive income -</b>			
Fair value gain/(loss) on financial assets at FVTOCI/ available-for-sale of investments		79,779	(206,628)
Transfer of fair value adjustment reserve on financial assets at FVTOCI to profit or loss		333,310	-
		-----	-----
<b>Other comprehensive income for the year</b>		413,089	(206,628)
		-----	-----
<b>Total comprehensive income for the year</b>		7,958,759	7,494,423
		=====	=====

The attached notes to financial statements form an integral part of these financial statements.

**POLYPLEX (ASIA) PTE. LTD.**  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Share capital</u> US\$	<u>Fair value reserve</u> US\$	<u>Accumulated profits</u> US\$	<u>Total</u> US\$
<b>Balance at 31 March 2017</b>	1,130,000	(145,770)	166,145,358	167,129,588
1 <sup>st</sup> interim tax exempt (1-tier) dividend in respect of financial year ended 31 March 2018 paid, US\$20 per share	-	-	(2,000,000)	(2,000,000)
2 <sup>nd</sup> interim tax exempt (1-tier) dividend in respect of financial year ended 31 March 2018 paid, US\$25 per share	-	-	(2,500,000)	(2,500,000)
Total comprehensive income for the year	-	(206,628)	7,701,051	7,494,423
<b>Balance at 31 March 2018</b>	1,130,000	(352,398)	169,346,409	170,124,011
1 <sup>st</sup> interim tax exempt (1-tier) dividend in respect of financial year ended 31 March 2019 paid, US\$180 per share	-	-	(18,000,000)	(18,000,000)
2 <sup>nd</sup> interim tax exempt (1-tier) dividend in respect of financial year ended 31 March 2019 paid, US\$35 per share	-	-	(3,500,000)	(3,500,000)
Total comprehensive income for the year	-	413,089	7,545,670	7,958,759
<b>Balance at 31 March 2019</b>	1,130,000	60,691	155,392,079	156,582,770

The attached notes to financial statements form an integral part of these financial statements.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Computer	6	99	146
Investment in subsidiary	7	2,200,000	2,200,000
Investment in associates	8	15,398,364	15,398,364
Financial assets at FVTOCI	9	11,109,443	-
Available-for-sale investments	9	-	3,321,975
Fixed deposits	10	38,168,466	98,999,972
		-----	-----
		66,876,372	119,920,457
		-----	-----
<b>Current assets</b>			
Trade receivables	11	-	5,366,174
Other receivables	12	3,572,836	3,688,541
Financial assets at FVTOCI	9	5,096,868	-
Available-for-sale investments	9	-	17,027,340
Fixed deposits	10	84,315,310	26,649,956
Bank balances	13	724,584	1,986,806
		-----	-----
		93,709,598	54,718,817
		-----	-----
<b>Total assets</b>		160,585,970	174,639,274
		=====	=====
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	1,130,000	1,130,000
Fair value reserve		60,691	(352,398)
Accumulated profits		155,392,079	169,346,409
		-----	-----
		156,582,770	170,124,011
		-----	-----
<b>Current liabilities</b>			
Trade payables	15	51,462	4,515,263
Other payable	16	1,547,948	-
Advance from customer		2,403,790	-
		-----	-----
		4,003,200	4,515,263
		-----	-----
<b>Total equity and liabilities</b>		160,585,970	174,639,274
		=====	=====

The attached notes to financial statements form an integral part of these financial statements.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019**

	<u>2019</u> US\$	<u>2018</u> US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	8,265,408	8,226,375
Adjustments for :		
Depreciation	47	48
Dividend income	(6,332,557)	(4,835,450)
Interest income	(4,106,096)	(3,672,441)
Loss on redemption of financial assets at FVTOCI	360,650	-
	-----	-----
Operating loss before working capital changes	(1,812,548)	(281,468)
<i>Changes in working capital :</i>		
Trade receivables	5,366,174	4,673,031
Deposit & prepayment, advance to suppliers and other receivables	62,943	218,050
Trade payables, other payable and advance from customer	(512,063)	(3,102,833)
	-----	-----
Cash generated from operations	3,104,506	1,506,780
Withholding tax paid	(719,738)	(525,324)
	-----	-----
<i>Net cash from operating activities</i>	2,384,768	981,456
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Changes in investing activities :</i>		
Purchase of financial assets at FVTOCI/ available-for-sale investments	(12,804,557)	(5,374,463)
Proceeds from redemption of financial assets at FVTOCI	17,000,000	-
Interest received	4,158,858	1,966,184
Loan repayment from a related party	-	320,000
Fixed deposits	60,831,506	7,999,955
Dividend received	6,332,557	4,835,450
	-----	-----
<i>Net cash from investing activities</i>	75,518,364	9,747,126
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(21,500,000)	(4,500,000)
	-----	-----
<i>Net cash used in financing activities</i>	(21,500,000)	(4,500,000)
	-----	-----
<b>NET INCREASE IN FIXED DEPOSITS &amp; BANK BALANCES</b>	56,403,132	6,228,582
<b>FIXED DEPOSITS &amp; BANK BALANCES AT BEGINNING OF YEAR</b>	28,636,762	22,408,180
	-----	-----
<b>FIXED DEPOSITS &amp; BANK BALANCES AT END OF YEAR</b>	85,039,894	28,636,762
	=====	=====

