

POLYPLEX

ANNUAL REPORT 2018/19



partnership
sustainability
responsibility



Participation in
Global Pouch Forum
- Packaging exhibition,
USA.



Groundbreaking
ceremony at
PT. Polyplex Films
Indonesia
- August 2018



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Message From the Chairman

Mr. Manu Leopairote

Chairman-Board and Audit Committee



Dear Valued Shareholders,

The year under review has witnessed a sustained improvement in profitability resulting from on-going initiatives on operational effectiveness, re-working of product portfolio and recovery in industry margins. Our EBITDA level is the highest in the last 8 years.

In comparison to the previous year, sales at 14.7 Billion THB have increased by 16%. Net profits at 1.87 Billion THB after adjusting for the foreign exchange gains is a significant increase of 31% from the previous year.

The Indonesia greenfield project comprising of new PET film line with a capacity of 44 KTPA and an integrated resin and metallization capacity with an investment of USD 80 Million is scheduled to start up in August 2019. This coupled with our smaller investments aimed at increasing our competitive edge with increasing share of specialty products and improving our productivity will provide further stimulus to our operations.

The recently approved BOPP line adjacent to the PET film line in Indonesia would help diversify the product offering and help mitigate challenges posed by concerns surrounding sustainability on our core business of PET films

PTL has been long involved in developing environmentally friendly and sustainable solutions, as an endeavor to contribute continuously and effectively towards global initiatives around sustainability and circular economy. A step in this direction was setting up a recycling company, Ecoblue which converts post-industrial and post-consumer PET waste into PET resin which finds use in various industrial and packaging segments. More recently company made investments in chemical recycling capability for post-consumer PET bottle waste, through which we have succeeded in developing films having up to 90% post-consumer recycling (PCR) content.

Our R&D efforts remain directed towards developing solutions which conform to our commitment to reducing the impact of plastic waste on the environment.

Our Company's financial profile remains conservative with a leverage ratio of 0.15 at the end of the current financial year.

In line with the improving profitability and financial position, as well as keeping in mind the cash requirement for the growth capital commitments, the Board has proposed a final dividend of 0.33 THB per share subject to approval of the shareholders. Taken along with the interim dividend of 0.31 THB per share, the total payout for the year is 0.64 THB per share, which is roughly 30% of the adjusted net profit of the company.

Improving industry margins have attracted more investments globally over the next two years and with potential implications on demand supply balance. Our geographically diversified presence, an extensive product offering, integrated operations and a wide spread of customers should help the Company deliver better performance as compared to competition.

On behalf of the Board, I would like to thank all the shareholders, business partners and the employees of the Company for their unwavering support and efforts without which we would not have been able weather the ups and downs of business and we look forward to the continued support and faith in the future as well.



Board of Directors



Mr. Manu Leopairote
Chairman
- Board and Audit Committee



Dr. Virabongsa Ramangkura
Director and Member
- Audit Committee



Mr. Shiraz Erach Poonevala
Director and Member
- Audit Committee



Mr. Sanjiv Saraf
Managing Director



Mr. Ranjit Singh

Director



Mr. Praphad Phodhivorakhun

Director



Mr. Ashish Kumar Ghosh

Director



Mrs. Sakhi Saraf

Director

Audit Committee Report – 2018-19

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 Leopairote (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 company was in 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, 2019, a total of four Audit Committee meetings were held.

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 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.
3. Reviewed and monitored the corporate compliance and internal control systems as also risk mitigation measures. The Committee believes that the company's overall internal control systems are adequate.
4. Reviewed the proposal for dividend for FY 2017-18 and recommended to the Board of Directors for their consideration and approval.
5. Reviewed and approved the Annual budget for financial year 2018-19 for the Company and its subsidiaries and recommended to the Board for their consideration and approval
6. Reviewed and approved the proposal to set up a Sales representative office in Japan
7. Reviewed and approved the liquidation of the Trading company in China
8. Considered and recommended to the Board of Directors to appoint Mr. Chayapol Suppasdtanon (CPA No. 3972) and/or Ms. Pimjai Manitkajohnkit (CPA No. 4521) and/or Ms. Sumana Punpongsanon (CPA No. 5872) and /or Ms. Rosaporn Decharkom (CPA No. 5659) and/or Ms. Rungnapa Lertsuwankul (CPA No. 3516) and/or Mr. Sophon Permsirivallop (CPA No. 3182) of EY Office Limited as the Company's auditors for the accounting period ending 31 March 2019 with the remuneration of up to Baht 3,455,000

Mr. Manu Leopairote



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 Company Limited

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. All material information has been sufficiently disclosed in the Notes to financial statements. 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 2018-19 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 Leopaiprote



Chairman

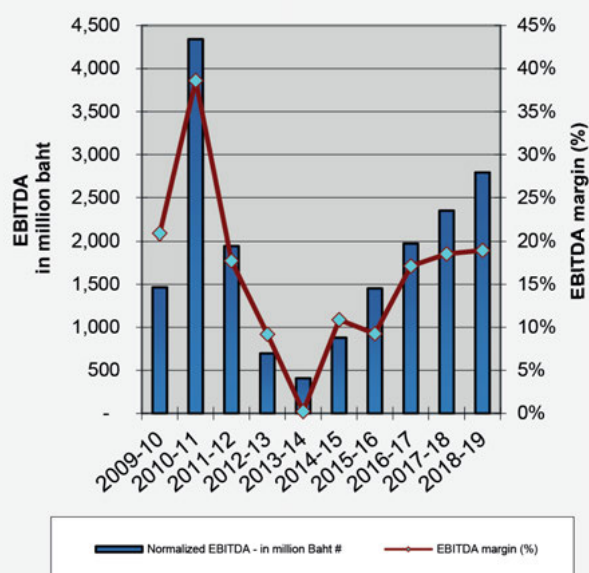
Mr. Sanjiv Saraf



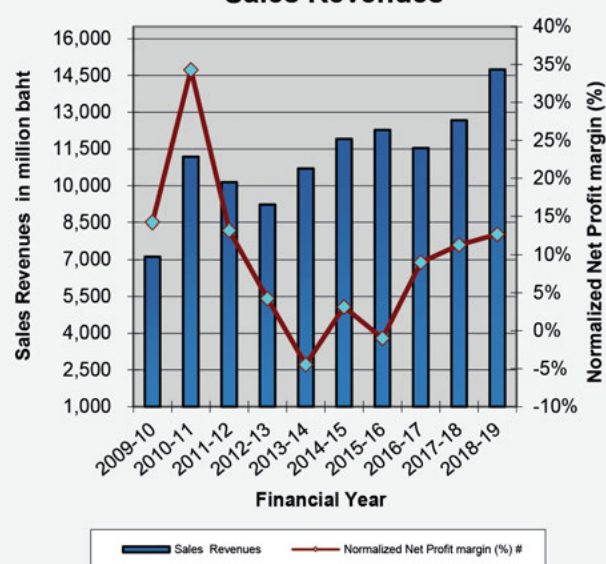
Managing Director

Key Financial Indicators

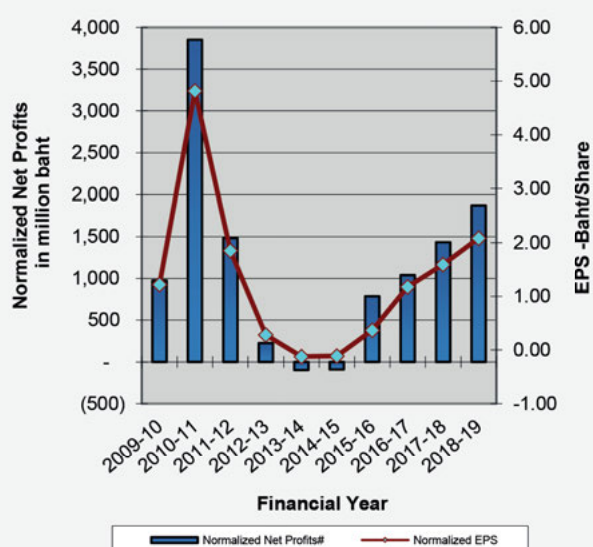
Normalized EBITDA



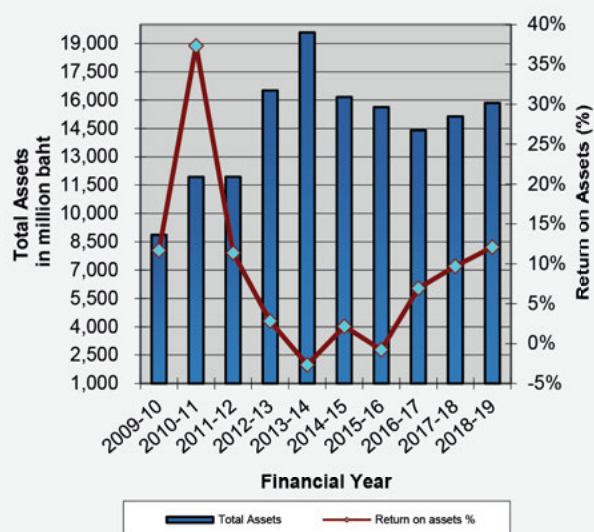
Sales Revenues



Normalized Net Profits and EPS



Total Assets



Normalized for FX fluctuations and any one-time exceptional items

Financial Highlights

Progression (Thousand Baht)	2016-17	2017-18	2018-19#
Net Sales	11,538,844	12,672,954	14,746,184
Total Revenues	11,929,093	12,727,456	15,264,047
Gross Profit	2,207,367	2,653,062	3,720,956
Net Profit (Loss)*	1,040,351	1,433,943	1,874,100
Total Assets	14,399,016	15,136,495	15,850,712
Total Liabilities	4,732,616	4,597,223	4,240,523
Shareholder's equity	9,642,154	10,514,042	11,578,568
Financial Ratios*			
Net Profit Margin (%)	9.02%	11.31%	12.71%
Return on Equity (%)	11.64%	14.19%	16.97%
Return on Assets (%)	6.93%	9.71%	12.10%
Per Share Data (Baht)			
No. of shares	881,643,836^	900,000,000	900,000,000
Dividend per share (Baht)	0.36	0.55	0.64
Earnings per share*	1.18	1.59	2.08
Par value	1	1	1

Note:

Above figures and ratios are on consolidated basis, including the Company's subsidiaries in USA, Turkey, Indonesia, Singapore, Netherlands, China and Thailand

* Normalized for FX fluctuations.

As proposed by the Board of Directors for consideration and approval in the 2019 Annual General meeting of the Shareholders

^ Weighted average number of shares including shares issued during the year under Rights Offering

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, 18 th 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 Pluak Daeng, Rayong- 21140
Factory -2	Siam Eastern Industrial Park, 60/91, Moo 3, Tambol Marbyangporn, Amphur Pluakdaeng, Rayong 21140
Factory -3	Siam Eastern Industrial Park, 60/109, Moo 3, Tambol Marbyangporn, Amphur Pluakdaeng, Rayong 21140
Type of Business	Manufacturer of Polyester Thin Film (Plain and Metallized), Polyester Chips, Polyester Thick Film (Plain), Extrusion Coated film, Cast Polypropylene Film (Plain and Metallized), Silicone Coated Film and Blown PP Film
Company registration number	0107547000729
Telephone	(66) 38 627 074-99
Facsimile	(66) 38 627 070
Website	http://www.polyplexthailand.com
Registered Capital	Baht 900,000,000
Common Shares	900,000,000 shares
Par Value	Baht 1.00 per share
Paid-up Capital	Baht 900,000,000
Number of Employees	1,159 including subsidiaries in Turkey, USA and China, and 682 in Thailand.

