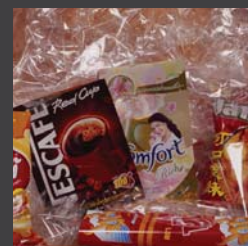


Polyplex

ANNUAL REPORT
2008-2009



Polyplex (Thailand) Public Company Limited
75/26 Ocean Tower - II, 18th Floor Soi Sukhumvit 19,
Sukhumvit Road, Kwaeng North Klongtoey Khet
Wattana, Bangkok - 10110 THAILAND
Tel: +66-2-6652706-8 Fax: +66-2-6652705
www.polyplexthailand.com

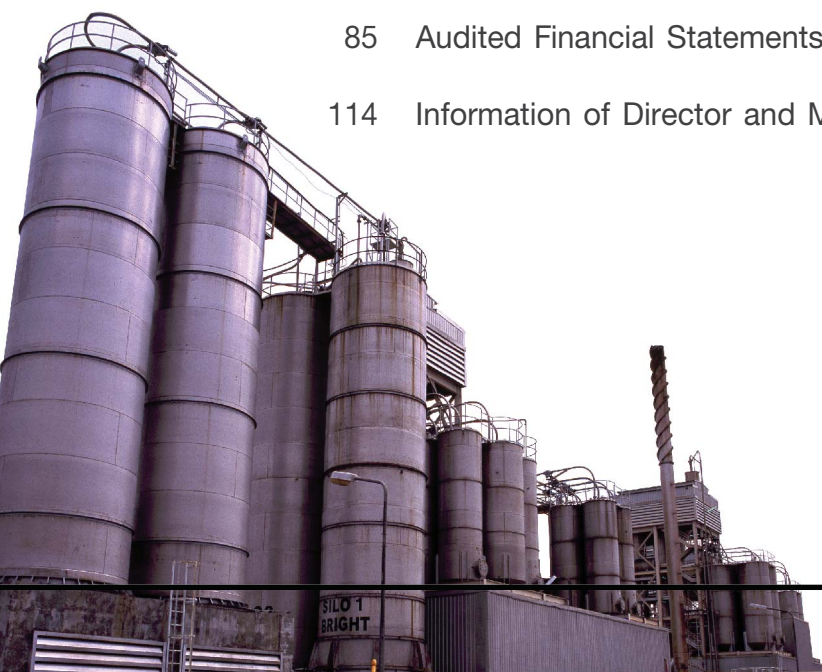


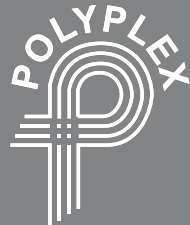


Content

ANNUAL REPORT 2008-2009

04	Board of Directors
05	Message from the Chairman
06	Audit Committee Report 2008 - 2009
07	The Board of Directors' Report on its Responsibility to Financial Statements
09	Financial Highlights
10	General Information
13	Business Overview
35	Risk Factors
45	Future Projects
48	Legal Dispute
48	Shareholding Structure & Management
59	Good Corporate Governance & Internal Control
65	Financial Position and Operational Performance
85	Audited Financial Statements
114	Information of Director and Management of the Company





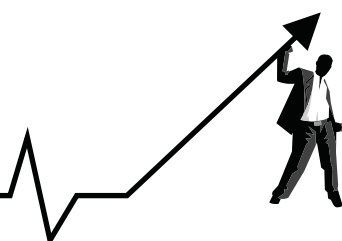
MR R.S.GAUR, HEAD –OPERATIONS PTL,
RECEIVING THE “GOOD GOVERNANCE
AWARD FOR ENVIRONMENT” FROM
MR.CHAKRAMON PHASUKAVANICH, THE
FORMER SECRETARY OF THE MINISTRY
OF INDUSTRY.

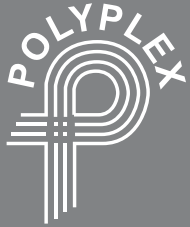


THE INDIAN AMBASSADOR TO THAILAND,
HER EXCELLENCY MS LATHA REDDY AND
MR. KORN THAPPARANSI, THE MINISTER
OF INDUSTRY AT PTL'S BOOTH AT THE
INDIA PROMOTION FAIR HELD IN
BANGKOK IN 2008.



2008
2009
ANNUAL
REPORT





Dedicated team of men & women of Polyplex Thailand

AT AN OFFSITE STRATEGIC PLANNING MEET, DEBATING THE "DISHA" – OUR COURSE MAP TO CONSOLIDATE AND SUSTAIN GROWTH.

THAILAND



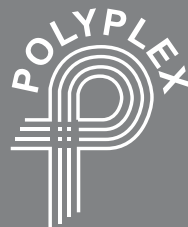
Our committed and hardworking associates

AT POLYPLEX EUROPA,
TURKEY



2008
2009
ANNUAL
REPORT





Exhibition in China AUGUST, 2008.



POLYPLEX REGISTERING ITS PRESENCE IN ONE OF THE FASTEST GROWING MARKET IN THE WORLD - SUCCESSFUL PARTICIPATION IN "SINOFLEX" - A FLEXIBLE PACKAGING EXHIBITION HELD IN CHINA IN AUGUST, 2008.



2008
2009
ANNUAL
REPORT



Board of Directors



Mr. Manu Leopaibote
Chairman - Board and Audit Committee



Dr. Virabongsa Ramangkura, Ph.D.
Director and Member - Audit Committee



Mr. Shiraz Erach Poonevala
Director and Member - Audit Committee



Mr. Sanjiv Saraf
Managing Director



Mr. Praphad Phodhivorakhun
Director



Mr. Pranay Kothari
Director



Mr. Ranjit Singh
Director



Mr. Rohit Kumar Vashistha
Director and Profit Center Head

Message from the Chairman



The financial year 2008-09 was an exceptionally volatile year where the first half witnessed a sharp surge in commodity prices followed by a meltdown in the second half of the year amidst the expanding global crisis.

As a result, the company witnessed a sharp contraction in demand of its products during the period November'08 - February'09, which was the outcome of aggressive de-stocking across the value chain. Owing to these factors, the ramp up of the Turkey unit's new capacity was adversely affected and even the capacity utilization of the existing assets was somewhat lower in the second half of the year.

In the midst of this crisis, it is important to recognize the distinct advantages of the company's business. More than 80% of the company's revenue comes from packaging of food & allied products and consumer staples, which are less sensitive to economic crisis, as compared to consumer discretionary items. Due to this the capacity utilization rates of the company returned to normal levels since March'09.

Despite the various challenges posed by the global crisis and the resulting pressure on capacity utilizations, the Company's financial performance for the year was quite positive, with the consolidated Net profits crossing the Baht 1 billion mark, a growth of about 28% over the previous year.

Benefits of increased volumes due to start up of new capacities in Thailand and Turkey, new value added products like extrusion coated films, backward / forward integration, geographically dispersed manufacturing, focus on improved productivity and emphasis on cost competitiveness and operational efficiencies have helped the company record its highest ever consolidated revenues and profits. In line with the dividend policy, the directors have proposed the highest ever dividend of Baht 0.52 per share (including Baht 0.40 per share already paid as its maiden interim dividend) for the consideration of shareholders.

In the medium term, the risk in the environment is heightened with high volatility in currency markets, commodity prices and an increase in credit risk. The likely addition to capacities in the industry coupled with flat demand growth rates has the potential of causing an imbalance in the demand-supply in the short-term, thereby adding to pressure on margins and also the capacity utilization rates. However, the company remains confident that its robust business model and diversified sales portfolio would continue to deliver long-term growth to its shareholders as well as other stake holders.

Recognizing the changes in the economic and industry environment, the company is cautiously evaluating any new investments and has taken a strategic decision to defer the new PET film line expansion in Thailand and has instead, decided on a smaller outlay in a silicone coating facility either in Thailand or Turkey. The company is also making satisfactory progress on the Cast Polypropylene (CPP) project in Thailand, which is expected to commence towards end of 2009.

On behalf of the Board of Directors, I wish to thank all the stakeholders and our talented and dedicated team of employees for their sincere support and their efforts in making Polyplex as one of the leading players in this industry and seek the same in achieving the future plans of the Company.

A handwritten signature in black ink, reading "Manu Leopaibote". The signature is fluid and cursive.

Mr. Manu Leopaibote

Chairman - Board and Audit Committee

Audit Committee Report - 2008 - 09

To the Shareholders of Polyplex (Thailand) Public Co., Ltd.

Following the company's transformation into a public limited company on August 11, 2004, the shareholders' meeting held on September 2, 2004 decided to constitute an Audit Committee comprising of three independent directors with knowledge, expertise and experience in finance & accounting, industry and business. The appointees were Mr. Manu Leopairrote (Chairman of the Audit Committee), Dr. Virabongsa Ramangkura and Mr. Shiraz Erach Poonevala.

The Audit Committee performed duties under the delegation of authority set out by the Board of Directors. Among the Audit Committee's responsibilities are to review the quarterly / annual financial results of the company, supervise whether the compliance with the rules and regulations of the Stock Exchange of Thailand (SET) and Securities Exchange Commission (SEC), ensure the transparency of the accounting system, review of internal control systems and promote good corporate governance practices.

In the financial year ended March 31, 2009, a total of five Audit Committee meetings were held.

The Committee's work can be summarized as below:

1. Reviewed and approved the quarterly and yearly financial statements of the company and its subsidiaries to ensure compliance with the generally accepted accounting standards and disclosure of key information before proposing them for the Board's approval as also prior to submission to SEC and SET. After due consideration and discussion, it is the opinion of the Committee that the above mentioned financial statements are presented fairly in accordance with generally accepted accounting principles and sufficiently disclosed.
2. Reviewed and monitored the corporate compliance and internal control systems as also risk mitigation measures and gave recommendations which would boost effectiveness. The Committee believes that the company's internal control systems are adequate.
3. Reviewed the disclosure of information on transactions between the company and its affiliates or any transactions, which may have been perceived as potentially causing conflicts of interest.
4. Reviewed and approved the revision in the Market segmentation policy of the Polyplex group
5. Reviewed and approved the draft of the Transfer Pricing policy for sale of PET film by Polyplex group (PCL/ PE/ PTL) to Polyplex Americas Inc.
6. Reviewed and approved Interim Dividend payment based on profitability for nine months period ended on 31st December 2008

For 2009-10, the Audit Committee has considered and decided to recommend to the Board of Directors to re-nominate Mr. Narong Puntawong (CPA No. 3315) and/or Mr. Supachai Phanyawattano (CPA No. 3930) and/or Ms. Siraporn Ouaanunkun (CPA No. 3844) of Ernst & Young to be re-appointed by the shareholders as the auditors of the Company.

Name	Position	Signature
Mr. Manu Leopairrote	Board Chairman and Audit Committee Chairman	
Dr. Virabongsa Ramangkura	Audit Committee Member	
Mr. Shiraz Erach Poonevala	Audit Committee Member	

The Board of Directors' Report on its Responsibility to Financial Statements

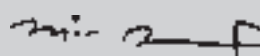
To the Shareholders of Polyplex (Thailand) Public Co., Ltd.

In recognition of its duties and responsibilities and in compliance with good corporate governance principles, the Board of Directors has ensured that the financial statements and financial information appearing in the annual report are accurate, complete and adequate. The financial statements are in compliance with the generally accepted accounting practices in Thailand and follow accounting standards and practices that are appropriate to the nature of business. To ensure reasonable confidence in using these financial statements, the Board has instituted and maintained internal control systems, subject to periodic review by the Audit committee and reported to the Board.

The company auditor has applied generally accepted auditing standards in auditing the company's financial statements for 2008-09 and is of the view that these financial statements present fairly, in all respects, the financial standing, results of the operations and cash flows for the company, in accordance with generally accepted accounting principles.

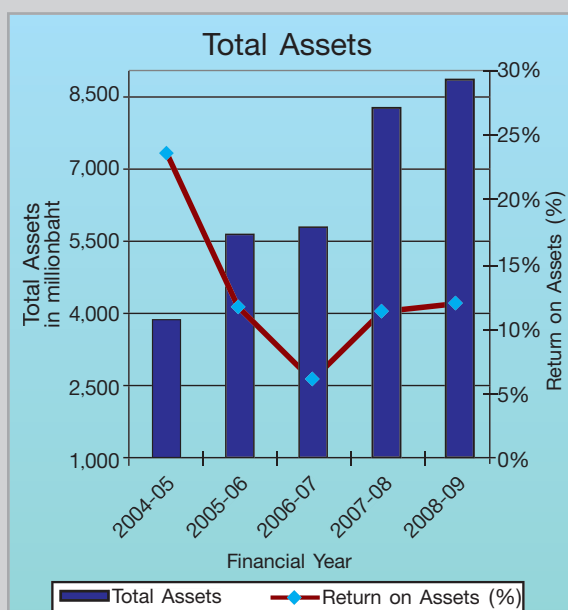
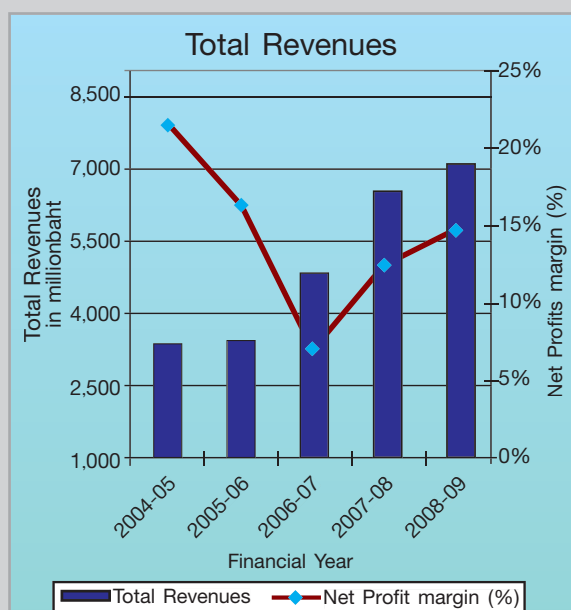
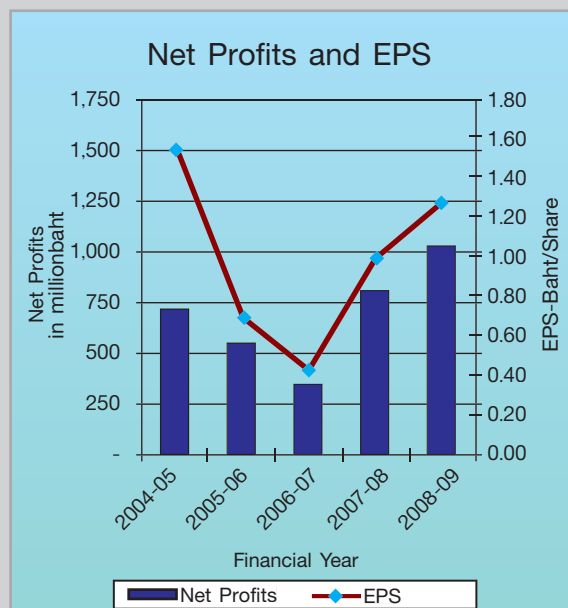
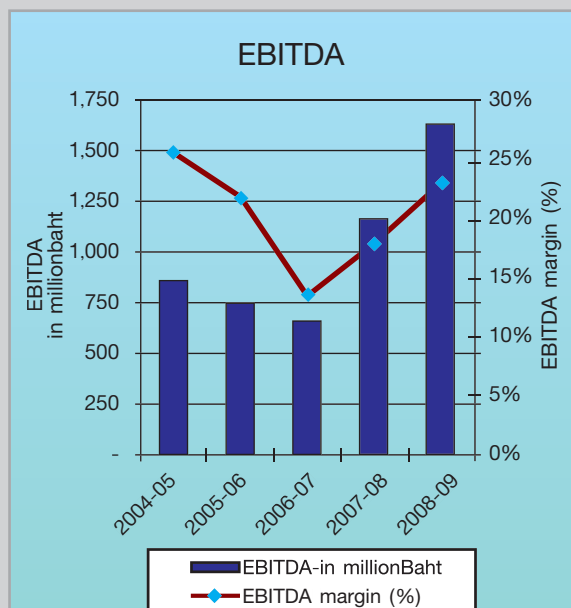


Mr. Manu Leopaivate
Chairman



Mr. Sanjiv Saraf
Managing Director

Key Financial Indicators



1. Financial Highlights

	2008-09	2007-08	2006-07
Progression (Thousand Baht)			
Net Sales	6,859,738	6,398,679	4,718,570
Total Revenues	7,062,825	6,512,014	4,808,832
Gross Profit	1,780,797	1,422,910	864,177
Net Profit (Loss)	1,041,966	813,551	341,842
Total Assets	8,880,550	8,299,334	5,837,919
Total Liabilities	4,284,324	3,970,453	2,315,560
Total Shareholder's equity	4,596,226	4,328,881	3,522,359
Financial Ratios *			
Net Profit Margin (%)	14.75%	12.50%	7.11%
Return on Equity (%)	23.35%	20.72%	9.76%
Return on Assets (%)	12.13%	11.51%	5.98%
Per Share Data (Baht)			
No. of shares	800,000,000	800,000,000	800,000,000
Dividend per share (Baht)	0.52*	0.40	0.17
Earnings per share	1.30	1.02	0.43
Par value	1.00	1.00	1.00

Note: Above figures and ratios are on consolidated basis (includes figures for the Company's subsidiary in Turkey which had commenced operations in 2005/06 as also for subsidiary in Singapore which is an investment holding company and a subsidiary in USA which is a Distribution company)

* Interim Dividend of Bt 0.40 per share paid in April 2009 and Final dividend of Bt 0.12 per share as proposed to the Annual General Meeting of Shareholders, 2009 for their approval.

2. General information

2.1 The company	Polyplex (Thailand) Public Company Limited
Stock Exchange of Thailand symbol	PTL
Registered Head office	75/26, Ocean Tower II, 18th Floor, Sukhumvit Soi 19, Kwaeng North Klongtoey Khet Wattana, Bangkok - 10110
Telephone	(662) 665-2706-8
Facsimile	(662) 665 2705
Factory -1	Siam Eastern Industrial Park, 60/24, Moo 3, Tambol Marbyangporn, Amphur Pluakdaeng, Rayong- 21140
Factory -2	Siam Eastern Industrial Park, 60/91 Moo 3, Tambol Marbyangporn, Amphur Pluakdaeng, Rayong 21140
Type of Business	Manufacturer of Polyester Film, Polyester Chips and Extrusion Coated film
Company registration number	0107547000729
Telephone	(66) 38 891 352-4
Facsimile	(66) 38 891 358
Website	http://www.polyplexthailand.com ,
Registered Capital	Baht 960,000,000
Common Shares	960,000,000 shares
Par Value	Baht 1.00 per share
Paid-up Capital	Baht 800,000,000
Number of Employees	549 including subsidiaries in Turkey and USA, 308 in Thailand.

2.2 Subsidiaries in which the company holds more than 10% share

Company Name and Address	Business Type	Registered Capital (shares)	No. of shares held by the Company	% shareholding	Type of Shares
Polyplex (Americas) Inc. 12200 Ford Suite A-210 Farmers Branch, Dallas, Texas-75234	Distribution Company	10,000,000 5,000,000	203,000 800,000	80.24% 96.15%	Common Preference
Polyplex (Singapore) Pte Ltd. 61, Club Street, Singapore-069436	Investment Holding Company	100,000 300,000	100,000 206,150	100% 100%	Common Preference
Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. Avrupa Serbest Bolgesi, 132, Ada, 7 Parsel, Velimese Mevkii, Corlu, Turkey	Manufacturer of Polyester Film & Polyester chips	1,500,000	1,500,000*	100%	Common

* Indirect holding via PSPL

2.3 Other references

(a) Registrar

Name Thailand Securities Depository Co., Ltd.
Address 62, The Stock Exchange of Thailand Building
4th, 6th-7th Floor, Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone (662) 229-2800, (662) 654-5599
Facsimile (662) 359-1259

(b) Trustee

N/A

(c) Auditing Firm

Name Ernst & Young
Address 33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek road
Near Queen Sirikit National Convention Centre
Bangkok 10110, Thailand
Telephone (662) 264-0777
Facsimile (662) 661-9190
Auditors* Mr. Narong Puntawong (CPA No. 3315) and/or
Mr. Supachai Phanyawattano (CPA No. 3930) and/or
Ms. Siraporn Ouannunkun (CPA No. 3844)

* As proposed to the Annual General Meeting of Shareholders, 2008 for their approval.

(d) Legal Advisors

Name	Allen & Overy (Thailand) Co. Ltd.
Address	22 nd Floor, Sindhorn Tower III, 130-132 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Telephone	(662) 263-7600
Facsimile	(662) 263-7699
Contact person	Mr. Arkrapol Pichedvanichok Ms. Somporn Manodamrongtham
Name	Baker & McKenzie Ltd.
Address	990 Abdulrahim Place, 5 th floor and 22 nd -25 th Floors, Rama IV Road,Silom, Bangrak, Bangkok 10500, Thailand
Telephone	(662) 636-2000
Facsimile	(662) 636-2110
Contact person	Mr. Wittaya Luengsukcharoen

(e) Advisor or manager under management contract

N/A

3. Business Overview

3.1 Company profile and key changes and developments

Polyplex (Thailand) Plc. (“PTL” or “the Company”) was incorporated as a private company on March 26, 2002 with an initial registered capital of Bt. 400,000 to manufacture and distribute PET film (polyethylene terephthalate film or polyester film). The registered capital of the Company was subsequently increased to Bt. 400 million in April/May, 2002. In August 2004, the Company was transformed into a Public Company and the IPO was subsequently made in December 2004. The Company is promoted by Polyplex Corporation Limited (PCL) based in India and engaged in the same business as the Company for more than 20 years. As on date, PCL has 70% stake in the Company through both direct and indirect shareholding and the balance 30% is with the general public.

Past key changes and developments in the Company are as follows:

March-April 2002	PTL was promoted by PCL, which is a listed company (on the Bombay Stock Exchange as also National Stock Exchange) in India. PCL took up 100% of the Company’s registered capital of Bt. 400,000,000, divided into 8,000,000 ordinary shares at a par value of Bt. 10 per share and 32,000,000 preference shares at a par value of Bt. 10 per share. PTL also acquired a plot of land with an area of 20 rai 22 square wah at Siam Eastern Industrial Park in Rayong Province in order to construct a factory for manufacture of PET film.
May 20, 2002	PTL was granted a promotion certificate by BoI for PET film (production line 1) with an approved production capacity of 15,000 tons per year.
July-2002 to April-2003	The Company started construction of the factory in July-2002 and completed its plant construction and proceeded with machinery test-run in March, 2003 followed by commercial production from April 2, 2003 when its first sale invoice was recorded.
March/April-2003	The shareholders’ meeting resolved for increase of registered capital by another Bt. 260 million through issuance of 20,800,000 preference shares at a par value of Bt. 10 per share and 5,200,000 ordinary shares at a par value of Bt. 10 per share to the existing shareholders
June 11, 2003	The Company was granted a BOI promotion certificate for production of <ul style="list-style-type: none">• PET film (production line 2) with an approved production capacity of 15,000 tons per year (now expanded to 19,500 tons per year).

	<ul style="list-style-type: none"> • PET resin with an approved production capacity of 26,250 tons per year
September 11, 2003	The Board of Directors resolved for the purchase of another plot of land adjacent to the existing land covering 8 rai 28.9 square wah area to produce PET resin which is the raw material in PET film production.
November 12, 2003	Commercial production and distribution began for film production line 2.
December 13, 2003	The Company attained ISO 9001:2000 certification on quality management system.
May 31, 2004	The Company attained ISO 14001:1996 certification on environmental management system.
May to July-2004	The company received approval from the BOI for a restatement of the installed capacity of both its film production lines from 15,000 tons to 19,500 tons each per year. The company also applied to the BOI for further increase in the production capacity of both the film lines to 24,000 tons per year each given the significant productivity improvements and additional equipment commissioned by the company.
July 30, 2004	<p>The shareholders' meeting resolved for transformation of the Company into a public company, write-down of par value from Bt. 10 to Bt. 5 per share and increase of registered capital by Bt. 1,068 million to make up a total of Bt. 1,728 million requiring issue of additional 213.6 million ordinary shares. The allocation of the increase in capital was as under:</p> <ul style="list-style-type: none"> - 133.6 million Shares offered to Polyplex (Asia) Pte. Ltd. (PAPL), a juristic person registered in Singapore, being a 100% subsidiary of PCL, India. - Up to 80 million shares at par value of Bt. 5 per share, making a total of up to Bt. 400 million as public offering. <p>The meeting also resolved for establishment of a holding company named Polyplex (Singapore) Pte. Ltd.(PSPL), registered in Singapore as a holding company to facilitate investment and business expansion in Turkey.</p>
August 11, 2004	Registration was completed to transform the Company into a public company.
September, 2004	Start up on PET resin batch plant in Thailand with an annual production capacity of 7,000 MT per annum.
September 2, 2004	<p>The shareholders' meeting resolved for decrease of registered capital as under:</p> <ul style="list-style-type: none"> - Redemption of the entire 105.6 million preference shares worth Bt. 528 million, currently held by PCL, by a capital reduction process.

- Cancellation of the unissued ordinary shares of Bt. 240 million, comprising of 48 million shares, which were to be subscribed by PAPL.

The combined reduction as above would make the total registered capital Bt. 960 million of which Bt. 560 million is paid-up.

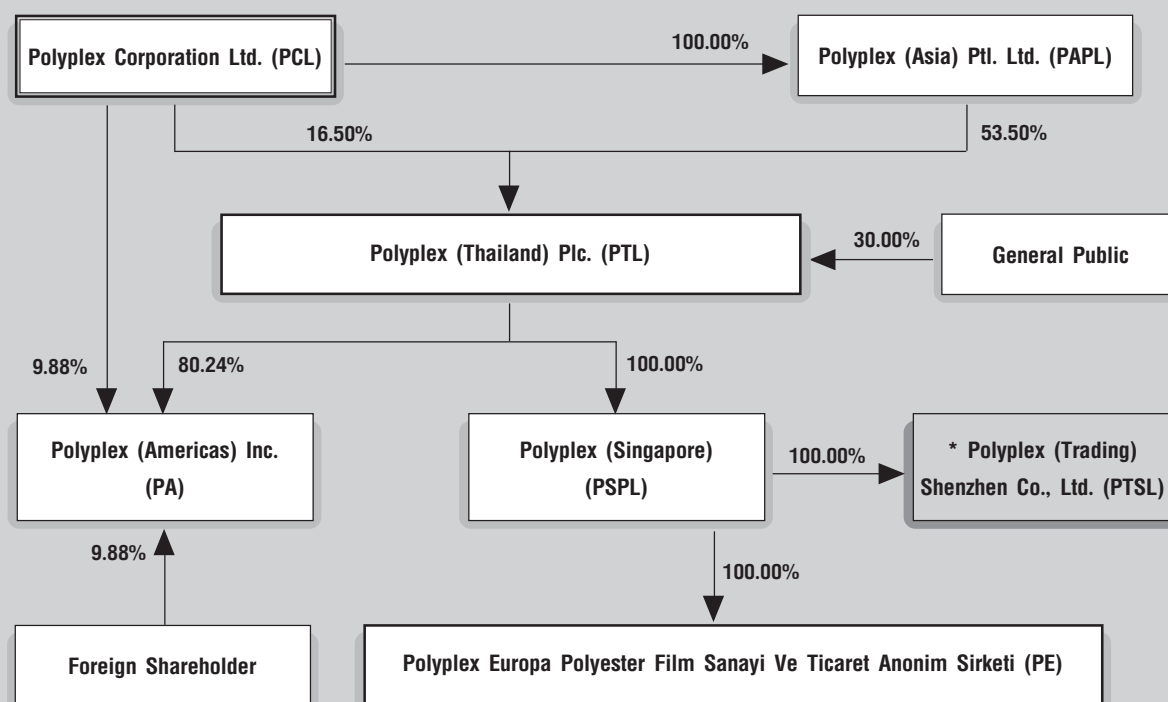
The shareholders' meeting also resolved to reduce the par value of the shares from Bt. 5 per share to Bt. 1 per share to be registered along with the capital reduction.