The attached notes to financial statements form an integral part of these financial statements.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**1. GENERAL**

The company is incorporated in Singapore and its registered office is situated at 61 Club Street, Singapore 069436. The holding company is Polyplex Corporation Ltd, incorporated in India.

The financial statements are authorised for issue by the directors on the date stated on the Directors' Statement on page 3.

The principal activities of the company are those of investment holding and trading in raw materials of polyester and other plastic film.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) *Basis of accounting*

The financial statements of the company have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements of the company comply with Singapore Financial Reporting Standards (FRS). During the year, the company adopted, where applicable, the new or revised FRS and Interpretations to FRS (INT FRS) that are effective for the current accounting period. The adoption did not result in any change in accounting policies. For new FRS and INT FRS that are not yet mandatory, there is no impact on the financial statements.

(b) *Accounting estimates and judgements*

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are reviewed on an on-going basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) *Consolidation*

As the company is a wholly owned subsidiary of Polyplex Corporation Ltd, consolidated financial statements of the company and its subsidiary are not presented as these will be incorporated in the consolidated financial statements of Polyplex Corporation Ltd. The registered office of Polyplex Corporation Ltd is situated at Lohia Head Road, Khatima-262308, Distt. Udham Singh Nagar, Uttaranchal, India.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

(d) **Revenue recognition**

(1) *Sale of goods*

Revenue from sales of goods is recognised when the goods and the control thereof are transferred to the customers and is measured based on the consideration that the company expects to receive in the transactions.

(2) *Interest income*

Interest income is recognised on the time-proportioned basis using the effective interest method.

(3) *Dividend income*

Dividend income is taken up when the members' rights to receive payment are established.

(e) **Subsidiary**

A subsidiary is an entity over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The company generally has such power when it directly or indirectly, hold more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investment in subsidiary is accounted for at cost less impairment loss.

(f) **Associates**

An associate is a company, not being a subsidiary, in which the company has a long term equity interest of between 20% to 50% and in whose financial and operating policies the company exercises significant influence. The financial statements of the associate are co-terminous with those of the company. Details of the associates are given in note 7 to the financial statements.

The investment in associate is stated at cost less impairment loss.

In accordance with Singapore Financial Reporting Standard No. 28, the company being a wholly-owned subsidiary is exempt from applying the equity method to account for its investment in its associates. The holding company that publishes consolidated financial statements is Polyplex Corporation Ltd, incorporated in India. The registered office of Polyplex Corporation Ltd is situated at Lohia Head Road, Khatima-262308, Distt. Udham Singh Nagar, Uttaranchal, India.

POLYPLEX (ASIA) PTE. LTD.  
(Reg. No. : 200409516K)

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019

(g) *Computer*

All items of computer are initially recorded at cost. The cost of an item is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Subsequent to recognition, computer are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation begins when the assets are available for use and is calculated on the straight line basis over its estimated useful life of 4 to 5 years.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An item of computer is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

(h) *Impairment loss of computer, investments in subsidiary and associates*

The company assesses at each reporting date whether there is an indication that any of these assets may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment loss may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount but that increase cannot exceed the carrying amount that would have been determined had no impairment loss been recognised previously. That is, any reversal of previously recognised impairment loss cannot exceed the impairment loss recognised previously.

