

POLYPLEX (ASIA) PTE. LTD.

(Reg. No. : 200409516K)

(Incorporated in Singapore)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

31 MARCH 2022

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 - 34

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

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited financial statements of Polyplex (Asia) Pte. Ltd. (the "Company") for the financial year ended 31 March 2022.

1. Opinion of the Directors

In the opinion of the Directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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. Directors

The Directors of the Company in office at the date of this statement are: -

Navin Jatia
Amit Prakash
Ching Huay Yong
Ashish Kumar Ghosh
Sanjiv Saraf
Sakhi Saraf

3. Arrangements to enable Directors to acquire shares or debentures

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.

POLYPLEX (ASIA) PTE. LTD.
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DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

None of the Directors holding office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings, kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act") except as stated below:-

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Director		Shareholdings in which Director is deemed to have an interest	
	At the beginning of the year	At the end of the year	At the beginning of the year	At the end of the year
	Number of ordinary shares of INR10 each			
Holding company				
Polyplex Corporation Limited				
Sakhi Saraf	570,000	570,000	-	-
Sanjiv Saraf	138	138	13,777,412	13,777,412

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

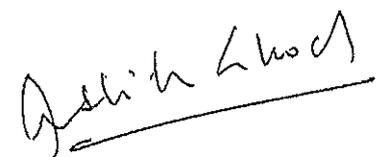
There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. Independent auditor

The independent auditor, Messrs. Robert Tan Partners PAC, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors


Amit Prakash
Director


Ashish Kumar Ghosh
Director

23 May 2022

Robert Tan Partners PAC

Chartered Accountants, Singapore

陳萬勝會計有限公司

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Incorporated with Limited Liability

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 2022, 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 1967 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2022, and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

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

Chartered Accountants, Singapore

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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 FRSSs, 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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(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

23 May 2022

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

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<u>Note</u>	<u>2022</u> US\$	<u>2021</u> US\$
Sales		27,442,755	13,464,150
Purchases		(26,986,410)	(13,343,060)
Dividend income from associate		13,232,297	8,235,131
Exchange (loss)/gain		(2,626)	2,025
Interest income	4	1,893,210	3,543,548
Job support scheme		1,808	19,609
Depreciation		(113)	(48)
Employee benefits expenses	5	(141,004)	(140,606)
(Loss)/gain on disposals of financial assets at FVTOCI		(143,724)	93,629
License fee for use of office premise		(34,342)	(9,712)
Professional fees		(363,321)	(75,934)
Other operating expenses		(105,243)	(97,475)
		-----	-----
Profit before tax		14,793,287	11,691,257
Income tax expense	6	(1,356,394)	(845,026)
		-----	-----
Profit for the year		13,436,893	10,846,231
		-----	-----
Other comprehensive income - <i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value (loss)/gain on financial assets, at FVOCI		(708,754)	2,792,751
Transfer of fair value adjustment reserve on disposal of financial assets, at FVOCI		(170,802)	657,839
		-----	-----
Other comprehensive income for the year, net of tax of US\$Nil		(879,556)	3,450,590
		-----	-----
Total comprehensive income for the year		12,557,337	14,296,821
		=====	=====

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>Share capital</u>	<u>Fair value reserve</u>	<u>Accumulated profits</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
Balance at 1 April 2021	1,130,000	912,834	112,603,186	114,646,020
<i>Total transactions with owners, recognised directly in equity</i>				
Dividends paid (Note 15)	-	-	(35,500,000)	(35,500,000)
<i>Total comprehensive income</i>				
Profit for the year	-	-	13,436,893	13,436,893
Other comprehensive income	-	(879,556)	-	(879,556)
Balance at 31 March 2022	<u>1,130,000</u>	<u>33,278</u>	<u>90,540,079</u>	<u>91,703,357</u>
Balance at 1 April 2020	1,130,000	(2,537,756)	141,756,955	140,349,199
<i>Total transactions with owners, recognised directly in equity</i>				
Dividends paid (Note 15)	-	-	(40,000,000)	(40,000,000)
<i>Total comprehensive income</i>				
Profit for the year	-	-	10,846,231	10,846,231
Other comprehensive income	-	3,450,590	-	3,450,590
Balance at 31 March 2021	<u>1,130,000</u>	<u>912,834</u>	<u>112,603,186</u>	<u>114,646,020</u>