November 15 -16, 2004	<ul style="list-style-type: none"> - Reduced the 105.6 million preference shares worth Bt. 528 million , currently held by PCL, by a capital reduction process. The reduction make the registered capital Bt. 960 of which Bt. 560 is paid-up capital. - Changed the par value to Bt. 1 per share
December 8, 2004	IPO of 240,000,000 shares at the price of Baht 6.90 per share.
February 22, 2005	PTL was granted a promotion certificate by BOI for Metalliser film with an approved production capacity of 7,500 tons per year.
February 22, 2005	Startup of Continuous Chips Plant with a production capacity of 45,500 MT per annum.
April 19, 2005 & April 22, 2005	The company received approval from the BOI for a restatement of the installed capacity of both its film production lines from 19,500 tons to 24,000 tons each per year as also for its Chips plant from 26,250 tons to 52,500 tons per year
August, 2005	Start up of Metallizer Line 1 in Thailand with an attainable annual capacity of 4,800 MT per annum.
December, 2005	Start up of Thin Pet film line 1 in Turkey implemented by subsidiary company with a production capacity of 24,000 MT per annum.
March, 2006	Metallizer start up in Turkey with a production capacity of 4,800 MT per annum.
December, 2006	Start up of Pet resin plant in Turkey with a production capacity of 45,500 MT per annum
March, 2007	PTL was granted a promotion certificate by BOI for Extrusion Coating film project with an approved production capacity of 18,000 MT per annum for two production lines.
October, 2007	Board of Directors of PTL approved a Project for related product diversification in CPP Film manufacture in Thailand.
November, 2007	Start up of Trial run of Extrusion Coating Plant
November, 2007	Total Productive Maintenance (TPM) policy adopted and rolled out by PTL to enhance productivity.

January, 2008	PTL was granted a promotion certificate by BOI for Metallised Film Expansion Project with an approved production capacity of 8,700 MT per annum.
April, 2008	Commencement of commercial production of the Extrusion Coating line.
May, 2008	Commencement of commercial production of the Thin PET Film line and the Metallised Film line in Turkey and also the Metallised Film line in Thailand.
July, 2008	The OHSAS (Occupational Health and Safety Management Systems) 18001:2007 certification was received for all the product lines
February, 2009	PTL was granted a promotion certificate by BOI for Cast Polypropylene (CPP) film project with an approved production capacity of 15,600 MT for CPP plain and CPP Metallized film.
February, 2009	Board of Directors of PTL approved an Investment for setting up a Trading company in China.
May, 2009	Board of Directors of PTL approved an Investment in a Silicone Coating line. Location to be either Thailand or Turkey, and will be finalized in the next 2-3 months

3.2 Shareholding structure

The current shareholding structure of the Polyplex group is:



* Trading Company Limited in China - under formation

Polyplex Corporation Ltd. (PCL)

PCL, the parent company operating for over 20 years since 1988, is a major producer and distributor of PET film in India selling in both the domestic and overseas markets. It has been listed for several years on Bombay Stock Exchange and other Exchanges in India. Its issued capital is INR 165.70 million (about Bt. 120 million).

PCL has the following production capacities:-

Product	MT p.a	Remarks
Polyester Film	20,000	Existing capacity
Polyester Chips	20,000	Existing capacity
Metallized Film	4,800	Existing capacity
Polyester Film	31,000	Under implementation-Expected :H2 2009-10
Polyester Chips	57,600	Under implementation-Expected :H2 2009-10
Metallized Film	7,000	Under implementation-Expected :H2 2009-10
BOPP Film line	35,000	Under implementation-Expected :H2 2009-10
BOPP Metallized Film	4,500	Under implementation-Expected :H2 2009-10

Its direct and indirect shareholding in the Company aggregate to 70% of the latter's paid up capital.

Polyplex has also evolved an equitable policy for distribution of markets between its Indian, Thailand and Turkey operations based on the several factors like product range, delivered cost to customer, supply lead times and preferential duty access. Based on the same, PTL would serve North America, South East Asia, Asia Pacific, China, Australia & New Zealand. PCL would serve South Asia, and South America. Turkey will serve, Europe, Middle East, Africa and CIS/Russian markets

For the future investment policy, Polyplex group has clear investment policy between the Company and its parent company. Investments in India and South Asia will be implemented by PCL and/or its subsidiaries (except for the Company) while those in Thailand and ASEAN including other areas will be carried out by the Company and/or its subsidiaries. In line with this Investment policy, the Investment to set up a Trading Company in China is being made from PTL, through its 100% held Singapore Investment Company PSPL.

Polyplex (Asia) Pte. Ltd. (PAPL)

PAPL was established as a 100% subsidiary of PCL in July, 2004 and is now a major shareholder of PTL. PAPL was incorporated as an investment vehicle of PCL for its overseas investments (including PTL). The issued and paid up capital of PAPL as of March 31, 2009 stands at USD 1.59 million.

Polyplex (Singapore) Pte. Ltd. (PSPL)

As Thailand and Turkey did not have an effective Double Taxation Avoidance Agreement (DTAA), PTL decided to set up its wholly owned investment holding company in

Singapore to invest in the PET film manufacturing factory in Turkey so as to serve the demand in European and other proximate markets. During the financial year 2008-09, PTL has invested USD 3.5 million in the Preference Shares of PSPL. The issued and paid up capital of PSPL as of March 31, 2009 stands at Euro 44.85 million.

Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Srketi (PE)

PSPL had incorporated a 100% owned subsidiary company, PE in Turkey for operation of Greenfield polyester film plant for export to European and other proximate markets. The commercial operations had started in December, 2005 with the start up of the first thin PET film line. The first Metallizer plant had started production in March, 2006. The PET resin plant commenced commercial production from December, 2006. The second thin PET film line and Metallized Film line commenced commercial production in May'08. The issued and paid up capital of PE as of March 31, 2009 stands at Euro 4.04 million.

Polyplex (Americas) Inc.

PTL had acquired 80.24% equity stake in Spectrum Marketing Inc. (since renamed as Polyplex (Americas) Inc) with effect from January 1, 2006 to enhance its distribution network in the North American market. PCL, PTL's parent company also has a 9.88% stake while the balance 9.88% is held by a foreign US-based shareholder. During the financial year 2008-09, PTL invested USD 4 million in PA's Redeemable Preference Shares, in order to finance PA's working capital requirement. The issued and paid up capital of PA as of March 31, 2009 stands at USD 5.425 million.

3.3 Revenue structure of the Company

PTL operates only in the thin film segment focusing on the Packaging, Industrial and Electrical segments. PTL's standalone and consolidated sales value classified by country group is shown below:

STANDALONE	2006-07		2007-08		2008-09	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
Exports						
Asia	953.73	28.10	976.86	27.06	1,242.90	36.86
North America	579.36	17.10	473.75	13.12	579.87	17.20
Europe	442.87	13.10	597.80	16.56	289.64	8.59
Others	195.48	5.80	296.41	8.21	268.75	7.97
Total exports	2,171.44	64.10	2,344.82	64.96	2,381.15	70.61
Domestic sales	461.78	13.60	537.10	14.88	590.37	17.51
Sale of chips/others ¹	691.07	20.40	650.06	18.01	265.09	7.86
Other revenues ²	65.51	1.90	77.66	2.15	135.62	4.02
Grand total	3,389.80	100.00	3,609.64	100.00	3,372.23	100.00

CONSOLIDATED	2006-07		2007-08		2008-09	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
Exports						
Asia	1,037.78	21.58	1,053.61	16.18	1,409.09	19.95
North America	462.21	9.61	369.12	5.67	574.82	8.14
Europe	1,506.22	31.32	1,905.27	29.26	1,845.54	26.13
Others	451.89	9.40	542.67	8.33	645.32	9.14
Total exports	3,458.10	71.91	3,870.67	59.44	4,474.76	63.36
Domestic sales	1,193.18	24.81	1,438.01	22.08	2,182.39	30.90
Sale of chips/others ¹	67.29	1.40	1,090.00	16.74	202.59	2.87
Other revenues ²	90.26	1.88	113.33	1.74	203.09	2.88
Grand total	4,808.83	100.00	6,512.01	100.00	7,062.83	100.00

Notes. 1) Sale of chips includes both domestic and export sales.

2) Includes Exchange gain, miscellaneous sales, Export Incentive, interest received, etc.

3.4 Business Goal

The vision of Polyplex is to continuously grow, create value and establish global leadership in the plastic film business through building trusted partnerships with Investors, Customers and Employees. Keeping this vision in mind, Polyplex has been moving towards establishing itself as a Preferred packaging substrate provider as against just a PET thin film supplier, by undertaking expansions for manufacturing BOPP film and CPP film, which are other Packaging substrates used by Converters, in addition to PET thin film.

The business goal is to increase market share in various regional markets - through geographically diversified manufacturing presence, increased market penetration in key customers and build a diversified portfolio of products like Metallized films, Clear films, Extrusion coated films, Silicone Coated film, Chemically Coated films, and other grades of packaging films like CPP, BOPP etc.

3.5 Promotion certificate

PTL has been granted six BOI promotion certificates, the salient points of which are as below:-

Certificate No.	Type of business	Date granted
1321(2)/2545	PET film	20-May-02
1287/(2)/2546	PET film and PET Resin	11-Jun-03
1159(2)/2548	Metallized Films	22-Feb-05
1261(2)/2550	Extrusion Coated Films	14-Mar-07
1044(2)/2551	Metallized Films	10-Jan-08
1110(2)/2552	CPP film (Plain and Metallized CPP)	4-Feb-09

By virtue of the provisions of the Board of Investment Promotion Act B.E. 2520, the Company has been granted certain standard promotional privileges on the manufacturing and distributing the polyester film/resin/Extrusion coated film/ CPP film as per the following sections: 25, 26, 27, 28, 31, 34, 35(1), 35(2), 35(3), 36(1), 36(2) and 37

respectively. The Company must comply with certain conditions and restrictions provided for in the promotion certificate. Details of the privileges of each of the above sections are shown at www.boi.go.th

3.6 Business Operations by each product line

PTL is Thailand's leading producer and distributor of PET thin film (Polyethylene Terephthalate Film, also called PET film), with most of the company's production being exported to the foreign countries. PTL focuses mainly on 3 key segments - Packaging, Industrial and Electrical. PTL's customers use the company's products as raw material to produce their end-products which are then sold to their consumers. Some examples of products made from PET thin film are Coffee/Tea bag, snack bag, softener bag, detergent bag, wire/cable wrap and hot stamping foil.

3.6.1 Product Description

PTL is the producer and distributor of thin PET film and has a wide range from 9 microns to 50 microns in film thickness. The film is a high performance plastic film made from PET resin. The thin PET film product produced by the company can be categorized as follows:

- A.) Transparent films which can divided into 5 sub-categories
 - Plain
 - Corona or chemically treated
 - High adhesion films
 - Ultra clear films
 - Co-extruded films
- B.) Metallised films
 - Semi Metallized film (low Optical density)
 - High barrier films
- C.) Specialty Films
 - Twist films
 - Anti static films
 - Heat Sealable films
 - Matt films
 - Thick films
- D.) Extrusion Coated Film
 - Gloss PET Thermal Film
 - MATT PET Thermal Film
 - BOPP Thermal Film
 - Metallized Thermal Film

3.6.1.1 Characteristic of PET film

PET film characteristic properties are as follows:

- Optically brilliant, clear appearance
- Excellent mechanical strength and toughness
- Good dielectric properties
- Good flatness and coefficient of friction (COF)

- Tear-resistant and puncture - resistant characteristics
- Excellent dimensional stability over a wide range of temperatures
- Very good resistance to most common solvents, moisture, oil, and grease
- Excellent barrier against a wide range of gases

PET film can also be modified with varying degrees of shrinkage, opacity & colours and different surface textures for it to be used over a wide range of applications.

A wide range of chemical treatments (in addition to corona) can be applied to PET film during its manufacture to help it adhere to various coatings.

3.6.1.2 End Use segment

Thin PET film can be used in the 3 key segments

1) Packaging

Clear and Metallized thin PET film can be used as part of the outer layer and middle layer of the flexible packaging such as coffee bag, snack bag, softener bag, and detergent bag.

2) Industrial

Comprising of Hot stamping foils, flexible air-conditioning ducts, labels /ID cards, lamination products and many more.

3) Electrical

Wire and cable wrap, membrane switches, flexible printed circuits, capacitors and motor insulation.

The segmental break-up of revenue (PTL Standalone and Consolidated) from Film sales (Plain & Metallized PET films and Extrusion Coated/ Silicone Coated Films) are as follows:

STANDALONE SALES	2006-07		2007-08		2008-09	
Segment	Bt. Mn	%	Bt. Mn	%	Bt. Mn	%
Packaging Use	1,981.02	75.23	2,554.04	88.62	2,546.14	85.68
Industrial Use	640.71	24.33	314.19	10.91	276.03	9.29
Electrical Use	11.49	0.44	13.68	0.47	2.24	0.08
Thermal lamination	-	-	-	-	147.11	4.95
Total Film Sales	2,633.22	100.00	2,881.91	100.00	2,971.52	100.00

CONSOLIDATED SALES	2006-07		2007-08		2008-09	
Segment	Bt. Mn	%	Bt. Mn	%	Bt. Mn	%
Packaging Use	3,206.12	68.93	4,112.56	77.47	5,090.00	76.46
Industrial Use	1,245.28	26.77	1,054.36	19.86	1,005.05	15.10
Electrical Use	199.88	4.30	62.61	1.18	213.10	3.20
Thermal lamination	-	-	79.16	1.49	125.48	1.88
Release Liners	-	-	-	-	223.52	3.36
Total Film Sales	4,651.28	100.00	5,308.68	100.00	6,657.15	100.00

3.6.1.3 Products with similar properties

In certain applications like primarily graphics and magnetic recordings, substituting PET film would result in compromising performance characteristics of the product (e.g., strength, flatness, clarity, tear resistance, thermal stability and chemical resistance). However, in other applications, for which certain PET film performance characteristics may not be needed, PET film competes with a wide variety of substitute materials. These applications tend to fall in the low end of the product range, where other plastic films (e.g., polyvinyl chloride, polypropylene, and polyethylene films) and paper may be considered as lower-priced substitutes. Applications for which a variety of substitute products may exist are primarily packaging and general-purpose industrial applications.

BOPP Films (Biaxially Oriented Polypropylene) is one such close substitute product type, which is comparable in terms of its broad physical and mechanical properties to Polyester films. However, there are pros and cons of using PET film or BOPP films and depending upon the application requirements, a choice of the substrate would be made. As a result of this, both PET films and BOPP films have largely demarcated pockets where one is preferred over the other.

A Comparison of BOPP Films and BOPET (Polyester) Films

Polyester film is considered as the premium plastic film in the flexible packaging industry. This is also reflected by the difference in the volume of the two products.

Features	BOPP	BOPET
Water vapour barrier	Excellent	Fair
Gas barrier properties	Poor	Excellent
Break down voltage	Poor	Excellent
Machineability	Fair	Excellent
Printability	Fair	Excellent
Suitability for metallising	Poor	Excellent
Density (gm/cc)	Low (0.91)	High (1.39)
Strength	Fair	Excellent
Temperature Sensitivity	Poor	Excellent

Polyester film when stretched in both directions gives excellent dimensional stability, gas barrier properties, break-down voltage etc. BOPP, despite stretching remains a 'limp film'. Polyester film has better handling capabilities for fluctuations in temperatures etc. and is therefore also preferred in the less sophisticated markets. In tropical countries PET is also preferred due to its moisture and oxygen barrier properties. In addition products where aroma retention is important require the use of PET; e.g. coffee, tea.

On the other hand, the low density of BOPP (0.91 Vs. 1.39 for PET) makes it a 'cheaper' alternative in packaging. However, the advantage of density

is to some extent offset by the need to typically have a thicker film when using BOPP as compared to PET for the same application. Further, since PET is not ordinarily heat sealable, BOPP is preferred in heat sealable applications.

All over the world BOPP and PET have established their respective segments in the packaging market and overlap is insignificant. Even in times of decline in BOPP selling prices about 2-3 years back, there was no visible impact on the growth in PET films consumption. This establishes the limited substitutability between the two products.

3.6.2 Business Strategy

Key elements of the strategy are:

- Attain cost leadership by way of capacity expansion and vertical integration.
- Capture high growth markets and build good customer relationship.
- To build strong global delivery capabilities with near-shoring and efficient onward distribution network. Acquisition of the distribution company in the USA in early 2006 has been a strategic move of the company in this direction.
- Setting up of the Trading Company in China is another strategic decision to establish the Company's presence in one of the fastest growing economies of the world.
- Further broad base the product portfolio by investing in upgrading technical and R&D capabilities. Setting up of the extrusion coated project, the decision to set up the CPP line in Thailand, Silicone Coating line in Thailand or Turkey, were part of the business strategy to diversify the product portfolio and to add new products to its existing product offering to customers.
- Consolidate market position in key geographic locations before the next phase of growth.

Moving in this direction, the following initiatives have been taken by the Company in the past and are planned for future:

- o The setting up of 2 successive film lines in Thailand was the first step towards achieving cost leadership position along with diversification of customer base.
- o With the start up of the additional film line in Turkey in May 2008, the subsidiary has an even stronger cost effective production base to service its expanding customer base in Europe, Middle East, Africa & CIS/Russia.
- o Backward integration into the manufacturing of PET chips has strengthened the cost structure of the Company in Thailand and also of the subsidiary in Turkey.
- o PTL has started production from the Extrusion Coating plant in April 2008 and from the additional Metallizers in Thailand and Turkey in May '08 and will be able to increase significantly the share of value added products, in its sales portfolio thereby improving its profitability on the whole.

- o The Company has also announced a CPP project/ Silicone Coating line which will help the Company to increase its presence in new product segments.
- o The company has also instituted the implementation of the Total Productive Maintenance (TPM) philosophy to improve the productivity at the plant and this has started bringing about considerable improvements in capacity utilizations, over 100% in both Thailand and Turkey.

3.6.3 Distribution Channel

The Company distributes its products to both domestic and overseas markets, with main focus put on the latter, constituting about 65-75% of its total consolidated sales revenues and 80-85% of PTL standalone sales revenues. Such export markets are classified by region into four groups, namely Asia, North America, Europe and Others.

The product distribution has been made directly to the end users using its own marketing arm as in the USA and indirectly through distributors in designated areas, such as those in Europe. Its indirect distribution through distributors can help support and even boost its sales as these distributors are in close proximity of the target markets, hence allowing for closer service provision to the customers with rapid delivery, and also better market penetration to access small customers.

Value of export and domestic Film sales (Plain & Metallized PET films, Extrusion Coated Film and Silicone Coated films) are as follows:

STANDALONE SALES	2006-07		2007-08		2008-09	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
Exports						
Asia	953.73	36.22	976.86	33.90	1,242.90	41.83
North America	579.36	22.00	473.75	16.40	579.87	19.51
Europe	442.87	16.82	597.8	20.70	289.64	9.75
Other	195.48	7.42	296.41	10.30	268.75	9.04
Total exports	2,171.44	82.46	2,344.82	81.30	2,381.15	80.13
Domestic sales	461.78	17.54	537.1	18.70	590.37	19.87
Grand total	2,633.22	100.00	2,881.92	100.00	2,971.52	100.00

CONSOLIDATED SALES	2006-07		2007-08		2008-09	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
Exports						
Asia	1,037.78	22.31	1,053.61	19.85	1,409.09	21.17
North America	462.21	9.94	369.12	6.95	574.82	8.63
Europe	1,506.22	32.38	1,905.27	35.89	1,845.54	27.72
Other	451.89	9.72	542.67	10.22	645.32	9.69
Total exports	3,458.10	74.35	3,870.67	72.91	4,474.76	67.22
Domestic sales	1,193.18	25.65	1,438.01	27.09	2,182.39	32.78
Grand total	4,651.28	100.00	5,308.68	100.00	6,657.15	100.00

Value of sales to end users and distributors are as follows:

STANDALONE SALES	2006-07		2007-08		2008-09	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
End Users	1,790.58	68.00	1,633.74	56.69	1,384.94	46.61
Distributors	842.64	32.00	1,248.17	43.31	1,586.57	53.39
Total	2,633.22	100.0	2,881.91	100.00	2,971.52	100.00

CONSOLIDATED SALES	2006-07		2007-08		2008-09	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
End Users	3,291.41	70.76	3,353.74	63.17	3,984.70	59.86
Distributors	1,359.87	29.24	1,954.94	36.83	2,672.46	40.14
Total	4,651.28	100.00	5,308.68	100.00	6,657.15	100.00

3.6.4 Markets and competitive environment

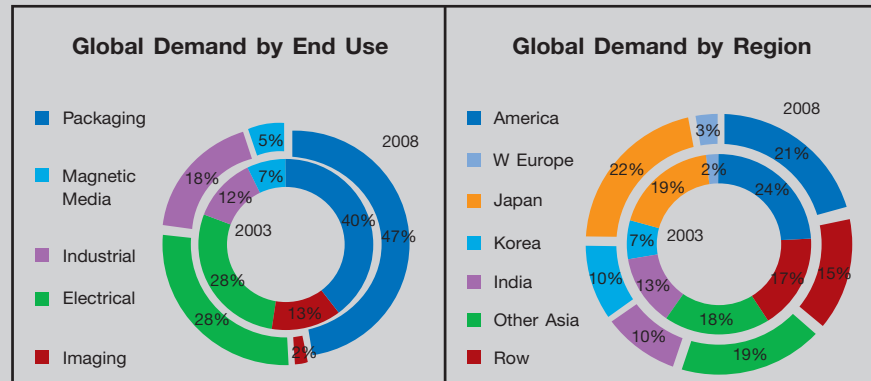
3.6.4.1 Global Demand and supply

The growth in packaging has over the years shifted the production and usage patterns of PET films. The Company's relevant segments of Packaging, Industrial and Electrical constitute 93% of the total demand and the traditional high-end technology segments like magnetic media and imaging segments are reduced to only 7% of the total consumption due to technology transformation. Polyplex produces only thin films, which represents three-fourth of the total PET film capacity.

Better packaging not only improves the shelf life of the products but is also essential for improving product appeal in a highly competitive consumer goods industry. Flexible packaging also plays a key role in source reduction on the principle of 'use less waste in the first place' which has ensured higher-than-GDP growth in the flexible packaging industry across the globe. PET film, being a higher-end substrate within packaging, has grown more rapidly than other substrates, growing at an average of about 7% per annum. Demand in packaging is quite resilient as it relates to consumption of food products and consumer staples which are to a large extent non-discretionary in nature. This has moderated the impact of the global economic recessionary environment on the industry. On the other hand, some of the other segments like industrial and electrical have been impacted more and have witnessed a contraction in demand in 2008.

An increase in the purchasing power in the developing countries has brought with it a large rise in the per capita consumption of packaging material. As a result of this, Asia (excluding Japan & Korea), is the largest market for PET films with almost one-third of the PET films produced in 2008 being consumed in this region. At the same time, per capita consumption of packaging material in developing countries is still very low as compared to the mature markets. The key drivers of demand growth in

these regions are the increase in the share of organized sector, increasing consumerism, changing demographics and the resulting need for better packaging.



Source: Company/ Industry estimates

A similar trend is also evident on the supply-side with most of the new capacities being added in low-cost developing countries. Most of the new capacity is also focused on the packaging segment, with an emphasis on high productivity and low operating costs. This has adversely impacted the traditionally large producers of PET film operating with high cost structures, who have now been forced to concentrate in the emerging niche technologies in PET films like films for LCDs, solar panels and specific high-end applications within packaging. While trade defense measures like anti-dumping and countervailing duties are on the rise in an increasingly competitive market environment, they are unable to address the inherent problems of unproductive assets operating in the developed countries producing regular films.

2008 has been an exceptional year, witnessing a stable demand in the first half, with a sharp contraction in demand later during the year. Most of the demand contraction was on account of inventory correction, especially in the packaging segment. However, as a result of the global economic slowdown, there has been erosion in the demand of the end-products of the Industrial and Electrical applications.

We expect PET film growth rates to be higher than the global economic growth rates following a broadly similar pattern. Some of the capacities being added across the globe over the next 2 years had been planned assuming a continuation of the higher pre-recessionary growth rates. This could depress the operating rates of the PET film lines after the commencement of these new capacities till the time that demand growth catches up with the increase in production capacity. Owing to the increasingly regional nature of the business, the demand-supply situation would vary across regions and some regions like China are expected to

witness relatively lower operating rates. Companies with better quality, access to international customers and a better supply chain model stand a better chance of emerging as winners from a potential slowdown.

3.6.4.2 Industry condition

Global competition

There are currently three distinct classes of PET film manufacturers classified by size of production capacity:

- (i) World majors with production capacity of over 100,000 tons per year (e.g. Dupont-Teijin, Mitsubishi and Toray, Cifu etc). With the start up of the 2nd PET thin film line in Turkey, Polyplex group has also attained a capacity level of more than 100,000 tons and become one of the world major players.
- (ii) Mid-size players with production capacity between 50,000 - 100,000 tons per year (e.g. Kolon, SKC, Flex and Jindal, etc.) and
- (iii) Small / local producers with production capacity of less than 50,000 tons per year

Demand for PET film for magnetic media application has been high in the past, prompting major producers to focus mainly on this segment. Competition in the magnetic media segment is thus confined only to these major ones based on their long and well established expertise and experience.

For other PET films including thin film, competition is seen among all groups of producers thanks to the consistently rising demand, especially for thin film which is used in packaging, industrial and electrical segments where healthy growth of demand has been recorded in the past. Thus small and mid sized producers (including Polyplex group) have expanded their capacity to cope with the increasing demand in these segments. This has led to the expectation of higher market share by some small and mid sized producers in various countries which have surplus production capacity.

Domestic competition

Thailand's PET film market is of small scale as compared to the global PET film market. As per our estimates, demand in Thailand is approximately 20,000 tons per year with an annual historic growth rate of about 6-8%. In the past, domestic producers have put emphasis on producing BOPP film rather than any other types. PTL has principally focused on PET film since its inception in Thailand and started with one PET film line, within nine months set up a second line as well. Over the years, PTL has had several other expansions in film capacity i.e value added films like metallized film, Extrusion Coated film etc and is presently having the largest PET film production capacity in the country.

The production capacities of the various plastic film producers in Thailand are as follows:

Production line (tons per year)	Thai Film Industrials Plc.	A.J. Plast. Plc.	PTL *
BOPP film	103,000	70,500	-
PET film	3,500	28,500	48,000
CPP film	3,500	-	-**
BOPA film	-	8,000	-
Metallized film	7,000	9,275	16,200
Extrusion Coating film	-	-	9,000
Other coated films	3,000	-	-
Total	120,000	116,275	73,200

Source: Annual Report of A.J.Plast Plc and T.F.I Plc

* PTL capacities are as approved by BOI

** CPP film project with a BOI approved capacity of 15,600 MT per annum (CPP Plain + CPP Metallized film) is under implementation, expected to start operations by Q3 of 2009-10.

In 2002, Thailand's production capacity of PET film was around 12,000 tons, and has increased to about 80,000 tons currently.