2.2 Subsidiaries in which the company holds more than 10% share – As at 31st March, 2019

Company Name and Address	Business Type	Registered Capital (shares)	Issued & Paid Up - No. of shares held by the Company	% shareholding	Type of Shares
Polyplex (Singapore) Pte Ltd. 61, Club Street, Singapore-069436	Investment Holding Company	100,000 300,000	100,000 39,100	100% 100%	Common Preference
Polyplex Europa Polyester Film* Sanayi Ve Ticaret A.Ş. Karamehmet Mah. Avrupa Serbest Bolgesi, 3 Sokak No. 4 Ergene, Tekirdag, TURKEY Karamehmet Mah. Avrupa Serbest Bolgesi, Turkey	Manufacturing Company	1,500,000	1,500,000	100%	Common
Polyplex Trading (Shenzhen) Co. Ltd* Room.1309, A block, Galaxy Century Building, Caitian South Rd., Futian District, Shenzhen People's Republic of China	Trading & Distribution Company	\$400,000**	\$400,000**	100%	Common
Polyplex (Americas) Holding Inc. 251 Little Falls Drive, Wilmington, DE 19808	Investment and Trading & Distribution Company	10,000	9,324	100%	Common
Polyplex USA LLC*** 641 South Lawrence Street, Montgomery, AL 36004	Manufacturing Company	****	\$46,616,500	100%	Common
EcoBlue Limited 60/91, Moo 3 Siam Eastern Industrial Park, Marbyangporn Sub-district, Pluak Daeng District, Rayong, THAILAND	Manufacturing Company	1,065,000	708,225	66.5%	Common
Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş. # Muhittin Mahallesi, Çetin Emeç Bulvarı, Acun Sokak, Cemil Bayram Apt.,No:7/1 Çorlu/ Tekirdağ_Turkey	Trading & Distribution Company	20,000	20,000	100%	Common
Polyplex Europe B.V. Zuidplein 126WTC, Toren H, 1077 XV Amsterdam NETHERLANDS	Trading & Distribution Company	30,000	2,000	100%	Common
PT. Polyplex Films Indonesia Jl. Modern Industri XVIII Blok AN No.7, Nambo Udik, Cikande, Serang Regency, Banten, Indonesia -42186)	Manufacturing Company	54,000	33,749	99.997%	Common

* Indirect holding via PSPL

** \$ 400,000 refers to the registered & paid up Share capital of Polyplex Trading (Shenzhen) Co. Ltd. There is no concept of number of shares or par value per share in People's Republic of China.

*** Indirect Holding via Polyplex America Holdings Inc.

**** There are no shares of Polyplex USA LLC. Capital contribution from PAH is termed as Members Unit and it is 100% by PAH.

Indirect holding via Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi

2.3 Other references

(a) Registrar

Name	Thailand Securities Depository Co., Ltd.
Address	93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
Telephone	(662) 009-9000
Facsimile	(662) 009-9991

(b) Trustee

N/A

(c) Auditing Firm

1) Name	EY Office Limited
Address	33 rd 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. Chayapol Suppasertanon (CPA No. 3972) and/or Ms. Pimjai Manitkajohnkit (CPA No. 4521) and/or Ms. Sumana Punpongsanon (CPA No. 5872) and /or Ms. Rosaporn Decharkom (CPA No. 5659) and/or Ms. Rungnapa Lertsuwankul (CPA No. 3516) and/or Mr. Sophon Permsirivallop (CPA No. 3182),

* Auditors of the company for the FY 2018-19

(d) Legal Advisors

Name	Linklaters (Thailand) Ltd
Address	20 th Floor, Capital Tower, All Seasons Place, 87/1 Wireless Road, Bangkok 10330, Thailand
Telephone	(662) 305 8000
Facsimile	(662) 305 8010
Contact person	Mr. Pichitpon Eammongkolchai
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. Theppachol Kosol

(e) Advisor or manager under management contract

N/A

Policy and Overview of Business Operation

3.1. Vision, Mission, Objective and Strategy of the Company



Values



Our core values, enunciated in the acronym S.C.O.R.E., inspire our internal and external interactions.

Seamlessness

We leverage synergies across hierarchies, functions and locations.

Care

We value our people and are committed to their development. We take a long-term approach to all our relationships.

Ownership and Responsibility

We honor our commitments towards internal and external stakeholders.

Excellence

We stretch ourselves continuously to improve the way we work. We constantly pursue newer and better ideas, processes, products and practices.

3.2. Background of the Company and key developments

Polyplex (Thailand) Plc. ("PTL" or "the Company") was incorporated as a private company on March 26, 2002 to manufacture and distribute PET film (polyethylene terephthalate film or polyester film). In August 2004, the Company was converted into a Public Company, with a registered capital of Baht 960 million and the IPO was subsequently made in December 2004. Current Registered and Paid up capital of the Company is Baht 900 million. The Company is promoted by Polyplex Corporation Limited (PCL) based in India and engaged in the same business as the Company for more than 29 years. As at 31st March, 2019, PCL has 51% stake in the Company through both direct and indirect shareholding and the balance 49% is with the general public.

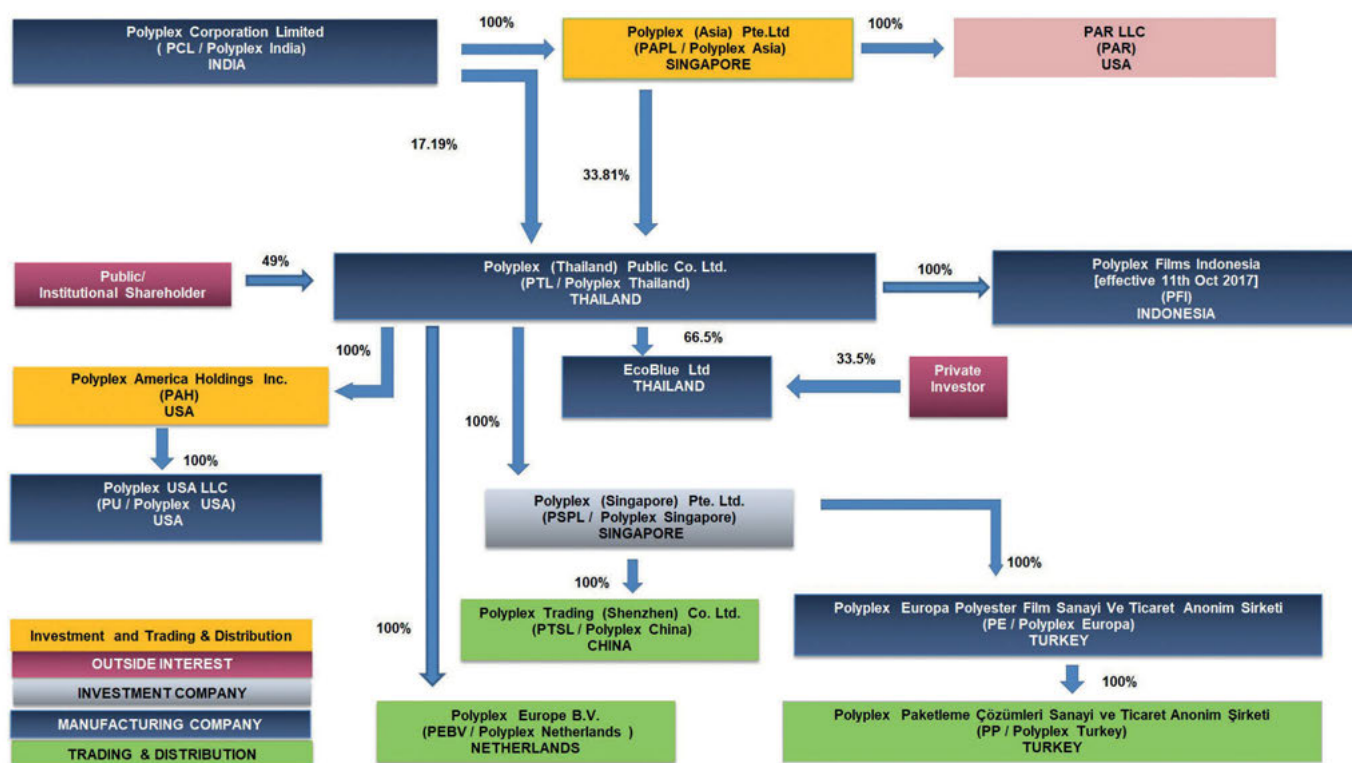
Past key changes and developments in the Company are as follows:

March 2002	PTL was incorporated by PCL, which is a listed company (on the Bombay Stock Exchange as also National Stock Exchange) in India to set up a greenfield expansion for manufacture of Thin PET film.
April 2003	Startup of the Thin PET film line 1 in Thailand
November 2003	Startup of the Thin PET film line 2 in Thailand
August 2004	Registration was completed to transform the Company into a public company.
September 2004	Start up on PET resin batch plant in Thailand.
December 2004	IPO of 240,000,000 shares at the price of Baht 6.90 per share.
February 2005	Startup of PET resin continuous plant in Thailand.
August 2005	Startup of Metallizer Line 1 in Thailand.
December 2005	Startup of the first Thin PET film line in Turkey implemented under a 100% subsidiary company Polyplex Europa Polyester Film San ve Ticaret. A.Ş.
January 2006	Acquisition of 80.24% in a Trading Distribution company in USA and renamed it Polyplex (Americas) Inc.
March 2006	Startup of Metallizer Line 1 in Turkey
December 2006	Startup of PET resin plant in Turkey
April 2008	Startup of Extrusion Coating Line 1 in Thailand
May 2008	Startup of Thin PET film line 2 in Turkey Metallizer Line 2 in Thailand as well as Turkey
September 2009	The Trading company in China - Polyplex Trading (Shenzhen) Co. Ltd was set up as a 100% subsidiary and capital injected through Polyplex (Singapore) Pte Ltd
March 2010	Startup of the Cast Polypropylene line (plain CPP) and Metalliser (Line 3) in Thailand
March 2012	Startup of the Silicone Coating line in Thailand
July 2012	Polyplex USA LLC acquired Metalizing assets from Vacumet Plastics division in Austell, Georgia, USA
August 2012	Set up of a Liaison office in Malaysia
January 2013	Acquired the balance 19.76% from the minority shareholders of Polyplex (Americas) Inc.(PA) USA and merged the Trading company with the manufacturing subsidiary PUL.
April 2013	Startup of Thin PET Film line 1 in Decatur, USA under a 100% subsidiary company - Polyplex USA LLC

April 2013	Set up a Trading and distribution company in Netherlands – Polyplex Europe B.V, as a 100% subsidiary of the Company.
June 2013	Startup of the Extrusion Coating line 2 in Thailand.
September 2013	Set up of a Trading and Distribution Company in Turkey – Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş. as a 100% subsidiary of Polyplex Europa Polyester Film San ve Ticaret. A.Ş.
October 2013	Startup of Thick PET Film line & Blown PP film line in Thailand
December 2013	Startup of the recycling plant in Thailand implemented under a new subsidiary - EcoBlue Limited
February 2014	Startup of the PET resin plant for Thick PET film line in Thailand
March 2014	Startup of Offline coater in Polyplex Europa Turkey
October 2014	Set up of a Liaison office in Korea
October 2014	Startup of PET Resin plant in USA
October 2014	Startup of Metalliser Line 4 in Thailand
January 2015	Startup of Metalliser Line 3 in Turkey
January 2015	Disposal to Indorama Netherlands B.V, of 100% stake held in Polyplex Resins Sanayi ve Ticaret A.S (PR) by its wholly owned subsidiary Polyplex Europa Polyester Film San ve Ticaret. A.Ş. (PE), Turkey and its parent company Polyplex (Asia) Pte Ltd (PAPL), [67% held by PE and 33% held by PAPL]
March 2016	Board approved and recommended to the shareholders for their approval, the increase in Share capital through a Rights offering of 100 million Ordinary shares in the ratio of 1 new share for every 8 existing shares, at an Issue price of Baht 6.40/share.
April 2016	Rights Offering as above, approved in the Extra Ordinary General Meeting of shareholders
May 2016	Rights Offering fully subscribed including oversubscriptions and Baht 640 million capital successfully raised
November 2016	Board approved the new replacement metallizer project at Polyplex USA LLC
May 2017	Board approved a second Blown PP film line project at Thailand
July 2017	Board approved a Greenfield Thin PET film line project in Indonesia at a total investment cost of USD 95 million (including USD 15 million for working capital)
October 2017	A new subsidiary in Indonesia – PT Polyplex Films Indonesia was set up in October 2017 as a 99.995% subsidiary of Polyplex (Thailand) Plc and Equity of IDR 202. 5 billion was injected in November 2017.
May 2018	Equity of IDR 135 billion was injected in May 2018
August 2018	Board of PTL approved the liquidation of the Trading company in China
August 2018	Board approved the setting up of a Representative Office in Japan to expand our market reach and further strengthen our market positioning in this premium market
June 2019	Board approved the proposal to set up a BOPP film line in Indonesia at a Capital Investment of USD 48 million

3.3. Shareholding structure

The shareholding structure of the Polyplex Group as on 31.3.2019 is:



Polyplex Corporation Ltd. (PCL)

PCL, the Parent Company operating for over 30 years since 1988, is one of the major producers and distributor of plastic 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. It's paid up capital is INR 325.6 million (about Bt. 155.8 million).

PCL has the following production capacities as at 31st March 2019:-

Product	Annual Capacity	UOM
Polyester Film	55,000	MT
Polyester Chips	77,600	MT
Metallized Film	34,613	MT
BOPP Film	35,000	MT
Coated Films	286	Million Sqm
Holography Films	4,080	MT
Transfer Metallized Paper	83	Million Sqm

Its direct and indirect shareholding in the Company aggregate to 51% of the latter's paid up capital.

Polyplex has also evolved an equitable policy for distribution of markets, for common businesses, between its Indian, Thailand, Turkey, US and the upcoming Indonesia 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 South East Asia, Asia Pacific, China, Australia & New Zealand. PCL would serve South Asia. Turkey operations will mainly cater to Europe, Africa and CIS/Russian markets and USA operations would focus mainly on North American market.