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

POLYPLEX (ASIA) PTE. LTD.
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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>Note</u>	<u>2022</u> US\$	<u>2021</u> US\$
ASSETS			
Non-current assets			
Computer	7	1,927	4
Investment in a subsidiary	8	2,200,000	2,200,000
Investment in an associate	9	15,398,364	15,398,364
Financial assets, at FVOCI	10	8,575,215	19,099,080
Fixed deposits	11	5,379,356	-
		-----	-----
		31,554,862	36,697,448
		-----	-----
Current assets			
Trade receivables	12	1,630,902	2,408,102
Other receivables	13	331,347	1,244,087
Financial assets, at FVTOCI	10	11,685,872	7,547,750
Fixed deposits	11	48,840,711	68,267,886
Bank balances	14	747,591	687,587
		-----	-----
		63,236,423	80,155,412
		-----	-----
Total assets		<u>94,791,285</u>	<u>116,852,860</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	1,130,000	1,130,000
Fair value reserve		33,278	912,834
Accumulated profits		90,540,079	112,603,186
		-----	-----
		91,703,357	114,646,020
Current liabilities			
Trade and other payables	16	3,087,928	2,206,840
		-----	-----
Total equity and liabilities		<u>94,791,285</u>	<u>116,852,860</u>

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 FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>2022</u> US\$	<u>2021</u> US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,793,287	11,691,257
Adjustments for:		
Depreciation	113	48
Dividend income	(13,232,297)	(8,235,131)
Interest income	(1,893,210)	(3,543,548)
Loss/(gain) on disposals of financial assets at FVOCI	143,724	(93,629)
	-----	-----
Operating loss before working capital changes	(188,383)	(181,003)
Decrease/(increase) in trade receivables	777,200	(1,274,650)
(Increase)/decrease in deposit & prepayment and other receivables	(891)	166,105
Increase in trade and other payables	881,088	2,177,729
	-----	-----
Cash generated from operations	1,469,014	888,181
Withholding tax paid	(1,356,394)	(845,026)
	-----	-----
<i>Net cash from operating activities</i>	112,620	43,155
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computer	(2,036)	-
Purchase of financial assets at FVOCI	(9,717,425)	(24,283,171)
Proceeds from redemption & disposal of financial assets at FVOCI	15,079,888	22,496,525
Decrease in fixed deposits	14,047,819	23,254,468
Interest received	2,806,841	5,289,981
Dividend received	13,232,297	8,235,131
	-----	-----
<i>Net cash from investing activities</i>	35,447,384	34,992,934
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 15)	(35,500,000)	(40,000,000)
	-----	-----
<i>Net cash used in financing activities</i>	(35,500,000)	(40,000,000)
	-----	-----
NET INCREASE/(DECREASE) IN BANK BALANCES	60,004	(4,963,911)
BANK BALANCES AT BEGINNING OF YEAR	687,587	5,651,498
	-----	-----
BANK BALANCES AT END OF YEAR	747,591	687,587
	=====	=====

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 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Polyplex (Asia) Pte. Ltd. (the “Company”) is incorporated and domiciled in Singapore, with its registered office at 61 Club Street, Singapore 069436, and its principal place of business at 3 Temasek Avenue, Singapore 039190.

The immediate and ultimate holding company is Polyplex Corporation Limited, incorporated in India and listed on the National Stock Exchange in India.

The Company principal activities are those of investment holding and trading in raw materials of polyester and other plastic film. There has been no change in its principal activities during the financial year.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards (FRSs). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of the Company are presented in United States dollars (US\$) which is the functional currency of the Company and the presentation currency for the financial statements.