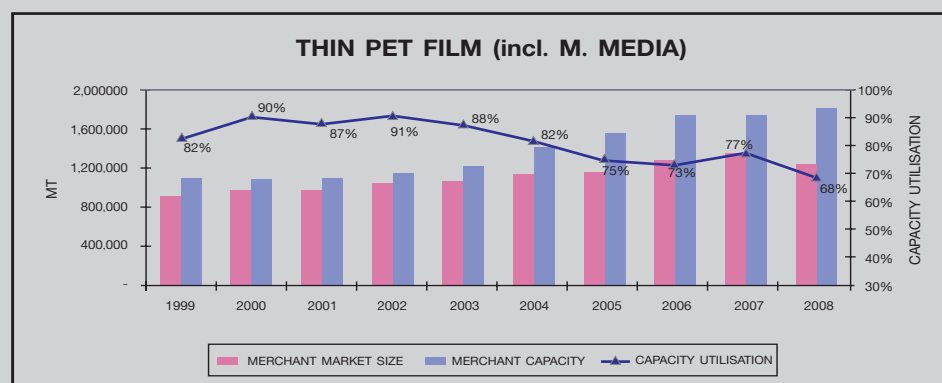
Most of PTL's production is intended for exports while the other PET film producers have been more focused on the domestic markets. Despite the disparity between domestic supply and demand, PTL does not foresee any specific threat due to its different sales profile.

Conclusion on PET film industry

The PET film industry has been expanding successively in the past. The main driving factor for the past five years has been the growth of the packaging, industrial and electrical segments. Meanwhile, PET film producers have boosted their capacity utilization and/or their production capacity aggressively to respond to the increasing growth of demand. During 1999-2003, global average capacity utilization of PET film accounted for 82-91% of rated or nameplate capacity, considered a high utilization rate being close to the full machinery capacity. In practice, some producers can produce lower than the nameplate capacity due to the long use and hence the poor condition of machinery while some can produce with capacity utilization even higher than 100% of the nameplate capacity using new and modern machinery and based on their long-time expertise and experience.

However, from 2004 onwards, as a result of excess capacity built up, the average capacity utilization for thin films has declined to lower levels, in the range of 70-80%. During the year 2006, there was a down cycle in the PET film industry and the utilization rates dropped to a low of about 73%. With the growth in demand catching up with the capacity additions, the utilization rates had

recovered in 2007 and first half of 2008 to up to 80% levels. However, due to the global economic slowdown, the second half of 2008 witnessed a sharp contraction in demand thereby impacting the utilization rates in the PET film industry.



Note: Figures for 2008 are tentative estimates from industry sources

Despite the rising demand for PET film, it is not easy for new entrants to compete with the existing players. It is because it is an industry that needs high levels of know-how, skills and expertise to ensure the exact product size, standard and specifications required by the customers. Project management skills are also needed to enhance efficiency and cost effectiveness that will lead to competitiveness against other producers. Capacity expansion may be unavoidable to attain larger size and hence economy of scale.

Polyplex group has accumulated over 20 years experience in the PET film industry. It has been strengthened with consistent expansion in production capacity. Its management is highly competent. Delivery of products is efficient by having geographically distributed production bases that allow for easy access to the customers. It has clear classification of markets among the companies in the group. For example, PTL which is based in Thailand is in charge of catering to markets in Thailand, East Asian countries, China, Southeast Asian countries, Australia, New Zealand and America, while PE which is based in Turkey, will serve customers in Europe, Middle East, America, Africa and Russia/CIS.

The emphasis on the countries with high demand growth potential, production and cost effectiveness and concentrating on business segments such as packaging, industrial and electrical segments which have recorded healthy growth all along has contributed to the Polyplex group becoming the fourth largest producer of thin PET film (excluding capacity for magnetic media).

In view of tariff barrier measures taken by importing countries such as anti-dumping and anti-subsidy duties, the Company's parent company based in India has experienced such threat from both the EU and the USA several times. It has thus been keen on the issue, having information on the criteria and inspection process adopted by those countries and knowing how to deal with

the problem. It is an outcome of the understanding of the process, that USA has levied zero duties till date under the anti-dumping measure against the parent company.

As regards Thailand, an Anti Dumping petition was launched by the USA manufacturers of PET film against PET imports from 4 countries i.e. China, Brazil, Thailand and UAE in September 2007. In the final determination by the International Trade Commission (ITC), a negative injury ruling was given in favor of Thailand, whereas the following anti-dumping duty rates have been notified against the other countries' imports:

China - 3.49 - 76.72%

Brazil - 28.72%- 44.36%

UAE - 4.80%

This will provide an opportunity for Thailand to increase its market share in USA.

In March-2007, the appropriate authority in the Government of Brazil had initiated an anti dumping investigation against Thailand besides India, against imports of PET films into Brazil. The company as also its parent company in India had fully cooperated with the same and submitted their detailed questionnaire responses. As a final outcome of this investigation, an Anti Dumping duty of about 28 cents/Kg on imports from Thailand to Brazil and about 9 cents/Kg of Anti Dumping and Countervailing Duty on imports from India to Brazil has been levied. PTL's export sale to Brazil is insignificant as compared to the total sales volumes. (only about 200-300 MT pa) . As such, the adverse fall out of the investigation by the Government of Brazil has had a minimal impact on our sales.

The company is undertaking all the safeguards to insulate against the risk arising out of anti-dumping duties and other protective barriers imposed by the importing countries.

Outlook for the PET film industry:

- Addition to global capacity during the next 1-2 years which was earlier expected to be commensurate with growth in demand of 8-10%, may result in under utilization of some capacities with the drop in overall demand growth rate
- The increase in production capacity is coming up mainly in China and India (about 150,000 - 200,000 MT) over the next 1-2 years.
- New entrants from China have been increasingly dominating the market for PET film in the last 2-3 years, but their production is expected to mainly fulfill domestic demand which is growing rapidly. Moreover, with their limited skills, expertise and experience, their production cost and productivity levels fail to be competitive globally. They will need more time to develop the technical expertise to be at par with the existing global players.

- The cyclical nature of the industry would continue but the severity of the ups and downs as witnessed in 1995 would be moderated.
- Dominance of the existing 3-4 large producers with market share of about 25-35% is likely to continue though with a reducing share. However, decline in their traditional market segments and slower growth in their home markets has constrained their ability to improve their PET film operations. Lowering production cost through acquisitions and joint ventures with low-cost Asian countries, rationalization of capacity and continued emphasis on technology intensive niche products could be an important strategic response.
- The transitioning of the industry to Asia would pose higher competitive pressure in the years to come.
- Demand growth for the products in the Packaging, Industrial and Electrical (PIE) segment is likely to be flat, due to the economic slowdown. The industrial segment has been adversely hit by the slowdown and is expected to have a negative growth in the current year. Packaging growth is expected to remain positive, however at lower rate of 2-4%. So the overall growth in the PIE segment is expected to remain flat for this year.
- Mid size and new producers would increasingly look to diversify their product range from commodity grades to specialty grade films to improve margins.
- Increasingly, the larger producers are trying to tie up strategic partnerships or acquisitions in order to ensure growth, presence in diversified markets or products or even as a measure to acquire technology for newer and sophisticated product range.

3.6.5 Manufacturing of product

3.6.5.1 Production

PTL is having 2 plots of land, one at No. 60/24 Moo 3, Siam Eastern Industrial Park, Rayong Province, with an area of 28 rai 50.9 square wah and the second one is located opposite to this plot, at 60/91 Moo 3, Siam Eastern Industrial Park, Tambol Marbyangporn, Amphur Pluakdaeng, Rayong 21140 having an area of 35 rai, 2 nang, 54.80 square wah. The Company's PET thin film lines, Metallized film lines and the Polyester Chips plant are located on the first plot of land. The Extrusion Coating line, which started commercial production in April 2008, has been set up on the second plot of land. The new Cast Polypropylene (CPP) project is under implementation on the second plot of land. The future expansion projects may also be set up in the same plot of land, as there will be vacant land even after the implementation of the CPP line.

3.6.5.2 Production capacity

PTL currently has two PET film production lines, two Metallised film lines, one Continuous Processing PET resin manufacturing plant, one Batch processing PET resin plant and one Extrusion Coating line. A project for

setting up a CPP film line with a CPP metallized film line is underway and is expected to start operations by Q3 2009-10.

Capacity of Polyplex group, present and projected as on 31st March 2009, is as follows:

	Capacity (tons per year)	
	31 st March, 2009	Projected as at 31 st March 2010#
a) PET film		
India	20,000	51,000
Thailand*	48,000	48,000
Turkey	48,000	58,000
Total capacity	116,000	157,000
b) PET resin		
India	20,000	77,600
Thailand*	52,500	57,000**
Turkey	45,500	57,600
Total capacity	118,000	192,200
c) Metallized film		
India	4,800	11,800
Thailand*	11,000	11,000
Turkey	11,000	11,000
Total capacity	26,800	33,800
d) Extrusion Coating film		
India	-	-
Thailand*	9,000	9,000
Turkey	-	-
Total capacity	9,000	9,000
d) BOPP film		
India	-	35,000
Thailand	-	-
Turkey	-	-
Total capacity	-	35,000
d) BOPP Metallised film		
India	-	4,500
Thailand	-	-
Turkey	-	-
Total capacity	-	4,500
e) CPP Film (Plain +Metallized CPP)		
India	-	-
Thailand*	-	15,600
Turkey	-	-
Total capacity	-	15,600

	Capacity (tons per year)	
	31 st March, 2009	Projected as at 31 st March 2010#
f) Silicone Coating Line		
India	160 million sq.mtrs	160 million sq.mtrs
Thailand##		##
Turkey		
Total capacity	160 million sq.mtrs	160 million sq.mtrs

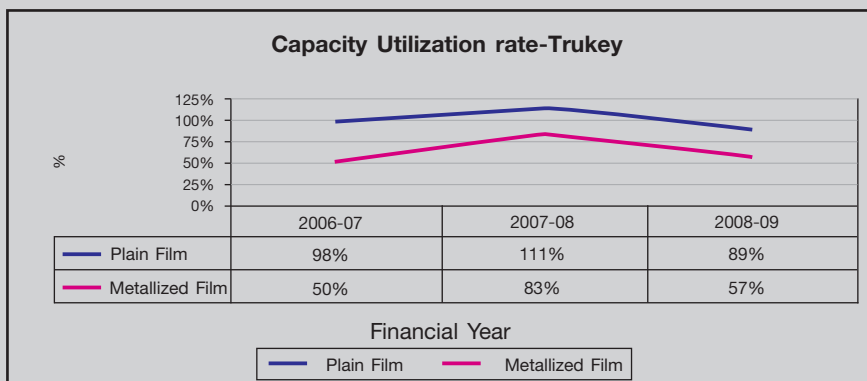
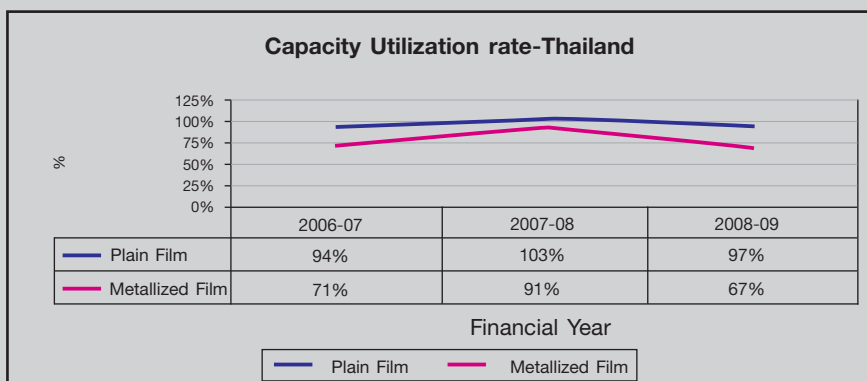
* Capacities for Thailand are as approved by BOI based on theoretical output and the actual attainable output could be lower.

** BOI approved capacity for Polyester Chips has been increased from 52,500 MT to 57,000 MT w.e.f 19th May'09

Due to attainment of higher productivity levels (> 100% in the past), all the attainable capacities in the group have been restated from FY 2009-10 onwards

Investment in a Silicone coating line has been approved by the Board of PTL in May 2009, location of the project to be Thailand or Turkey.

The capacity utilization rates for the Plain and Metallized film lines in Thailand and in Turkey are as follows:



3.6.5.3 Major raw materials

PET resin

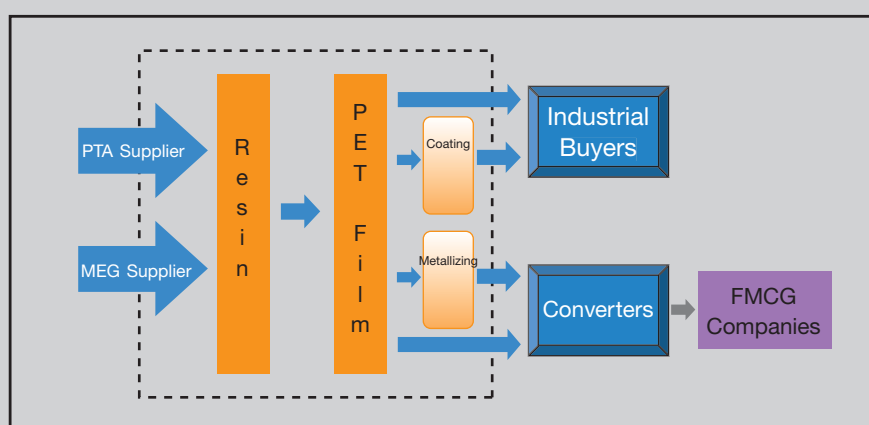
PET Resin (polyethylene terephthalate resin) is the major raw material in the production process for PET films. In beginning, the company had procured most of its PET resin requirements from two unrelated suppliers.

The requirement of procuring PET resin from outside suppliers have gone down since 2004/05 after the company commenced production of its captive PET resin in two phases.

Purified Terephthalic acid (PTA) and mono ethylene glycol (MEG):

The major raw materials for PET resin production are purified terephthalic acid (PTA) and mono ethylene glycol (MEG). To ensure uninterrupted procurement of raw materials the Company has currently tied up with one local supplier each for PTA and MEG. The company enters into Annual contracts as per which 100% of the company's requirements would be supplied as per the specified price formula throughout the contractual period(s).

The value chain for the Company's business is depicted below:



3.6.5.4 Impact on the environment

There is a negligible impact on environment caused from the production process since PET in both film and resins are generally recyclable.

Since its commencement of production in March 2003, PTL has not faced any significant problems relating to the environment. Inspection by the Industrial Factory Department has been undertaken on a regular basis, the result of which has come out that the Company's manufacturing process poses no environmental impacts. PTL has renewed its ISO 14001:2004 certification on environment management system and ISO 9001: 2000 certification on quality management system on March 9, 2007 for its film plants and the same has been extended for the resin and Metallizer plants also. The company has also obtained the EIA approval for its resin plant. The OHSAS 18001:2007 (Occupational Health and Safety management system) certification has also been received for all the products - Polyester Film, Polyester Chips, Metallized Film and Thermal Lamination Film. The Extrusion Coating line is also certified with the ISO 9001:2000 and ISO 14001:2004 quality certifications.

4. Risk Factors

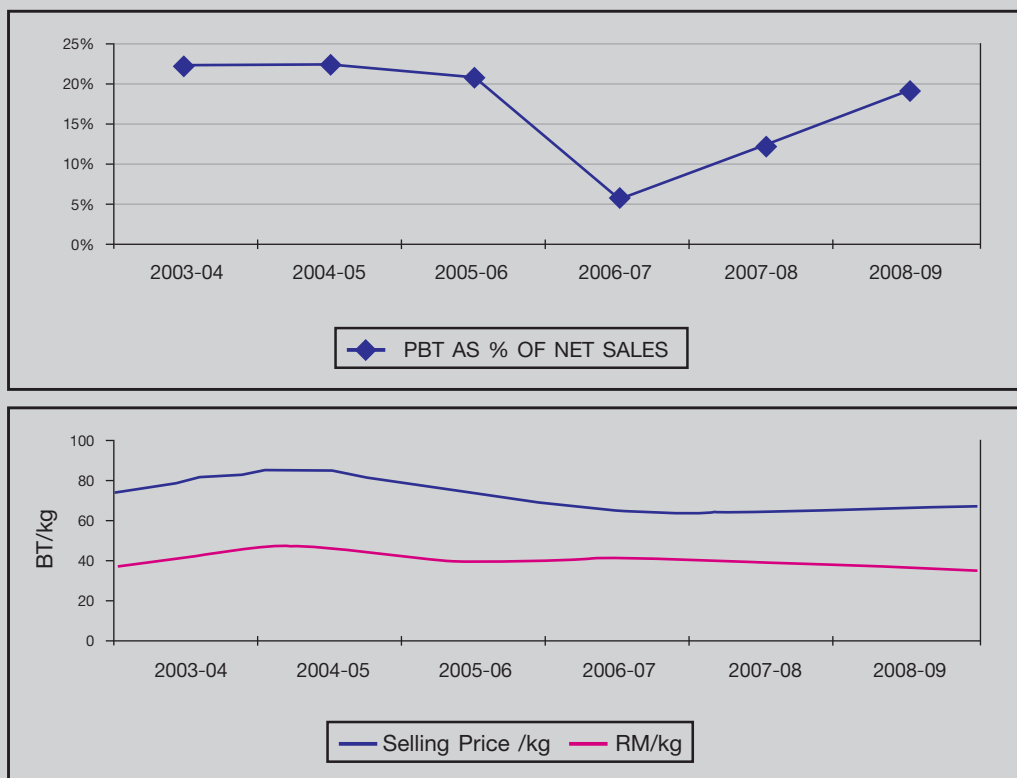
Before making a decision to invest in the shares of the Company, investors should prudently consider the information about risk factors described in this section and all information contained herein. Apart from the said risk factors, there are still other unpredictable risks that may adversely impact the Company's operating results.

The key risk factors are:

4.1 Industry Cycle

The industry cycle of PET film hinges on the spread between the PET film price and the prices of PTA and MEG which are major raw materials. At the time of tight supply, the PET film and raw material price spread will widen to a greater extent, thus encouraging manufacturers to increase production by expanding their capacity. On the contrary, if PET film supply is larger than market demand, the film price will drop, hence narrowing the spread between the film and raw material prices. This cyclical nature will inevitably affect every producer's revenues and profits. To illustrate such cyclical impact, the movement of profit before tax/sales of PTL (standalone), is shown in comparison with that of the prices of PET film and raw materials, as below:

Comparison of profit before tax/sales of the PTL with prices of PET film and raw materials



Source: Company information

The cyclical behavior can be seen in the above data of the last 5-6 years has direct impact on the operating results of PET film producers and the Polyplex group.

To mitigate such risk, the Company has sought to undertake the following:

- With high productivity levels and cost control measures, Polyplex believes it is one of the lowest cost producers of polyester film in the world which will help it deliver better financial results than the other constituents of the industry. [Please see Section 3 on Business Operations]
- Increase its product portfolio by introducing new products like Extrusion Coating Film (already commenced production in April 2008), CPP Film (underway and expected to start up by Q3 of 2009-10) and the Silicone Coating Line approved by the Board in May 2009.
- Accessing customers operating across countries in the flexible packaging and industrial segments by presenting alternative sourcing options from India, Turkey and Thailand and thereby mitigating their risks. This enables a more stable pricing regime.
- Increased focus on product development through R&D or technology acquisitions besides creating a strong technical services team are likely to be additional differentiators between Polyplex and its competition

4.2 Risks relating to uncertainty in prices of the product and raw material

The basic raw material for production of PET film is PET resin, which is in turn produced from Purified Terephthalate Acid (PTA) and Mono Ethylene Glycol (MEG).

Since the cost of resin is the single largest component of the total production cost, the fluctuation in the resin price may hurt the Company's operating margins depending upon the ability of the Company to pass the increase in costs to its customers. As selling prices are usually negotiated on a monthly / quarterly basis, in a balanced demand supply situation, PTL is usually able to adjust the selling prices following any changes in the PET resin cost and other operating costs.

Comparison between average raw material cost and average selling price of the Company for the past 6 years is given below.

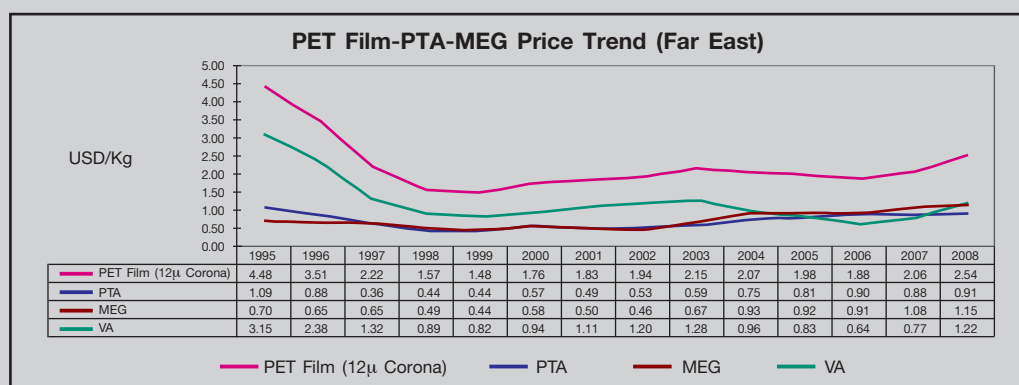
	Raw material cost (Bt. per kg.)	Product selling price* (Bt. per kg.)
Year 2003-04 (Apr 1, 03 - Mar 31, 04)	37.07	73.68
Year 2004-05 (Apr 1, 04 - Mar 31, 05)	46.98	84.67
Year 2005-06 (Apr 1, 05 - Mar 31, 06)	39.33	74.09
Year 2006-07 (Apr 1, 06 - Mar 31, 07)	40.68	64.43
Year 2007-08 (Apr 1, 07 - Mar 31, 08)	38.49	64.87
Year 2008-09 (Apr 1, 08 - Mar 31, 09)	35.11	66.84

* Average Net realization per Kg of Plain film

As seen from the above table, PTL has had to reduce the Selling prices in line with the reduction in raw material costs, at the same time, the company has been able to pass on the increase in raw material costs to the customers in most cases, except for 2006-07, where PTL witnessed a fall in the selling price despite higher raw material costs due to increased global production capacities resulting in increased competition. Also raw material prices witnessed a sudden spike in the first 2 quarters of the financial year 2006-07 and the company was able to partially adjust the selling prices only towards the second half of the year. In the FY 2008-09, although the raw material costs have reduced, there has been an increase in the Selling price, mainly due to sharp decline in raw material costs in Q2 2008-09 and the time lag in adjustment of the selling price for this reduction.

Analysis of historical data shows high correlation between PTA/MEG - polyester film prices. The spread between two intermediates would vary depending upon the demand-supply situation of the commodity. Also sudden and sharp movements in raw material prices may affect the correlation for some time.

The chart below shows the past trend in the pricing of PET film and PTA and MEG:



Source: Industry information

The above industry data of the Far East demonstrates that variations in the raw material prices by and large tend to get passed on to the end-customers. The demand-supply balance of PET films which could vary across regions could impact margins. The spread between the raw material and PET films, especially over the last few years, has moved in a band. PTL's contracts with some customers provide for a quarterly/periodic review in pricing which enables it to adjust for any raw material cost movement.

The Company monitors world and local input price trends carefully and determines its procurement plans accordingly.

4.3 Risk associated with reliance on only a few raw material suppliers

In the past, PTL had been procuring PTA and MEG (which are the key inputs for captive production of Pet resin) almost entirely from one supplier each. For PTA, the company was buying from a large local supplier and importing MEG from a reputed Middle Eastern producer out of its storage tanks in Singapore.

However, PTA and MEG are well traded commodities and available from a variety of sources. From the year 2006-07, the company has switched to local supply sources for both the raw materials and is now meeting 100% of its requirement domestically. The company has entered into long term / yearly contract for the supply of the raw material to ensure its availability. These contracts also have a supply guarantee clause to ensure that the risk of buying 100% from a single source and also a single plant operation is mitigated.

4.4 Risk from competition from existing manufacturers and entry of new players

PTL mainly focuses on export sales. With consistently rising demand for PET film, competition comes from such world leading manufacturers as Dupont-Teijin, Toray, Mitsubishi, all of which are well-established companies with long experience in this industry, as well as medium to small producers and new entrants with strong capital to accommodate investment in PET film plants and machinery.

Compared with the above large players, PTL has a lower cost of production and focuses on producing thin film which is PET film of high growth potential to serve packaging, industrial and electrical applications. For those who are new entrants, they need to improve and develop their production competence to ensure competitively low cost against the existing players, the process of which will certainly take some time. Besides, they need to build up their customer base which can happen gradually through supply of consistently good quality products. Thus, PTL is confident that it will readily be able to compete against both world leading producers and newcomers. While the financials of the company and group would reflect the cyclical trend of the industry, it would be able to demonstrate superior profitability in any market situation due to its competitive edge as reflected in lower costs, good quality, higher productivity, value added product mix and sales reach.

The Company has strategically embarked on various expansion projects in Turkey and Thailand in the recent past and also has few other expansion projects in the pipeline which will further strengthen its competitiveness (Refer Section 3 -Business Overview for details on Projects commenced during the year and Section 6 -Future projects for new projects in the pipeline) The company has been continuously evaluating other growth options in PET film / value added products / related areas like CPP / BOPP/ Silicone Coated Films at all locations in Turkey/Thailand/India and has also been evaluating possibilities for any acquisitions to further expand its manufacturing base and also to improve its cost structure, product offering and market reach / penetration.

4.5 Risk from trade barrier measures

Trade barrier measures taken by various countries are broadly of two major types:

- a) Anti-dumping (AD): An anti-dumping duty can be imposed on imports if the ex-factory prices of such imported products are proved to be lower than the local

selling prices of the similar products in the countries of the exporters. For the past years, the countries adopting this measure are the EU and the US against such countries as India and South Korea.

- b) Anti-subsidy: A countervailing duty (CVD) can be imposed if the government or any government agency provides any benefits or privileges specifically to any company or exporter of such country.

Such tax measures will cause import duty on the goods produced and exported from the targeted countries imposed at such a high rate that such goods will carry higher prices and hence have difficulty to compete with the products of the rivals. For manufacturers having a regional manufacturing base in such locations, such trade defense measures can be an opportunity if anti dumping duties are levied against imports from the Asian low cost producers.

The company is undertaking all the safeguards to insulate against the risk arising out of anti-dumping duties and other protective barriers imposed by the importing countries. A geographically well-diversified sales portfolio will help mitigate the adverse fall-out of such an action, if any.

Last year, in the US Anti Dumping petition against producers of PET film from Thailand, China, Brazil and Middle East, there was a negative injury ruling by the International Trade Commission (ITC) against Thailand and consequentially, there will be no duty against Thailand imports into the US market.

As an outcome of the Anti-Dumping Investigation by Brazil in the year 2007, against Thailand besides India, an Anti Dumping duty of about 28 cents/Kg on imports from Thailand to Brazil and about 9 cents/Kg of Anti Dumping and Countervailing Duty on imports from India to Brazil had been imposed. However, the impact of this on the Company is minimal, as the sales to Brazil are almost negligible.

4.6 Risks from future projects

4.6.1 CPP Film project in Thailand

The Company is currently in the process of setting up a project for manufacture of CPP film which will be a related product diversification for the company and help in diversifying its product risk. The technology for manufacture of CPP film is fairly established and the project would be similar to PET film, where sufficient know-how is already available with the company. Besides that, we also have an experienced projects team which has had a very good track record in the past, of starting projects on schedule and within budgeted project costs. The company also has customer synergies. The same set of customers may have a requirement for PET as well as CPP film, so we can make a broad base offering to the customers in the packaging converting industry and become a preferred single

supplier for all their product needs. We can leverage on our existing sales and distribution network to further develop our customer base for CPP film. As far as the market risk is concerned, we are targeting a relatively small share of about 7% in the South East Asian market, which is fragmented with about 3-4 main players holding > 40% market share in the region and as such, gaining 7% market share is not such a big risk. The other smaller players have older and smaller lines which have productivity and quality issues. PTL is going for a wider line which will help in higher productivity, higher speed and better quality of products.