Impairment losses or reversal of previously recognised impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**POLYPLEX (ASIA) PTE. LTD.**  
**(Reg. No. : 200409516K)**

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

(i) ***Financial assets at FVTOCI***

The financial assets at fair value through other comprehensive income are investments held for collection of contractual cashflows and for selling the financial assets, where the assets' cashflows represent solely payments of principal and interest. These investments were classified as available-for-sale investment before 1 January 2018. These investments are initially measured at fair value plus transaction costs and subsequently, the fair value of actively traded investments in organised financial markets is determined by reference to quoted market bid prices at the end of the reporting period. For investments when there is no active market, fair value is determined by discounted cash flow analysis or net asset values adjusted for valuation of the underlying assets. Where fair value cannot be reliably measured by such means, they are measured at cost less impairment loss.

Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

All purchases and sales of financial asset at FVTOCI is recognised on the trade date.

(j) ***Trade and other receivables***

Trade receivables from the provision of goods and services to customers and other receivables where the objective is to hold them in order to collect contractual cashflows relating to payments of principal and interest are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently measured at amortised cost using the effective interest method less impairment loss except that short-duration non-interest bearing receivables are not usually re-measured unless the effect of imputing interest would be significant. A specific allowance is made for uncollectible amounts when there is objective evidence that the company will not be able to collect the debt and bad debts are written off when identified.

From 1 January 2018, the company recognises loss allowances of trade receivables for expected credit losses (ECL) on either 12-month ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the receivable is less than 12 months) or lifetime ECL that result from all possible default events over the expected life of the receivable. The company applies the simplified approach to provide for ECL for trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

For other receivables, the loss allowance is recognised based on forward looking expected credit losses. At each reporting date, the company assesses whether there has been a significant increase in credit risk since initial recognition. When credit risk has not increased significantly, loss allowance is measured at an amount equal to 12-month ECL. When credit risk has increased significantly, loss allowance is measured at an amount equal to lifetime ECL. The company considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment that includes forward-looking information to determine whenever the credit risk has increased significantly since initial recognition.

**POLYPLEX (ASIA) PTE. LTD.**  
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**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

(k) ***Trade and other payables***

Trade payables are initially recognised at invoiced values or amounts estimated to be payable and are not usually re-measured as their settlement is short-term.

Other payables refer to other borrowings and are initially recognised at amounts received and subsequently measured at amortised cost using the effective interest method, where applicable. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are discharged or cancelled or expired as well as through the amortisation process.

(l) ***Employee benefits***

***Defined contribution plan***

The company contributes to Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Singapore Government. The company’s obligation in regard to CPF is limited to the amount it has to contribute to it. CPF contributions are recognised as an expense in the same period as the employment that gives rise to the contributions.

(m) ***Income tax***

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on all significant temporary differences. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and credits can be utilised.

(n) ***Foreign currencies***

The management has determined the currency that best reflects the economic substance of the underlying events and circumstances to be United States dollars (US\$) and the financial statements are presented in US\$.

Transactions in foreign currencies i.e. currencies other than US\$, are measured and recorded on initial recognition in US\$ using the exchange rates approximating those ruling at the transaction dates. At the end of each reporting period, foreign currency monetary items are reported using exchange rates approximating those ruling at the end of the reporting period. Foreign currency non-monetary items that are measured at fair value are reported using exchange rates approximating those ruling at the date when the fair value was determined.

Exchange differences arising from the settlement of monetary items or from translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income. Exchange differences arising from translating non-monetary items measured at fair value are recognised in the same manner as the fair value changes, i.e. either in profit or loss or other comprehensive income.

**POLYPLEX (ASIA) PTE. LTD.**  
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**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**3. INTEREST INCOME**

	<u>2019</u> US\$	<u>2018</u> US\$
Interest income from -		
Loans to related company	-	24,581
Financial assets at FVTOIC/available-for-sale investments	654,171	561,957
Fixed deposits	3,450,113	3,085,902
Bank balance & balance with securities company	1,812	1
	<u>4,106,096</u>	<u>3,672,441</u>

**4. EMPLOYEE BENEFITS**

	<u>2019</u> US\$	<u>2018</u> US\$
Staff -		
Salaries & bonus	118,647	112,121
Provident fund contributions	14,577	13,438
	<u>133,224</u>	<u>125,559</u>

The directors are the key management personnel of the company.