The preparation of financial statements in compliance with FRSs requires management to make judgements, estimates and assumptions that affect the Company’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 April 2021

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore (“ASC”) that will apply for the first time by the Company are not expected to impact the Company as they are either not relevant to the Company’s business activities or require accounting which is consistent with the Company’s current accounting policies.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) *Basis of preparation (Continued)*

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Company has not decided to early adopt. The Company does not expect any of these standards upon adoption will have a material impact to the Company.

(b) *Consolidation*

These financial statements are the separate financial statements of Polyplex (Asia) Pte. Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Polyplex Corporation Ltd, a company with its country of incorporation and principal place of business in India. The ultimate holding company produces consolidated financial statements available for public use at <https://www.polyplex.com/investors>. The registered office of Polyplex Corporation Limited is at Lohia Head Road, Khatima -262308, Distt. Udham Singh Nagar, Uttaranchal India.

(c) *Subsidiary*

A subsidiary is an entity over which the Company has control. The Company controls an investee if the Company has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be change in any of these elements of control.

Investment in a subsidiary is carried at cost, less impairment loss that has been recognised in profit or loss.

(d) *Revenue recognition*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Trading

Revenue from the sales of these products is recognised at point in time when the products are delivered to customers. For overseas sales, performance obligations are satisfied when the controls of products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Company's revenue transactions as customers are required to pay within a credit term of 45 days.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) *Revenue recognition (Continued)*

Dividend income

Dividend income from equity instruments is recognised as income when the entity's right to receive payment is established.

Interest income

Interest income is recognised using the effective interest rate method.

(e) *Associates*

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are carried at cost, less any impairment loss that has been recognised in profit or loss.

(f) *Computer*

All items of computer are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the computer.

Subsequent expenditure on an item of computer is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Subsequent to recognition, computer are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on computer is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

Computer	-	4 to 5 years
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The carrying values of computer are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of computer is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of computer is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) *Leases*

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

The Company presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the statement of financial position.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) *Leases (Continued)*

As lessee (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2 (h) to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Company revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) *Leases (Continued)*

As lessee (Continued)

Subsequent measurement *(Continued)*

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification *(Continued)*:

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Company has elected to account for the entire contract as a lease. The Company does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

(h) *Impairment loss of computer, investments in a subsidiary and an associate*

Non-financial assets are subject to impairment tests whenever whether there is any indication that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) *Impairment loss of computer, investments in a subsidiary and an associate
(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents comprised bank balances.

(j) *Government grants*

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs which it is intended to compensate.

(k) *Financial instruments*

The Company recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company classifies its financial assets depending on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Company shall reclassify its affected financial assets when and only when the Company changes its business model for managing these financial assets.

The Company's accounting policy for financial assets are as follows:

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) *Financial instruments (Continued)*

Financial assets *(Continued)*

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate.

Impairment provisions for trade receivables are recognised based on the simplified approach within FRS 109 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For other receivables, the loss allowance are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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.

The Company's financial assets measured at amortised cost comprise trade and other receivables (excluding GST recoverable, and prepayments), fixed deposits, and cash and bank balances in the statement of financial position.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) *Financial instruments (Continued)*

Financial assets *(Continued)*

Financial assets at fair value through other comprehensive income ("FVOCI")

Debt instruments at FVOCI

The Company has debt instruments whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These debt instruments are subject to forward looking expected credit loss assessment. On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Company classifies ordinary shares as equity instruments.

Financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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) *Taxes*

Income tax expense comprise current tax expense and deferred tax expense.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of financial year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) *Taxes (Continued)*

Deferred tax (Continued)

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(n) *Foreign currencies*

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(o) *Dividends*

Dividends to the Company's equity holders are recognised when the dividends are declared and approved for payment.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the entity's accounting policies

Management assessed that there were no critical judgements, apart from those involving estimations (Note 3.2) that management has made in the process of applying the Company's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Expected credit loss allowance for trade debtors

Management determines the expected loss arising from default for trade debtors, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customer.

The Company evaluates the expected credit loss on customers in financial difficulties amounted to US\$3,318 (2021: US\$2,408) during the financial year. As the computed loss allowance was not material, no adjustment has been made to recognised the loss allowance.