The financial closure for the Project had been done in 2008 and so, the funding risk on this Project has also been taken care of.

On the whole, the company is of the opinion that the risk associated with this project is not as high, since the Investment size is also relatively small.

4.6.2 Thin PET Film expansion project

In May 2008, the Board had approved in principle, an Investment of USD 70 million in a Polyester Film, Polyester Chips and Metallized Film line in Thailand.

However, pursuant to the global economic crisis and the aggressive de-stocking along the supply chain which impacted the company's sales volumes/profitability in second half of last FY, it has been decided to keep this project on hold until the actual impact on the industry, its growth and the demand- supply is assessed. The Company would like to ensure that the timing of the Project implementation is planned properly so that the growth in markets can be rightly captured.

However, the key risks, associated with this Project, apart from the planned timing of the implementation discussed above, arise mainly from Market, project execution, operation and maintenance of the plant and Project financing.

The entire market scenario (demand-supply) is being reassessed for evaluating the potential impact on account of the global slowdown. The company is identifying existing key markets where there may be a potential to increase market share, while also exploring options to develop new markets where there is a strong growth potential. Since Thin PET film is an already existing product for the company, market development activities will be taken up in full swing so as to ramp up the production to full capacity in the shortest possible time

As far as the Project execution is concerned, the company does not foresee any major concern as it has an experienced Projects team which has implemented similar projects in the past smoothly in scheduled project time and well within the budgeted project cost. The team of competent managers will put in their best efforts to ensure that the plant is running at high productivity levels.

The company currently has 4 local banks in its portfolio of banks that have supported expansion projects in Thailand and in Turkey. The company is confident of gaining the support of these banks in financing the new expansion projects as well. The company proposes to borrow up to 65-75% of the Project cost and will make a choice of 1 or more banks depending on the terms and conditions offered by each of the banks.

4.6.3 Silicone Coating Project

In May'09, the Board has approved an investment in a Silicone Coating line. The location of this Project will be either Thailand or Turkey, and will be finalized in the next 3-4 months. Although this will be a new product for PTL, the risks associated with this Project are known to Polyplex, since PTL's parent company in India (PCL) had set up a similar Project in 2007 and has since then, been manufacturing and successfully selling this product at much higher value additions than normal polyester films. The decision to invest in this Project is due to the satisfactory and successful market response to the earlier line in India. Polyplex sees a high growth potential in this segment and also believes that this will help in further diversifying its product portfolio.

The major risks associated with this Project are as below:

- **Market Risk:** Since Polyplex has a global reach and an extensive marketing and distribution network, the Company does not foresee any major risk in developing the markets for this new product. Moreover, the market research data and the market experience already available with the parent company can also be leveraged upon to ramp up the sales once the Project is implemented.
- **Competition Risk:** The Company believes that its cost structure would be globally very competitive and will be one of the major advantages to gain an edge over some of the existing producers in Europe and USA.
- **Project Implementation risk:** Implementation of the Project within the Budgeted cost and timeline is another critical aspect for the success of any Project. Based on past experiences, it can be very well said that the experienced Projects team at Polyplex can ensure successful implementation of new projects on time and within Budgeted costs.
- **Funding Risk:** The size of the Investment is not very big and the Company plans to borrow debt to the extent of USD 13-14 million or its equivalent, which is about 65-70% of the Total Project cost. Once the location of the Project is finalized, the Company will approach the banks for the financing and is confident that there should be no major issues in raising the Long Term debt.
- **Currency Risk:** The borrowing for the Project funding would be planned based on the future inflows from the Project Operations, so that a natural

hedge can be created to the extent possible. So, the currency of borrowing would be most likely in Euro, if it is in Turkey or in USD, if it is in Thailand.

Apart from all the Project specific risks and their mitigation plans as discussed above, the Company would also like to mention here that the overall Project risk of any new Project is covered by taking appropriate Insurance policies to cover various risks such as Erection and Construction all risks, Marine risks, Loss of Profit coverage due to delay in Project Start-up.

4.7 Risk from dependence on the parent company

Polyplex Corporation Ltd. (PCL), through direct and indirect shareholding, currently controls 70% of the shareholding in PTL.

In the initial 2-3 years of its incorporation, PTL's core management team consisted of persons who were previously employed by PCL and they played a vital role in successfully establishing PTL's plant ahead of the schedule and at a lower-than-estimated cost, together with ensuring high productivity levels resulting in the Company's ability to produce quality products at a competitive cost. However, after about 4-5 years of running, once operations were fully stabilized, the company successfully implemented a program for reducing the dependence on expatriates by increasing the proportion of local Thai staff in operating/managerial positions and has been managing the production and operations efficiently thereafter.

The Company's present management team is composed of experienced key personnel in production, marketing, distribution and accounting/finance. It has thus been able to run the business on its own without reliance on the parent company. It is only in the research and development area where the parent company provides know-how free of charge seeing it as a subsidiary company.

PTL's business operation is independent from PCL in such undertaking as public offering of equity, borrowing of loans, and other investments in the future, for instance. The parent company need not request any approval from any government bodies except for report of significant events to two stock exchanges where it is listed, namely Mumbai Stock Exchange and National Stock Exchange.

The Company is confident that there will be no conflict of business interest between PCL and PTL on account of the following:

- It is Polyplex's policy in business operation that there is an equitable distribution of business between the various manufacturing units aligned to efficient servicing of customers.
- The investment in PTL is in a significant proportion against PCL's assets, hence the success of PTL being critical for PCL.

(Details of marketing and investment policies between PTL and PCL in Section 3)

4.8 Risk from sponsor group holding about 70% of total shares

Currently, PTL's major shareholders are PCL (As of March 31, 2009 the promotor Mr. Sanjiv Saraf and related parties control 46.93% in PCL), holding 16.50%, and Polyplex (Asia) Pte. Ltd. ("PAPL") which is wholly owned by PCL, holding 53.50%, thus in aggregate holding 70% of PTL paid-up common shares of Bt. 800 million. Thus, in matters that require a three-fourths majority vote of shareholders, the minority shareholders can successfully oppose corporate actions undertaken or supported by the majority shareholders. However, the parent company will continue to play a vital role in determining the Company's policy on business administration and operation.

However, PTL has set up a three-member Audit Committee to provide for an audit of the operations and the management. Besides, PCL is listed on the Stock Exchanges in India and abides by the Corporate Governance regulations prevailing for listed companies in India.

4.9 Foreign exchange risk

Most of PTL's products, i.e. about 80-85%, are for exports, which are mostly denominated in US dollars and Euro. As against this, raw material (PTA & MEG) prices are also linked to the US dollar, although their payments are done in Baht and there are Long term loan related interest payments/loan repayments in USD and Euro. The company as at Mar 31st '09 had Euro loans of about 10.83 million and USD loans of about 22.7 million. There are only some expenses which are in Thai Baht, i.e. packing materials, salaries, utilities and other administrative expenses which have to be settled by income from domestic sales and from the surplus income from USD/Euro exports. Thus, broadly speaking, PTL has a net surplus US dollar and Euro position on the trade front, which can be hedged somewhat against repayment of its long-term loans. To the extent possible, the company has been trying to create a natural hedge to mitigate the risk from currency fluctuations. In some cases, the company has also taken tactical hedge through forward covers from time to time as a short term measure to mitigate risk.

The company will borrow additional amounts to the extent of USD 10.25 million for the CPP project (Loan agreements already signed) and will also tie up another USD 13-14 million equivalent long term loan for the Silicone Coating Project. This funding would be planned based on the future inflows from the Project Operations (most likely to be Euro, if it's in Turkey and USD, if it's in Thailand), so that a natural hedge can be created to the extent possible

4.10 Interest rate risk

As of March 31, 2009, the outstanding long term was Euro 10.83 million, USD 22.7 million and Baht 119.5 million, whereas outstanding short term loans was NIL. The USD loans have floating LIBOR based interest rates and the Euro loans have floating EURIBOR based rates. The Baht term loan is at a Fixed rate. The floating interest rate may put the Company at a risk of rising financial cost if the interest rates move up. The company has been constantly monitoring the interest rates and has taken interest rate swaps for converting the liability into fixed rates, if considered beneficial.

4.11 Risk from overlap of products and markets

The product portfolio of PCL, PTL and PE is quite similar. In order to mitigate the risk of overlap of products and markets, PCL, PTL and PE have agreed on a clear cut policy on market segmentation. Under the policy, markets have been assigned to all the 3 group companies on the basis of logistics (cost and delivery terms), varying product range, preferential duty access in certain markets, availability of material etc (Section 3). Even for the new expansion in a Silicone Coating line, being planned in Thailand or in Turkey, the Company will work out an appropriate strategy with the parent company in India, so as to have clearly defined market segmentation so that there is no overlapping of markets in this product.

The Polyplex group also has a policy on future investments in polyester film / related areas between the Company and its parent company. Investments in India/SAARC region would be decided and made by PCL and its other subsidiaries (excluding PTL) while investments in Thailand / ASEAN region as well as other countries would be in all likelihood be made by PTL or the subsidiaries in which the Company has a major stake (detailed in Section 3).

4.12 Credit risks

Credit risk of customers is another significant risk for any business. The Company manages the risk by adopting appropriate credit control policies and procedures. All the sales, which are on credit are secured either through a Letter of credit issued by the customer or by taking appropriate credit insurance coverage for both domestic and export sales.

In the current economic scenario, the Company is taking extra caution in selection of any new customers and granting of credit.

4.13 Risk from Global economic crisis

The economy of every country and almost every major industry has been impacted to some extent due to the overall global economic slowdown. In comparison with most other industries, it maybe said that the impact on the PET thin film industry has not been so significant although there was a temporary contraction in demand due to the aggressive de-stocking in November'08 to Jan'09. But since most of the products are being used in the packaging of consumer staples (food items, soaps, detergents etc), it may be said that the products are recession resistant and the same is also reflected in the return of sales volumes to normal levels since mid February 2009.

As one of the measures to counter such risks, the decision to invest in the setting up of the Trading Company in China, approved by the Board in February 2009 has been a strategic initiative to establish the Company's presence in China, which is one of the fastest growing markets in this industry. This would enable the Company to have a presence in almost all the major markets of the globe.

Apart from this, the Company continues to keep its focus on business Innovation/new product development/ product diversification which would further enable it to counter the impact of the global economic crisis to some extent.

5. Future Projects

5.1 Future Projects (PTL - Thailand)

5.1.1 Cast Polypropylene Film Project (CPP film)

In an effort to diversify its product portfolio, which also helps in de-risking the current business, the company is in the process of implementing a CPP (Cast Polypropylene) film project. This project would be implemented by partially using the plot of land located opposite to the existing plant in Siam Eastern Industrial Park, where the company's Extrusion Coating Project had been installed.

The width of the CPP line is about 4,850 mm with an annual attainable capacity of about 10,000 TPA. The Metallizer is about 2,450 mm width with an attainable capacity of 4,200 TPA.

The estimated capital cost of the project is USD 17.2 million, which includes an estimated working capital of USD 2.5 million.

Product & Usage

CPP film is quite similar to PET film with some general, Optical, Thermal, Mechanical and barrier properties. Some properties are better than that of BOPP/ PET film. For Eg: CPP film has very good barrier properties and it can act as a good heat sealant layer.

There are various grades of CPP film and each grade has different applications as given below:

- General Grade: The general packaging grade of CPP film is used for packaging in garments, breads, bakery products, flower wraps etc.
- Lamination grade: The lamination grade of CPP film is used as a sealing layer in packaging of food items such as biscuits, snacks etc.
- Metallised CPP film: This is also used in packaging of food items like potato chips, snack items etc.
- Twist grade: This is used mostly in candy wraps.
- Retort grade: This is used in packaging of ready to eat food products.

Project Rationale

The decision to invest in a CPP film line is a strategic investment decision to de-risk from current business by diversifying the product mix and to broad-base its product offerings to the Packaging converting industry. The company will be able to leverage on the existing sales and distribution network to develop the markets for the CPP film. The line to be installed by the company is a wider line and thus the company will have cost competitive advantages over other manufacturers operating with smaller width lines.

Project Risk and mitigation plans

The technology is fairly established and quite similar to PET technology, where the company has sufficient know-how and an experienced Project team available which has been successfully setting up Projects within the scheduled project time. Wherever required, company is considering hiring CPP technology/ process experts to provide their services. The company is of the opinion that the overall project risk is relatively low as the Investment size is also quite low.

Status of the Project:

The company has obtained the promotion certificate from the Board of Investment for this Project, with an approved capacity of 15,600 MT for Plain and Metallized CPP film.

Civil work has started in June'09. The contracts for the machineries have already been signed and machineries will start arriving from July'09 onwards. The approval from Board of Investments for duty free import of machinery has also been received.

Funding of USD 11.25 million was tied up with 2 local banks in 2008 and disbursements of USD 1 million have been made until May 2009 and the balance is expected to be disbursed over the next 3-6 months. The balance Project cost will be financed out of internal accruals.

5.1.2 Expansion of Thin PET Film line capacity

In May 2008, the Board had approved in principle, an Investment of USD 70 million in a Polyester Film, Polyester Chips and Metallized Film line project in Thailand.

However, pursuant to the global economic crisis and the aggressive de-stocking along the supply chain which impacted the company's sales volumes/profitability in second half of last FY, it has been decided to keep this project on hold until the actual impact on the industry, its growth and the demand- supply is assessed. The Company would like to ensure that the timing of the Project implementation is planned properly so that the growth in markets can be rightly captured.

Project Details

This project would be implemented by partially using the new plot of land in Siam Eastern Industrial Park, opposite to the existing plant.

The estimated capital cost of the project is USD 62 million. The broad break up of the capital cost is USD 52 million for plant & equipment, USD 5 million for Building & Civil costs; USD 2 million for engineering fees and the balance USD 3 million for contingencies and other expenses. The working capital requirement is estimated at USD 8 million. The company proposes to make a debt borrowing to the extent of 65-75% of the total project cost and fund the balance out of its internal accruals.

Project Rationale

- Improve the production capacity to tap the high growth in the existing markets and leveraging on existing sales & distribution network to develop new markets.
- The line to be installed would be the largest line and will result in economies on the operational front thereby improving further the cost structure of the company.
- The Company will be able to increase the share of value added products like Metallised films, Thermal Laminated film etc.
- Operationally, the fixed costs especially salary and administrative overheads would decline significantly on a per unit basis as the additional costs would be a fraction of the existing levels.
- There would be synergies and savings in inventory for spares and other maintenance costs.

5.1.3 Silicone Coating Line

In May 2009, the Board has approved an Investment in a Silicone Coating line project, which will be another value added product in the Company's wide portfolio of products. The parent company in India has been manufacturing this product since 2007 and has been quite successful in establishing a reasonable market share. Hence, it has been decided to Invest in another Silicone Coating line within the group.

Project Details

- The location of this Project will be Thailand or Turkey and will be finalized within the next 3-4 months based on a comprehensive comparative evaluation of the benefits associated with each of the locations.
- The Total Investment in this project (including working capital) would be about USD 19.44
- Implementation of this Project would be done within 12-18 months from the time of financial closure
- The capacity of this line would be dependant on the product mix run on the line and could vary largely from 200 to 600 million sq. mtrs.
- Target markets would be mainly Europe, US and Asia.
- The usage of the film would be mainly as Release Liners for Label Liners, Graphic Arts, Medical Liners etc

Project Rationale

- This Project would help in further diversification of current PET film business
- Presently, the use of Paper Liners is more common and it maybe said that Film Liners account for only about 15% share in this application. However, there is a big opportunity for substitution of Paper liner with Film Liners due to certain characteristics of Film Liners which are better than Paper Liners (Eg: Film has higher tear resistant properties as compared with Paper and can prove to be a better Liner in labeling applications which operate in high speed machinery).

- This would also help us in differentiating ourselves with other Asian film producers, none of whom are present in Siliconizing business
- We will have the advantage of an integrated facility in comparison with stand alone siliconizing capacities in Europe and US and this will also enable having a more competitive cost structure as compared with other producers
- Capture the shortage of capacity in this segment by leveraging on the experience gained in operating the similar product line in India.

5.2 Other Capital Expenditure

As an ongoing effort to improve productivity, reduce losses, develop products and enhance quality control, PTL undertakes several small/medium capital expenditures on the basis of cost benefit analysis. The total outlay over the next 12-15 months for such projects is estimated at about Bt. 100 million. Some of the key expenses could be Prepolymer and Polymer pump, Catalyst filter in TDO, additional slitting machines, some insurance spares and miscellaneous equipments.

6. Legal Dispute

- None -

7. Shareholding Structure and Management

7.1 Shareholding Structure

7.1.1 Securities

PTL's current registered capital is Bt. 960 million of which, Bt. 800 million is paid up, divided into 800 million ordinary shares each of Bt. 1 par value.

7.1.2 The shareholding structure of PTL as on 31st March 2009 is as follows:

Name	Ordinary shares	%
Polyplex Corp. Ltd. (PCL)	131,999,940	16.50
Polyplex (Asia) Pte. Ltd. (PAPL)	427,999,915	53.50
General public	240,000,000	30.00
Existing small shareholders*	145	0.00
Total	800,000,000	100.00

* Beneficial interest held by PCL and PAPL

PCL's shareholding structure as of March 31, 2009 is shown as below:

Name	%
Promoter/Sponsor Group	46.93
Institutional investors	7.09
Indian public	34.41
Other shareholders	11.57
Grand total	100.00

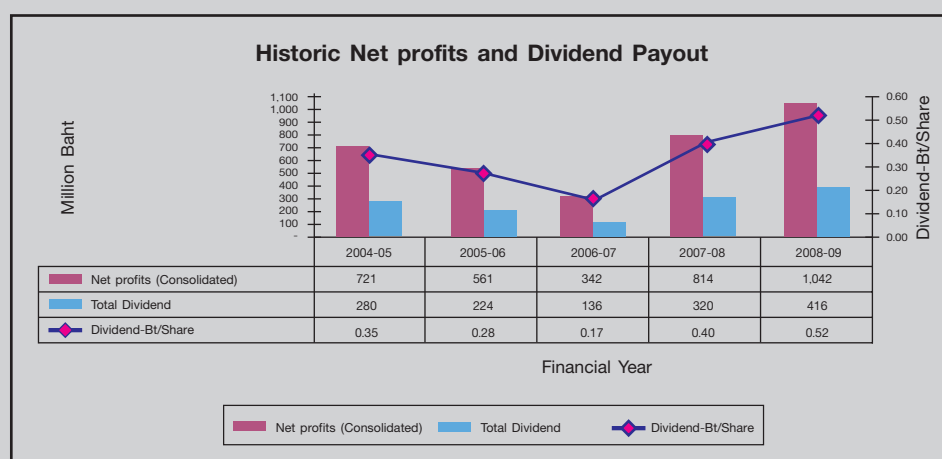
PAPL is 100% held by PCL and together PAPL and PCL hold 70% of PTL.

7.1.3 Dividend payment policy

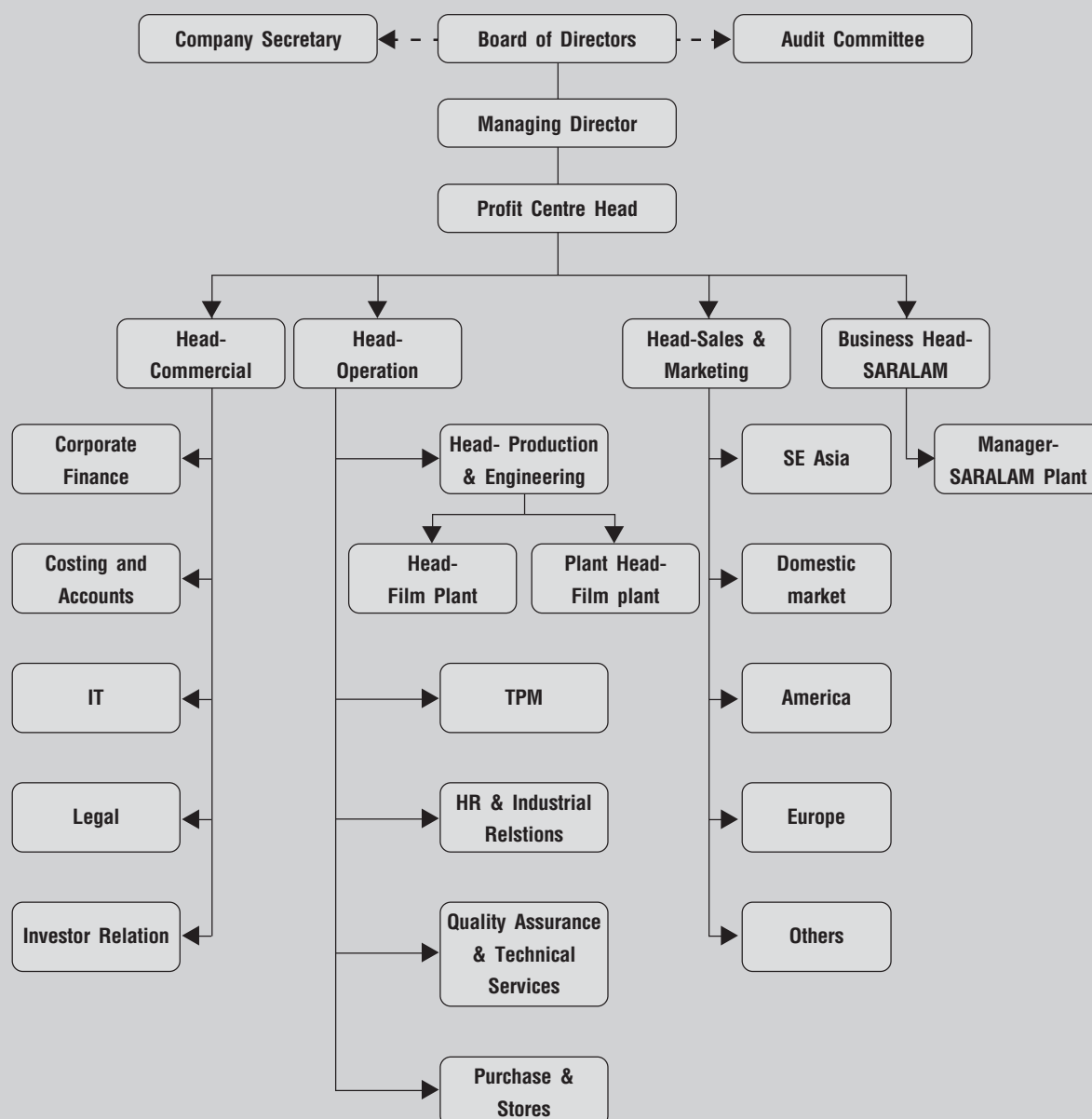
As per the dividend policy stated in the prospectus, dividend is paid out at rate of about 40% of the annual net profit, taking into account economic conditions, growth plans, future deployment opportunities, the Company's financial position and liquidity and subject to the approval by the shareholders.

The Board of PTL has recommended a dividend of Baht 0.52 per share for FY 2008-09, out of which Bt 0.40 per share has been paid as Interim dividend in April'09 and the balance of Bt 0.12 per share will be paid out in August 2009, post approval by the Shareholders in the Annual General meeting in July 2009.

The following graph shows the comparison of dividend payment for the last 5 years. The dividend per share for the year is highest as compared with the previous 4 years, in line with the growth in profitability this year and also as per company's policy of paying dividend at 40% of net profits. In the years when the profit has been lower due to cyclical downtrend in the PET film industry, the dividend per share has also come down.



7.2 MANAGEMENT STRUCTURE



PTL has a board of directors, an audit committee and other need-based committees as may be appointed by the shareholders or the board of directors from time to time. The board members and executive officers are qualified persons with complete qualifications as per Section 68 of the Public Limited Companies Act B.E. 2535 and as per the Notification of the Securities and Exchange Commission (SEC) No. KorJor. 12/2543 Re: Application for Permission and Permission to Sell Newly Issued Shares dated March 22, 2000.

Details of the board of directors and other committees are as follows:

7.2.1 Board of Directors

As of May 31, 2009, PTL's Board of Directors is composed of eight members as follows:

- | | | |
|----|----------------------------|--|
| 1. | Mr. Manu Leopaiprote | Board chairman and
Audit Committee Chairman |
| 2. | Dr. Virabongsa Ramangkura | Director (and Audit Committee member) |
| 3. | Mr. Shiraz Erach Poonevala | Director (and Audit Committee member) |
| 4. | Mr. Sanjiv Saraf | Managing Director |
| 5. | Mr. Praphad Phodhivorakhun | Director |
| 6. | Mr. Pranay Kothari | Director |
| 7. | Mr. Ranjit Singh | Director |
| 8. | Mr. Rohit Kumar Vashistha | Director and Profit Center Head |

Mrs. Supriya Pai Kasturi is the secretary to the Board of Directors

Authorized signatories

Any one of the four authorized signatories, namely Mr. Sanjiv Saraf, Mr. Pranay Kothari, Mr. Ranjit Singh, and Mr. Rohit Kumar Vashistha are empowered to sign with the Company's seal affixed.

Power and duties of the board of directors (the Board)

The Board of Directors has the powers, duties and responsibilities to faithfully and prudently conduct the operations of the Company in accordance with the Company's objectives and Articles of Association, applicable laws and resolutions of the shareholders' meetings, for the benefit of the Company. A summary of the substantial duties and responsibilities of members of the Board of Directors is set out below:

1. to hold the annual general meeting of shareholders within 4 months from the close of the accounting period;
2. to call the meeting of the Board of Directors at least once every three months;
3. to arrange for the preparation and submission of the audited balance sheet and profit and loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval;
4. to authorise any one or several directors to perform any action on behalf of the Board of Directors under the supervision of the Board of Directors, or granting the power-of-attorney to such designated director(s) to perform any action within the specified time as the Board of Directors may think fit; provided, however, that the Board of Directors has the sole discretion to revoke or modify such designated director or power-of-attorney as the Board of Directors may think fit.

For this purpose, the Board of Directors may authorize the Executive Committee, if any, to conduct any activities within the specified scope

of work, duties and responsibilities of the Executive Committee. No authorization will entitle the Executive Committee to consider and approve the transaction which may cause a conflict of interest between the Executive Committee or any related person or interested person as the one party and the Company or its subsidiary companies as the other party. However, an exception is granted where the transaction conforms to the approved policies and rules of the Board of Directors;

5. to determine the goals, prospects, policies, business plans and budgets of the Company, and to ensure that the management work performed by the Executive Committee, if any complies with the set policies. However, the Board of Directors needs to obtain the resolution of the shareholders' meeting before entering into these legal transactions, for instance, increase or reduction of capital, issue of bonds, sale or transfer of all or any substantial parts of the Company's businesses to any third party, purchase or acceptance of transfer of other businesses, amendment to the Memorandum of Association, and so on.

The Board of Directors is also responsible for ensuring the Company's compliance with the securities and exchange law and rules of the SET, for instance, rules concerning the entry into connected transactions and concerning purchase or sale of substantial assets, including any law governing the Company's business;

6. to review the management structure and appoint the Executive Committee, General Manager and any subcommittees, as it deems appropriate;
7. to ensure that the Company's performance follows the business plans and budgets at all times;
8. to refrain from conducting any similar or competitive business, participating as partner in an ordinary partnership or partner with unlimited liability in a limited partnership or director in a private company or in any other firm, company or corporation operating the business similar to or in competition with the Company, regardless of whether for his/her own benefit or for others' benefit. However, an exception is granted where the director provides notice to the shareholders' meeting in advance of his/her effective appointment as director of the Company; and
9. to notify the Company without delay of the event of likelihood that the director may have direct or indirect interests as a result of (i) the Company's entry into any agreement; and (ii) his/her increased or decreased holding of shares or bonds in the Company or its subsidiary companies.