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 the Company) 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. The above is subject to availability of Investible cash / ability to borrow debt by the existing / preferred Company as per the policy. In line with this Investment policy, the investment in Indonesia is fully owned by PTL.

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 holding 33.81% as on 31st March 2019. The issued and paid up capital of PAPL as of March 31, 2019 stands at USD 1.13 million.

Polyplex (Singapore) Pte. Ltd. (PSPL)

PSPL was established as a 100% subsidiary of PTL in July 2004, as a wholly owned investment company. Subsequently, PSPL invested in Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Şirketi (PE), through Share capital injection as well as by extending subordinated loans, to set up a manufacturing factory in Turkey so as to serve the demand in European and other proximate markets.

In September 2009, PSPL set up a trading company in China, Polyplex Trading (Shenzhen) Co Ltd (PTSL) by investing \$ 400,000 as share capital.

The issued and paid up capital of PSPL (including Preference Share Capital) as of March 31, 2019 stands at Euro 9.14 million.

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

PSPL had incorporated a 100% owned subsidiary company, PE in Turkey for setting up a Greenfield polyester film plant to cater to the European and other proximate markets. The commercial operations started in December, 2005 with the start up of the first thin PET film line. The first Metallizer plant started production in March, 2006. The PET resin plant commenced commercial production from December, 2006. The second thin PET film line and Metallizer commenced commercial production in May 2008. The latest addition to its assets has been an Offline Coater which started commercial production in March 2014 and a third Metallizer which started commercial production in January 2015. The issued and paid up capital of PE, including Additional Contribution from PSPL, as of March 31, 2019 stands at Euro 8.8 million.

Polyplex Trading (Shenzhen) Co. Ltd (PTSL)

In the financial year 2009-10, PTL invested in the setting up of a wholly owned Trading Company in Shenzhen, China, through its 100% held Investment Company in Singapore, PSPL. The issued and paid up capital of PTSL as at 31st March 2019 is USD 0.4 million. In its meeting held in August 2018, the Board of PTL has approved the liquidation of this Trading Company as the volumes sold by the Group in China are small quantities of specialized films, which can be supplied directly from each of the manufacturing locations rather than through the Trading entity. The liquidation is under way and expected to be completed within this Financial Year.

Polyplex America Holdings Inc (PAH).

In FY 2011-12, PTL invested in setting up a 100% Investment and Trading & Distribution Company in USA. PAH has further invested in Polyplex (USA) LLC, a manufacturing facility. The issued and paid up capital of PAH (including the Additional Paid-In Capital) as on 31st March 2019 is USD 46.62 million.

Polyplex USA LLC (PUL)

Polyplex USA LLC, Decatur, Alabama, was established in FY 2011-12 as a 100% subsidiary of PAH. This is the first manufacturing base of Polyplex in USA. The thin PET film line has started commercial production in April, 2013 and the PET Resins plant project commenced commercial production in October 2014. The members' contribution which represents the paid-up capital as on 31st March'19 is USD 46.2 million.

Polyplex Europe B.V

Polyplex Europe B.V was established in April 2013 as a 100% subsidiary of Polyplex (Thailand) Plc. The registered capital is 3 million Euro of which Euro 0.2 million has been called and paid up till 31st March'19. This company is mainly engaged in the warehousing and distribution of different products of the Company in the European market.

Polyplex Paketleme Cozumleri Sanayi ve Ticaret A.S

In FY 2013-14, Polyplex Europa Polyester Film Sanayi ve Ticaret Anonim Şirketi (PE) had established a company in Turkey, named Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş. holding 100% of its share capital. This company is mainly engaged in trading of PET Film, PET chips and other products of the Company. The Registered Share capital of this company is TRY 100,000 as of March 31, 2019, which has been fully called and paid up.

PT. Polyplex Films Indonesia

In October, 2017, PT. Polyplex Films Indonesia (PT PFI) was established with an Authorized and Registered Share Capital of IDR 540 billion. PT PFI is owned 99.99% by PTL and 1 share is held by Mr. Amit Prakash, to comply with a regulatory requirement in Indonesia, of having a minimum of 2 shareholders. As at 31st March, 2019, the Called up and Paid up Share capital of PT PFI is IDR 337.5 billion.

Nature of business

4.1. Revenue structure of the Company

PTL's standalone and consolidated sales value classified by regions is shown below:

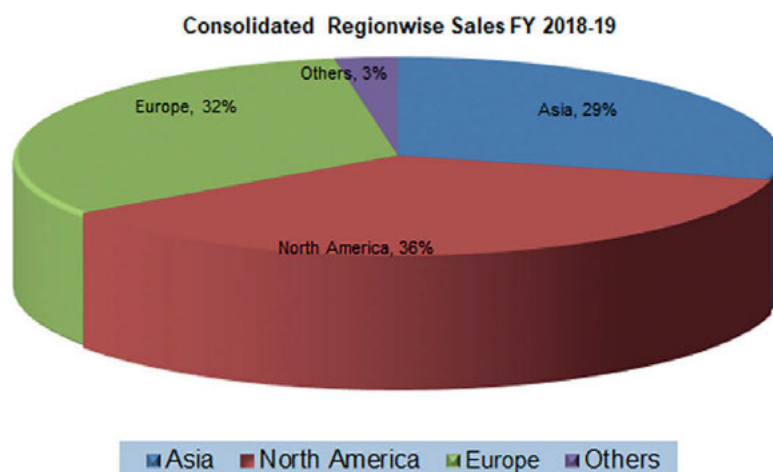
STANDALONE Customers	2016-17		2017-18		2018-19	
	Bt. million	%	Bt. million	%	Bt. Million	%
Exports						
Asia	2,703.52	48.84	2,749.40	49.84	3,143.34	45.43
North America	1,136.52	20.53	1,200.68	21.77	1,700.74	24.58
Europe	223.78	4.04	255.87	4.64	460.18	6.65
Others	198.38	3.58	156.71	2.84	177.67	2.57
Total exports	4,262.21	76.99	4,362.66	79.08	5,481.93	79.23
Domestic Sales	769.69	13.90	840.47	15.24	858.16	12.40
Sale of chips/others ¹	238.49	4.31	274.14	4.97	281.72	4.07
Total sales revenues	5,270.38	95.20	5,477.27	99.29	6,621.81	95.70
Other revenues ²	265.60	4.80	39.18	0.71	297.37	4.30
Grand total	5,535.99	100.00	5,458.91	100.00	6,919.18	100.00

CONSOLIDATED Customers	2016-17		2017-18		2018-19	
	Bt. million	%	Bt. Million	%	Bt. Million	%
Exports						
Asia	2,739.30	22.96	2,762.03	21.70	3,162.70	20.72
North America	1,760.63	14.76	1,815.46	14.26	2,404.06	15.75
Europe	2,656.20	22.27	3,080.74	24.21	3,511.09	23.00
Others	466.77	3.91	360.01	2.83	374.91	2.46
Total exports	7,622.91	63.90	8,018.24	63.00	9,452.77	61.93
Domestic sales						
- PTL (Thailand)	769.69	6.45	840.47	6.60	858.16	5.62
- PE (Turkey)	799.65	6.70	869.55	6.83	950.81	6.23
- PUL (USA)	2,069.64	17.35	2,539.70	19.95	2,637.57	17.28
Total Domestic sales	3,638.98	30.51	4,249.73	33.39	4,446.54	29.13
Sale of chips/others ¹	276.92	2.32	404.99	3.18	846.88	5.55
Total sales revenues	11,538.81	96.73	12,672.95	99.57	14,746.18	96.61
Other revenues ²	390.25	3.27	54.50	0.43	517.86	3.39
Grand total	11,929.06	100.00	12,727.46	100.00	15,264.05	100.00

Note:

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

2) Includes Exchange gain (if any), Export Incentive, interest received, etc.



4.2. Business Goals

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, Business Associates 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, CPP film and Blown PP/ PE films, which are other Packaging substrates used by Converters, in addition to PET thin film. The Thick PET film line in Thailand which started commercial production in October, 2013, is Polyplex's first step into the Thick Film segment which has helped in diversifying its product and customer portfolio. Over the last few years, the Company has been able to ramp up sales to optimum levels and supplies the films to many major Photo Voltaic back sheet manufacturers and has also augmented the PV product line with white film for top layer and integrated film combining two layers into one. Besides increasing production efficiencies, company has started to participate in a few high value segments in Electronics application.

The business goal is to increase market share in various regional markets - through geographically diversified manufacturing presence, increased market penetration in key markets and build a diversified portfolio of products like Metallized films, Clear films, Transparent Barrier films, Offline Coated films, Thermal Lamination films, Silicone Coated film, Blown films, Chemically Coated films, higher recycled-content films and other grades of packaging films like CPP, BOPP etc. The Thin PET film line in USA which started in April, 2013, was a strategic investment in this direction, to enable the company to increase its market share in American continent by moving closer to the customers and becoming a preferred on-shore supplier as against an off-shore or near-shore supplier in the past. Similarly, the Greenfield Thin PET film line project under implementation in Indonesia is another strategic investment to move closer to the customer and become a preferred on-shore supplier as against an off-shore or near-shore supplier in the past. The newly announced BOPP line in Indonesia is another step towards diversifying the product portfolio and becoming a one stop solution for all packaging film needs of our customers.

4.3. Promotion certificates

PTL has been granted eleven BOI promotion certificates, details of which are as below:

S.No	Certificate No.	Type of business	Date granted
1	1321(2)/2545	PET film	20-May-02
2	1287(2)/2546	PET film and PET Resin	11-Jun-03
3	1159(2)/2548	Metallized Films	22-Feb-05
4	1261(2)/2550	Thermal Lamination Films	14-Mar-07
5	1044(2)/2551	Metallized Films	10-Jan-08
6	1110(2)/2552	CPP film (Plain and Metallized CPP)	4-Feb-09
7	1719(2)/2553	Silicone Coated Film / Blown PP	14-July-10
8	1705(2)/2555	Thermal Lamination Film (Line 2)	12-May-2012
9	1827(2)/2555	PET Thick Film and PET Resin	21-May-2012
10	1357(2)/2557	Metallized Films	20-March-2014
11	61-0672-1-18-1-0	Blown Film	11-June-2018

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/Thermal Lamination film/CPP film/ Silicone Coated/Blown 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 available at www.boi.go.th

4.4. Business Operations by each product line

Manufacture and Distribution of Polyester thin film (Polyethylene Terephthalate Film, also called PET film, sold under the Brand name 'Sarafil'), is the core business of the Company, including its subsidiaries. It focuses mainly on 3 key segments - Packaging, Industrial and Electrical. The 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.



In April 2008, the company started manufacturing a downstream value added product called 'Thermal Lamination film'. This is sold under the brand name 'Saralam'. In this product line, the PET film, Nylon film or BOPP film is used as the base film, and then extrusion coated with adhesive resins like LDPE or EVA, based on the requirement of the end use application to be catered to. After the start up of the second line in June'13, the Company has increased its capacity of this product with an aim to increase the value added product sales in its mix. The Offline coated film line under implementation in Thailand would further enhance high value add-product portfolio from this business.

Some of the applications of Saralam are as under:



In line with its objective of becoming a complete packaging solution provider, rather than just a thin PET film supplier, the company has in March 2010 started the manufacture of Cast polypropylene film. The company manufactures and sells plain & metallized CPP film under the brand name 'SaraCPP'.

In an effort to continue its objective of diversifying the product as well as the customer base, Polyplex set up a Silicone Coating film line in Thailand which commenced commercial operations in March'12 under the brand name "Saracote". In line with the Company's strategy to increase specialty products, a project for a second Silicone Coated film line is being set up in Thailand and expected to start operations within July 2019.

Some of its applications are as under:



The Blown film line in Thailand is another concentric diversification by the Company in the plastic film business. This film is mainly used as a base film for the Silicone Coated film, as well as sold in the merchant market. Based on the success of the first Blown film line, the Company invested in a second Blown Film line in Thailand and successfully commissioned the same in June 2018.

The Thick PET film line in Thailand is another related diversification by the Company which has helped the company to cater more to the industrial and electrical segments as compared to the packaging segment for Thin PET film. Some of the common applications of Thick PET film are as under:



As a sustainability initiative, the Company had invested in a project to recycle and provide sustainable solution for film based process waste. The project had started commercial operations in December, 2013 in Thailand, under the Company's subsidiary - EcoBlue Limited. This subsidiary has successfully commissioned the second recycling line in January 2019.