The Company's carrying amount of trade debtors as at 31 March 2022 was US\$1,630,902 (2021: US\$2,408,102).

4. INTEREST INCOME

	<u>2022</u> US\$	<u>2021</u> US\$
Interest income from -		
Financial assets at FVTOCI	1,130,434	1,567,433
Fixed deposits	762,776	1,976,115
	-----	-----
	1,893,210	3,543,548
	=====	=====

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

5. EMPLOYEE BENEFITS EXPENSES

Employee benefits are made up of the following:-

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Staff -		
Salaries & bonus	125,551	124,894
Defined contribution plans	15,453	15,712
	141,004	140,606
	141,004	140,606

Key management personnel

Key management personnel of the Company are the Directors having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Directors did not received any remuneration for the financial years ended 31 March 2022 and 31 March 2021.

6. INCOME TAX EXPENSE

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Current income tax	-	-
Withholding tax paid on foreign dividend and interest income not remitted	1,356,394	845,026
	1,356,394	845,026
Income tax expense for the year	1,356,394	845,026

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2021: 17%) to profit before income tax as a result of the following differences:

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Accounting profit	14,793,287	11,691,257
	14,793,287	11,691,257
Income tax at applicable tax rate of 17%	2,515,000	1,988,000
Tax effect of non-deductible expense	24,000	14,000
Tax effect of non-taxable credits	(2,571,000)	(2,022,000)
Changes in deferred tax asset not recognised	32,000	20,000
	-	-
Current year income tax expense	-	-

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

6. INCOME TAX EXPENSE (Continued)

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>2022</u> US\$	<u>2021</u> US\$
Excess of carrying amount over tax base	(2,000)	-
Estimated unused tax losses	2,568,000	2,377,000
Estimated unabsorbed capital allowances	7,000	5,000
	-----	-----
	<u>2,573,000</u>	<u>2,382,000</u>
	=====	=====
Deferred tax asset at applicable corporate tax rate of 17%, not recognised	437,000	405,000
	=====	=====

7. COMPUTER

	US\$
<i>Cost</i>	
At 31.3.2020 & 2021	1,181
Additions during the year	2,036

At 31.3.2022	3,217

<i>Accumulated depreciation</i>	
At 31.3.2020	1,129
Depreciation charge for the year	48

At 31.3.2021	1,177
Depreciation charge for the year	113

At 31.3.2022	1,290

<i>Net carrying amount</i>	
At 31.3.2022	<u>1,927</u>
	=====
At 31.3.2021	4
	=====

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

8. INVESTMENT IN A SUBSIDIARY

	<u>2022</u> US\$	<u>2021</u> US\$
Unquoted equity shares, at cost	2,200,000	2,200,000
	=====	=====

Details of the wholly owned (2021: same) subsidiary are as follows :-

<u>Name of subsidiary</u>	<u>Country of incorporation & operations</u>	<u>Principal activities</u>
PAR, LLC	United States of America	Holding of real property used by Polyplex Group of Companies

9. INVESTMENT IN AN ASSOCIATE

	<u>2022</u> US\$	<u>2021</u> US\$
Quoted equity shares, at cost (PTL)	15,398,364	15,398,364
	=====	=====
Fair value of PTL shares, listed on Thailand Stock Exchange	225,028,584	223,538,168
	=====	=====

Details of the associate are as follows:-

<u>Name of associates</u>	<u>Percentage of effective equity interest</u>		<u>Country of incorporation & operations</u>	<u>Principal activities</u>
	<u>2022</u>	<u>2021</u>		
	%	%		
<u>Directly owned by the Company</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
(iii) Polyplex America Holdings Inc. [wholly owned by (i)]	33.81	33.81	United States of America	Investment holding