7.2.2 Audit Committee

The Company's Audit Committee comprises of:

- | | | |
|----|----------------------------|--------------------------|
| 1. | Mr. Manu Leopairote | Audit Committee Chairman |
| 2. | Dr. Virabongsa Ramangkura | Audit Committee member |
| 3. | Mr. Shiraz Erach Poonevala | Audit Committee member |

Mrs. Supritha Pai Kasturi is the secretary to the Audit Committee.

Power and duties of the Audit Committee

1. to review the sufficiency, credibility and objectivity of the financial reporting of the Company by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest issues or matters to be included for review or audited by the external auditors during its audit of the Company;
2. to review the adequacy and effectiveness of internal control systems and internal audit functions by coordinating with the external auditors and internal auditors (if any);
3. to review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
4. to consider and advise on the appointment of the external auditor including the audit fee, taking into account the creditability of the external auditor, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff;
5. to ensure compliance with all connected transaction disclosures or conflict-of-interest disclosures;
6. to take care of any other matters assigned to it by the Board of Directors, such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the company's management, all important reports which must be disclosed to the public according to the law (e.g. Management Discussion and Analysis (MD&A), etc.);
7. to report the activities of the Audit Committee in the company's annual report, which must be signed by the chairman of the Audit Committee, and to express in such annual report the Audit Committee's opinion on (i) the accuracy and completeness of the procedures for the preparation of the report and information disclosure, (ii) the sufficiency of the internal control system of the Company, (iii) the appointment of the existing auditor for another term, (iv) the compliance by the Company with rules and regulations of SET, SEC and other applicable laws, and report on any information that the shareholders and investors should be aware of under the scope of power of the duty that has been assigned by the Board of Director.
8. to report the performance of the Audit Committee to the Board of Directors at least once every three months; and
9. to express its opinion on the performance, appointment, removal and determination of remuneration of the internal auditor.

7.2.3 Management

PTL's senior management during 2008-09 consisted of seven persons as below:

- | | | |
|----|------------------|-------------------|
| 1. | Mr. Sanjiv Saraf | Managing Director |
| 2. | Mr. R S Gaur | Head- Operations* |
| 3. | Mr. Vinod Sureka | Head - Commercial |

- | | | |
|----|---------------------------|---------------------------------|
| 4. | Mr. Ravi Singhal | Head - Production & Engineering |
| 5. | Mr. Rohit Kumar Vashistha | Director & Profit Center Head |
| 6. | Mr. Ramanathan Kannan | Head - Operations |
| 7. | Mr. Prasan Onwong | Head - Film Production |

* For part of the year - Until Dec'08

Power and duties of Managing Director

1. to monitor and supervise the day-to-day business operations and management of the Company.
2. to undertake or perform duties in line with the policy, plan and budget approved by the board of directors and/or the Executive Committee (if any) of the Company.
3. to perform as the authorized person of the Company in administering the business in line with the objective, regulations, policy, rules, stipulations, orders and resolutions of the meeting of the Board and/or resolutions of the meeting of shareholders.
4. to appoint and manage the performance of the working committees to ensure benefit and efficiency as well as transparency in management, and be authorized to appoint and/or assign any person to specifically perform on his behalf. Such delegation of power and authority shall come under the purview of such certain authorization letter and/or comply with the regulations, stipulations or orders issued by the board of directors and/or the Company.
5. to determine mission, objectives, framework and policy of the Company including orders and supervision in overall for optimum benefit in administration.
6. to follow up and assess the Company's operational results on a regular basis to cope with both internal and external risks.
7. to consider and approve expenditure spending in the normal course of business operations, such as transacting with banks regarding deposit accounts or procurement of raw materials for production in the amount up to Bt. 150 million per transaction.
8. to consider the recruitment and employment of personnel as well as transfer, rotation across functional lines/departments/divisions, or termination of employment of personnel, and determine rate of wages, remuneration, bonus and welfare package relating to personnel.
9. to issue orders, regulations, announcements and memorandum to ensure the operations come out in line with the policy and for the benefit of the Company as well as to maintain discipline in the organization.
10. to perform any other duties as occasionally assigned by the Board of Directors

Power to approve any transactions (i) which may cause a conflict of interest with the Company or its subsidiary; or (ii) in which the interests of the Managing Director or other interested person may be in conflict with the

Company or its subsidiary, under the applicable rules and regulations of the SET, do not fall within the scope of the powers and authorities of the Managing Director to act at his/her own discretion or to designate any person to act on his/her behalf. Typically, these transactions need the consideration and approval of the Board of Directors and/or the shareholders' meeting in accordance with the Articles of Association of the Company and subject to applicable laws.

7.2.4 Selection of members of the board of directors, independent directors and the audit committee

The Company has no Nomination Committee to select and nominate any persons to be appointed as directors of the Company. In this regard, the Board will undertake the selection process, taking into account the experience, expertise and competency of the prospective persons and the qualifications required as per the criteria prescribed in the Public Limited Companies Act B.E. 2535 and as announced by the SEC and relevant agencies, as also the provisions of Articles of Association of the company. Nomination will be made at the shareholders' meeting and election made under the procedures prescribed in the Company's regulations as below:

I) Selection of members of the Board of Directors

- a) The Company has a board of directors consisting of at least 5 persons. The board of directors must elect one of their members to be the Chairman and may elect another member to be a Vice-Chairman and any other positions as they see fit. At least one-half of the directors must reside in Thailand.

A director need not be a shareholder of the company.

- b) A meeting of shareholders must elect the directors in accordance with the following procedures and rules:-
 - a. Each shareholder has one vote for each share held;
 - b. Each shareholder may exercise the votes in electing one or more persons to be the directors but the votes are indivisible; and
 - c. The person who obtains the highest votes will be elected as a director in respective order according to the required number of directors, but if two or more persons obtain equal votes, the Chairman must exercise a casting vote.
- c) At every general meeting of shareholders, one-third (1/3) of the directors, or if it is not a multiple of three, then number nearest to one-third (1/3) must retire from office.
- d) There must be a drawing by lots to determine the directors retiring on the first and second years following the registration of the company. In each subsequent year, the directors who occupy the position for the longest period must retire.

A retiring director is eligible for re-election.

II) Selection of members of the Audit Committee/Independent Director

Audit Committee is composed of at least three independent directors. The Company has a policy to select and nominate Audit Committee / Independent director in compliance with the SEC Notification no. KorJor. 12/2543 regarding application for and approval of offering of newly issued shares, with each of whom to have the following qualifications:

- a) Hold shares not exceeding 5% of the total shares with voting rights of the Company, an affiliated company, a subsidiary company, an associated company or a juristic person that may have conflict of interest,
- b) Not be an employee or a staff member or an advisor who receives a regular salary or a person with controlling power of the Company, an affiliated company, a subsidiary company, an associated company or a juristic person that may have conflict of interest,
- c) Not be a person having blood relation or legal relation in the manner of being any family member or spouse thereof of the executives, the major shareholders, the persons with controlling power or any persons to be nominated to the managerial positions or the persons with controlling power of the Company or a subsidiary company.
- d) Have no business relation with the Company, an affiliated company, a subsidiary company, an associated company or any juristic person that may have conflict of interest in the manner that may hinder the use of individual's independent judgment, and have no other nature that will hinder the individual's provision of independent opinions relating to the Company's operations.

In addition, at least one independent director appointed as an Audit Committee member must have sufficient knowledge and experience in finance and accounting areas so that he/she can review the reliability of the financial statements. Other qualifications must also be taken into account, comprising business experience, expertise in the field related to the business and ethical qualifications, to ensure maximum benefits to the Company.

The appointment of Audit Committee members is subject to the same criteria and procedures as those in the appointment of directors of the Board. The vacating Audit Committee member upon completion of his/her office term may be re-appointed for another term. In the event that there is a vacancy on the grounds other than the completion of office term, the Board shall select and appoint the person who possesses the required qualifications to fill the vacancy to complete the number of the Audit Committee members as prescribed by the Board. The newly appointed Committee member shall be in the office only for the remaining period of the office term of the vacating member.

7.2.5 Remuneration for management

a. Monetary remuneration

Directors

Before the transformation into a public company, PTL had five directors. These directors did not receive any meeting allowance from the Company. Since transformation into a Public Company in 2004, the Company has 8 Directors on the board. Until FY 2007-08, the Directors had renounced their right to receive any remuneration. However, a remuneration of Bt 2,400,000, including a meeting allowance of Bt 150,000 to the Audit committee members was paid in FY 2008-09 to the independent Directors, as agreed by the Shareholders in the 2008 AGM.

For the FY 2009-10, for services provided by the Directors to the Company, it is proposed to fix a remuneration of Baht 50,000 per month to all the independent directors as mentioned below:

1. Mr. Manu Leopairote
2. Dr. Virabongsa Ramangkura
3. Mr. Praphad Phodhivorakhun
4. Mr. Shiraz Erach Poonevala

Mr. Manu Leopairote, in his capacity as the Chairman of the Board of Directors and the Chairman of the Audit Committee would be entitled to an additional remuneration of Baht 25,000 per month, for each role.

For the Audit Committee, each member would be entitled to a sitting fee of Baht 10,000 per meeting attended.

The above remuneration package, to the Independent directors and Audit committee members, which is the same as in the previous year, would be proposed to the Shareholder meeting for their consideration and approval.

The remuneration details of the senior management, including the 2 executive directors of PTL is as below :

Remuneration (In '000 Baht)	2006/07 (Apr-Mar)*	2007/08 (Apr-Mar)	2008/09 (Apr-Mar)**
Number of executives	5	5	6
Salaries (In '000' Baht)	7,890	9,085	11,241
Others (In '000' Baht)	4,614	9,245	8,191
Total	12,504	18,330	19,432

* Certain figures for the previous year have been rectified.

** Including remuneration of a senior management person who was in the company for only part of the year. So the number of executives was 7 until part of the year and 6 as on Mar 31st '09.

b. Other remuneration

Directors None

Executives None

7.2.6 Personnel

As of March 31, 2009, PTL had a total workforce of 308 persons, 276 of whom are personnel at the plant in Rayong Province and 32 at the head office in Bangkok. The Company also has 30 expatriates, 11 of whom are at the head office in Bangkok and the remaining 19 in Rayong.

Department	Number of employees		
	As of March 31,2007	As of March 31,2008	As of Mar 31,2009
1. Executives	5	5	6
2. Production	141	140	137
3. Commercial, IT,Personnel & Admn.	44	50	47
4. Sale and Marketing	12	16	18
5. Chip plant	26	25	23
6. Metallizer	18	33	37
7. Extrusion Coating	0	19	38
8. Cast Polypropylene Project	0	0	2
Total	246	288	308

Employee (non-executive) remuneration

(Bt. thousand)

Remuneration	2006/2007 (Apr-Mar)	2007/2008 (Apr-Mar)	2007/2009 (Apr-Mar)
No. of employees	241	283	302
Salaries & Wages	55,309	61,180	71,620
Overtime pay	7,292	6,985	6,655
Bonus	10,810	18,473	15,915
Provident fund*	567	595	1,809
Others	29,794	35,925	39,324
Total	103,772	123,158	135,323

* The Company started contributing to the provident fund since September 2004. The contribution of the employee and employer has been increased from 2% to 4% in FY 2008-09

There has been no labor dispute for the past years.

HRD Policy

The company realizes the importance of its staff as they are valuable assets which play a major role in the success and growth of the company. Therefore it has a policy to develop the efficiency, knowledge and skills of its staff at all levels by having well organized training programs on a periodic basis. Training programs are designed to improve various aspects of work life like technical competence, team building, enhancement of leadership skills, time management skills etc thereby improving the quality of the working life of the employees. Feedback of employees participating in such trainings is taken in order to help improvement of quality of seminars and trainings to be conducted in future.

8. Good Corporate governance & Internal Control

8.1 Corporate governance

8.1.1 Policy on Corporate governance

PTL is aware of the significance and has the intention of running its business operations following a policy of good governance as a major factor in enhancing the company's efficiency as a tool of operational transparency and accountability. The Company has formulated a policy which emphasizes regular disclosure to the public and the shareholders. In addition, the Company adopts strict internal controls and audits in recognition of their importance. It also has several risk management policies, keeping in mind a good relationship and business ethic towards business partners, shareholders and all concerned parties.

8.1.2 Rights of shareholders

The Company recognizes the importance of equal rights of all shareholders and considers all the shareholders as owners of the Company irrespective of the percentage of shares owned.

The Company has a policy to report to shareholders regularly on progress of operations, either directly or through the Stock Exchange of Thailand or through information on its website after listing. Shareholders will be given seven days advance notice of all shareholder meetings, including the meeting agenda and related information. The shareholders would be encouraged to participate in the general meetings and their views and comments would be noted and followed up.

8.1.3 Rights of stakeholders

PTL has always provided equal importance to the requirements of all its stakeholders as under:

- **Personnel:** PTL considers personnel as a critical success factor in the growth and profitability of the Company and is committed to providing a quality work environment as also fair and equitable returns by way of performance linked bonus.
- **Business partners:** It has always been the policy of PTL to develop long standing and growing relationships with all its business partners based on mutual benefit and guided by good business ethics.
- **Competitors:** PTL will always abide by the framework of fair competition and would work towards market development and growth to the mutual benefit of the industry.
- **Creditors:** To abide by the loan covenants and provide all information about the progress of the Company to its creditors as may be required for smooth business dealings.

- Customers: PTL is determined to create satisfaction and confidence among customers in receiving good and quality products and customer services.
- Shareholders: PTL is determined to conduct business in a transparent and efficient manner with a view to constantly strive to enhance shareholder value.
- Community/Society: PTL realizes and cares for the safety of society, environment and quality of life of people. It places priority on activities relating to the community and the society and also by compliance of applicable laws and regulations relating to the same.

8.1.4 Shareholders' meetings

The Company has a policy to enable shareholders to attend meetings without undue effort. It endeavors to organize the shareholders' meeting with equitable treatment for all participants and in strict accordance with legal procedures, from meeting invitations, proxy form for those who are unable to attend the meeting, and distribution of meeting documents to inform all concerned of the meeting agendas. The meeting venue and time will be convenient while the meeting session will allow adequate time for shareholders to ask questions on business operations or voice their opinion.

8.1.5 Leadership and vision

The Board of Directors is the forum for review of plans, vision, strategies and key policies. Elaborate budgets have been formulated for all functional areas in the Company and a system of balanced scorecards has also been implemented for each department and individual as also at the corporate level to align interests and priorities across the organization. The Board of Directors would play a leading role in regular review of the actual operations vis-à-vis budgets as well as other key performance indicators.

8.1.6 Conflict of interest

The policy is based on the principle that any decision to be made by personnel at all levels in business operations must be in the best interest of the Company. It is the duty of all personnel to avoid any transactions and/or dealings which could result in financial losses to PTL and result in personal monetary benefit. The Audit Committee is entrusted to watch over and review the internal controls and audit function to ensure their efficiency and also ensure adequate disclosures to be made as per the SEC/SET guidelines.

8.1.7 Business ethics

PTL has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility.

8.1.8 Check and balance by non-executive directors

The Company has altogether eight directors as detailed below:

Status	Executive Directors	Non-Executive Directors	Audit Committee
Shareholders' representative Directors	2	2	-
Independent Directors	-	1	3

8.1.9 Integration or delegation of title and authority

The Chairman of the Board of Directors is an independent director and is also the Chairman of the Audit Committee. Independent directors constitute 50% of the Board of Directors and thus composition of the Board would ensure fair and effective management monitoring. The Managing Director is the CEO in charge of day-to-day operations and has specified powers with certain key decisions requiring approval by the Board of Directors.

8.1.10 Remuneration for directors and executives

The remuneration of the Board of Directors and the Audit Committee is proposed to the Shareholder meeting for their consideration and approval. The Managing Director's remuneration is fixed by the Board of Directors in discharge of duties as the CEO of the Company. The remuneration of the management is open for review by the shareholders who may set the appropriate policies and guidelines on this matter.

8.1.11 Board meetings

The meetings of the Board of Directors are usually convened at least once every quarter to review the operations / quarterly financial results and other matters. There were six Board meetings conducted during the FY 2008-2009. Attendance of directors is as follows:

Name	Position	Attendance
Mr. Manu Leopairote	Board Chairman & Audit Committee Chairman	6/6
Dr. Virabongsa Ramangkura	Director & Audit Committee member	6/6
Mr. Shiraz Erach Poonevala	Director & Audit Committee member	6/6
Mr. Sanjiv Saraf	Director & Managing Director	5/6
Mr. Praphad Phodhivorakhun	Director	5/6
Mr. Pranay Kothari	Director	3/6
Mr. Ranjit Singh	Director	2/6
Mr. Manish Gupta*	Director & General Manager (Commercial)	1/1
Mr. Rohit Kumar Vashistha*	Director & Profit Centre Head	5/5

* Mr. Manish Gupta tendered his resignation in the Board meeting held in May 2008 and Mr. Rohit Kumar Vashistha was appointed by the Board as the Director in his place.

8.1.12 Supporting committees or sub-committees

The Board of Directors have recommended and shareholders have approved an Audit Committee consisting of three independent directors. The Audit Committee members have the requisite qualifications under the relevant SET rules & guidelines. The powers and allocation of work have been clearly defined by the shareholders and include review of internal control systems, review of financial reports, connected transaction or transaction involving conflict of interest.

8.1.13 Internal control and audit system

The Board of Directors exercises control through setting of annual budgets and operational objectives, periodical review of which is done from time to time. Meanwhile, the Audit Committee oversees the internal controls and audit in the Company and suggests measures for improvement.

8.1.14 Board of Directors' report

The Board of Directors is responsible for the Company's financial statements. As a part of the annual report, the directors have commented on the financial results of the Company.

8.1.15 Relationship with investors

PTL places significance on the timely disclosure of accurate information to its shareholders and investors. PTL has been participating in the SET Opportunity day on a half yearly basis to disseminate information about the Company and its operations to investors and analysts. As regards investor relations, the Company has developed an IR section in the company website. Investor queries can be sent to the IR website (investorrelations@polyplexthailand.com) and will be responded to by the management of PTL. The Investors/ Analysts can also register their e-mail ID's and receive an IR alert message, when any information is updated on the Company's website. Further information regarding the Company may be obtained by contacting at tel. 0-2665-2706-8.

Measures to prevent use of internal information for executives' personal benefit

The Company has a policy on supervision of usage of internal company information by its directors and management for their own benefit. The directors and management who come to possess internal company information are not permitted to buy or sell the securities of the Company for a specified period prior to its announcement of operating results.

8.2 Internal Controls

At the 4/2009 board of directors' meeting of PTL held on May 26, 2009 with all the three audit committee members also attending, the board assessed PTL's internal control by means of making inquiries with its management. Based on the assessment of PTL's internal control system in five aspects, namely organization and environment, risk management, control of the executives' operation, information technology system & information communication and follow-up system, the board viewed that PTL has

adequate internal control with regard to the making of transaction with its major shareholders, directors, executives, or persons connected with the above mentioned persons.

The board considered that the Company's adequate and appropriate internal control and follow-up of the operations would be able to safeguard its assets against any illegitimate use by the executives.

8.3 Connected Transactions

8.3.1 A summary of the connected transactions between PTL and the connected parties during the past three years is as follows -

Party having conflict of interest	Relationship	Description of transaction	Pricing policy	Net Amount Paid to PCL by PTL (Bt. 000's)		
				2006-07	2007-08	2008-09
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 70% of the Company's share capital and the two parties have common directors.	PCL made advance payments on behalf of the Company for administrative expenses, which were traveling expenses of employees, accommodations for employees' family, educational fees for employees' children, insurance claims of employees etc. The Company has already expensed these amounts and/or collected these amounts from the employees and paid them back to PCL.	The price of the transaction between PCL and the Company was a normal price in general business practice and was the price as actually paid by PCL in advance for the Company without any extra charge by PCL.	1,275	986	6,461*
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 70% of the Company's share capital and the two parties have common directors.	PTL made payments on behalf of PCL, which were traveling expenses of PCL employee family.	The price of the transaction between PCL and the Company was a normal price in general business practice and was the price as actually paid by company in advance for PCL without any extra charge.	17	51	185*

* The outstanding amount payable by PTL to PCL as on 31 March 2009 was Baht NIL.

8.3.2 Necessity and reasonableness of the connected transaction

The connected transaction involved the advance payments made by PCL on behalf of the Company for administrative expenses. The payments were made for such expenses as transportation, accommodations for employees' family, educational fees for employees' children, insurance claims of employees etc. The Company has already expensed these amounts and/or collected these amounts from the employees and paid them back to PCL. The reimbursement of advances/expenses was actually paid back to PCL at the actual prices incurred without any extra charge by PCL.

The connected transaction also involved the advance payments made by the Company on behalf of PCL for administrative expenses, which were later re-imbursed by PCL to the Company.

8.3.3 Measures or procedures for approval of the connected transaction

The audit committee of PTL has examined the connected transaction described in the table above and viewed that it is in accordance with the normal business practice. For such transactions in the future, the Company can undertake the transactions and inform the audit committee on a quarterly basis.

For any other future connected transactions, the Company will assign the concerned units to gather the relevant information and provide it to the audit committee to be used as a basis for its consideration on those transactions as to whether they are consistent with the normal business practice and the market price. The Company would follow the regulations of the SEC and SET in this regard. The audit committee has to consider and inform the board of directors for the approval. The directors who have a conflict of interest may not partake in the giving of comments on those connected transactions.

8.3.4 Policy for potential connected transactions

For any connected transactions that may take place in the future, the Company has a policy to set appropriate conditions on the said transactions based on the reasons and necessity of the Company. The connected transactions performed over the past period were merely advance payments, made for such expenses as transportation, accommodations for employees' family, educational fees for employees' children, insurance claims of employees etc. Moreover, there were no extra charges by the parent company regarding such cost and expenses as brand name and R & D, and so on. In performing any future connected transactions, PTL board of directors will comply with the law governing securities and exchange and the regulations, notifications and orders of the Stock Exchange of Thailand, as well as the regulations regarding disclosure of information about connected transactions and acquisition or disposal of core assets of companies or subsidiary companies according to the accounting standards defined by the Institute of Certified Accountants and Auditors of Thailand.

Where the connected transaction involves any person who may have a conflict of interest, the Company will arrange for the audit committee to give opinion on the necessity and appropriateness of that transaction. In case the audit committee has no expertise in any such transaction, the Company will have an independent expert or its external auditor provide opinion on that transaction to be used as a basis of decision-making by the board of directors or the shareholders, as the case may be. The Company will disclose such connected transactions in the notes to the financial statements duly audited by its external auditor.

9. Financial Position and Operational Performance

9.1 Financial statements

Auditor

Year	Name of auditor	CPA no.	Auditing firm
2008-2009 (Apr 1, 2008- Mar 31, 2009)	Mr.Narong Puntawong	3315	Ernst & Young
2007-2008 (Apr 1, 2007 - Mar 31, 2008)	Mr.Narong Puntawong	3315	Ernst & Young
2006-2007 (Apr 1, 2006 - Mar 31, 2007)	Mr.Pisit Chiwaruangroch	2803	KPMG Phoomchai Audit Ltd.
2003-2004 to 2005-2006 (Apr 1, 2003 - Mar 31, 2006)	Mr. Vichien Thamtrakul	3183	KPMG Phoomchai Audit Ltd.

Auditor's report

For all the past years, until the year ended on March 31st 2009, the Auditors have given an unqualified opinion that the financial statements were fairly presented and prepared in accordance with generally accepted accounting principles.

PTL had set up subsidiaries, namely Polyplex (Singapore) Pte. Ltd. (PSPL) in July 2004, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (PE) in September 2004 and Polyplex (Americas) Inc. in January 2006. The financial statements of last 3 years, for both Consolidated and Standalone, latest being the year ended on 31st March 2009, have been given for the purpose of comparison and for the appreciation of the growth in revenues and profitability over the years.