4.4.1. Product Description

The range of products offered by the company is as under:

A) Transparent thin PET films

- Plain & Corona treated
- Chemically coated
- High adhesion films
- Ultra clear films
- Co-extruded films
- rPET films
- Bio Degradable Films
- Bio Content Films

B) Metallized PET films

- Normal Metallized
- Semi Metallized film (low Optical density)
- High barrier films
- Ultra High Barrier Films

C) Specialty Films

- Twist films
- Anti static films
- Heat Sealable films
- Isotropic Films, High Friction Films, etc
- Matte films
- Offline Coated Transparent Barrier films
- Alox Coated Transparent Barrier Films
- Off-line coated Sealable-Pealable films

D) Thermal Lamination Film

- Gloss PET Thermal Film
- MATTE PET Thermal Film
- BOPP Thermal Film
- Metallized Thermal Film
- Nylon Thermal Film

E) Cast Polypropylene film - Product range:

- Lamination & Conversion grade film
 - Transparent film for lamination & surface printing
 - High hot tack film for candy packing
- Metallizable grade film - Transparent heat sealable film for vacuum metallization
- Twist grade film
- Retort grade film

F) Siliconized Films (Under the brand name 'Saracote') in PET and PP films are used in various applications such as:

- Shingle roofing tapes
- Release liner in pressure sensitive labels.
- Release liner in pressure sensitive adhesive tapes.
- Release liner in medical and hygiene products.

G) Thick PET Film – main sub categories are as under:

- Milky White
- Clear/Ultra Clear
- Transparent
- Hazy Film
- Opaque White Films

H) Blown Film - Main sub categories are as under

- Sealant PE film for Packaging Application
- Multilayer / Coloured PP films for Industrial applications
- Metallised PE films for packaging Applications

4.4.1.1. Product Characteristics

a) 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 & colors 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.

b) Characteristics of CPP Film

- Excellent Heat sealing properties/ High heat resistance
- Exceptional Optics
- Good dimensional stability and barrier properties
- Excellent printability
- Metallized CPP - Significantly increases barrier properties

c) Characteristics of Thermal Lamination Films

- High gloss & stiffness provide longevity to laminated media
- Coated adhesive forms inseparable bond with inks/papers
- Surface is conducive to add-on processes like Hot stamping, UV coating
- Improves visual appeal of product

d) Characteristics of Silicone Coated Films

- Silicone Coated film is designed to provide excellent carrier to pressure sensitive material
- Single/ Double sided coated film
- Superior tensile strength, dimensional stability and caliper control as compared to other Liners

e) Characteristics of Blown PP/PE Film

- Excellent off line coating ability
- Exceptional Gauge control
- Ability to match color shades in Films
- Economical Oxygen Barrier Films
- Metalizable grades

4.4.1.2. End Use segment

Thin PET film can be used in the following 3 key segments

- **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.
- **Industrial** -Comprising of Hot stamping foils, flexible air-conditioning ducts, labels /ID cards, lamination products and many more.
- **Electrical** - Wire and cable wrap, membrane switches, flexible printed circuits, capacitors and motor insulation.

Thick PET film is mainly used in the Industrial and Electrical segments

- **Electrical** – This segment accounts for almost 60% - 65% of Thick PET film market and is driving the growth in demand of Thick PET films. This segment can be further sub-classified under the following:
 - **Display:** Flat panel display, Advance display, Holographic, STN Reflectors, Anti-reflection, Touch Panels (ITO), & Optical Applications.
 - **Electrical:** Electrical Insulation, Cable Wrap, Transformers, Slot Liners, Wedges, and Phase Insulation for Motors and Generators.
 - **Electronics:** Photo tool, Photo resist, Flexible Printed Circuits (FPC), Membrane Touch Switch (MTS), Multi Layer Ceramic Capacitors (MLCC), Optically Clear Adhesive (OCA) liners and Medical Sensors
 - **Solar:** PV Back sheet (Protective film), Insulation film, Protective film for Top Surface.
- **Industrial** – Window Film, Laminating Film, Credit & Prepaid Cards, Medical Film etc are the key applications.

Thermal Lamination films mainly cater to the following applications:

- Thermal Lamination of documents or printed media
- Reflective Insulation
- Flexible packaging
- Rigid packing using printed corrugated carton board

CPP films can be used in the following key segments:

- **Packaging** - CPP film is used as the inner most layer in food packaging, due to its excellent heat sealing properties. It may also be used in Textile packaging, packaging of health care products/ consumer products etc
- **Industrial** - Hot fill bags & liners, Industrial adhesive tapes, Interior automotive trim panels etc

Silicone Coated Films mainly cater to the following applications:

- PET Release liners for labels
- PET Shingle tapes for the roofing industry
- PP release liners for labels/stickers.

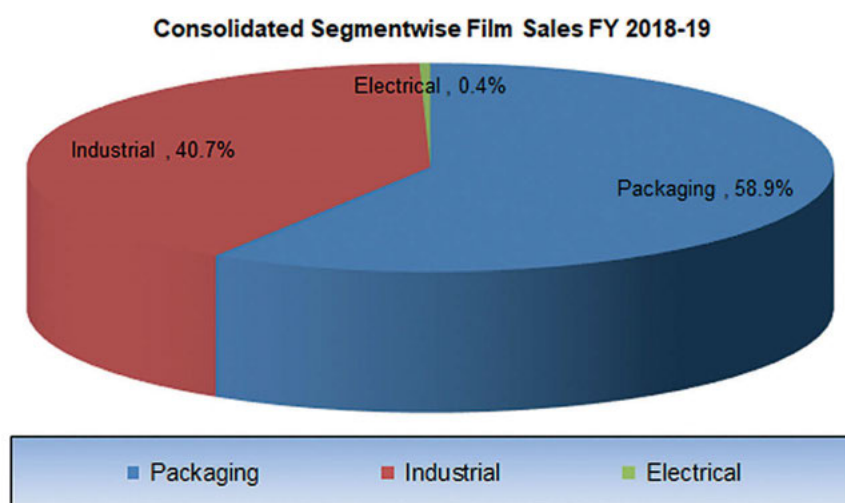
The segmental break-up of revenue (PTL Standalone and Consolidated) from Film sales [Plain (Thin & Thick) & Metallized PET films, Offline Coated films, Thermal Lamination films, Silicone Coated Films, CPP film and Blown films] are as follows:

STANDALONE SALES Segment	2016-17		2017-18		2018-19	
	Bt. Mn	%	Bt. Mn	%	Bt. Mn	%
Packaging Use	2,730.54	54.26	2,638.33	50.71	3,283.20	51.78
Industrial Use	2,276.22	45.24	2,511.32	48.27	3,026.74	47.74
Electrical Use	25.14	0.50	53.48	1.03	30.15	0.48
Total Film Sales	5,031.90	100.00	5,203.14	100.00	6,340.09	100.00

CONSOLIDATED SALES Segment	2015-16		2017-18		2018-19	
	Bt. Mn	%	Bt. Mn	%	Bt. Mn	%
Packaging Use	6,248.97	55.49	7,045.69	57.43	8,186.91	58.90
Industrial Use	4,950.40	43.96	5,149.26	41.97	5,651.24	40.66
Electrical Use	62.52	0.56	73.02	0.60	61.16	0.44
Total Film Sales	11,261.89	100.00	12,267.97	100.00	13,899.30	100.00

Note:

1) Sales of all types of films have been segregated above, depending on end use application of each type of product sold.



4.4.1.3. Products with similar properties

In certain applications like 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	Acceptable/Fair
Break down voltage	Poor	Excellent
Machineability	Fair	Excellent
Printability	Fair	Excellent
Suitability for metallising	Fair	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 is a softer film. Polyester film has better handling capabilities for fluctuations in temperatures etc. so it is easier to process and gives more efficiency. In tropical countries PET is also preferred due to its barrier properties, in plain and metallised version like for 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 few years back, there was no visible impact on the growth in PET films consumption. This establishes the limited substitutability between the two products.

4.5. Business Strategy

Key elements of the strategy are:

- Attain cost leadership by way of capacity expansion and vertical integration.
- Continued focus on improvement in cost efficiency through Kaizens including debottlenecking and energy saving/ efficient investments
- Capture high growth markets and build good customer relationship.
- To build strong global delivery capabilities with a judicious mix of on-shore, near-shore and off-shore strategy.
- Further broad base the product portfolio by investing in high value added products and upgrading technical and R&D capabilities.
- Concentric and related diversification to bring stability in earnings.
- Consolidate market position through our strong presence in all the key geographies.
- Systems are created and strengthened to enhance cross-learning and sharing best practices/ benchmarking across various units and businesses of the Group to enhance efficiency and synergy.
- Focus on sustainability initiatives including development of new sustainable products using higher recycled content and also to adopt, sustainable processes.

Moving in this direction, the following initiatives have been taken by the Company:

- The setting up of 2 successive Thin PET film lines in Thailand was the first step towards achieving cost leadership position along with diversification of customer base.
- The 2 Thin PET film lines in Turkey has helped improve its cost structure to service its expanding customer base in Europe, Middle East, Africa & CIS/Russia.
- The Company's investment in the PET Thin film line in USA is another step towards geographically diversifying its manufacturing base. This has helped the Company to participate in the growth in the flexible packaging segment in the American region and increase its market share.
- The upcoming capacity at Polyplex Indonesia, being the world's fastest and widest line with highest capacity in the region, is expected to be the most cost competitive line in the Group and will enable us to capture the demand growth in all key markets.
- Backward integration into the manufacturing of PET chips has further strengthened the cost structure of the Company at all locations. In addition, this has helped maintain the quality of input resin and hence of final product.
- Increase in its Metallizing capacities across all its manufacturing locations has helped the Company to improve its value-added product portfolio.
- The 2 Extrusion Coating lines in Thailand has helped the Company to further increase the share of value-added products, in its sales portfolio.
- With the start-up of the Silicone Coated film in Thailand in 2012, the Company has been able to increase its presence in new product segments and thereby reduce the impact of the cyclical nature of the Thin Polyester Film industry. The Company is in the process of setting up the second Silicone Coated film line in Thailand, which is expected to start operations by July 2019.
- The PET Thick film line in Thailand should continue to help the company to bring about more stability in earnings, as this segment is generally more stable in comparison to the PET Thin film segment.

- The Blown film line helped Polyplex to enter into the Silicone coated PP film market and based on the success and positive experience of the first line, the Company invested in the second Blown PP film line to expand the capacity and increase its market share. The new line has commenced operations in June 2018.
- The setting up of a recycle plant in Thailand for providing sustainable solution for film-based process waste is the first step by the Company towards the Green Initiative. This subsidiary has successfully commissioned the second recycling line in January 2019.
- Various types of customer engagement initiatives by the Company have helped it to not only retain key customers, but also increase its customer base across the globe.
- The wide network of distributors and agents has helped the Company to gain access to all key markets of the world and ensure a geographically diversified customer portfolio with no significant exposure or dependency on any single large customer or group.
- The Liaison offices in Malaysia, Korea and the new Rep office established in Japan in 2018 help the Company to understand these critical markets in a better way and increase our market penetration.
- The newly announced BOPP line in Indonesia will further diversify the product portfolio and support the strategy of Polyplex Group, to be a preferred one stop supplier for all flexible packaging needs of its customers.

4.6. Distribution Channel

The Company distributes its products to both domestic and overseas markets, with main focus put on the latter.

The product distribution is being made directly to the end users using its own marketing arms in USA, Turkey and Netherlands, its Representative offices in Malaysia, Korea and Japan, as well as commission agents across the globe. The indirect channel is mainly through distributors in designated areas. The sales through distributors and commission agents help support and even boost the sale volumes as these distributors and agents 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 total film sales to end users and distributors are as follows. Sales made through commission agents are included in 'End Users' segment.

STANDALONE SALES Customers	2016-17		2017-18		2018-19	
	Bt. million	%	Bt. million	%	Bt. million	%
End Users	2,180.82	43.34	2,299.07	44.19	3,125.86	49.30
Distributors	2,851.08	56.66	2,904.07	55.81	3,214.23	50.70
Total	5,031.90	100.00	5,203.14	100.00	6,340.09	100.00

CONSOLIDATED SALES Customers	2016-17		2017-18		2018-19	
	Bt. Million	%	Bt. million	%	Bt. Million	%
End Users	7,507.54	66.66	8,287.78	67.56	10,091.68	72.61
Distributors	3,754.35	33.34	3,980.19	32.44	3,807.62	27.39
Total	11,261.89	100.00	12,267.97	100.00	13,899.30	100.00

4.7. Markets and competitive environment

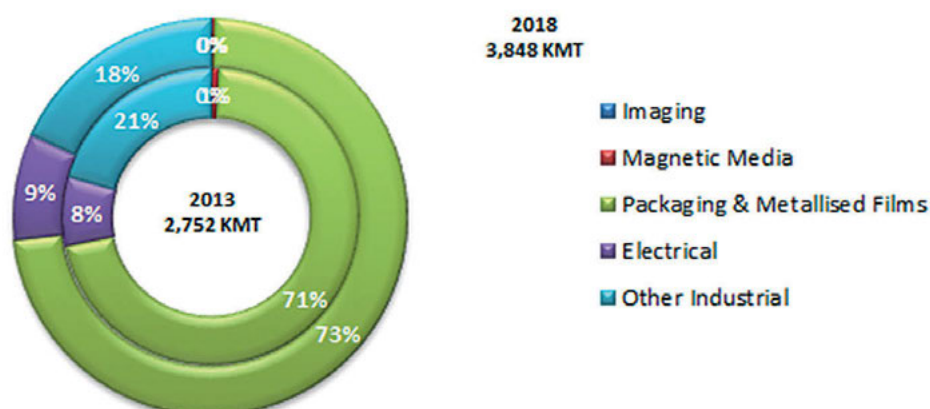
4.7.1. Global Demand and supply

Thin PET Film

The growth in packaging has over the years shifted the production and usage patterns of Thin PET films. The Company's relevant segments of Packaging, Industrial and Electrical constitute almost 100% of the total demand as the traditional high-end technology segments like magnetic media and imaging segments have become redundant due to technology transformation.