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

9. INVESTMENT IN AN ASSOCIATE (Continued)

Details of the associate are as follows (Continued):-

<u>Name of associates</u>	<u>Percentage of effective equity interest</u>		<u>Country of incorporation & operations</u>	<u>Principal activities</u>
	<u>2022</u>	<u>2021</u>		
	<u>%</u>	<u>%</u>		
(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 USA LLC [wholly owned by (iii)]	33.81	33.81	United States of America	Manufacture and distribution of polyester film and chips
(vii) Polyplex Pektetleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi [wholly owned by (v)]	33.81	33.81	Turkey	Distribution of plastic film
(viii) EcoBlue Limited [66.5% owned by (i)]	22.5	22.5	Thailand	Manufacture and distribution of recycled plastic products
(ix) PT Polyplex Films Indonesia [100% owned by (i)]	33.81	33.81	Republic of Indonesia	Manufacture and distribution of polyester film and chips

10. FINANCIAL ASSETS, AT FVOCI

	<u>2022</u> US\$	<u>2021</u> US\$
Listed bonds -		
Beginning of financial year	26,646,830	21,315,965
Fair value (losses)/gain	(708,754)	2,792,751
Additions	9,717,425	24,283,171
Disposals & redemption	(15,394,414)	(21,745,057)
End of financial year	<u><u>20,261,087</u></u>	<u><u>26,646,830</u></u>

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

10. FINANCIAL ASSETS, AT FVOCI (Continued)

	<u>2022</u> US\$	<u>2021</u> US\$
Presented in the statement of financial position as follows:		
Non-current assets	8,575,215	19,099,080
Current assets	11,685,872	7,547,750
	20,261,087	26,646,830
	20,261,087	26,646,830

Listed bonds classified as financial assets, at FVOCI are denominated in USD, are fixed rate notes with interest ranging from 3.25% p.a. to 5.95% p.a. (2021: 2 p.a.% to 7.875% p.a.) and are due within one year to perpetual (2021: within one year to perpetual).

The listed 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).

11. FIXED DEPOSITS

	<u>2022</u> US\$	<u>2021</u> US\$
Current	48,840,711	68,267,886
Non-current	5,379,356	-
	54,220,067	68,267,886
	54,220,067	68,267,886

The fixed deposits are denominated in US\$, are placed for periods of between 1 month to 24 months with maturity between April 2022 to June 2023 (2021: same, with maturity between April 2021 to March 2022) and earn interest of between 0.10% p.a. to 2.20% p.a. (2021: 0.25 p.a. to 3.20% p.a.).

Management assessed the fair value of non-current balance to approximate it's carrying amount.

12. TRADE RECEIVABLES

Trade receivables are denominated in US\$, are non-interest bearing and are generally on 45 days' term.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

13. OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Prepayments	21,028	21,231
Sundry deposits	8,730	8,730
Interest receivable	299,159	1,212,790
GST recoverable	2,397	1,303
Others	33	33
	331,347	1,244,087
	331,347	1,244,087

14. BANK BALANCES

The following bank balances are denominated in foreign currencies :-

	<u>2022</u>	<u>2021</u>
	US\$	US\$
<i>Denominated in :</i>		
S\$	21,464	36,562
€	536	565
	21,464	36,562
	21,464	36,562

15. SHARE CAPITAL

	<u>2022</u>	<u>2021</u>
Number of shares issued	100,000	100,000
	100,000	100,000
Paid up capital	US\$1,130,000	US\$1,130,000
	US\$1,130,000	US\$1,130,000

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

Dividends

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Interim tax exempt (1-tier) dividend of US\$400 per ordinary share	-	40,000,000
Interim tax exempt (1-tier) dividend of US\$200 per ordinary share	20,000,000	-
Interim tax exempt (1-tier) dividend of US\$30 per ordinary share	3,000,000	-
Interim tax exempt (1-tier) dividend of US\$125 per ordinary share	12,500,000	-
	35,500,000	40,000,000
	35,500,000	40,000,000

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

16. TRADE & OTHER PAYABLES

	<u>2022</u> US\$	<u>2021</u> US\$
Trade creditors	2,933,261	2,187,128
Accrued expense	154,667	19,712
	3,087,928	2,206,840
	3,087,928	2,206,840

Trade creditors are non-interest bearing and are generally on 30 days' term.

Accrued expenses include US\$10,918 (2021: US\$13,283) denominated in S\$.