Polyplex (Thailand) Plc.
Balance Sheet

Unit: Bt. 000's

	Unconsolidated						Consolidated					
	2006/2007		2007/2008		2008/2009		2006/2007		2007/2008		2008/2009	
	April-March		April-March		April-March		April-March		April-March		April-March	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current Assets												
Cash and cash equivalents	31,154	0.66	9,117	0.16	17,566	0.29	129,638	2.22	86,878	1.05	432,537	4.87
Current investments	-	-	-	-	348,700	5.73	-	-	-	-	348,700	3.93
Investment in marketable securities	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	589,476	12.47	943,815	16.59	670,613	11.02	788,529	13.51	1,441,559	17.37	1,334,256	15.02
Amounts due from related party	-	-	-	-	-	-	-	-	-	-	52,241	0.59
Inventories	276,095	5.84	225,976	3.97	313,719	5.15	662,144	11.34	766,603	9.24	959,569	10.80
Other current assets	86,208	1.82	53,918	0.95	47,651	0.78	99,588	1.71	81,556	0.98	74,283	0.84
Total Current Assets	982,933	20.80	1,232,826	21.67	1,398,249	22.97	1,679,899	28.78	2,376,596	28.64	3,201,586	36.05
Non-Current Assets												
Investment in subsidiary	1,745,028	36.93	2,152,858	37.85	2,408,782	39.57	-	-	-	-	-	-
Land, premises and equipment-net	1,967,163	41.63	2,285,942	40.19	2,205,536	36.24	3,996,505	68.46	5,898,890	71.08	5,598,594	63.04
Intangible assets-net	-	-	-	-	-	-	7,247	0.12	3,351	0.04	2,232	0.03
Deferred expenses-net	-	-	-	-	-	-	-	-	-	-	-	-
Other non current assets	30,188	0.64	16,575	0.29	74,127	1.22	154,268	2.64	20,497	0.24	78,138	0.88
Total Non-current Assets	3,742,379	79.20	4,455,375	78.33	4,688,445	77.03	4,158,020	71.22	5,922,738	71.36	5,678,964	63.95
Total Assets	4,725,312	100.00	5,688,201	100.00	6,086,694	100.00	5,837,919	100.00	8,299,334	100.00	8,880,550	100.00

Polyplex (Thailand) Plc.
Balance Sheet

Unit: Bt. 000's

	Unconsolidated						Consolidated					
	2006/2007		2007/2008		2008/2009		2006/2007		2007/2008		2008/2009	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Liabilities & Shareholders' Equity												
Current Liabilities												
Accounts payable	418,490	8.86	522,028	9.18	360,865	5.93	614,153	10.52	898,019	10.82	540,590	6.09
Dividend payable	-	-	-	-	320,000	5.26	-	-	-	-	320,000	3.60
Long-term loans-due within one year	41,224	0.87	114,832	2.02	164,257	2.70	155,740	2.66	252,939	3.05	297,753	3.35
Short-term loans from financial institutions	-	-	18,371	0.32	-	-	238,052	4.08	77,464	0.93	104,094	1.17
Other current liabilities	28,317	0.60	36,791	0.65	72,401	1.19	73,325	1.26	87,396	1.05	133,899	1.51
Total current liabilities	488,031	10.33	692,022	12.17	917,523	15.08	1,081,270	18.52	1,315,818	15.85	1,396,336	15.72
Non-current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Long-term loans-net of amount due within one year	616,107	13.04	1,077,117	18.93	1,275,937	20.96	1,232,807	21.12	2,652,766	31.97	2,886,030	32.50
Other non-current liabilities	-	-	-	-	-	-	1,483	0.02	1,869	0.02	1,957	0.02
Loss on investment in subsidiaries exceeding carrying amount	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,104,138	23.37	1,769,139	31.10	2,193,460	36.04	2,315,560	39.66	3,970,453	47.84	4,284,323	48.24
Shareholders' Equity												
Issued & Paid-up Share Capital												
Preferred shares	-	-	-	-	-	-	-	-	-	-	-	-
Ordinary shares	800,000	16.93	800,000	14.07	800,000	13.14	800,000	13.70	800,000	9.64	800,000	9.01
Premium on ordinary shares	1,370,460	29.00	1,370,460	24.09	1,370,460	22.52	1,370,460	23.48	1,370,460	16.51	1,370,460	15.43
Advance towards future paid-up capital	-	-	-	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	(126,291)	(2.16)	2,523	0.03	(138,254)	(1.55)
Retained earnings (deficits)	1,450,714	30.70	1,748,602	30.74	1,722,774	28.30	1,464,189	25.08	2,141,740	25.81	2,543,705	28.64
Total Shareholders' Equity	3,621,174	76.63	3,919,062	68.90	3,893,234	63.96	3,508,358	60.10	4,314,723	51.99	4,575,911	51.53
Minority Interest	-	-	-	-	-	-	14,001	0.24	14,158	0.17	20,316	0.23
Total Liabilities and Shareholders' Equity	4,725,312	100.00	5,688,201	100.00	6,086,694	100.00	5,837,919	100.00	8,299,334	100.00	8,880,550	100.00

Polyplex (Thailand) Plc.
Statement of Income and Retained Earnings

Unit: Bt. 000's

	Unconsolidated						Consolidated					
	2006/2007		2007/2008		2008/2009		2006/2007		2007/2008		2008/2009	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenues												
Net sales	3,324,285	98.07	3,531,976	97.85	3,236,610	95.98	4,718,570	98.12	6,398,679	98.26	6,859,738	97.12
Other revenues	65,508	1.93	77,664	2.15	74,881	2.22	90,262	1.88	113,335	1.74	74,921	1.06
Gain on foreign exchange	-	-	-	-	60,739	1.80	-	-	-	-	128,166	1.82
Total Revenues	3,389,793	100.00	3,609,640	100.00	3,372,230	100.00	4,808,832	100.00	6,512,014	100.00	7,062,825	100.00
Costs and Expenses												
Cost of sales	2,850,734	84.10	2,798,051	77.52	2,385,424	70.74	3,854,393	80.15	4,975,768	76.41	5,078,941	71.91
Selling and administrative expenses	288,263	8.50	283,426	7.85	304,440	9.03	525,860	10.94	570,687	8.76	704,132	9.97
Loss of foreign exchange	25,503	0.75	44,797	1.24	-	-	-	-	45,672	0.70	-	-
Total Expenses	3,164,500	93.35	3,126,274	86.61	2,689,864	79.77	4,380,253	91.09	5,592,127	85.87	5,783,073	81.88
Profit (loss) before interest expenses	225,293	6.65	483,366	13.39	682,366	20.23	428,579	8.91	919,887	14.13	1,279,752	18.12
Interest expenses	(37,457)	(1.10)	(49,477)	(1.37)	(68,194)	(2.02)	(80,811)	(1.68)	(94,241)	(1.45)	(219,210)	(3.10)
Income Tax	-	-	-	-	-	-	(4,381)	(0.09)	(9,297)	(0.14)	(13,863)	(0.20)
Net profit (loss) after income tax	187,836	5.55	433,889	12.02	614,172	18.21	343,387	7.14	816,349	12.54	1,046,679	14.82
Net loss of minority interest	-	-	-	-	-	-	(1,545)	(0.03)	(2,798)	(0.06)	(4,713)	(0.07)
Goodwill amortised	-	-	-	-	-	-	-	-	-	-	-	-
Net profit (loss)	187,836	5.55	433,889	12.02	614,172	18.21	341,842	7.11	813,551	12.48	1,041,966	14.75
Earnings (losses) per share (Bt.)	0.23	-	0.54	-	0.77	-	0.43	-	1.02	-	1.30	-

Polyplex (Thailand) Public Company Limited
Cash Flow Statement

Unit: Bt. 000's

	Unconsolidated			Consolidated		
	2006/2007 April-March	2007/2008 April-March	2008/2009 April-March	2006/2007 April-March	2007/2008 April-March	2008/2009 April-March
Cash flow from operating activities						
Net profit (loss)	187,836	433,889	614,172	341,842	813,551	1,041,966
Depreciation and amortization	130,307	130,698	154,466	223,802	241,788	343,266
Increase (decrease) allowance for doubtful debts	308	(100)	(74)	308	251	(74)
Allowance for diminution in value of inventories (reversal)	-	-	16,183	3,041	(3,041)	19,558
Dividend income	-	(4,315)	(2,525)	-	-	-
Interest Expense	37,457	48,691	66,837	80,810	91,330	196,993
Income Tax expense	-	-	-	4,381	9,297	13,863
Gain on disposal of property, plant and equipment	(1)	(155)	(534)	(1)	(155)	1,172
Unrealized losses (gains) on foreign exchange	6,237	30,057	21,192	6,237	35,710	34,128
Exchange loss on share deposit paid in advance	-	-	6,026	-	-	-
Gains on sales of current investments	-	(1,614)	(2,191)	-	(1,614)	(2,191)
Net loss of minority interest	-	-	-	1,545	2,799	4,713
Profit (Loss) from operation before changes in operating assets and liabilities	362,144	637,151	873,552	661,965	1,189,916	1,653,394
Decrease (Increase) in operating assets	-	-				
Accounts receivable	198,379	(367,426)	284,286	(150,212)	(679,532)	104,591
Balance due from a related company	-	-	-	188	19,916	(52,241)
Inventories	160,268	50,119	(103,925)	206,056	(101,418)	(212,666)
Other current assets	23,369	32,290	6,285	30,577	18,785	6,774
Other non-current assets	(23,156)	(2,219)	277	(139,072)	(2,214)	188
Increase (Decrease) in operating liabilities						
Accounts payable	(44,541)	89,025	(147,061)	95,651	193,726	(261,311)
Other current liabilities	16,328	1,945	34,633	8,260	3,019	47,629
Income tax paid	-	-	-	(6,954)	(4,771)	(9,516)
Other non- current liabilities	-	-	-	1,412	386	87
Cash flow provided from (used in) operating activities	692,791	440,885	948,047	707,871	637,813	1,276,929

Polyplex (Thailand) Public Company Limited
Cash Flow Statement

Unit: Bt. 000's

	Unconsolidated			Consolidated		
	2006/2007 April-March	2007/2008 April-March	2008/2009 April-March	2006/2007 April-March	2007/2008 April-March	2008/2009 April-March
Cash flow from Investing activities						
Decrease (increase) in current investments	-	1,614	(346,509)	-	1,614	(346,509)
Dividend from subsidiary	-	4,315	2,525	-	-	-
Other Long Term Investment	-	-	-	-	-	-
Repayment of accounts payable on purchase of fixed assets	-	15,832	(57,828)	-	139,860	(57,828)
Increase in Investment in subsidiary	(500,120)	(407,830)	(261,950)	-	-	-
Purchase of fixed assets	(91,075)	(431,600)	(91,845)	(480,384)	(1,872,461)	(341,105)
Payment of intangible asset	-	-	-	(309)	(1,873)	-
Sale of fixed assets	25	234	1,019	969	1,205	4,308
Net cash used in investing activities	(591,170)	(817,435)	(754,588)	(479,724)	(1,731,655)	(741,134)
Cash flow from financing activities						
Interest Paid	(37,306)	(44,585)	(67,741)	(80,659)	(87,226)	(204,346)
Increase (Decrease) in bank overdraft/ short term loans from financial institutions	-	18,371	(18,371)	214,400	(160,587)	26,629
Dividend Paid	(224,000)	(136,000)	(320,000)	(224,000)	(136,000)	(320,000)
Dividend paid to minority shareholders	-	-	-	-	(1,692)	(1,119)
Increase in long-term loans	137,380	516,727	221,103	(111,843)	1,499,266	347,752
Cash provided from financing activities	(123,926)	354,513	(185,009)	(202,102)	1,113,761	(151,084)
Currency Translation changes	-	-	-	(60,546)	(62,679)	(39,050)
Increase in cash and cash equivalents	(22,305)	(22,037)	8,450	(34,501)	(42,760)	345,659
Cash and cash equivalents at the beginning of period (April 1)	53,458	31,154	9,117	164,139	129,638	86,878
Cash and Cash equivalents at the end of period (March 31)	31,154	9,117	17,566	129,638	86,878	432,538

Polyplex (Thailand) Public Company Limited
Financial Statement

		Unconsolidated			Consolidated		
		2006/2007 April-March	2007/2008 April-March	2008/2009 April-March	2006/2007 April-March	2007/2008 April-March	2008/2009 April-March
<u>Liquidity Ratios</u>							
Current ratio	(time)	2.01	1.78	1.52	1.55	1.81	2.29
Quick ratio	(time)	1.27	1.38	1.13	0.85	1.16	1.52
Cash flow current ratio	(time)	1.43	0.75	1.18	0.72	0.53	0.94
Receivable current ratio	(time)	4.79	4.61	4.01	6.57	5.74	4.94
Avg. debt collection period	(day)	75.08	78.14	89.78	54.78	62.73	72.84
Inventory turnover period	(time)	104.31	128.21	109.61	23.16	32.30	22.70
Avg. selling period	(day)	3.45	2.81	3.28	15.54	11.14	15.86
Payable current ratio	(time)	6.92	6.45	5.89	7.42	7.42	7.91
Payable repayment period	(day)	52.04	55.84	61.11	48.50	48.50	45.54
Cash cycle	(day)	26.49	25.11	31.95	21.83	25.37	43.16
<u>Profitability Ratios</u>							
Gross profit margin	(%)	14.25%	20.78%	26.30%	18.31%	22.24%	25.96%
Operating profit margin	(%)	5.57%	12.75%	16.89%	7.17%	13.32%	15.70%
Other profit margin	(%)	1.93%	2.15%	4.02%	1.88%	1.74%	2.88%
Cash to profit margin	(%)	276.24%	83.48%	138.94%	165.17%	66.06%	99.78%
Net profit margin	(%)	5.54%	12.02%	18.21%	7.11%	12.49%	14.75%
Return on equity	(%)	5.30%	11.51%	15.72%	9.76%	20.72%	23.35%
<u>Efficiency Ratios</u>							
Return on assets	(%)	4.03%	8.33%	10.43%	5.98%	11.51%	12.13%
Return on fixed assets	(%)	15.99%	26.55%	34.23%	14.56%	21.30%	24.07%
Asset turnover	(time)	0.73	0.69	0.57	0.84	0.92	0.82
<u>Financial Policy Ratios</u>							
Debt to equity ratio	(time)	0.30	0.45	0.56	0.66	0.92	0.94
Interest coverage ratio	(time)	9.49	12.41	12.27	8.05	12.30	7.38
Commitment coverage ratio (cash basis)	(time)	7.61	0.93	4.59	0.93	0.31	2.15
Pay out ratio	(%)	40%	40%	39%	40%	0%	0%

9.2 Explanation and analysis of operational performance and financial status

9.2.1 Operational performance

PTL, a subsidiary of PCL, was incorporated on March 26, 2002 to engage in the production and distribution of PET film (Polyethylene Terephthalate Film or Polyester Film) mainly for export markets focusing on packaging, industrial and electrical segments. PTL commenced operations from its first production line on April 2, 2003 and the second production line on November 12 of the same year. PTL's factory is situated in Siam Eastern Industrial Park, Rayong on a land area of 20 rai 22 sq. wah which was later expanded by another land area of 8 rai 28.9 sq.wah for implementation of the captive PET resin project. Another plot of land with an area of 35 rai, 2 ngan and 54.80 square wah was bought opposite to the factory, where PTL's Extrusion Coating project started commercial production in April'08. The CPP Project under implementation is also coming up on this plot of land and any other future expansion project of PTL can also be set up on this land, as there would still be a considerable portion of the land vacant after the set up of the CPP Project. PTL was awarded the ISO 9001:2000 and the ISO14001:2004 accreditation in December 2003 and May 2004 respectively for its film plants and similar certification has been received subsequently at the time of extension in March 2007 for its Resin and Metallizer plants. The Extrusion Coating plant is also certified with ISO 9001-2000, ISO 14001 - 2004 and OHSAS 18001 - 2007.

Polyplex group aims to become one of the world market leaders in PET thin film by continuously expanding its market share through regular expansions in capacity. With the start up of the second PET thin film line in Turkey in May'08, Polyplex group has become one of the major global players in the PET film industry with a capacity of more than 100,000 MT per annum. In order to achieve further growth and also to de-risk the existing PET film business, Polyplex is adding new products to its portfolio.

By undertaking expansions for manufacturing of related products such as BOPP film (In India) and CPP film (In Thailand), which are other Packaging substrates used by Converters, in addition to PET thin film, Polyplex is moving towards establishing itself as a Preferred packaging substrate provider as against just a PET thin film supplier. Apart from this, in order to further diversify its product range, the group has regularly been expanding into new value added products such as Silicone coated film (In India - 2007), Extrusion coated films (In Thailand - 2008). As an ongoing effort in this direction, the board of PTL has recently approved an investment for a new Silicone Coated Film line, which will be the second line for the group.

Polyplex group has set out clear business strategies:

- 1) Focus on product development and technical services to penetrate high growth and high margin markets,
- 2) Cost leadership
- 3) Boosting delivery efficiency through focus on distributed manufacturing and logistics
- 4) Diversifying the product lines
- 5) Customer satisfaction through supply of consistent quality products

The financial year 2008-09, has shown a 40% growth in standalone profits of PTL and 28% growth in consolidated profits, despite the various challenges posed by the global economic slowdown, affecting almost all sectors of the economy, including the industry Polyplex is operating in - the PET thin film industry.

The highlights of the year's performance are as follows:

TOTAL REVENUES

Consolidated:

Sales Revenue:

Consolidated sales revenue has been Bt 6,860 million, an increase of Bt 461 million or 7.2% over the previous year. The key reasons for the increase are as follows:

- During the year, the Company has commenced production in Thailand, from the Extrusion Coating line in April 2008 and the Metallized film line in May 2008. Polyplex Europa, the Company's subsidiary in Turkey, has commenced production from the 2nd Plain film and Metallized film lines in May 2008. Growth in revenue is mainly on account of the additional volumes from the new capacity additions in Thailand as well as Turkey.
- The growth could have been even higher, if not for the sharp decline in sales volumes in the second half of the year, due to de-stocking along the entire supply chain, which resulted in a sudden contraction in the demand for PET film and a consequential drop in our sales volumes.

Table illustrating Consolidated sales revenue from Exports and Domestic sales is as below:

Market	2006/07		2007/08		2008/09	
	Bt. million	%	Bt. million	%	Bt. million	%
Exports	3,481.03	73.77	4,335.42	67.75	4,496.09	65.54
Domestic sales	1,237.53	26.23	2,063.26	32.25	2,363.65	34.46
Total	4,718.57	100.00	6,398.68	100.00	6,859.74	100.00

FX Fluctuation gain and Other Income:

There has been an exchange gain of Bt 128 million as compared with an exchange loss of Bt 46 million in the previous year. The Other income has been Bt 75 million, almost the same as in the previous year.

Standalone:**Sales Revenue:**

PTL's total sales revenue is mainly driven by Exports, with 75-85% of its total sales revenue coming from exports.

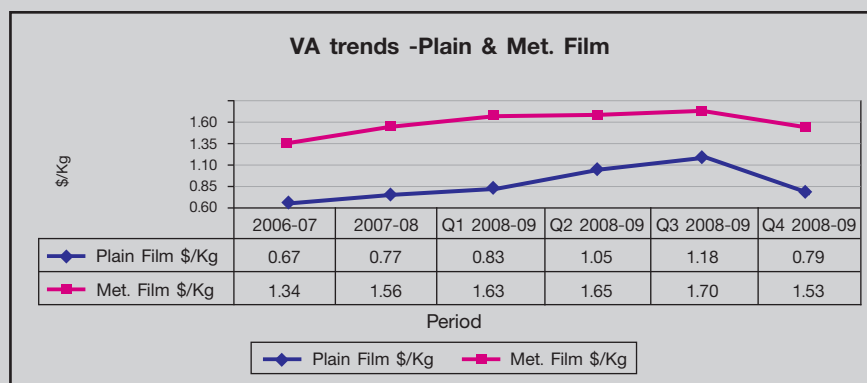
Table illustrating PTL's sales revenue from export and domestic sales is below:

Market	2006/07		2007/08		2008/09	
	Bt. million	%	Bt. million	%	Bt. million	%
Exports	2,828.11	85.07	2,890.14	81.83	2,522.67	78.16
Domestic sales	496.18	14.93	641.83	18.17	713.94	21.84
Total	3,324.29	100.00	3,531.97	100.00	3,236.61	100.00

In the year 2008-09 (April 1- March 31, 2009), PTL achieved total sales revenues of Bt. 3,237 million, a decrease of Bt. 295 million over the previous year. The major features of sales revenue in 2008-09 are as follows:

- There is a marginal increase of 3.1 % in the revenue from sale of film from Bt. 2,882 million to Bt 2,972 million. The growth in revenue was suppressed by the significant drop in sales volumes witnessed in the second half of the year, particularly from November'08- January'09 due to the aggressive de-stocking along the value chain, thereby resulting in drop in customer orders. The increase could have been much higher if not for this contraction in demand, as the avg.sales realizations for the year were better than in the previous year by about 8-10 cents/ Kg.

The value additions (VA = Selling price - Raw Material Cost) during the year for PTL are shown below. Surge in Value Addition (VA) in Q2/Q3 above normal levels was mainly due to sudden drop in raw material prices, resulting from global crude oil price drop. The time lag in adjusting the selling prices for the drop in input prices resulted in the above normal value additions during these 2 quarters. VA levels in Q4 have returned to normal levels as the selling prices have been adjusted in line with the reduction in input prices as also due to drop in demand.



- Revenue from sale of surplus polyester chips/others to its subsidiary in Turkey and also to other customers in the export as well as domestic market was Bt 265 million (Exports - Bt 141 million, & Domestic Bt 124 million), as compared to Bt 650 million in the previous year. Decline in sales of polyester chips was one of the key reasons for the drop in overall sales revenues.

FX Fluctuation gain and Other Income:

PTL has made an exchange gain of Bt 61 million, as compared to an exchange loss of Bt 45 million in the previous year. There have been gains on USD denominated accounts receivables due to the USD appreciation against baht, which has been offset partially by the unrealized loss on the USD loan restatements. On the Euro front also, the Euro depreciation against the baht has resulted in unrealized exchange gains on the Euro loan restatements, which are partially offset by loss on the Euro denominated accounts receivables. So, in addition to improved value additions and other factors of operational excellence, cost saving measures etc, the exchange gain is also a key contributor to the increased profitability for the year.

The other income has been Bt 75 million, as against Bt 78 million in the previous year. Some of the main items included in other income are miscellaneous sales, Export Incentive, Interest income, Dividend Income, Profit on sale of fixed assets, Insurance claims etc.

TOTAL EXPENSES

Consolidated

The key elements of the Company's cost structure are raw materials (PTA & MEG), packing, electricity & fuel, depreciation, staff cost and selling & administrative expenses.

Cost of sales (COS) amounted to Bt 5,078 million, representing 87.8% of the total expenses, lower than 89% of the previous year. Cost of sales includes mainly the raw material costs, packing costs, utilities, depreciation on building and machinery, staff costs etc. A broad break up of COS is given below:

Description	%
Raw materials and consumables used (incl.change in inventory)	74.3%
Depreciation (in COS)	6.3%
Salaries, wages and other employee benefits (in COS)	6.1%
Utilities (Power/Natural Gas/ Chilled water etc)	10.4%
Others	2.9%
	<u>100.0%</u>

The selling expenses amounted to Bt. 492 million or 8.5 % of total expenses as compared with Bt. 396 million or 7.1% in the previous year. They principally included the shipment costs for the exported products, freight charges, inland insurance on domestic sales as well as other selling expenses. The increase in selling expenses is due to higher sales volumes in the year (on a consolidated basis) and the increase in % to the total expenses is mainly due to increase in other selling expenses like credit insurance, commission etc. The exchange loss of the previous year is also a reason for lower % to total expenses of last year.

The administrative expenses amounted to Bt 212 million or 3.7% of total expenses as compared with Bt 175 million or 3.1% in the previous year. The main reason for the increase in admin expenses is the increased scale of operations in the subsidiaries, apart from reasons of increased professional/legal fees at PTL, as explained above.

The finance charges increased from Bt 94 million to Bt 219 million, mainly due to increase in borrowings for the expansion projects in Thailand and in Turkey. The cost on additional borrowings has been partly offset by the reduction in the interest rates.

Standalone

Cost of sales (COS) amounted to Bt 2,385 million, representing 88.7% of the total expenses, lower than Bt 2,798 million or 89.5% of the previous year. A broad break up of the COS is given below:

Description	%
Raw materials and consumables (incl.change in all inventory)	74.8%
Depreciation (in COS)	6.2%
Salaries, wages and other employee benefits (in COS)	6.3%
Utilities (Power/Natural Gas/ Chilled water etc)	8.8%
Others	3.9%
	<u>100.0%</u>

The selling expenses amounted to Bt. 246 million or 9.2 % of total expenses as compared with Bt. 238 million or 7.6% in the previous year. They principally included the shipment costs for the exported products, freight charges, inland

insurance on domestic sales as well as other selling expenses. The increase in % to the total expenses is mainly due to lower total expenses in the current year, mainly resulting from lower raw material costs.

The administrative expenses amounted to Bt 58 million or 2.1% of total expenses as compared with Bt 45 million or 1.5% in the previous year. The main reason for the increase in admin expenses is the increase in professional fees & legal consultation fees etc, particularly due to the US anti dumping investigation related attorney fees. Also, the independent Directors have been paid a remuneration of Bt 2.25 million this year, which was NIL in the earlier year.

Finance charges have increased from Bt 50 million to Bt 68 million, due to increased term debt borrowings as explained above.

Profit margins - Gross Profit, Operating Profit and Net profit ratios

Gross profit margin on a consolidated basis has improved from 22.24% to 25.96% in the current year. On a standalone basis, PTL had a gross profit margin of 26.3% in 2008-09, which is higher than the 20.78% in the previous year due to lower raw material costs and improvement in sales realizations due to increase in share of value added films in the sales portfolio.

On a consolidated basis, the operating profit margin has increased from 13.32% to 15.70% in the current year. On a standalone basis, it has improved from 12.75% to 16.89% in the current year. The improvement is mainly due to the same reason of lower raw material costs and some other savings in packing costs etc.

Net profit margin on a consolidated basis has improved from 12.49% to 14.75% and on a standalone basis from 12.02% to 18.21%. The combined factors of lower raw material costs, higher share of value added products in the sale portfolio, exchange gain as against an exchange loss in the earlier year, benefit of economies of scale etc have all together contributed to a significant improvement in all the profitability ratios.

9.2.2 Financial status

TOTAL ASSETS

As at 31st March 2009, PTL's consolidated total assets were 8,881 million, an increase of 7% as compared to Bt. 8,299 million in the previous year.

On a Standalone basis, the total assets as at 31st March 2009 were Bt. 6,087 million, an increase of 7% over Bt.5,688 million of previous year.

The company's total assets have grown steadily from the time of inception till date with the installation of new production lines and various other expansion projects in Thailand and also at the subsidiary level in Turkey.

The main components of Total Assets are Current assets, Fixed assets, Investments and other non-current assets. A brief summary of the movement in the various components of total assets is given below:

Accounts receivable

The Company's consolidated net accounts receivable as of March 31, 2009 stood at Bt. 1,334 million which is lower than Bt. 1,442 million as of March 31, 2008 or decrease of 7.5%. The reduction in receivables is mainly on account of lower average credit period of sales.

PTL's Standalone Net Accounts Receivables as of 31st March, 2009 were Bt. 671 million, as against Bt 944 million in the previous year, or a decrease of 29%. The decrease in receivables is mainly due to reduction in sales volumes, including volumes of Chips, during the last quarter of the year..

Inventories

On a consolidated basis, the total inventories have gone up from 767 million to 960 million, an increase of Bt 193 million or 25%. On a standalone basis, the increase is from Bt. 226 million to Bt. 314 million or 39%. The increase in inventory levels is mainly due to higher stock of raw materials in PTL (Chips stock) as the surplus stock could not be liquidated owing to a fall in demand. There has also been an increase in stock of finished goods mainly in the subsidiaries (Turkey and US) and also some increase in stock of spares parts, which are mainly insurance spares.

Net Fixed Assets

Consolidated Net Fixed Assets (including capital work in progress -CWIP) have decreased by Bt 300 million from Bt 5,899 million to Bt 5,599 million, mainly due to depreciation charge of Bt. 342 million, which has been partially offset by the net impact of the following:

- Increase due to additions to fixed assets - Bt 243 million, mainly on building improvements and machinery additions, on account of the expansion projects in Thailand and Turkey, which commenced operations in May'08, although major costs relating to these projects was already incurred in the previous year and was appearing under CWIP, forming part of the Net Fixed assets balance as on 31st March 2008.
- Decrease on account of fixed assets disposed during the year - Bt 5 million, mainly motor vehicles and some machinery items.
- Decrease on account of Translation adjustment - Bt 196 million, mainly due to translation of subsidiary Net Fixed Assets, denominated in Euro and USD, into THB for the purpose of consolidation.

PTL Net Fixed Assets have decreased by Bt 80 million, from Bt 2,286 million to Bt 2,206 million, mainly due to the depreciation charge of Bt 154 million, which has been partially offset by the net impact of the following:

- Increase due to addition to fixed assets - Bt 75 million mainly on account of following:
 - o Addition to Motor vehicles - Bt 11 million
 - o Addition to Machinery in Film and Chips plant - Bt 38 million (Band Pinning, Coating unit etc)
 - o Building improvements, mainly for the new metallizer - Bt 13 million
 - o CWIP relating to the new CPP project - Bt 9 million,
 - o Other asset additions - Bt 4 million
- Decrease on account of net fixed assets disposed during the year - Bt 1 million, mainly motor vehicles

Investment in subsidiaries

During the year, PTL made an investment of USD 4 million in Polyplex (Americas) Inc (PA) toward their working capital requirement and invested USD 3.5 million in the Preference Shares of Polyplex (Singapore) Pte Ltd (PSPL).

Return on assets

PTL's return of assets has increased to 10.43% in 2008-09 from 8.33% in the previous year mainly due to increase in profitability. The return would have been higher, if not for the 7% increase in the total assets base.

On a consolidated basis also, the return on assets has increased to 12.13% in 2008-09 from 11.51% in 2007-08 which is again due to increase in profitability. The return would have been higher, if not for the 7% increase in the total assets base.

9.2.3 Liquidity

Cash flow

For the year 2008-09, PTL and its subsidiaries generated cash flow from operations amounting to Bt. 1,277 million and cash flow from long term loans and other short term bank borrowings of Bt. 374 million. Of these, Bt. 394 million (net of sales of fixed assets) was expended for purchase of machinery & equipment and other fixed assets, Bt. 204 million was paid as finance charges on the long term and short term borrowings and Bt 347 million was invested in liquid investments. There was a net outflow of Bt. 320 million on account of dividend paid by PTL for 2007-08 and Bt 1 million of dividend payout by PA to the minority shareholders. The balance thereof along with the negative translation adjustment of Bt. 39 million and the opening balance of Bt. 87 million resulted in a net closing balance of Bt. 433 million.

In the year 2008-09, PTL had a cash flow from operations of Bt. 948 million, net cash flow from long term loans and other short term bank borrowings of Bt. 203 million, dividend from the US subsidiary Bt 3 million. Of these, Bt. 149 million was used for purchase of fixed assets & other assets, Bt. 262 million was invested in subsidiaries, Bt. 68 million was paid as finance charges on the Long term loans, Bt 347 million was invested in liquid investments. There was a net outflow of Bt. 320 million on account of dividend for 2007-08. The surplus thereof together with the opening balance of Bt.9 million resulted in a net closing balance of Bt.17 million.