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 5-8% per annum, globally. 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 characteristic of the packaging segment has resulted in steady growth in demand, despite the adverse factors of economic slowdown witnessed in the past. This trend of demand growth is expected to continue in the future despite signs of a global economic slowdown.

Global Thin PET Film demand by End Use

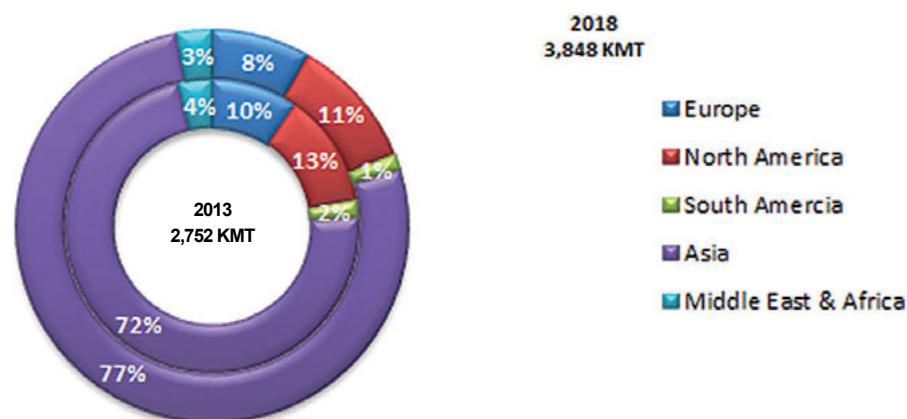


Source: Company estimates from Industry /Market study reports

An increase in the purchasing power, coupled with the changing life style of people in the developing countries has brought with it a substantial increase in the per capita consumption of packaging material. As a result of this, Asia is the largest market for Thin PET films with more than two-third of the films produced globally 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 and more convenient packaging.

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, touch screens 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.

Global Thin PET Film demand by Region



Source: Company estimates from Industry /Market study reports

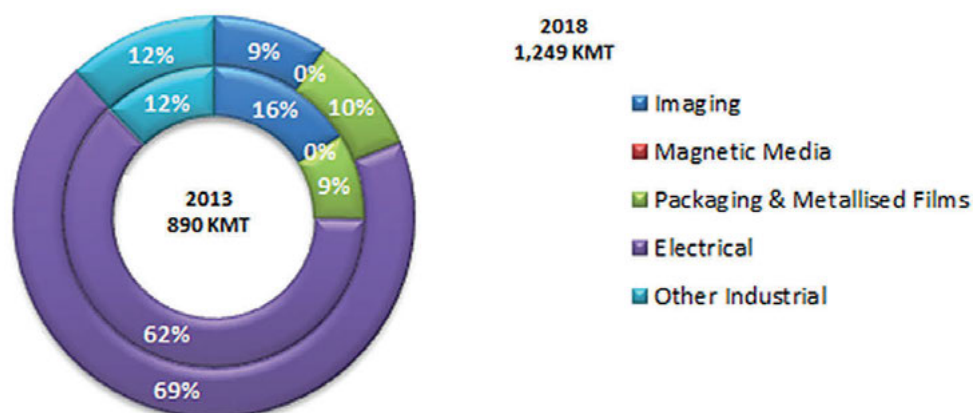
Due to the exceptionally high margins witnessed in the PET film industry in 2010, the industry witnessed a surge in capacity additions since 2011 which created an excessive oversupply scenario for about 3-4 years until 2017. The steady growth in demand has helped in gradually correcting the demand supply imbalance, which is reflected in improved CUF in the industry over the past few quarters and improved margins. Companies with consistent quality products, diversified product portfolio, access to international customers and a better supply chain model stand a better chance of participating in the market growth and improving/maintaining their margins above the industry averages.

Thick PET Film

Electrical and Industrial are the key segments in Thick film industry. In the last few years the demand of Thick PET film has been growing at a CAGR of about 5%

New innovations and usage new applications in the Electrical segments (like Flat Screen panel, PV solar cells etc) have been driving the growth in the past and would help this industry to continue to grow at a healthy CAGR of about 4-6% for the next few years.

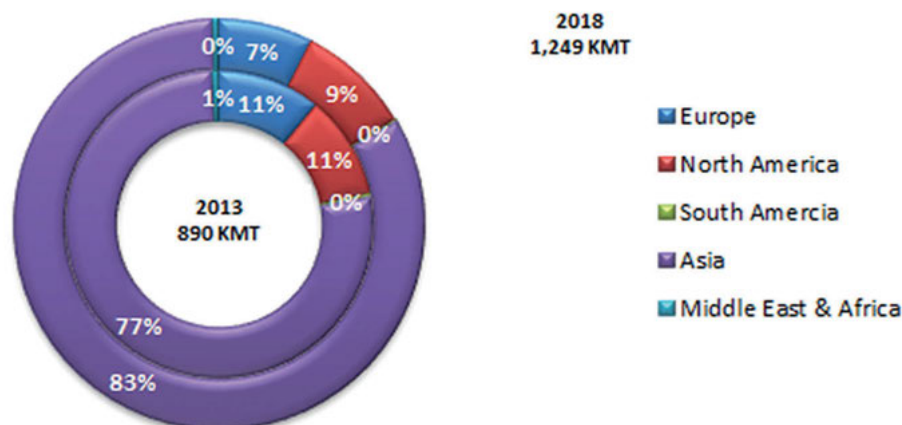
Global Thick PET Film demand by End Use



Source: Company estimates from Industry /Market study reports

Similar to Thin Film industry, the additions in the capacity of Thick PET film has mostly been done mainly by countries within Asia like China, South Korea and Japan.

Global Thick PET Film demand by Region



Source: Company estimates from Industry /Market study reports

4.7.2. Industry Situation

Global competition

The global Thin PET film manufacturers can be classified into 3 main categories by size of their production capacity:

- (i) World majors with production capacity of over 100,000 tons per year
- (ii) Mid-size players with production capacity between 50,000 – 100,000 tons per year and
- (iii) Small / local producers with production capacity of less than 50,000 tons per year

Barring certain specialty segments, 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 and a similar trend is expected in the future as well. Thus small, mid-sized and major 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 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 of PET film (thin & thick) in Thailand is approximately 52,000 tons per year with growth rate for next few years expected to be about 4-6% p.a. In the past, domestic producers have put emphasis on producing BOPP film rather than any other types. PTL has principally focused on Thin 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 (4 lines), Thermal Lamination film, Silicone Coated film (2 lines), Offline Coated Film (underway) etc and related product diversification like manufacturing CPP film and Blown PP & PE films (second Blown film line commissioned in June'18).

The film production capacities of the various plastic film producers in Thailand as at 31st March 2019 are as follows:

Production line (tons per year)	ThaiFilm Industrials Plc.	A.J. Plast. Plc.	SRF industries Limited	PTL *
BOPP film	73,000	132,000		-
PET Thin film	-	62,000	74,000 #	48,000
PET Thick Film				28,800
CPP film	3,500	16,000		**16,114
BOPA film	-	30,000 #		-
Metallized film	4,800	30,500 #	12,000	23,800
Blown Film				10,560
Total	81,300	270,500	86,000	126,205
Thermal Lamination film	-	-		365 mn Sqm
Silicone Coated Film				816 Mn Sqm
Offline Coated Film #				70 Mn Sqm

Source: Form 56-1/Industry sources

* PTL capacities are as approved by BOI (for projects promoted by BOI). For actual attainable capacities, please refer table below, under section 'Production Capacity'

** Combined capacity p.a. as approved by BOI for CPP plain and metallized film

Including capacities under implementation

Conclusion on PET film industry

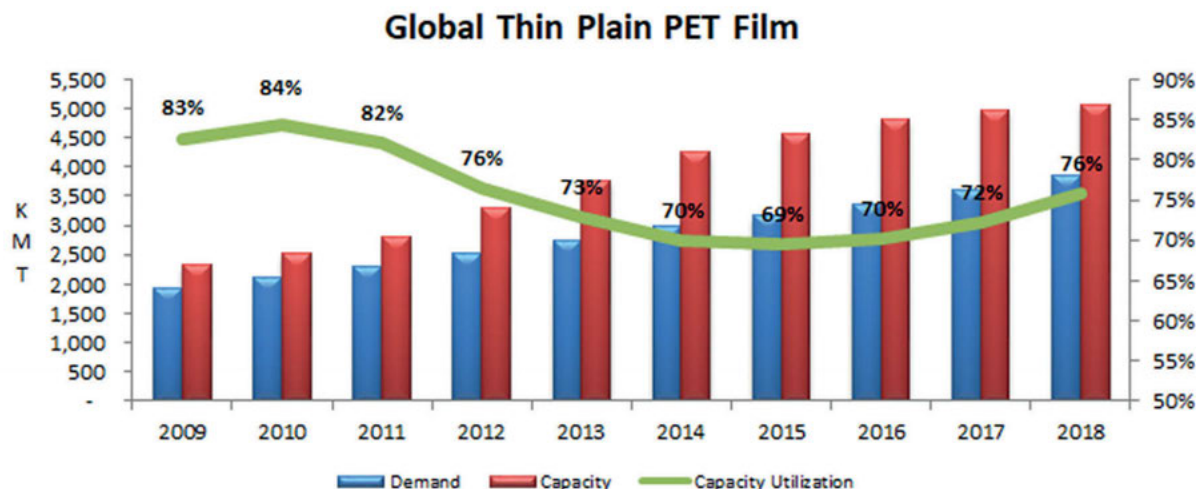
The PET film industry has been expanding continuously in the past. The main driving factor for the past few years has been the growth of the packaging, industrial and electrical segments. Meanwhile, PET film producers have boosted their capacity utilization and/or their production capacity aggressively to respond to the increasing growth of demand.

From 2008 - 2011, the Capacity utilization factor (CUF) of Thin PET film was in the range of 80-85%, subsequent to which a lot of players have added significant capacities, resulting in an excessive oversupply scenario, which brought down the utilization levels to less than 80% in the past few years. The growth in demand over the years has helped improved this imbalance and improved the CUF of the industry to almost 76% level in 2018.

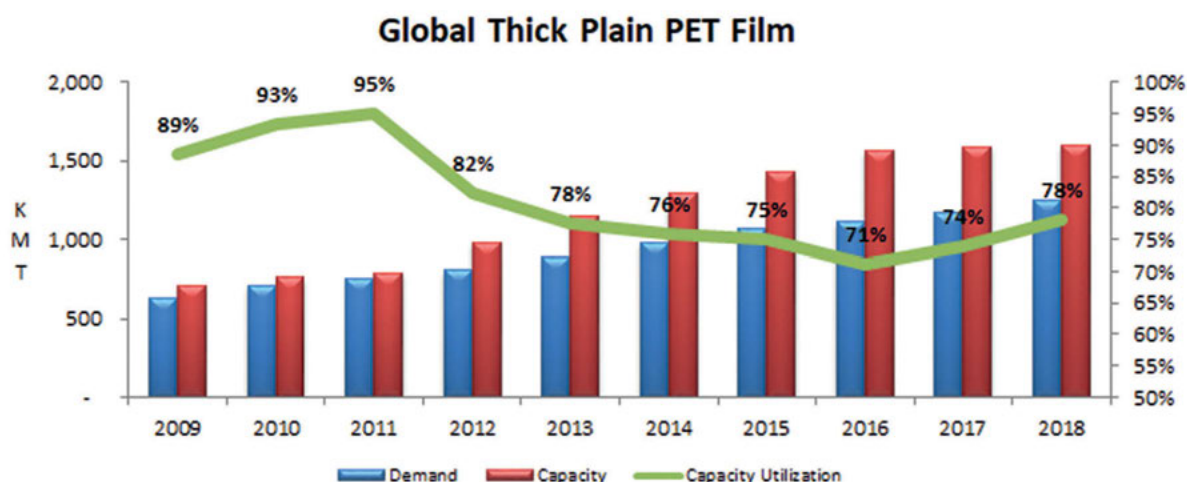
Similarly, the CUF in the Thick PET film industry came down from an abnormally high level of 95% witnessed in 2011 to a low of 71% in 2016 and with demand growth catching up with the oversupply, has improved to a level of 78% in 2018.