**5. INCOME TAX EXPENSE**

The following is a reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate :-

	<u>2019</u> US\$	<u>2018</u> US\$
Accounting profit	8,265,408	8,226,375
Income tax at applicable tax rate of 17%	1,405,000	1,398,000
Tax effect of non-deductible expenses	263,000	6,000
Tax effect of income not subject to tax	(1,774,000)	(1,447,000)
Changes in deferred tax asset not recognised	106,000	43,000
Withholding tax on interest income & dividend income	719,738	525,324
	<u>719,738</u>	<u>525,324</u>

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**5. INCOME TAX EXPENSE (Cont'd)**

Deferred tax asset in respect of the following temporary differences has not been recognised as there is no reasonable certainty of its recovery in future periods. The utilisation of tax losses and capital allowances is subject to the compliance of certain provisions of the Income Tax Act.

	<u>2019</u>	<u>2018</u> (as restated)	<u>2018</u> (as previously reported)
	US\$	US\$	US\$
Estimated unused tax losses	2,573,000	1,948,000	2,016,000
Estimated unabsorbed capital allowances	5,000	5,000	5,000
	-----	-----	-----
	2,578,000	1,953,000	2,021,000
	=====	=====	=====
 Deferred tax asset at applicable corporate tax rate of 17%, not recognised	 438,000	 332,000	 344,000
	=====	=====	=====

The 2018 comparatives have been restated to reflect tax computation submitted to the Comptroller.

**6. COMPUTER**

	US\$
<i>Cost</i>	
At 31.3.17, 18 & 19	1,181
	-----
<i>Accumulated depreciation</i>	
At 31.3.17	987
Depreciation charge for the year	48
	-----
At 31.3.18	1,035
Depreciation charge for the year	47
	-----
At 31.3.19	1,082
	-----
<i>Net carrying amount</i>	
At 31.3.19	99
	=====
At 31.3.18	146
	=====

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**7. INVESTMENT IN SUBSIDIARY**

	<u>2019</u> US\$	<u>2018</u> US\$
Unquoted shares at cost	2,200,000 =====	2,200,000 =====

Details of the subsidiary are as follows :-

<u>Name of subsidiary</u>	<u>Percentage of equity interest</u>		<u>Country of incorporation &amp; operations</u>	<u>Principal activity</u>
	<u>2019</u> %	<u>2018</u> %		
PAR, LLC	100	100	United States of America	Holding of real property used by Polyplex Group of Companies.

**8. INVESTMENT IN ASSOCIATES**

	<u>2019</u> US\$	<u>2018</u> US\$
Quoted shares at cost	15,398,364 =====	15,398,364 =====
Market value of quoted shares	133,418,135 =====	149,907,686 =====

Details of the associates are as follows :-

<u>Name of associates</u>	<u>Percentage of effective equity interest</u>		<u>Country of incorporation &amp; operations</u>	<u>Principal activities</u>
	<u>2019</u> %	<u>2018</u> %		
(i) Polyplex (Thailand) Public Company Limited (PTL)	33.81	33.81	Thailand	Manufacture polyester film, chips, extrusion coated film and cast polypropylene film and silicon coated film.
(ii) Polyplex (Singapore) Pte. Ltd. [wholly owned by (i)]	33.81	33.81	Singapore	Investment holding.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**8. INVESTMENT IN ASSOCIATES** *(Cont'd)*

	<u>Name of associates</u>	<u>Percentage of effective equity interest</u>		<u>Country of incorporation &amp; operations</u>	<u>Principal activities</u>
		<u>2019</u>	<u>2018</u>		
		<u>%</u>	<u>%</u>		
(iii)	Polyplex America Holdings Inc. [wholly owned by (i)]	33.81	33.81	United States of America	Investment holding.
(iv)	Polyplex Europe B.V. [wholly owned by (i)]	33.81	33.81	Netherlands	Distribution of plastic film.
(v)	Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi [wholly owned by (ii)]	33.81	33.81	Turkey	Manufacture and distribution of polyester film and chips.
(vi)	Polyplex (Trading) Shenzhen Co. Ltd [wholly owned by (ii)]	33.81	33.81	The People's Republic of China	Distribution of plastic film.
(vii)	Polyplex USA LLC Co. Ltd [wholly owned by (iii)]	33.81	33.81	United States of America	Manufacture and distribution of polyester film and chips.
(viii)	Polyplex Pektelme Cozumleri Sanayi Ve Ticaret Anonim Sirketi [wholly owned by (v)]	33.81	33.81	Turkey	Distribution of plastic film.
(ix)	EcoBlue Limited [66.5% owned by (i)]	22.5	22.5	Thailand	Manufacture and distribution of recycled plastic products.
(x)	PT Polyplex Films Indonesia [99.99% owned by (i)]	33.81	33.81	Republic of Indonesia	Manufacture and distribution of polyester film and chips.