Liquidity ratio

In 2008-09, consolidated current ratio was 2.29 and quick ratio was 1.52. PTL's current ratio and quick ratio were 1.52 and 1.13 respectively. Consolidated average debt collection period during 2008-09 was 73 days along with a loan repayment period (Account payables period) of 46 days and average selling period of 16 days, resulting in a cash cycle of 43 days. The average debt collection period during 2008-09 was 90 days along with loan repayment period of 61 days and average selling period of 3 days resulting in cash cycle of 32 days.

In 2007-08, consolidated current and quick ratio were 1.81 and 1.16 respectively and PTL's current ratio and quick ratio were 1.78 and 1.38 respectively. Consolidated average debt collection period during 2007-08 was 63 days along with a loan repayment period (Account payables period) of 49 days and average selling period of 11 days, resulting in a cash cycle of 25 days. PTL's average debt collection period during 2007-08 was 78 days along with loan repayment period of 56 days and average selling period of 3 days resulting in a cash cycle of 25 days.

9.2.4 Sources of funds

Sources of funds consist of long term and short term loans from financial institutions and shareholders' equity.

TOTAL LIABILITIES

Current Liabilities

As at 31st March, 2009, consolidated current liabilities stood at Bt 1,396 million, an increase of Bt 80 million from Bt. 1,316 million in the previous year, mainly due to provision for the Interim dividend payable of Bt 320 million, which is partially offset by a net impact of the following:

- Net increase in short term borrowings by Bt 26 million, mainly on account of increase in the US subsidiary's working capital requirement
- Increase in current portion of long term loans by Bt 45 million
- Increase in other liabilities by Bt 46 million, mainly due to O/S expenses such commission, freight charge, finance charges, staff bonus, probable quality claims etc.

- Decrease in Trade payables by Bt 262 million, mainly due to drop in raw material prices
- Decrease in payables for fixed assets by Bt 95 million, mainly due to start up of the expansion projects and release of the relates machinery payables.

As at 31st March, 2009, PTL's current liabilities stood at Bt 918 million, an increase of Bt 226 million from Bt. 692 million in the previous year, mainly due to provision for the Interim dividend payable of Bt 320 million, which is offset by a net decrease of Bt 94 million in the other current liabilities (trade payables/ payables for purchase of fixed assets etc)

Term Debts

On a consolidated basis, the term debt (net of current portion) has increased by Bt 233 million from Bt 2,653 million to Bt 2,886 million. PTL's term debt (net of current portion) has increased from Bt. 1,077 million to Bt 1,276 million. The increase in debt is mainly on account of additional borrowings at Thailand and Turkey for the expansion projects, partially offset by loan repayments made during the year.

Leveraging & interest coverage ratio

The debt equity ratio (debt only, short term and long term, including current portion) of 0.70 on a consolidated basis and 0.37 for PTL standalone is quite comfortable. Debt equity ratio (for total debt, including current + non-current liabilities), is 0.94 on a consolidated basis and 0.56 for PTL standalone, which is also quite comfortable.

The consolidated interest coverage ratio was 7.38 times in 2008-09 as against 12.3 in 2007-08. Decrease in the interest coverage ratio is due to the increase in interest cost, due to higher borrowings as compared to previous year. PTL's interest coverage ratio was 12.27 times in 2008-09 as against 12.41 times in 2007-08. Despite the increase in interest cost, the decrease in ratio is not so significant due to increase in EBITDA during the year.

Commitments

As at 31 March 2009, company had the following commitments and contingent liabilities:

- PTL had commitments totaling Baht 9.6 million under various service agreements. These agreements terminate between May 2009 and August 2010.
- The Company's foreign exchange contracts outstanding at 31 March 2009 are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	7.8	14.8	33.5000 - 36.0650	33.7900 - 36.0050
Euro	2.7	0.5	45.2294 - 49.4500	45.0500 - 47.9050
Japanese yen	85.4	16.7	0.3231 - 0.3695	0.3599 - 0.3628

- (c) As at 31 March 2009, PTL had capital commitments of approximately Baht 291.03 million relating to the construction of factory buildings, and acquisition of machinery and equipment
- (d) As at 31 March 2009, the PTL is committed for rentals (under Operating Lease agreements) as follows:

	Thousand Baht
Payable within:	
1 years	2,462
2 to 5 years	2,929

- (e) PTL has given short term guarantees worth USD 7.0 million against working capital facilities of its subsidiaries. PTL has also given a guarantee of EUR 19.4 million for the long term loans taken by the Turkey subsidiary. .

Apart from above, as at 31 March 2009 there were outstanding bank guarantees of approximately Baht 0.7 million and EUR 6.8 million issued by the banks on behalf of PTL and its subsidiaries in respect of certain performance bonds as required in the normal course of businesses.

Shareholders' equity

PTL's shareholders' equity on a consolidated basis rose to Bt 4,576 million from Bt. 4,315 million in the previous year, representing a growth rate of 6% during the year, which is after accounting for dividend payment of Bt 640 million in PTL (320 million relating to FY 2007-08 and Bt 320 million of Interim dividend for FY 2008-09) and USD 106,875 in the books of Polyplex (Americas) Inc. The increase is due to increased profitability for the year. On a standalone basis, there is actually a decrease in shareholder equity by Bt 26 million, mainly due to dividend payout/proposed dividend of Bt 640 million which is offset by the profits of Bt 614 million generated during the year,

Return on equity

On a consolidated basis, the Return on equity has increased from 20.72% in 2007-08 to 23.35% in 2008-09. The ROE of PTL for 2008-09 has increased to 15.72% from 11.51% in 2007-08 mainly due to increase in profitability for the year.

PTL has a policy to pay dividend at about 40% of consolidated net profits. For the year 2008-09, PTL's board has proposed a dividend of Bt 0.52 per share, out of which, Bt 0.40 per share has already been paid in April 2009 as Interim dividend and the balance is payable in August 2009, subject to the approval of shareholders in the Annual General meeting in July 2009.

9.3 Main factors which may affect the future operational performance and financial position

The outlook for the long term remains stable and positive for the company, but the immediate outlook for the year 2009-10 is very challenging due to change in the market situation as a result of the global economic slowdown and also due to capacity additions coming up in the industry, which is likely to impact the demand-supply balance to some extent, thereby resulting in under utilization of some capacities. In addition to this, the raw material volatility is also likely to affect the stability in the value addition levels, as the cost increase will put considerable pressure on the margins.

However, PTL is confident of retaining its competitive edge due to various reasons:

1. Benefit from its various projects, the past projects and the ones under implementation as under:
 - a. PTL and PE have both derived significant benefits from the captive PET resin production to serve its raw material demand on costs, quality and security of availability. The main advantages of a captive resin plant are lower cost of production because of efficiencies in raw material sourcing as also a lower conversion cost besides ensuring timely availability of raw material for the film plants. Easy availability of PTA and MEG would reduce the supply risk although cost of the same still remains a matter of concern for any PET film manufacturer as it has a direct impact on the margins of every manufacturer. Captive production of resin would also allow the company to develop new film products.
 - b. Metallizer plants in Thailand and Turkey have helped improve the product mix. With the start up of the second metallizer plants in Turkey and Thailand, the company's capacity to produce value added films and sell additional volumes to its existing as well as new customers has increased significantly and this is expected to contribute to revenue and profitability growth in a significant manner in the long run.
 - c. The Extrusion coating plant in Thailand, which commenced operations in April'08, has further helped the company to reduce their exposure to commodity grades of film and increase the proportion of value added films and other specialty grades of film.
 - d. The CPP film project under implementation and the Silicone Coating project announced in May 2009 will also help the company in product diversification and diversify the risk associated with the cyclical nature of the PET film industry.

2. Polyplex has been deriving benefits from the larger size and distributed manufacturing operations across 3 locations whereby it has qualified as a preferred global supplier with many multinational and large customers with global operations.
3. Polyplex had also invested significantly in distribution, especially the acquisition of a company in USA (Polyplex (Americas) Inc.) and the ongoing investment in the Trading Company to be set up in China. The Investment in PA has lead to a better market penetration and improved customer service for North American markets and it is evident from the increasing sales volumes of PA. The negative injury ruling in favor of Thailand, in the Anti Dumping investigation launched by US against imports from China, Brazil, Thailand and UAE, can provide an opportunity for Polyplex to increase its market share in the USA.

9.4 Remuneration for auditor/s

1. Audit fee

The Company paid audit fee as below:

- A total of Bt ____ - ____ paid to the auditor/s for the past fiscal year; and
- A total of Bt 2,100,000.00 paid to the accounting firm the auditor/s work for, or the person or business related to the auditor/s and the accounting firm for the past fiscal year.

2. Non-audit fee

The Company made payment for other services, i.e. examination of compliance with conditions of promotion certificates, and legal and tax services, including BOI and tax audit services, as follows:

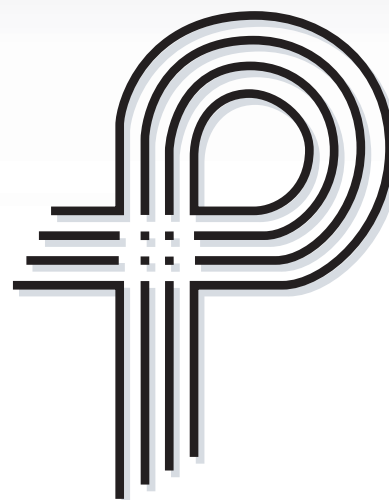
- A total of Bt. ____ - ____ paid to the auditor/s for the past fiscal year and Bt. ____ - ____ payable in the future for the service not yet fully done for the past fiscal year; and
- A total of Bt ____ - ____ paid to the accounting firm the auditor/s work for, or the person or business related to the auditor/s and the accounting firm for the past fiscal year, and Bt. 600,000 payable in the future for the service not yet fully done for the past fiscal year.

Financial Statements

For the Years Ended March 31, 2009

and Report of Certified Public Accountant

Polyplex (Thailand) Public Company Limited and Subsidiaries




Report of Independent Auditor

To the Shareholders of Polyplex (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheets of Polyplex (Thailand) Public Company Limited and its subsidiaries as at 31 March 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended; and the separate financial statements of Polyplex (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated financial statements as at 31 March 2009 and 2008 and for the years then ended include the financial statements of two subsidiaries which were audited by other auditors, whose reports have been furnished to me. My opinion on the consolidated financial statements, insofar as they relate to the amounts included for these subsidiaries, is based solely on the reports of those other auditors. These consolidated financial statements reflect total assets of those subsidiaries as at 31 March 2009 and 2008 of approximately Baht 695.7 million and Baht 307.6 million, respectively, total revenues for the years ended 31 March 2009 and 2008 of approximately Baht 1,450.4 million and Baht 641.4 million, respectively, and net income for the years ended 31 March 2009 and 2008 of approximately Baht 31.6 million and Baht 11.5 million, respectively.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits and the reports of the other auditors referred to in the previous paragraph provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Polyplex (Thailand) Public Company Limited and its subsidiaries and of Polyplex (Thailand) Public Company Limited as at 31 March 2009 and 2008, the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok: 11 May 2009

Balance sheets

Polyplex (Thailand) Public Company Limited and its Subsidiaries

As at 31 March 2009 and 2008

(Unit: Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		432,537,523	86,878,071	17,566,417	9,116,683
Current investments		348,700,000	-	348,700,000	-
Trade accounts receivable					
Unrelated parties - net	6	1,334,256,097	1,441,559,003	546,832,590	816,579,470
Related parties	5, 6	-	-	123,780,826	127,235,692
Trade accounts receivable - net		1,334,256,097	1,441,559,003	670,613,416	943,815,162
Amounts due from related party	5	52,240,568	-	-	-
Inventories - net	7	959,568,821	766,602,968	313,718,523	225,976,364
Other current assets					
Input tax refundable		10,889,678	11,233,332	10,889,678	11,233,332
Export incentive receivables		14,599,388	25,185,175	14,599,388	25,185,175
Others		48,794,306	45,137,565	22,161,565	17,499,490
Total current assets		3,201,586,381	2,376,596,114	1,398,248,987	1,232,826,206
Non-current assets					
Investments in subsidiaries	8	-	-	2,408,782,189	2,152,857,959
Property, plant and equipment - net	9	5,598,593,754	5,898,890,087	2,205,535,362	2,285,941,918
Intangible assets - net	10	2,231,713	3,350,934	-	-
Other non-current assets					
Goodwill		3,874,351	3,874,351	-	-
Advance payment for purchases of assets		61,285,269	3,456,421	61,285,269	3,456,421
Others		12,978,483	13,165,996	12,842,062	13,118,734
Total non-current assets		5,678,963,570	5,922,737,789	4,688,444,882	4,455,375,032
Total assets		8,880,549,951	8,299,333,903	6,086,693,869	5,688,201,238

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

Balance sheets (Continued)

Polyplex (Thailand) Public Company Limited and its Subsidiaries

As at 31 March 2009 and 2008

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	11	104,093,964	77,464,510	-	18,371,463
Trade accounts payable					
Unrelated parties		511,206,673	739,603,269	331,481,417	478,434,238
Related party	5	-	34,183,623	-	-
Total trade accounts payable		511,206,673	773,786,892	331,481,417	478,434,238
Current portion of long-term loans from					
financial institutions	12	297,753,202	252,938,710	164,256,415	114,831,915
Other current liabilities					
Accounts payable for purchases of fixed assets		29,383,667	124,231,799	29,383,667	43,593,391
Dividend payable	18	320,000,000	-	320,000,000	-
Corporate income tax payable		11,183,351	6,837,214	-	-
Others		122,715,555	80,558,749	72,401,284	36,790,515
Total current liabilities		1,396,336,412	1,315,817,874	917,522,783	692,021,522
Non-current liabilities					
Long-term loans from financial institutions - net					
of current portion	12	2,886,030,344	2,652,766,149	1,275,936,925	1,077,117,529
Other non-current liabilities		1,956,739	1,869,376	-	-
Total non-current liabilities		2,887,987,083	2,654,635,525	1,275,936,925	1,077,117,529
Total liabilities		4,284,323,495	3,970,453,399	2,193,459,708	1,769,139,051

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

Balance sheets (Continued)

Polyplex (Thailand) Public Company Limited and its Subsidiaries
As at 31 March 2009 and 2008

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Shareholders' equity					
Share capital					
Registered					
960,000,000 ordinary shares of Baht 1 each		960,000,000	960,000,000	960,000,000	960,000,000
Issued and fully paid up					
800,000,000 ordinary shares of Baht 1 each		800,000,000	800,000,000	800,000,000	800,000,000
Share premium		1,370,460,000	1,370,460,000	1,370,460,000	1,370,460,000
Translation adjustment		(138,254,531)	2,523,455	-	-
Retained earnings					
Appropriated - statutory reserve	13	96,000,000	96,000,000	96,000,000	96,000,000
Unappropriated		2,447,705,471	2,045,739,468	1,626,774,161	1,652,602,187
Equity attributable to the Company's shareholders		4,575,910,940	4,314,722,923	3,893,234,161	3,919,062,187
Minority interest - equity attributable					
to minority shareholders of subsidiaries		20,315,516	14,157,581	-	-
Total shareholders' equity		4,596,226,456	4,328,880,504	3,893,234,161	3,919,062,187
Total liabilities and shareholders' equity		8,880,549,951	8,299,333,903	6,086,693,869	5,688,201,238

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

Statements of income

Polyplex (Thailand) Public Company Limited and its Subsidiaries
For the years ended 31 March 2009 and 2008

(Unit: Baht)

		Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
	Note	2009	2008	2009	2008
Revenues					
Sales	16	6,859,737,740	6,398,678,583	3,236,610,564	3,531,976,235
Other income					
Exchange gain		128,165,966	-	60,739,179	-
Others		74,921,766	113,335,099	74,880,748	77,664,251
Total revenues		7,062,825,472	6,512,013,682	3,372,230,491	3,609,640,486
Expenses					
Cost of sales		5,078,940,846	4,975,768,364	2,385,425,359	2,798,051,015
Selling expenses		492,047,463	395,705,754	246,379,239	237,944,757
Administrative expenses		212,084,674	174,980,762	58,060,300	45,481,218
Exchange loss		-	45,672,062	-	44,797,341
Total expenses		5,783,072,983	5,592,126,942	2,689,864,898	3,126,274,331
Income before finance cost					
and corporate income tax		1,279,752,489	919,886,740	682,365,593	483,366,155
Finance cost		(219,210,661)	(94,240,603)	(68,193,619)	(49,477,549)
Income before corporate income tax		1,060,541,828	825,646,137	614,171,974	433,888,606
Corporate income tax	15	(13,862,611)	(9,296,976)	-	-
Net income for the year		1,046,679,217	816,349,161	614,171,974	433,888,606
Net income attributable to:					
Equity holders of the parent		1,041,966,003	813,550,621	614,171,974	433,888,606
Minority interests of the subsidiaries		4,713,214	2,798,540		
		1,046,679,217	816,349,161		
Basic earnings per share					
17					
Net income attributable to equity holders of the parent		1.30	1.02	0.77	0.54

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

Statements of changes in shareholders' equity

Polyplex (Thailand) Public Company Limited and its Subsidiaries
For the years ended 31 March 2009 and 2008

(Unit: Baht)

	Consolidated financial statement							
	Issued and fully paid share capital	Share premium	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders of subsidiaries	Minority interest- equity attributable to minority shareholders	Total
				Appropriated - statutory reserve	Unappropriated			
Balance as at 31 March 2007	800,000,000	1,370,460,000	(126,291,003)	81,250,000	1,382,938,847	3,508,357,844	14,001,635	3,522,359,479
Translation adjustment	-	-	128,814,458	-	-	128,814,458	(950,222)	127,864,236
Net income for the year	-	-	-	-	813,550,621	813,550,621	2,798,540	816,349,161
Dividend paid (Note 18)	-	-	-	-	(136,000,000)	(136,000,000)	-	(136,000,000)
Dividend paid by subsidiary	-	-	-	-	-	-	(1,692,372)	(1,692,372)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	14,750,000	(14,750,000)	-	-	-
Balance as at 31 March 2008	800,000,000	1,370,460,000	2,523,455	96,000,000	2,045,739,468	4,314,722,923	14,157,581	4,328,880,504
Balance as at 31 March 2008	800,000,000	1,370,460,000	2,523,455	96,000,000	2,045,739,468	4,314,722,923	14,157,581	4,328,880,504
Translation adjustment	-	-	(140,777,986)	-	-	(140,777,986)	2,563,576	(138,214,410)
Net income for the year	-	-	-	-	1,041,966,003	1,041,966,003	4,713,214	1,046,679,217
Dividend paid (Note 18)	-	-	-	-	(640,000,000)	(640,000,000)	-	(640,000,000)
Dividend paid by subsidiary	-	-	-	-	-	-	(1,118,855)	(1,118,855)
Balance as at 31 March 2009	800,000,000	1,370,460,000	(138,254,531)	96,000,000	2,447,705,471	4,575,910,940	20,315,516	4,596,226,456

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

Statements of changes in shareholders' equity

Polyplex (Thailand) Public Company Limited and its Subsidiaries
For the years ended 31 March 2009 and 2008

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total
Balance as at 31 March 2007	800,000,000	1,370,460,000	81,250,000	1,369,463,581	3,621,173,581
Net income for the year	-	-	-	433,888,606	433,888,606
Dividend paid (Note 18)	-	-	-	(136,000,000)	(136,000,000)
Unappropriated retained earnings transferred to statutory reserve	-	-	14,750,000	(14,750,000)	-
Balance as at 31 March 2008	800,000,000	1,370,460,000	96,000,000	1,652,602,187	3,919,062,187
Balance as at 31 March 2008	800,000,000	1,370,460,000	96,000,000	1,652,602,187	3,919,062,187
Net income for the year	-	-	-	614,171,974	614,171,974
Dividend paid (Note 18)	-	-	-	(640,000,000)	(640,000,000)
Balance as at 31 March 2009	800,000,000	1,370,460,000	96,000,000	1,626,774,161	3,893,234,161

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

Cash flow statements

Polyplex (Thailand) Public Company Limited and its subsidiaries

For the years ended 31 March 2009 and 2008

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Cash flows from operating activities				
Net income before tax	1,060,541,828	825,646,137	614,171,974	433,888,606
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	343,265,824	240,378,954	154,465,978	130,698,457
Amortisation of goodwill	-	1,408,855	-	-
Doubtful debts (doubtful debts recovery)	(74,000)	250,829	(74,000)	(100,000)
Allowance for diminution in value of inventories (reversal)	19,557,750	(3,040,820)	16,182,682	-
Unrealised loss on exchange rate	34,127,862	35,710,339	21,192,450	30,056,587
Exchange loss on share deposit paid in advance	-	-	6,025,747	-
Gains on sales of current investments	(2,191,451)	(1,613,542)	(2,191,451)	(1,613,542)
(Gain) loss on sales of property, plant and equipment	1,172,129	(154,904)	(533,675)	(154,904)
Dividend income	-	-	(2,524,686)	(4,315,019)
Interest expenses	196,993,980	91,330,592	66,837,292	48,690,857
Income from operating activities before changes in operating assets and liabilities	1,653,393,922	1,189,916,440	873,552,311	637,151,042
Operating assets (increase) decrease				
Trade accounts receivable	104,590,892	(679,532,265)	284,285,834	(367,425,945)
Amounts due from related party	(52,240,568)	-	-	-
Inventories	(212,665,702)	(101,418,368)	(103,924,841)	50,118,752
Export incentive receivables	10,585,787	(376,224)	10,585,787	(376,224)
Other current assets	(3,811,986)	19,161,270	(4,300,731)	32,666,222
Other non-current assets	187,513	(2,214,103)	276,672	(2,219,365)
Operating liabilities increase (decrease)				
Trade accounts payable	(261,311,152)	193,726,279	(147,061,033)	89,025,363
Amounts due to related company	-	19,916,234	-	-
Other current liabilities	47,629,232	3,017,717	34,632,655	1,944,998
Other non-current liabilities	87,363	386,361	-	-
Cash from operating activities	1,286,445,301	642,583,341	948,046,654	440,884,843
Cash paid for corporate income tax	(9,516,474)	(4,770,814)	-	-
Net cash from operating activities	1,276,928,827	637,812,527	948,046,654	440,884,843

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

Cash flow statements (Continued)

Polyplex (Thailand) Public Company Limited and its subsidiaries

For the years ended 31 March 2009 and 2008

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Cash flows from investing activities				
Decrease (increase) in current investments	(346,508,549)	1,613,542	(346,508,549)	1,613,542
Increase in investments in subsidiaries	-	-	(261,949,977)	(407,830,000)
Dividend received from subsidiary	-	-	2,524,686	4,315,019
Decrease (increase) in advance payment for purchases of assets	(57,828,848)	139,859,899	(57,828,848)	15,832,591
Increase (decrease) in accounts payable for purchases of fixed assets	(97,938,304)	80,324,929	(17,299,896)	17,956,486
Proceeds from sales of property, plant and equipment	4,308,117	1,205,449	1,018,976	234,163
Purchases of property, plant and equipment	(243,166,711)	(1,952,786,115)	(74,544,723)	(449,556,605)
Increase in intangible assets	-	(1,872,872)	-	-
Net cash used in investing activities	(741,134,295)	(1,731,655,168)	(754,588,331)	(817,434,804)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	26,629,454	(160,587,498)	(18,371,463)	18,371,463
Increase in long-term loans from financial institutions	347,751,902	1,499,265,751	221,102,603	516,726,517
Cash paid for interest expenses	(204,346,957)	(87,224,681)	(67,739,729)	(44,584,946)
Dividend payment	(320,000,000)	(136,000,000)	(320,000,000)	(136,000,000)
Dividend paid to minority shareholders	(1,118,855)	(1,692,372)	-	-
Net cash from (used in) financing activities	(151,084,456)	1,113,761,200	(185,008,589)	354,513,034
Decrease in translation adjustment	(39,050,624)	(62,678,828)	-	-
Net increase (decrease) in cash and cash equivalents	345,659,452	(42,760,269)	8,449,734	(22,036,927)
Cash and cash equivalents at beginning of year	86,878,071	129,638,340	9,116,683	31,153,610
Cash and cash equivalents at end of year	432,537,523	86,878,071	17,566,417	9,116,683

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

Notes to consolidated financial statements

Polyplex (Thailand) Public Company Limited and its subsidiaries

For the years ended 31 March 2009 and 2008

1. General information

1.1 Corporate information

Polyplex (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Polyplex Corporation Limited, which was incorporated in India. The Company is principally engaged in the manufacture and distribution of polyester films, metallized films, laminated polyester films and PET resins. The registered addresses of the Company’s head office and factories are as follows:

Head office: 75/26 Ocean Tower II, 18th Floor, Soi Sukhumvit 19, Sukhumvit Road, Kwaeng North Klongtoey, Khet Wattana, Bangkok.

Factory 1: Siam Eastern Industrial Park, 60/24 Moo 3, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong.

Factory 2: Siam Eastern Industrial Park, 60/91 Moo 3, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be affected by an array of future events.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 March		Revenues as a percentage to the consolidated total revenues for the year ended 31 March	
			2009	2008	2009	2008	2009	2008
			Percent	Percent	Percent	Percent	Percent	Percent
Polyplex (Americas) Inc.	Distribution of polyester film	United States of America	80.24	80.24	6.42	3.69	20.41	9.85
Polyplex (Singapore) Pte. Ltd.	Investment holding company	Singapore	100.00	100.00	1.41	0.02	0.12	-
Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (100% owned by Polyplex (Singapore) Pte. Ltd.)	Manufacture and distribution of polyester film and chips	Turkey	100.00	100.00	52.10	55.18	39.64	41.71

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of “Translation adjustment” in shareholders’ equity.
- e) Significant balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows:

- TAS 25 (revised 2007) Cash Flow Statements
TAS 29 (revised 2007) Leases

TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 49 is not relevant to the business of the Company, while TAS 25, TAS 29, TAS 31, TAS 33, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current year.

The following accounting standards have an impact on the financial statements for the current year.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the amortisation of goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of new accounting standards as follows:

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 *Cash and cash equivalents*

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

4.3 *Trade accounts receivable*

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

4.4 *Inventories*

Finished goods and work in process are valued at the lower of cost (average method) and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of cost (average method) and net realisable value and are charged to production costs whenever consumed.

4.5 *Investments*

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

4.6 *Property, plant and equipment/Depreciation*

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and building improvements, machinery and equipment is calculated by reference to their costs on the straight-line basis. Depreciation of other equipment is calculated on the sum of the year digits basis. The estimated useful lives of plant and equipment are as follows:

Buildings and building improvements	- 20, 50 years
Machinery and equipment	- 18 - 20 years
Furniture, fixtures and office equipment	- 5 - 10 years
Motor vehicles	- 5 - 7 years

Depreciation is included in determining income.

No depreciation is provided on land, machinery in transit, and assets under installation and construction.

4.7 Borrowing costs

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

4.8 Intangible assets

Intangible assets acquired in a business combination are recognised at fair value on the date of acquisition. Other acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years

4.9 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.11 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.13 Employee benefits

Salaries, wages, bonuses, contributions to the social security fund and provident fund, and other employee benefits are recognised as expenses when incurred.