17. FINANCIAL RISKS AND MANAGEMENT

Classification of financial instruments

The following table sets out the financial instruments as at the end of financial year:

	<u>2022</u> US\$	<u>2021</u> US\$
<i>Financial assets at amortised cost</i>		
Trade receivables	1,630,902	2,408,102
Other receivables *	307,922	1,221,553
Fixed deposits	54,220,067	68,267,886
Bank balances	747,591	687,587
	56,906,482	72,585,128
	56,906,482	72,585,128
Financial assets, at FVTOCI	20,261,087	26,646,830
<i>Financial liabilities at amortised cost</i>		
Trade payables	3,087,928	2,206,840
	3,087,928	2,206,840
	3,087,928	2,206,840

* Excludes goods and services tax and prepayments

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

17. FINANCIAL RISKS AND MANAGEMENT *(Continued)*

Financial risk factors

The Company's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks) and liquidity risks. The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Company's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Company's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

(i) **Market risk**

Market risk arises from the Company's use of interest bearing, and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises from interest-bearing financial assets. The Company does not use derivative financial instruments to hedge its interest rate risk.

Sensitivity analysis for interest rate risk

At the end of the financial year, the Company's exposure to interest rate risk is primarily attributable to fixed interest-bearing assets as disclosed in Note 10 and 11 to the financial statements. As such, the Company's income is substantially independent of changes in market interest rates and sensitivity analysis is not necessary.

Foreign exchange risk

The Company's business is exposed to foreign exchange risk arising from various currency exposures primarily with respect to balances denominated in SGD. The Company maintains various foreign currencies bank balances and attempts to match the needs in the same currency.

The Company does not enter into foreign exchange contracts for speculative purposes. The Company reviews its foreign currency position periodically to ensure that its net exposure is kept at an acceptable level.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

17. FINANCIAL RISKS AND MANAGEMENT *(Continued)*

(i) Market risk *(Continued)*

Foreign exchange risk (Continued)

The Company's exposure from foreign currency denominated monetary assets and monetary liabilities as at the end of financial year are as follows:

	<u>2022</u>	<u>2021</u>
	US\$	US\$
<i>Monetary assets</i>		
SGD	21,464	36,562
EURO	536	565
	=====	=====
<i>Monetary liabilities</i>		
SGD	10,918	13,283
	=====	=====

Sensitivity analysis for foreign exchange risk

As the changes in the foreign exchange rates is not expected to have material impact on profit or loss, sensitivity analysis is not necessary.

(ii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. There are procedures in place to ensure on-going credit evaluation and active account monitoring to minimise bad debt risk.

As the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Company's major classes of financial assets are trade and other receivables, financial assets, at FVOCI, fixed deposits and bank balances.

Trade receivables

The Company defines counterparties as having similar characteristics if they are related entities. The Company has significant concentration of credit risk as it has 1 (2021: 1) customer representing 100% (2021: 100%) of trade receivables as at 31 March 2022.

The Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime expected credit loss ("ECL"). The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

17. FINANCIAL RISKS AND MANAGEMENT (Continued)

(ii) Credit risk (Continued)

Trade receivables (Continued)

The Company's credit risk exposure in relation to trade receivables at the end of the reporting period are set out in the provision matrix as follows :-

		<u>Current</u>	<u>Within 30 days</u>	<u>31 to 90 days</u>	<u>More than 90 days</u>	<u>Total</u>
<u>2022</u>						
Gross carrying amount	US\$	1,630,902	-	-	-	1,630,902
Expected loss rate		0.1%	0.2%	0.3%	0.5%	
Loss allowance	US\$	(1,631)	-	-	-	(1,631)
		=====	=====	=====	=====	=====
<u>2021</u>						
Gross carrying amount	US\$	2,408,102	-	-	-	2,408,102
Expected loss rate		0.1%	0.2%	0.3%	0.5%	
Loss allowance	US\$	(2,408)	-	-	-	(2,408)
		=====	=====	=====	=====	=====

The Company had assessed the latest performance and financial position of the counterparties and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Debt instruments at FVOCI

Debt instruments at FVOCI are considered as "low credit risk" because listed notes are of at least investment grade BBB credit rating with at least one major rating agency. Hence, the loss allowance recognised on these assets are measured at the 12-month expected credit losses.