All of the above companies, collectively held through PTL (PTL Group) are material to the company. The activities of the PTL Group are strategic to the company's activities.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**8. INVESTMENT IN ASSOCIATES (Cont'd)**

The summarised financial information of PTL Group, not adjusted for the proportion of ownership interest held by the company, is as follows :-

	<u>2019</u>	<u>2018</u>
	US\$'000	US\$'000
<i>Assets and liabilities :</i>		
Non-current assets	317,718	303,401
Current assets	179,202	180,816
	-----	-----
Total assets	496,920	484,217
	=====	=====
Non-current liabilities	19,883	32,996
Current liabilities	113,058	114,070
	-----	-----
Total liabilities	132,941	147,066
	=====	=====
Net assets	363,979	337,151
Non-controlling interests	(991)	(807)
	-----	-----
Capital and reserves	362,988	336,344
	=====	=====
<i>Results :</i>		
Revenue	455,937	384,666
	=====	=====
Profit after tax from continuing operations	72,120	35,746
Profit after tax from discontinued operations	-	-
Other comprehensive income for the year -		
Translation difference	(19,713)	5,577
Actuarial (loss)/gain net of income tax	(318)	126
	-----	-----
Total comprehensive income	52,089	41,449
	=====	=====

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**9. FINANCIAL ASSETS AT FVTOCI/AVAILABLE-FOR-SALE INVESTMENTS**

	<u>2019</u> US\$	<u>2018</u> US\$
Bonds (quoted) :		
Current	5,096,868	17,027,340
Non-current	11,109,443	3,321,975
	-----	-----
	<u>16,206,311</u>	<u>20,349,315</u>

The bonds carry a coupon rate of 2.75% to 5.7% (2018 : 2.75% to 5.25%) p.a. calculated on the nominal value of the bonds and will mature between 17 April 2019 and 24 January 2022 (2018 : 21 September 2018 and 1 April 2020) with interest payable semi-annually.

Movements in the financial assets are as follows :-

	<u>2019</u> US\$	<u>2018</u> US\$
Balance carried forward	20,349,315	15,181,480
Additions	12,804,557	5,374,463
Redemptions	(17,027,340)	-
Fair value gain/(loss) recognised in other comprehensive income	79,779	(206,628)
	-----	-----
	<u>16,206,311</u>	<u>20,349,315</u>

The bonds are measured at fair value on a recurring basis after initial recognition. The fair value measurement of the investment is based on quoted price (unadjusted) in active market for identical asset (Level 1 inputs).

**10. FIXED DEPOSITS**

	<u>2019</u> US\$	<u>2018</u> US\$
Current	84,315,310	26,649,956
Non-current	38,168,466	98,999,972
	-----	-----
	<u>122,483,776</u>	<u>125,649,928</u>

The fixed deposits are placed for periods of between 1 week and 36 months (2018 : between 1 week and 36 months) and earn interest of between 2.27 to 3.8% (2018 : 1.25 to 3.4%) p.a.

**11. TRADE RECEIVABLES**

Trade receivables are non-interest bearing and are generally on 45 to 120 days term.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

<b>12. OTHER RECEIVABLES</b>		<u>2019</u>	<u>2018</u>
		US\$	US\$
Deposits & prepayments		6,532	6,570
Interest receivables		3,454,777	3,507,539
Advance to suppliers		111,221	174,143
Others		306	289
		-----	-----
		<u>3,572,836</u>	<u>3,688,541</u>
		=====	=====

**13. BANK BALANCES**

The following bank balances are denominated in foreign currencies :-

		<u>2019</u>	<u>2018</u>
		US\$	US\$
<i>Denominated in :</i>			
S\$		56,244	30,219
€		539	592
		=====	=====

The previous year's balance included US\$16,229 being pledged to the bank for letter of credit facility.

**14. SHARE CAPITAL**

		<u>2019</u>	<u>2018</u>
Number of shares issued		100,000	100,000
		=====	=====
Paid up capital		US\$1,130,000	US\$1,130,000
		=====	=====

The shares are fully paid, of no par value and carry no right to fixed income.