4.14 Provisions

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

4.15 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

4.16 Use of accounting estimates

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

5. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2009	2008	2009	2008	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	557.1	449.8	Market price or transfer pricing policy guidelines
Dividend income	-	-	2.5	4.3	As declared
<u>Transactions with related companies</u>					
Other income	0.2	0.3	-	-	Market price
Purchases of raw materials	254.4	113.7	-	-	Market price
Other expenses	7.8	2.0	6.5	1.0	Market price

As at 31 March 2009 and 2008, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<u>Trade accounts receivable - related parties</u>				
Subsidiaries				
Polyplex (Americas) Inc.	-	-	114,985,146	112,479,798
Polyplex Europa Polyester Film Sanayi				
Ve Ticaret Anonim Sirketi	-	-	8,795,680	14,755,894
Total trade accounts receivable - related parties	-	-	123,780,826	127,235,692
<u>Amounts due from related party</u>				
Parent company				
Polyplex Corporation Ltd.	52,240,568	-	-	-
Total amounts due from related party	52,240,568	-	-	-
<u>Trade accounts payable - related party</u>				
Parent company				
Polyplex Corporation Ltd.	-	34,183,623	-	-
Total trade accounts payable - related party	-	34,183,623	-	-

Directors and management's remuneration

In 2009 the Company and its subsidiaries paid salaries, bonuses, meeting allowances and gratuities to their directors and management totaling Baht 37.3 million (Separate financial statements: Baht 19.4 million) (2008: Baht 35.8 million, Separate financial statements: Baht 18.3 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 21.4 to the financial statements.

6. Trade accounts receivable

The balances of trade accounts receivable as at 31 March 2009 and 2008, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<u>Unrelated parties</u>				
Not yet due	1,223,012,906	1,369,428,230	499,008,429	777,346,674
Past due				
Up to 3 months	105,810,317	67,853,371	44,811,225	38,351,949
3 - 6 months	3,012,936	4,277,402	3,012,936	880,847
Over 6 months	3,171,795	825,857	751,857	825,857
Total	1,335,007,954	1,442,384,860	547,584,447	817,405,327
Less: Allowance for doubtful debts	(751,857)	(825,857)	(751,857)	(825,857)
Net	1,334,256,097	1,441,559,003	546,832,590	816,579,470
<u>Related parties</u>				
Not yet due	-	-	123,780,826	127,235,692
Total	-	-	123,780,826	127,235,692
Trade accounts receivable - net	1,334,256,097	1,441,559,003	670,613,416	943,815,162

7. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Allowance of diminution in value of inventory-reduction				Investories - net	
	Cost		cost to net realisable value			
	2009	2008	2009	2008	2009	2008
Finished goods	306,929,338	144,174,171	(3,573,427)	-	303,355,911	144,174,171
Work in process	160,156,069	129,480,790	(1,417,148)	-	158,738,921	129,480,790
Raw materials	234,756,377	197,810,479	(14,709,274)	-	220,047,103	197,810,479
Spare parts and factory supplies	142,910,635	104,933,652	-	-	142,910,635	104,933,652
Materials in transit	134,516,251	190,203,876	-	-	134,516,251	190,203,876
Total	979,268,670	766,602,968	(19,699,849)	-	959,568,821	766,602,968

(Unit: Baht)

	Separate financial statements					
	Allowance of diminution in value of inventory-reduction					
	Cost		cost to net realisable value		Inventories - net	
	2009	2008	2009	2008	2009	2008
Finished goods	21,759,314	21,823,255	(56,259)	-	21,703,055	21,823,255
Work in process	61,337,133	43,188,705	(1,417,148)	-	59,919,985	43,188,705
Raw materials	171,126,399	110,969,009	(14,709,274)	-	156,417,125	110,969,009
Spare parts and factory supplies	75,678,358	49,995,395	-	-	75,678,358	49,995,395
Total	329,901,204	225,976,364	(16,182,681)	-	313,718,523	225,976,364

8. Investments in subsidiaries

These represent investments in ordinary shares and preference shares in the following subsidiary companies.

(Unit: Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received for the year ended 31 March	
	2009	2008	2009	2008	2009	2008	2009	2008
			Percent	Percent				
<u>Ordinary shares</u>								
Polyplex (Singapore) Pte. Ltd.	EUR 0.8 million	EUR 0.8 million	100.00	100.00	41,440,000	41,440,000	-	-
Polyplex (Americas) Inc.	USD 1.3 million	USD 1.3 million	80.24	80.24	41,660,675	41,660,675	2,524,686	4,315,019
					83,100,675	83,100,675	2,524,686	4,315,019
<u>Preference shares</u>								
Polyplex (Singapore) Pte. Ltd.	EUR 44.1 million	EUR 41.3 million	100.00	100.00	2,185,825,514	2,062,253,476	-	-
Polyplex (Americas) Inc.	USD 4.2 million	-	96.15	-	139,856,000	-	-	-
Share deposit paid in advance					-	7,503,808	-	-
					2,325,681,514	2,069,757,284	-	-
Total investments in subsidiaries					2,408,782,189	2,152,857,959	2,524,686	4,315,019

As at 31 March 2009, the Company had investments in 206,150 preference shares of Polyplex (Singapore) Pte. Ltd. (2008: 193,500 shares). These preference shares are non-cumulative and non-participative preference shares. The Company is entitled to receive dividend at a rate not to exceed 7% per annum, in years in which dividend is declared.

On 24 October 2008, a meeting of the Board of Directors of the Company approved an investment of up to USD 7 million to purchase 1.4 million non-cumulative and non-voting preference shares of Polyplex (Americas) Inc. Up to 31 March 2009, a total of USD 4 million, or equivalent to approximately Baht 139.9 million, has been paid for 800,000 preference shares of this company.

9. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements						
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Machinery in transit
Cost							Total
31 March 2008	167,650,876	594,558,996	3,854,321,506	65,021,318	31,893,431	1,887,024,282	93,673,387
Purchases	47,547	1,904,953	21,645,857	2,338,116	11,019,006	206,211,232	-
Disposals	-	-	(5,708,544)	(35,400)	(7,972,106)	(354,000)	-
Transfer in/(Transfer out)	-	353,543,812	1,768,227,986	12,546,930	-	(2,040,645,341)	(93,673,387)
Translation adjustment	(3,510,420)	(29,711,344)	(135,681,088)	(1,905,315)	(506,537)	(42,272,766)	-
31 March 2009	164,188,003	920,296,417	5,502,805,717	77,965,649	34,433,794	9,963,407	6,709,652,987
Accumulated depreciation							
31 March 2008	-	52,616,804	686,240,580	34,339,640	22,056,685	-	-
Depreciation for the year	-	26,715,436	300,355,401	8,989,673	6,241,596	-	-
Disposals	-	-	(713,599)	(10,538)	(7,865,667)	-	-
Translation adjustment	-	(1,301,952)	(15,682,455)	(547,782)	(374,589)	-	-
31 March 2009	-	78,030,288	970,199,927	42,770,993	20,058,025	-	-
Net book value							
31 March 2008	167,650,876	541,942,192	3,168,080,926	30,681,678	9,836,746	1,887,024,282	93,673,387
31 March 2009	164,188,003	842,266,129	4,532,605,790	35,194,656	14,375,769	9,963,407	5,898,890,087
Depreciation for the year							
2008 (Baht 224.3 million included in manufacturing cost, and the balance in selling and administrative expenses)							239,714,593
2009 (Baht 322.2 million included in manufacturing cost, and the balance in selling and administrative expenses)							342,302,106

(Unit: Baht)

	Separate financial statements						Total
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under installation and construction	Machinery in transit	
Cost							
31 March 2008	103,181,652	168,680,492	2,090,934,653	30,188,935	17,080,937	338,816,595	2,842,556,651
Purchases	-	1,904,953	21,645,857	1,886,996	11,019,006	38,087,911	74,544,723
Disposals	-	-	-	(35,400)	(7,972,106)	(354,000)	(8,361,506)
Transfer in/(Transfer out)	-	119,497,856	339,762,129	1,822,835	-	(367,409,433)	-
31 March 2009	103,181,652	290,083,301	2,452,342,639	33,863,366	20,127,837	9,141,073	2,908,739,868
Accumulated depreciation							
31 March 2008	-	35,122,006	483,456,887	23,666,110	14,369,730	-	556,614,733
Depreciation for the year	-	14,182,652	133,177,514	3,753,893	3,351,919	-	154,465,978
Disposals	-	-	-	(10,538)	(7,865,667)	-	(7,876,205)
31 March 2009	-	49,304,658	616,634,401	27,409,465	9,855,982	-	703,204,506
Net book value							
31 March 2008	103,181,652	133,558,486	1,607,477,766	6,522,825	2,711,207	338,816,595	2,285,941,918
31 March 2009	103,181,652	240,778,643	1,835,708,238	6,453,901	10,271,855	9,141,073	2,205,535,362
Depreciation for the year							
2008 (Baht 124.2 million included in manufacturing cost, and the balance in selling and administrative expenses)							130,698,457
2009 (Baht 147.4 million included in manufacturing cost, and the balance in selling and administrative expenses)							154,465,978

The Company and its subsidiaries have pledged their assets amounting to approximately Baht 4,118.5 million (2008: Baht 3,192.2 million) as collateral against credit facilities received from financial institutions (The Company only: Baht 1,875.6 million, 2008: Baht 1,784.1 million).

During the year ended 31 March 2009, the Company and its subsidiaries capitalised borrowing cost amounting to Baht 27.0 million (2008: Baht 19.1 million) as part of the cost of buildings and assets under construction and installation (The Company only: Baht 0.8 million, 2008: Baht 4.5 million).

10. Intangible assets

(Unit: Baht)

	Consolidated financial statements
	Computer software
Cost	
As at 31 March 2008	4,953,874
Translation adjustment	(269,642)
As at 31 March 2009	4,684,232
Accumulated amortisation	
As at 31 March 2008	1,602,940
Amortisation expenses for the year	963,718
Translation adjustment	(114,139)
As at 31 March 2009	2,452,519
Net book value	
As at 31 March 2008	3,350,934
As at 31 March 2009	2,231,713
Amortisation expenses for the year	
2008	664,361
2009	963,718

11. Bank overdrafts and short-term loans from financial institutions

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Bank overdrafts	-	54,660,930	-	18,371,463
Short-term loans from financial institutions	104,093,964	22,803,580	-	-
Total	104,093,964	77,464,510	-	18,371,463

As at 31 March 2009, short-term loans from financial institutions of subsidiaries carry interest at a rate of Libor+2.75% per annum (2008: Libor+1% per annum) and are guaranteed by the Company.

12. Long-term loans from financial institutions

(Unit: Baht)

Loans	Repayment schedule	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
Floating rate loans (Euribor+0.6% to 3.125%)	Repayable as from April 2006 to December 2017	2,139,139,151	2,228,513,283	512,562,383	656,282,396
Floating rate loans (Libor + 1.5% to 2.0%)	Repayable as from December 2009 to September 2016	808,120,957	416,157,048	808,120,957	416,157,048
Fixed rate loans (3.83% to 4.50%)	Repayable as from April 2006 to December 2013	236,523,438	261,034,528	119,510,000	119,510,000
Total		3,183,783,546	2,905,704,859	1,440,193,340	1,191,949,444
Less: Current portion		(297,753,202)	(252,938,710)	(164,256,415)	(114,831,915)
Net		2,886,030,344	2,652,766,149	1,275,936,925	1,077,117,529

The Company's loan facilities are secured by the mortgage of land, premises and machinery of the Company. The subsidiary's loan facilities are secured by the pledge of land, premises and machinery of the subsidiary, and are guaranteed by the Company as described in Note 21.4 to the financial statements.

The loan agreements contain covenants that, among other things, require the Company and its subsidiaries to maintain a certain debt to equity ratio and debt service coverage ratio, and require a subsidiary to maintain a particular current ratio.

During the current year, the Company was granted long-term loan facilities by two banks, amounting to USD 11.25 million. The loans were granted for investment in the Cast Polypropylene Film project and will be secured by the mortgage of the land, premises and machinery of the Company. As at 31 March 2009, the Company has already drawn down USD 1.00 million of the loan facilities.

13. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

14. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Salaries and wages and other employee benefits	419,766,549	301,616,556	152,355,431	141,368,274
Depreciation and amortisation	343,265,824	240,378,954	154,465,978	130,698,457
Loss on exchange rate	-	45,672,062	-	44,797,341
Loss on diminutions in value of inventories	19,557,750	-	16,182,681	-
Raw materials and consumables used	4,440,344,933	4,550,055,670	1,801,334,504	2,297,858,748
Changes in inventories of finished goods and work in process	(169,968,039)	(94,988,844)	(16,611,080)	3,927,544

15. Corporate income tax

No corporate income tax was payable for the years, since the Company has been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment.

16. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of polyester films, metallized films, laminated polyester films and PET resins. As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

The Company's sales for the years ended 31 March 2009 and 2008 divided according to promoted and non-promoted operations are set out below.

(Unit: Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2009	2008	2009	2008	2009	2008
Sales						
Domestic sales	705,037,994	641,831,562	8,901,000	-	713,938,994	641,831,562
Export sales	2,522,671,570	2,890,144,673	-	-	2,522,671,570	2,890,144,673
Total sales	3,227,709,564	3,531,976,235	8,901,000	-	3,236,610,564	3,531,976,235

17. Basic earnings per share

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

18. Dividends

On 29 July 2008, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.40 per share, or a total Baht 320.0 million, to the shareholders from the earnings for the year ended 31 March 2008. Subsequently, at the meeting of the Board of Directors held on 25 March 2009, it was resolved that an interim dividend of Baht 0.40 per share be paid to the Company's shareholders from the results of operations for the nine-month period ended 31 December 2008, totaling Baht 320.0 million. This interim dividend will be paid to the shareholders on 22 April 2009.

On 27 July 2007, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.17 per share, or a total Baht 136.0 million, to the shareholders from the earnings for the year ended 31 March 2007.

19. Financial information by segment

The Company and its subsidiaries' operations involve principally a single industry segment, the manufacture and distribution of polyester films, metallized films, laminated polyester films and PET resins, and are carried on in two geographic areas in Thailand and abroad, as operated by subsidiaries. The financial information of the Company and its subsidiaries by geographical segment, for the years ended 31 March 2009 and 2008 are as follows:

(Unit: Million Baht)

					Elimination of inter-segment			
	Thailand		Abroad		revenues		Consolidation	
	2009	2008	2009	2008	2009	2008	2009	2008
Sales to external customers	2,679.5	3,082.2	4,180.2	3,316.5	-	-	6,859.7	6,398.7
Intersegment sales	557.1	449.8	735.5	192.7	(1,292.6)	(642.5)	-	-
Total sales	3,236.6	3,532.0	4,915.7	3,509.2	(1,292.6)	(642.5)	6,859.7	6,398.7
Segment income	682.4	483.4	667.7	467.7	(70.3)	(29.8)	1,279.8	921.3
Unallocated income and expenses:								
Amortisation of goodwill							-	(1.4)
Finance cost							(219.2)	(94.2)
Corporate income tax							(13.9)	(9.3)
Minority interest							(4.7)	(2.8)
Net income							1,042.0	813.6
As at 31 March 2009 and 2008								
Property, plant and equipment	2,205.5	2,285.9	3,393.1	3,613.0	-	-	5,598.6	5,898.9
Unallocated assets							3,281.9	2,400.4
Total assets							8,880.5	8,299.3

Transfer prices between segments are as set out in Note 5 to the financial statements.

20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 4 percent (2008: 2 percent) of basic salary. The fund, which is managed by a licensed fund manager, will be paid to employees in accordance with the fund rules. During the year ended 31 March 2009, the Company contributed Baht 2,094,204 (2008: Baht 737,404) to the fund.

21. Commitments and contingent liabilities

21.1 Capital commitments

As at 31 March 2009, the Company and its subsidiaries had capital commitments of approximately Baht 291.03 million (2008: Baht 209.54 million), relating to the construction of factory buildings, and acquisition of machinery and equipment (The Company only: Baht 291.03 million, 2008: Baht 39.27 million).

21.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment.

Future minimum rentals payable under these leases as at 31 March 2009 are as follows:

	<u>Thousand Baht</u>
Payable within:	
1 years	2,462
2 to 5 years	2,929

21.3 Service agreement

As at 31 March 2009, the Company had commitments totaling Baht 9.6 million under various service agreements. These agreements terminate between May 2009 and August 2010.

21.4 Guarantees

The Company has given short term guarantees worth USD 7.0 million (2008: USD 6.0 million) against working capital facilities of its subsidiaries. In addition to this, the Company has given guarantee of EUR 19.4 million (2008: EUR 34.5 million) for the long term loans taken by its subsidiary (Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi).

Apart from above, as at 31 March 2009 there were outstanding bank guarantees of approximately Baht 0.7 million and EUR 6.8 million (2008: Baht 1.5 million and EUR 7.9 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of businesses (The Company only: Baht 0.7 million, 2008: Baht 1.5 million).

22. Financial instruments

22.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, trade accounts payable, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, notes and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and considering credit insurance contracts from time to time, and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, other receivables and notes receivable as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, and short-term and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal. In addition, the Company considers interest rate swap agreements from time to time so as to reduce exposure to the interest rate risk.

Significant financial assets and liabilities as at 31 March 2009 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements							
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate	
Within 1 year	1-5 years	Over 5 years					
(Million Baht)							(% p.a.)

Financial Assets

Cash and cash equivalent	31.3	-	-	141.0	260.2	432.5	0.25-10.25
Current investments	-	-	-	-	348.7	348.7	-
Trade accounts receivable	-	-	-	-	1,334.3	1,334.3	-
Amounts due from related party	-	-	-	-	52.2	52.2	-
	31.3	-	-	141.0	1,995.4	2,167.7	

Financial liabilities

Bank overdrafts and short-term loans from financial institutions	-	-	-	104.1	-	104.1	Libor + 2.75%
Trade accounts payable	-	-	-	-	511.2	511.2	-
Accounts payable for purchases of fixed assets	-	-	-	-	29.4	29.4	-
Long-term loans	51.9	184.6	-	2,947.3	-	3,183.8	See Note 12
	51.9	184.6	-	3,051.4	540.6	3,828.5	

Separate financial statements							
Fixed interest rates			Floating	Non-			
Within	1-5	Over 5	interest	interest		Interest	
1 year	years	years	rate	bearing	Total	rate	
(Million Baht)						(% p.a.)	

Financial Assets

Cash and cash equivalent	-	-	-	15.7	1.9	17.6	0.25-2.00
Current investments	-	-	-	-	348.7	348.7	-
Trade accounts receivable	-	-	-	-	670.6	670.6	-
	-	-	-	15.7	1,021.2	1,036.9	

Financial liabilities

Trade accounts payable	-	-	-	-	331.5	331.5	-
Accounts payable for purchases of fixed assets	-	-	-	-	29.4	29.4	-
Long-term loans	27.0	92.5	-	1,320.7	-	1,440.2	See Note 12
	27.0	92.5	-	1,320.7	360.9	1,801.1	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The Company's balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2009 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2009
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	10.7	23.7	35.3910 - 35.6629
Euro	1.5	10.9	46.6946 - 47.3455
Japanese yen	16.7	-	0.3592 - 0.3655

The Company's foreign exchange contracts outstanding at 31 March 2009 are summarised below.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	7.8	14.8	33.5000 - 36.0650	33.7900 - 36.0050
Euro	2.7	0.5	45.2294 - 49.4500	45.0500 - 47.9050
Japanese yen	85.4	16.7	0.3231 - 0.3695	0.3599 - 0.3628

22.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

23. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 11 May 2009.

Information of Director and Management of the Company

	Name-Surname	Position	Age (Years)	Education/Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
1	Mr.Manu Leopalrote	Board Chairman & Audit Committee Chairman	66	<u>Bachelor's degree</u> Economics (Hons.), Thammasat University <u>Master's degree</u> M.Sc. (Econ.), University of Kentucky, USA National Defence College Class 34	-	-	2004-Present Present 2009-Present 2005-2007 2005-2007 2005-Present 1994-2008	Board Chairman & Chairman of the Audit Committee Director & Chairman of the Audit Committee Director Director Director Chairman Chairman	Polyplex (Thailand) Plc. Thai Oil Power Co., Ltd. Thai Oil Plc. PTT Chemical Plc. PTT Exploration and Production Plc Neighbouring Countries Economic Development Cooperation Agency (Public Organization) TECHNONET ASIA,Singapore
2	Mr.Sanjiv Saraf	Director & Managing Director	51	<u>Bachelor's degree</u> Agricultural Engineering, Indian Institute of Technology, Kharagpur	-	-	2006-Present 2004-June'08 2004-March '08 2004-Present 2002-Present 2002-Present	Director Director Director Director & Chairman Managing Director Chairman	Polyplex (Americas) Inc. Polyplex (Asia) Pte. Ltd. Polyplex (Singapore) Pte. Ltd. Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi, Turkey Polyplex (Thailand) Plc. Polyplex Corporation Ltd.

Information of Director and Management of the Company

	Name-Surname	Position	Age (Years)	Education/Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
3	Mr.Pranay Kothari	Director	50	<u>Fellow Chartered Accountant</u> Institute of Chartered Accountants of India <u>Associate Company Secretary</u> The Institute of Company Secretaries of India	-	-	2006-Present 2004-March'08 2004-Present 2004-Present	Director Director Director Director	Polyplex (Americas) Inc. Polyplex (Asia) Pte. Ltd. Polyplex (Singapore) Pte. Ltd. Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi, Turkey Polyplex (Thailand) Plc., Polyplex Corporation Ltd.
4	Mr.Ranjit Singh	Director	52	<u>Bachelor's degree</u> Mechanical Engineering, Birla Institute of Technology & Science, Pilani, India <u>Master's degree</u> MBA, India of Institute of Management, Ahmedabad	-	-	July 2007 - Present 2004-March'08 2004-Present 2002-Present	Executive Director Director Director Executive Director	Polyplex Corporation Ltd. Polyplex (Asia) Pte. Ltd. Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi, Turkey Polyplex (Thailand) Plc.

Information of Director and Management of the Company

	Name-Surname	Position	Age (Years)	Education/Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
5	Dr.Virabongsa Ramangkura	Director & Audit Committee member	66	<u>Bachelor's degree</u> First Class Honors, B.A. (Political Science), Chulalongkorn University <u>Master's Degree</u> Economics, University of Pennsylvania,U.S.A. Ph.D. (Economics), University of Pennsylvania, U.S.A., Doctor of Law (Honorary), Webster University, USA	-	-	2004-Present	Director & Audit Committee member	Polyplex (Thailand) Plc.
							1994-Present	Chairman	Bangkok Expressway Public Co., Ltd.
							1995-Present	Chairman of the Executive Board	Advance Agro Public Co., Ltd.
							2004-Present	Chairman	Thai-Lao Association for Friendship
							2005-Present	Chairman	Finansa Co., Ltd.
							2006-Present	Chairman	South East Asia Energy Co., Ltd.
							Present	Chairman	Bang-Mod Hospital Co., Ltd.
							Present	Director	Advance Paper Co., Ltd.
							Present	Director	Advance Agro Holding Co., Ltd.
							Present	Director	Thailand Development Research Institute Foundation
							2005-Present	Director	Bangkok Airways Co., Ltd.
							2006-Present	Director	IRPC Public Co. ,Ltd.
							1999-Present	Advisory on the Board	Bangkok Bank Public Co., Ltd.
							2008-Present	Advisory on the Group	King Power International Co., Ltd.
							2001-Present	Foundation and Honorary Member	BOAO Forum for Asia
							2004-Present	Advisory Chairman	BOAO Forum for AsiaAreeya Property Public Co., Ltd.

Information of Director and Management of the Company

	Name-Surname	Position	Age (Years)	Education/Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
6	Mr.Praphad Phodhivorakhun	Director	63	<u>Bachelor's degree</u> Political Science, Ramkhamhaeng University <u>Post Graduate Degree</u> , National Defense College of Thailand <u>Master Degree</u> Business Administration (MBA), Public Administration (MPA) Ramkhamhaeng University Honourary Doctorate Degree in Business Administration Rajabhat University of Lampang	-	-	2004-Present Present	Director Chairman of Board of Directors	Polyplex (Thailand) Plc. Kang Yong Electric Pcl.
							Present	Chairman of Board of Directors	Mitsubishi Electric Kang Yong Wattana Co., Ltd.
							Present	Chairman of Board of Directors	Siam City Leasing and Factoring Pcl.
							Present	Chairman of Board of Directors	Yokohama Rubbers (Thailand) Co., Ltd.
							Present	Chairman of Board of Directors	Kang Yong' Group of Companies
							Present	President	K. Y. Intertrade Co., Ltd.
							Present	Director	Nitto Seiko (Thailand) Co., Ltd.
							Present	Director	Kulthorn Kirby Pcl.
							Present	Director	Thai Refrigeration Components Co., Ltd.
							Present	Chairman	Rajamangala University of Technology Rattanakosin.
							Present	Member of the International Advisory Committee	Ritsumeikan Asia Pacific University, Japan
							Present	Commissioner	Business Competition Commission, Ministry of Commerce

Information of Director and Management of the Company

	Name-Surname	Position	Age (Years)	Education/Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
7	Mr. Shiraz Erach Poonevala	Director & Audit Committee Member	45	<u>Bachelors of Commerce</u> Sydenham College of Commerce, India <u>Master of Commerce</u> Sydenham College of Commerce, India <u>Associated Chartered Accountant</u> Institute of Chartered Accountants of India	-	-	2004-Present March 2008 - Present 2005-March 2008 2002-2005	Director & Audit Committee member Director - Investment Senior Vice President Director	Polyplex (Thailand) Pcl. G.P. Group of Companies Limited Seamico Securities Plc. Paragon Partners Co., Ltd.
8	Mr. Rohit Kumar Vashistha	Director and Profit Centre Head	38	<u>Bachelor's degree</u> in Metallurgy, IT -BHU, India <u>Master's degree</u> International business, Indian Institute of Foreign Trade, India	-	-	Dec'08-Present May'08-Present 2003-Present 1996-2002	Profit Center Head Director Head - Sales & Marketing Head (International Trade)	Polyplex (Thailand) Plc. Polyplex (Thailand) Plc. Polyplex (Thailand) Plc. Tata Steel
9	Mr. Ravi Singhal	Head - Production & Engineering	38	<u>Bachelor's degree</u> H.B.T.I. University, Kanpur-India.	-	-	2008-Present 2003-2007	Head - Production & Engineering Projects Manager - Electrical & Instrumentation	Polyplex (Thailand) Plc Polyplex (Thailand) Plc

Information of Director and Management of the Company

	Name-Surname	Position	Age (Years)	Education/Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
10	Mr. Ramanathan Kannan	Head - Operations	42	<u>Bachelor's degree</u> Chemical Engineering, Laxminarayan Institute of Technology, Nagpur University, India	-	-	Sept 2008- Present Jan 2008 - March 2008 Nov 2005 - Oct 2007 April 1995 - Nov 2005	Head - Operations Independent Consultant Sr Vice President & Whole Time Director Operations Manager	Polyplex (Thailand) Plc DuPont Safety Resource Business Goa Glass Fibre Limited, Goa, India E I DuPont India Pvt Limited
11	Mr.Vinod Sureka	Head - Commercial	35	<u>Bachelor of Commerce</u> , Calcutta University, INDIA, <u>Chartered Accountant</u> , The Institute of Chartered Accountants of India (ICAI)	-	-	August 2008 - Present December 2001 -July 2008	Head - Commercial Finance Manager	Polyplex (Thailand) Plc Indorama Iplik San. Ve. Tic. A.S., Turkey
12	Mr. Prasan Onwong	Head - Film Plant	55	<u>Bachelor's degree</u> Engineering/MBA, RIT/Burapha University	-	-	August 2008- Present December 2006 - July 2008 May 2004 - December 2006 December 1999 -May 2004	Head - Film Plant Production Manager Project & Maintenance Manager Facility & Mechanical Manager	Polyplex (Thailand) Plc Polyplex (Thailand) Plc Polyplex (Thailand) Plc Cardinal healthcare (Thailand)Company limited



Polyplex (Thailand) Public Company Limited

75/26 Ocean Tower - II, 18th Floor Soi Sukhumvit 19,
Sukhumvit Road, Kwaeng North Klongtoey Khet
Wattana, Bangkok - 10110 THAILAND

Tel: +66-2-6652706-8 Fax: +66-2-6652705

www.polyplexthailand.com