The levels of 80-90% are considered a high utilization rate being close to the full machinery capacity. In practice, some producers produce lower than the nameplate capacity due to the long use and hence the poor condition of machinery while some 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.

The trend of global capacity utilization for Thin and Thick PET film for last 10 years is as under:



Source: Company estimates from Industry /Market study reports



Source: Company estimates from Industry/Market study reports

The rising demand for PET film attracts new entrants but it is not easy for them to scale up the volumes globally and compete with the existing players who have a global reach, technical know-how and well spread out product portfolio. 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 30 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 and a widely spread sales and distribution network that allow for easy access to the customers.

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 one of the leading producers of thin PET film.

In view of tariff barriers imposed 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 company.

As an outcome of the Anti-Dumping investigation initiated by the Government of Brazil against UAE, Mexico and Turkey, in respect of PET film imports into Brazil, the government of Brazil, w.e.f March, 2012 had imposed anti-dumping duty of USD 67.44 / MT on the Company's subsidiary in Turkey (Polyplex Europa). During sunset review which was concluded in February 2018, the investigating authorities kept the duty rates unchanged @ USD 67.44 / MT. It should also be noted that it was the minimum rate as compared to the rates announced for other countries as well as other producers in Turkey. Polyplex Europa's exports to Brazil are not a very significant portion of their overall sales volume and as such, there is no major impact from the anti-dumping margin imposed.

As an outcome of the Antidumping investigation by the Government of Indonesia against Thailand, an Anti-Dumping duty of about 2.2% on imports from PTL into Indonesia has been levied since December 2015. There has been no major impact of this marginal duty, on our sales to Indonesia. With the start-up of the new line in Indonesia, this market will anyway be catered from the new line and hence, there is no adverse impact of this duty on our Thailand operations.

As an outcome of the Anti-Dumping investigation initiated by the Government of Korea in 2017, a final Anti-Dumping duty of 3.92% on imports from PTL into Korea has been levied since November 2017 and this will be applicable for a period of 3 years from date of applicability. There has been no major impact of this duty on our sales to Korea. With the start-up of the new line in Indonesia, we will also have the flexibility to supply to Korea from the new line in Indonesia.

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. Polyplex's strategy of having a geographically diversified manufacturing set up has protected it from such trade barriers and helped retain its competitive positioning over the years.

Outlook for the PET film industry:

- Global demand for Thin PET films is expected to grow at a healthy rate of about 5-7% p.a. over the next few years. Similarly, demand for Thick PET films is expected to grow at about 4-6% p.a.
- The main driver of growth in thin PET film in South East Asia is Flexible Packaging segment which is expected to grow about 7-10%
- Several new capacities announced mostly by incumbent players in different parts of the world and are slated to start in next 2-3 years
- These capacities are expected to be in excess of demand growth in short term and there may be some pressure on margins. This may be partially offset by delayed start-up of some of the planned capacities and likely closure of old and inefficient lines which may not be economically viable when compared to the high productive assets like the one being installed by the Company in Indonesia
- The Company continues to invest in cost reduction initiatives as well as product portfolio expansion including specialty products. These investments have not only helped deliver better margins but also helped the Company become a leading player in the industry. In a more competitive business scenario, these initiatives are expected to deliver better returns and provides more stability to earnings
- The Company is confident about the fundamentals of the industry. The Company's continued focus on cost leadership, portfolio diversification including specialty/High Value-Added Products and concentric diversification along with its global sales and distribution networks provides a competitive advantage over the others.
- On the sustainability front, the past and ongoing initiatives of the Company as well as its diversified business/ product portfolio would help mitigate the impact, if any and also enable it to capitalize on opportunities

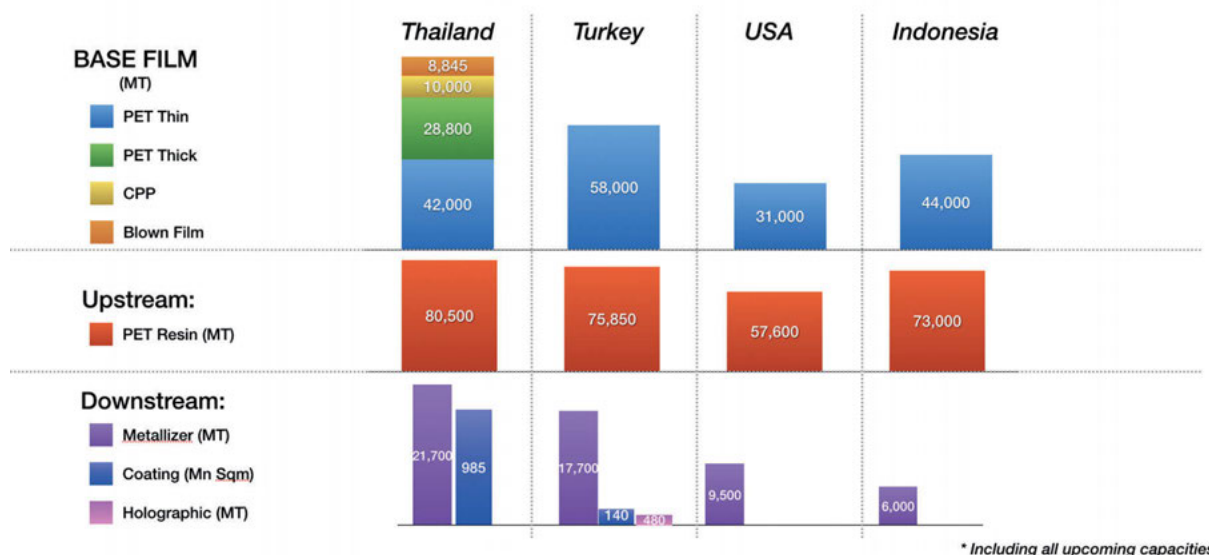
4.8. Manufacturing of product

4.8.1. Production

PTL is having 3 plots of land at Siam Eastern Industrial Park, Rayong Province, with a total area of about 100 Rai on which all the production facilities are built up.

a) Production capacity

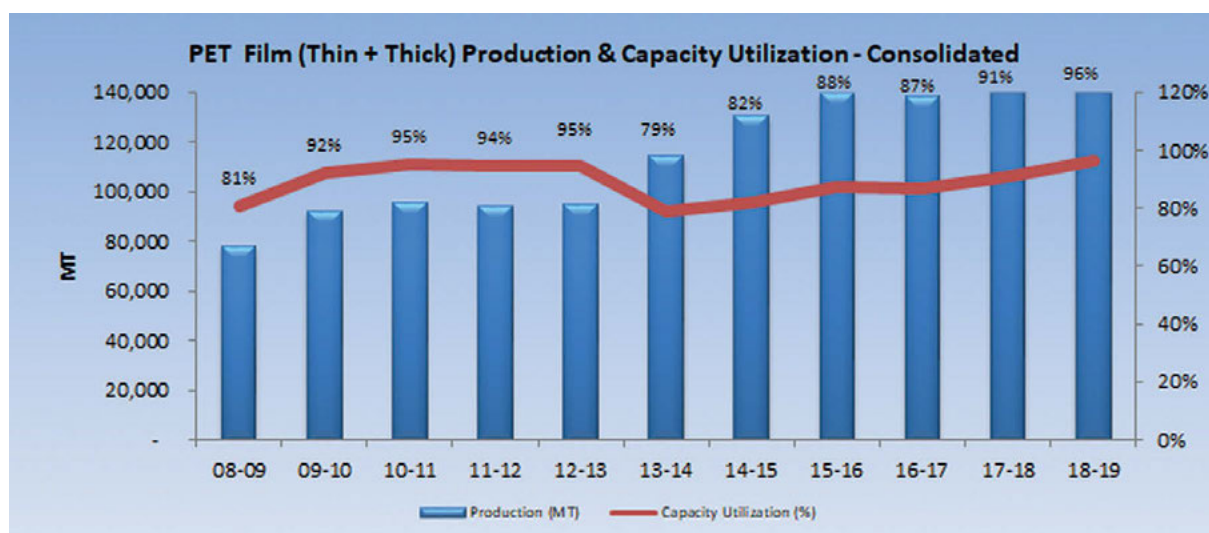
Capacity of PTL and its subsidiaries as on 31st March 2019** is as follows:



** including capacities of the new Silicone Coated Line and Offline Coated Film line at Thailand and Batch Resin plant and Holography film in Turkey, under implementation

Note: Capacities for Thailand above are attainable capacities and capacities approved by BOI based on theoretical output are higher. For BOI approved capacities in Thailand, please refer table above under section 'Domestic competition'.

The capacity utilization rates for the Plain PET film lines (Thin + Thick) of PTL (Consolidated) are as follows:



- Capacity and Production of PET thin film in USA and PET thick film in Thailand included in above graphs, since start of commercial production in April and October, 2013 respectively

The Company has been able to increase the production mainly due to debottlenecking of PET thin film capacities at Turkey and Thailand.

4.8.2. Major raw materials

PET resin

PET Resin (polyethylene terephthalate resin) is the major raw material in the production process for PET films. It has been the strategy of Polyplex to produce its own Resins at all the manufacturing locations. Accordingly, every location has its own Resin plant with sufficient capacity to meet its requirement.

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 local suppliers for PTA and MEG for PTL. In Turkey, the company procures bulk of PTA & MEG from 2-3 global suppliers through long term/yearly contracts and also explores spot opportunities for some part of the business as and when the market conditions are favorable to leverage on the surplus situation on these raw materials from time to time. The subsidiary in USA, is procuring its requirements from local suppliers. The subsidiary in Indonesia will have options to source the major raw materials locally and/or also consider imports from suppliers within this region. The company is in advanced discussions with suppliers for raw material procurement and would make suitable decisions based on the costs and benefits keeping in mind the consistency and quality of supplies.

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).

Major Raw materials for the Extrusion Coated Film production:

Apart from PET film, which comes mostly from the company's in-house production and imports from the group company (at Arm's length pricing), the major raw materials for the Extrusion Coated film production are BOPP base film and Coating substances such as LDPE and EVA. All these are sourced from various manufacturers / traders from within Thailand as well as imports from within the region. Once the Offline Coated film line starts up in Q3 2019-20, this film can be used as Base film for making certain specialized Extrusion Coated films and will help the Company to enhance the high value-added film portfolio.

Major Raw materials for the Cast Polypropylene Film production:

The major raw materials for the Cast Polypropylene film production are Homo Polymer and Co-Polymer. Homopolymer is being procured locally while Co-Polymer is sourced locally as well as imports from within the region.

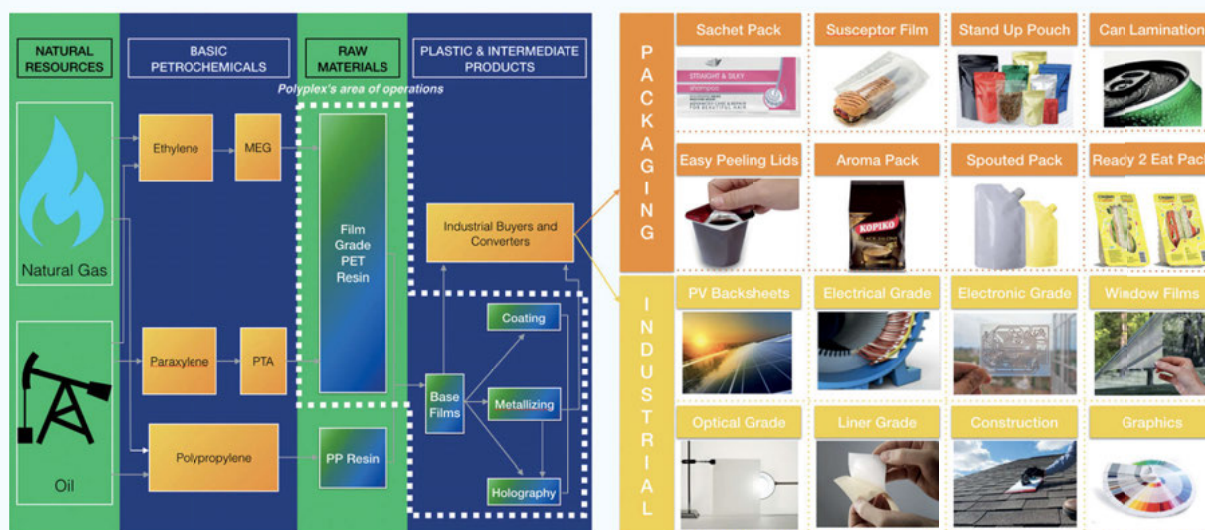
Major Raw materials for the Silicone Coated Film production:

For the Silicone Coating line, the main raw material is PET film which is transferred from the Company's in house production and also imported from the Parent company in India at Arm's length pricing. Silicone and other chemicals are being imported from USA and Europe from leading suppliers.