**15. TRADE PAYABLES**

Trade payables are non-interest bearing and are generally on 30 days term and include US\$6,237 (2018 : US\$6,367) denominated in Singapore dollars.

**16. OTHER PAYABLE**

The above refers to the civil penalty imposed by Securities and Exchange Commission (SEC) Thailand on 18 April 2019 in relation to an alleged violation relating to trading of shares of an associate in 2016.

The balance is denominated in THB.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**17. FINANCIAL RISKS AND MANAGEMENT**

(i) *Interest rate risk*

The company's exposure to interest rate risk relates primarily to interest-bearing fixed deposits placed with reputable financial institutions on mixture of variable and fixed rate basis as disclosed in note 10 to the financial statements. The directors monitor the market interest rates and ensure the company obtains the best available rates.

*Sensitivity analysis for interest rate risk*

At the end of the reporting period, if interest rate had been 50 (2018 : 50) basis points higher/lower with all other variables held constant, the company's profit would have been approximately US\$35,000 higher/lower (2018 : Nil), arising mainly as a result of higher/lower interest income from the current portion of fixed deposits with variable interest rate.

(ii) *Credit risk*

The company has no significant concentration of credit risk. There are procedures in place to ensure on-going credit evaluation and active account monitoring to minimise bad debt risk.

The company's credit risk exposure in relation to trade receivables at 1 April 2018 as set out in the following provision matrix :-

		<u>Current</u>	<u>Within 30 days</u>	<u>31 to 90 days</u>	<u>Total</u>
Expected loss rate		0.1%	0.2%	0.3%	
Trade receivables	US\$	4,694,234	473,940	198,000	5,366,174
Loss allowance	US\$	4,694	948	594	6,236
		=====	=====	=====	=====

As the computed loss allowance was not material, no adjustment has been made to recognise the loss allowance.

(iii) *Foreign exchange risk*

The company has exposure to foreign exchange risk from transactions denominated in foreign currencies. The company does not enter into foreign exchange contracts for hedging and speculative purposes but reviews periodically to ensure that its net exposure is kept at an acceptable level.

*Sensitivity analysis for foreign exchange risk*

At the end of the reporting period, if THB exchange rate against US\$ strengthened/weakened by 2% (2018 : 2%), with all other variables held constant, the company's profit would have decreased/increased by approximately US\$31,000 (2018 : Nil).

(iv) *Liquidity risk*

The company monitors and maintains sufficient working capital to fund its operations.

**POLYPLEX (ASIA) PTE. LTD.**  
**(Reg. No. : 200409516K)**

**NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2019**

**18. CAPITAL MANAGEMENT**

The company is not subject to any externally imposed capital requirements.

The primary objectives of the company's capital management are to ensure that it maintains an optimal capital structure to support its business and maximise member value. The company manages its capital structure, represented by its members' equity, and makes adjustments to it, in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the company may adjust the dividend payment to member, return capital to member or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 31 March 2018.

**POLYPLEX (ASIA) PTE. LTD.**  
(Reg. No. : 200409516K)

**DETAILED PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>2019</u> US\$	<u>2018</u> US\$
Sales	19,766,398	17,558,257
Less : Cost of sales		
Purchases	(19,587,368)	(17,284,597)
	-----	-----
Gross profit	179,030	273,660
Add : Dividend income	6,332,557	4,835,450
Interest income	4,106,096	3,672,441
Exchange gain	-	1,777
Other income	228	464
	-----	-----
	10,617,911	8,783,792
	-----	-----
Less : Expenses		
Audit & tax fees	5,589	5,172
Bank charges	11,342	12,615
CPF & SDF	14,577	13,438
Custodian fees	18,188	23,027
Depreciation	47	48
Exchange loss	3,465	-
General expenses	288	437
Insurance	6,750	11,356
Loss on redemption of financial assets at FVTOCI	360,650	-
Medical fee	1,815	801
Penalty	1,547,948	-
Printing & stationery	502	755
Professional fees	217,062	330,149
Rental of premises	5,667	5,899
Salaries & bonus	118,647	112,121
Subscriptions	632	319
Telephone	2,337	2,374
Transport	15,087	15,361
Travelling	21,910	23,545
	-----	-----
	2,352,503	557,417
	-----	-----
Profit before tax	8,265,408	8,226,375
	=====	=====

This schedule does not form part of the audited financial statements.