Other receivables

Other receivables are not impaired as the Company is confident of its recovery. The Board of Directors has taken into account information that it has available internally for the past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk. As at 31 March 2022, management determined there is no significant increase in credit risk since initial recognition. These receivables are subject to immaterial credit loss allowances as at 31 March 2022.

Fixed deposits and bank balances

Credit risk also arises from balances held with banks. As at 31 March 2022, the Company deposited its fixed deposits and bank balances in 11 (2021: 14) banks. Fixed deposits and bank balances with 6 (2021: 6) banks represent 99.8% (2021: 99.1%) of total fixed deposits and bank balances as at 31 March 2022.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

17. FINANCIAL RISKS AND MANAGEMENT *(Continued)*

(ii) Credit risk *(Continued)*

Fixed deposits and bank balances (Continued)

The Company places its fixed deposits and bank balances with banks assigned with credit rating of B2 to AAA by Moody's and BB- to AA- by Standard & Poor, both international credit rating agency, and are considered to have low credit risk. Impairment of cash and bank balances have been measured based on 12 months expected credit loss model. As at the reporting date, the Company did not expect any credit loss from non-performance by the counterparty.

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its financial obligations as they fall due. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles.

All the Company's financial liabilities as at 31 March 2022 are repayable on demand or due within the next 12 months (2021: same).

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value hierarchy

The Company analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair value of non-financial assets that are measured at fair value

The Company do not have any non-financial assets that are measured at fair value.

Financial instruments that are not measured at fair value, for which fair value is disclosed

Management considers the financial assets and liabilities carried at amortised cost to approximate their fair value due to their respective short-term maturities. The fair values of current and non-current financial assets are disclosed in the respective notes.

Financial instruments that are measured at fair value

Except as detailed in Note 10, the Company do not hold any other financial instruments that are measured at fair value as at the end of the financial year.

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2022

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Continued)*

There are no transfers between levels during the financial year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting period.

19. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure ability to continue as a going concern and maintains an optimal capital structure to support its business and maximise member value by pricing products and services commensurately with the level of risk.

The Company manages its capital structure, represented by its members' equity which consist of issued capital (Note 15) and reserves as presented in the statement of changes in 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 2022 and 31 March 2021.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2022 and 31 March 2021.

**THE FOLLOWING SCHEDULE DOES NOT FORM
PART OF THE AUDITED STATUTORY FINANCIAL STATEMENTS**

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

**DETAILED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022**

	<u>2022</u> US\$	<u>2021</u> US\$
Sales	27,442,755	13,464,150
Less : Cost of sales		
Purchases	(26,986,410)	(13,343,060)
	-----	-----
Gross profit	456,345	121,090
Add : Dividend income	13,232,297	8,235,131
Interest income	1,893,210	3,543,548
Gain on redemption of financial assets at FVTOCI	-	93,629
Exchange gain	-	2,025
Job support scheme	1,808	19,609
	-----	-----
	15,583,660	12,015,032
	-----	-----
Less : Expenses		
Audit & tax fees	14,788	15,551
Bank charges	8,358	4,667
CPF & SDF	15,453	15,712
Depreciation	113	48
Exchange loss	2,626	-
General expenses	10,104	354
Insurance	18,199	22,508
Loss on redemption of financial assets at FVTOCI	143,724	-
Management fee	33,392	35,343
Medical fee	1,824	916
Postage & courier	549	103
Printing & stationery	639	1,025
Professional fees	363,321	75,934
Rental of premises	34,342	9,712
Salaries & bonus	125,551	124,894
Subscriptions	590	286
Telephone	1,582	1,438
Transport	15,218	15,162
Travelling	-	122
	-----	-----
	790,373	323,775
	-----	-----
Profit before tax	14,793,287	11,691,257
	=====	=====

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