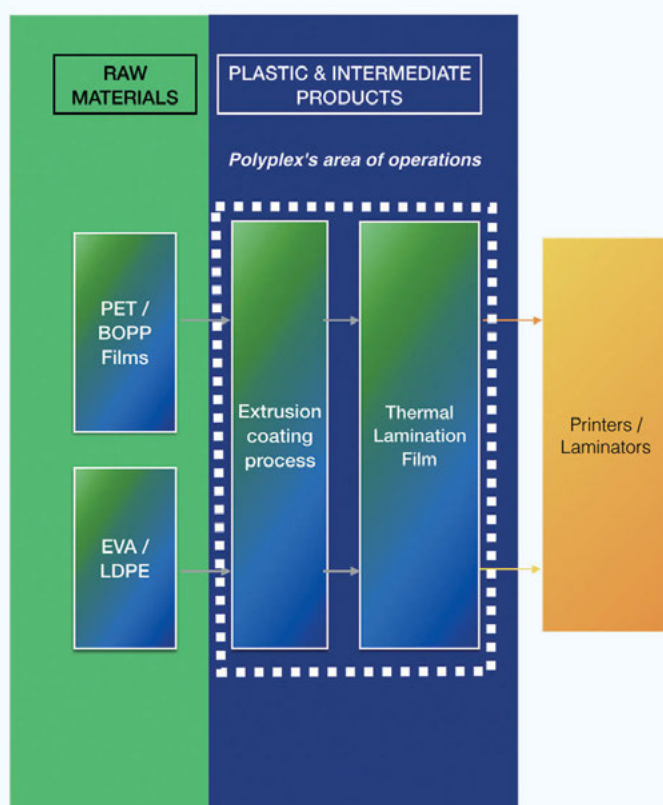
Major Raw materials for the Blown PP Film production:

For Blown PP film line, the main raw material is PP resins (Homopolymer, Co-Polymer and PP Color master batches). These are sourced from local suppliers as well as imports from within this region.

The value chain for the Company's PET, CPP & Blown PP film business is depicted below:



The value chain for Thermal Lamination film is given below:



4.8.3. Impact on the environment

There is minimal impact on environment caused from the polyester film production process since PET in both film and resins are generally recyclable. Also, the Company being on the forefront of this issue, has recently launched a few products with post-consumer recycling content of up to 90%. Other than doubling its efforts on R&D activities, finding more sustainable solutions like single substrate structure, Bio-PET, the Group is an active member of international forums and associations working in this direction.

For its Polyester resin line, it has the required EIA approval and submits regular reports required as per EIA approval to the concerned authorities.

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.

All our product lines in Thailand have the following certifications:

- ISO 14001:2015 certification on Environment Management system
- ISO 9001:2015 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- ISO 22000:2005 certification on Food Safety standards
- TPM Excellence Award (Category A)
- Kosher Certificate

All our product lines in Turkey have the following certifications:

- ISO 14001:2015 certification on Environment Management system
- ISO 9001:2015 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- BRC/IoP - certification on Global Standard for Packaging and Packaging Materials
(For Plain and Coated Film lines)
- ISO 50001:2011 certification on Energy Management system

Our product lines in USA have received the following certifications in 2018:

- ISO 14001: 2015 - certification on Environment Management system
- ISO 9001: 2015 - certification on Quality Management system

Risk Factors

Before deciding 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.

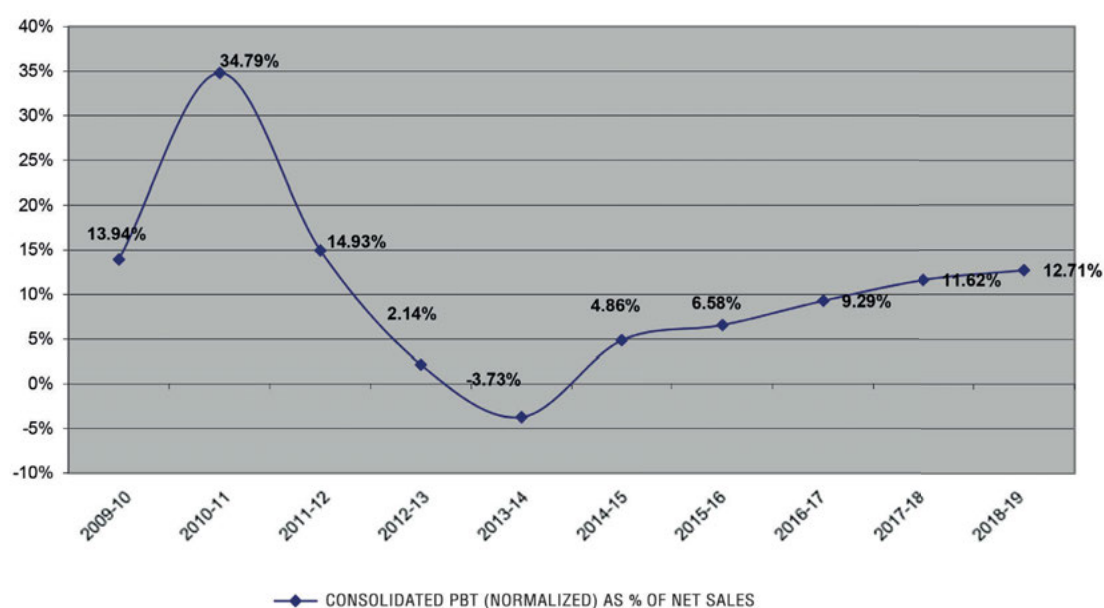
The key risk factors are:

5.1. 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 the major raw materials. Whenever the demand supply balance favors the suppliers, the PET film and raw material price spread usually widens, thereby encouraging the manufacturers to increase production by expanding their capacities. On the contrary, if PET film supply is larger than market demand, the film prices will drop, hence narrowing the spread between PET film and the raw material prices. This cyclical nature will inevitably affect every producer's revenues and profits. Post the 2010-11 up-cycle, a lot of capacities were added in the PET film industry. This created an imbalance in the demand supply scenario and put pressure on the selling prices, thereby contracting the margins. However, the oversupply situation has improved over the last 2 years, with demand growth catching up with existing oversupply improving the industry margin. Several new capacities are announced mostly by incumbent players in different parts of the world and are slated to start in next 2-3 years. These capacities are expected to be in excess of demand growth in short term and there may be some pressure on margins. This may be partially offset by delayed start-up of some of the planned capacities and likely closure of old and inefficient lines which may not be economically viable when compared to the high productive assets like the one being installed by the Company in Indonesia.

To illustrate the cyclical impact of the PET film industry, the movement of profit before tax/sales of PTL (Consolidated), is shown in comparison with that of the prices of PET film and raw materials, as below:

Comparison of normalized profit before tax* as a % to sales, of PTL on a consolidated basis, with prices of plain PET film (thin & thick), raw materials and value addition (Consolidated - Average for PTL-Thailand, PE-Turkey and PUL - USA)



* the forex gain loss of each year and the exceptional loss from sale of Polyplex Resins in FY 2014-15 and the Asset impairment loss in FY 2015-16 have been adjusted to compute the normalized profit before tax.



Source: Company information

The cyclical behavior can be seen in the above historic data, which has direct impact on the operating results of PET film producers like Polyplex.

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

- With high productivity levels, cost control measures and a diversified product range including various value-added products, Polyplex believes it has a competitive edge over other producers of polyester film in the world which will help it deliver better financial results as compared to its peers in the industry.
- A broad-based product offering, comprising of different substrates of plastic films, including value-added films cushion the Company from demand-supply volatilities and mitigate the risk of over dependency on a single product and single industry.
- Over the years, the Company has been focusing on increasing its share of high value-added segment (HVAS) films. High Value-added segment comprise those product types which are a specialty either from the production/process perspective and/or application perspective and also from the margin perspective.
- Regular investments in metallizing/ downstream coating capacities helps Polyplex to offer new types of products to its customers and further improve the mix of HVAS film in its sales.
- Accessing customers operating across the globe in the flexible packaging and industrial segments by presenting alternative sourcing options from its existing manufacturing locations in Thailand, Turkey and USA and going forward, from the new manufacturing location in Indonesia and its warehousing & distribution set up in Europe and Turkey, thereby mitigating the risk of over dependency on few customers and markets.
- Diversified manufacturing and distribution base help to mitigate the risk of volatile markets. For Eg: South East Asian markets are price-sensitive in nature, whereas developed markets of US, Europe, Japan etc are less volatile. Polyplex tries to mitigate such risks by having a diversified sales portfolio.
- Increased focus on new product development through R&D or technology acquisitions in addition to having a strong technical services team is a further differentiator between Polyplex and its competition.

5.2. 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).

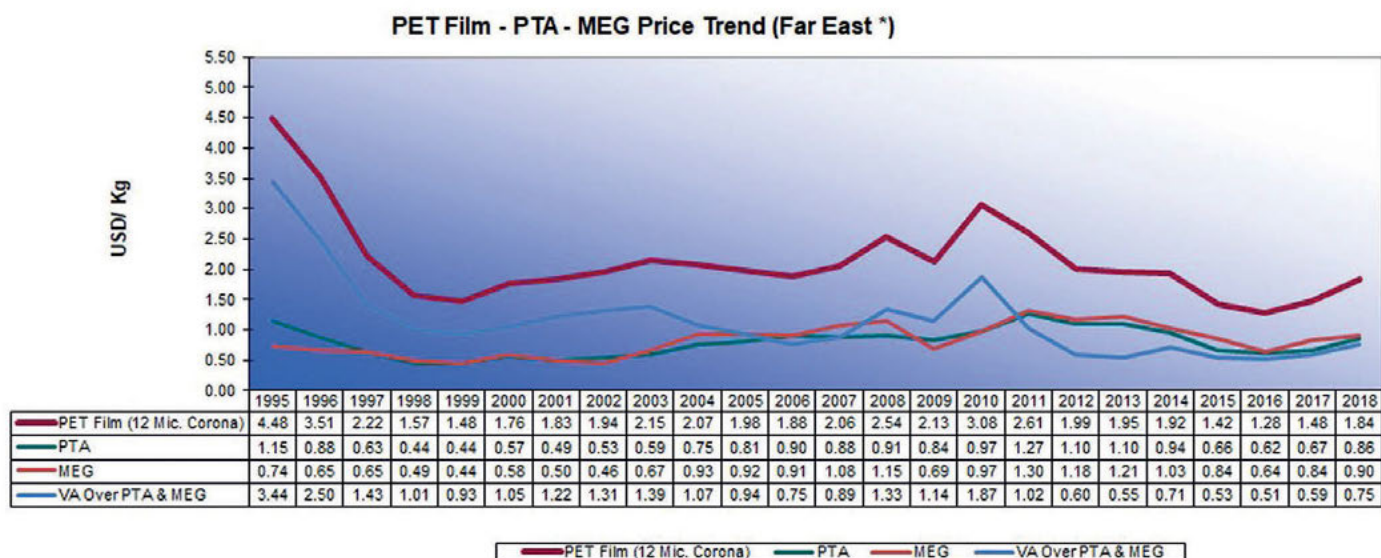
Since the cost of resin is the single largest component of the total production cost of Polyester film, the fluctuation in the resin price may hurt the Company's operating margins depending upon the ability of the Company to pass the increase in costs to its customers. As selling prices are usually negotiated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

The above graph of historic Selling price and Raw material price movement demonstrates the correlation between the raw material cost and the selling prices. In most of the years the movement in the selling prices has been following the trend of the raw material cost except for few years where other factors such as major down cycle or up cycle in the industry caused by demand-supply imbalance influenced the prices.

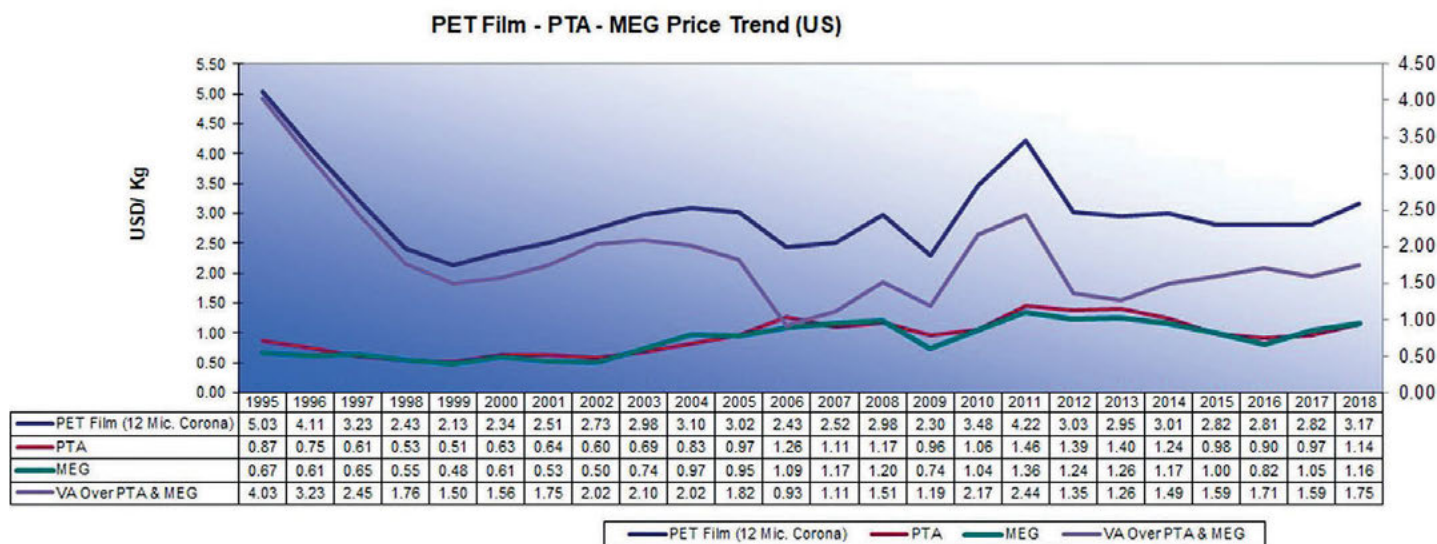
The oversupply witnessed in the Polyester film industry in the past has seen further improvement in 2018-19 with the demand growth continuing to catch up with the supply despite few capacity additions. Stability of crude oil at any particular level will help in improving business sentiment and enable all players along the entire supply chain, in overcoming uncertainty caused by crude oil volatility.

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.

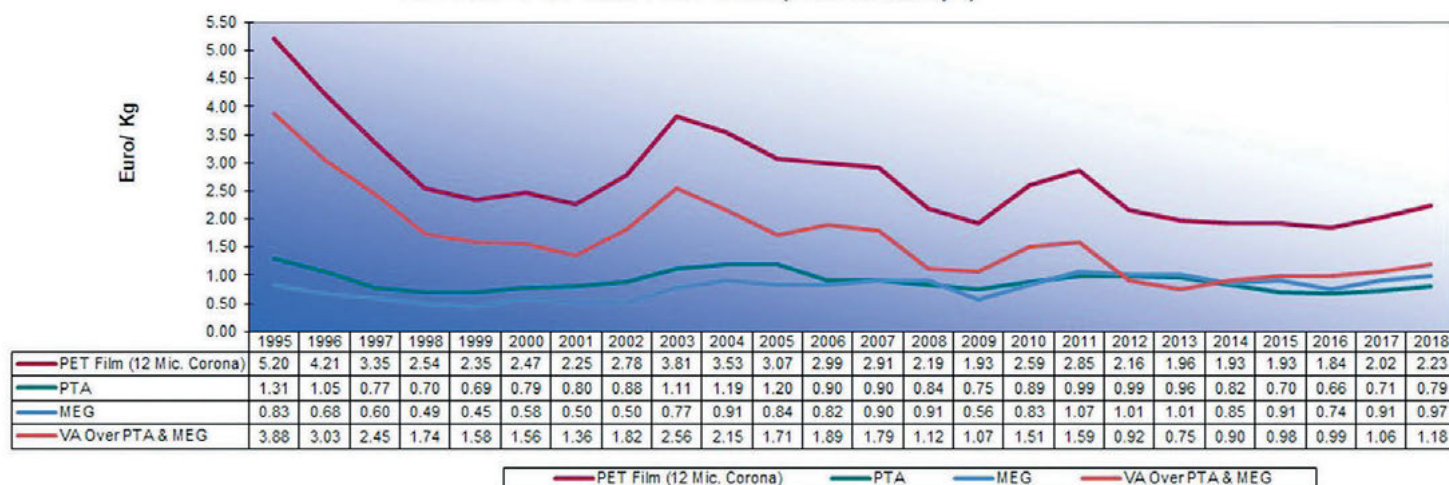
The chart below shows the past trend in the pricing of PET film and PTA and MEG and the Value addition rate per Kg, in Far East*, US and Europe respectively:



* Price trends of Far-east region is no longer available from reliable Industry sources and the Company will consider referring alternative sources for reporting China price trends from next year onwards, as China prices are anyway a better reflective of the trends in Far east/ South East Asian region.



PET Film - PTA - MEG Price Trend (Western Europe)



Source: Industry information

The above industry data 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 impact margins accordingly. 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. Also, unpredictable price movements of raw materials affect all industry participants and thus does not put Polyplex in a materially advantageous or disadvantageous position vis-à-vis its competitors. The prices of downstream products like Off-line coated, silicone-coated and extrusion coated films are less susceptible to changes in raw material prices and thus helps to counter the cyclicity in the standard films.

5.3. Risk associated with reliance on only a few raw material suppliers

The 2 major raw materials for the company, PTA and MEG are well traded commodities, and are available from a variety of manufacturers across the world.

In Thailand, the company is meeting its requirement domestically, by procuring each of these raw materials 100% from local suppliers, thereby enjoying certain distinct advantages of shorter lead time/lower raw material inventory carrying levels etc. The company has entered into long term / yearly contracts for the supply of the raw material to ensure its availability. These contracts also usually have a supply guarantee clause to ensure that the supplies remain uninterrupted for a reasonable period of time in case of any unforeseen circumstances.

In Turkey, the company procures bulk of PTA & MEG from 2-3 global suppliers through long term / yearly contracts and also explores spot opportunities for some part of the business as and when the market conditions are favorable to leverage on the surplus situation on these raw materials from time to time. These contracts guarantee the supply of the material except for force majeure situations.

In USA, the company is sourcing its PTA and MEG 100% from local suppliers, thereby enjoying advantages of shorter lead time/lower raw material inventory carrying levels etc. The company has entered into long term / yearly contracts for the supply of the raw material to ensure its availability.

And as far as the pricing is concerned, since it is formula based linked to certain standard international benchmark indices there is high degree of transparency.

For the new Greenfield expansion in Indonesia, the company will have options to source the major raw materials locally and/or also consider imports from suppliers within this region. The company is in advanced discussions with suppliers for raw material procurement and would make suitable decisions based on the costs and benefits keeping in mind the consistency and quality of supplies.

For the Extrusion Coated film production, apart from PET film which is transferred from the Company's in-house production and also imported from third parties or other group companies at arm's length pricing, the other major raw materials are BOPP base film and Coating chemicals such as LDPE and EVA. All these are sourced from various manufacturers / traders from within Thailand as well as imports from within the region.

The major raw materials for the Cast Polypropylene film production are Homo Polymer and Co-Polymer. Homopolymer is being procured locally while Co-Polymer is sourced locally as well as imports within the region.

For the Silicone Coating line, the main raw material is PET film and Blown film which is mostly transferred from the Company's in-house production. At times, the PET film is also imported from third parties and/ or group companies at arm's length pricing. Silicone and other chemicals are being imported from USA and Europe from leading suppliers.

For Blown film line, the main raw material is resins (Homopolymer, Co-Polymer and PP Color master batches). We are sourcing our requirement from local supplies as well as imports from within this region.

5.4. Risk from environmental regulatory measures

All the production lines of PTL, except for the Polyester resin line, do not require any environmental impact assessment (EIA). For its Polyester Resin line, the Company has the required clearance from the regulatory authorities and utmost care is taken to ensure compliance to the same.

For the new project in Indonesia, the Company has received the necessary environmental licenses and/or approvals required for our industry.

5.5. Risk from competition from existing manufacturers and entry of new players

With consistently rising demand and healthy growth potential, the PET film industry attracts new capacity investments from existing large manufacturers who are well-established companies with long experience in this industry, as well as medium to small producers and new entrants with capability to accommodate investment in PET film plants and machinery. In this industry, it is quite common for capacity additions to happen in a bunch, following a period of attractive margins and profits and this disrupts the demand-supply balance for a temporary period of time, until demand growth catches up with new supplies. In certain cases, as witnessed in the last few years, the oversupply is so excessive that the down cycle lasts for a prolonged period of 4-6 years. Several new capacities announced mostly by incumbent players in different parts of the world and are slated to start in next 2-3 years. These capacities are expected to be in excess of demand growth in short term and there may be some pressure on margins. This may be partially offset by delayed start-up of some of the planned capacities and likely closure of old and inefficient lines which may not be economically viable when compared to the high productive assets like the one being installed by the Company in Indonesia. Overall, despite the cyclical nature of this industry, it continues to remain an attractive industry with strong fundamentals and a steady demand growth.

Compared to other players, Polyplex's lower cost of production, established quality and technical services, geographically diversified manufacturing presence, wide range of products and applications and global market reach are some of key factors which make Polyplex one of the leading players in this industry. It remains confident of being able to compete against both world leading producers as well as newcomers.

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 existing locations in Turkey/Thailand/US, while also carefully evaluating growth options in other new locations/new product lines. The company 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. The upcoming Greenfield PET film project in Indonesia is another strategic decision to establish a manufacturing presence in one of the fastest growing economies and one of the largest PET film markets in this region. Being one of the world's fastest and widest lines with highest capacity in the region, this is expected to be the most cost competitive line in the Group and the Company hopes to be able to ramp it up to optimum levels, within 4-6 months of start-up.

5.6. Risk from trade barrier measures

Trade barrier measures imposed 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 few years, the countries adopting this measure are the European Union member countries and the US against such countries as India, China, Brazil 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 taking all 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 like ours will help mitigate the adverse fall-out of such an action, if any. And by having a local manufacturing presence in USA and Europe, it can take advantage of such trade barriers levied by these countries against imports from Asian countries.

As an outcome of the Anti-Dumping investigation initiated by the Government of Brazil against UAE, Mexico and Turkey, in respect of PET film imports into Brazil, the government of Brazil, w.e.f March, 2012 had imposed anti-dumping duty of USD 67.44 / MT on the Company's subsidiary in Turkey (Polyplex Europa). During sunset review which was concluded in February 2018, the investigating authorities kept the duty rates unchanged @ USD 67.44 / MT. It should also be noted that it was the minimum rate as compared to the rates announced for other countries as well as other producers in Turkey. Polyplex Europa's exports to Brazil are not a very significant portion of their overall sales volume and as such, there is no major impact from the anti-dumping margin imposed.

As an outcome of the Anti-dumping investigation by the Government of Indonesia against Thailand, a final Anti-Dumping duty of about 2.2% on imports from PTL into Indonesia has been levied since December 2015. There has been no major impact of this marginal duty, on our sales to Indonesia. And with the start-up of the new line in Indonesia, this market will anyway be catered from the new line and hence, there is no adverse impact of this duty on our Thailand operations.

As an outcome of the Anti-Dumping investigation initiated by the Government of Korea in 2017, a final Anti Dumping duty of 3.92% on imports from PTL into Korea has been levied since November 2017 and this will be applicable for a period of 3 years from date of applicability. There has been no major impact of this duty on our sales to Korea. And with the start-up of the new line in Indonesia, we will also have the flexibility to supply to Korea from the new line in Indonesia. Polyplex's strategy of having a geographically diversified manufacturing set up has protected it from such trade barriers and helped retain its competitive positioning over the years.

5.7. Risks from future projects

The major risks associated with any new Projects 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 markets for its products. With respect to the market risk for the Indonesia project, the Company has been serving the Indonesian market from Thailand unit for past several years and has been able to increase its market penetration over the years. As such, the Company sees no major risk in marketing of the products from the new line in Indonesia.
- **Competition Risk:** The Company believes that its cost structure would be globally very competitive and it has the widest product range which is one of the major advantages to gain an edge over some of the existing producers/new entrants.
- **Project Implementation risk:** Due to the experienced Projects team at Polyplex, the Company remains confident of successful implementation of new projects on time and within Budgeted costs except for un-foreseen circumstances. The Project at Indonesia is on schedule and the PET Film line and Metallized film line are expected to start commercial operations around mid-August 2019. There is a slight delay in the PET resin line which is expected to start by October, 2019 but the Company plans to source its Resin externally, to be able to operate the film lines.
- **Funding Risk:** For large projects, the Company takes long term Debt to the extent of 65-75% of the Project cost and the balance is funded out of internal accruals. Based on the good relationship with existing banks and the low gearing ratio, the Company is quite confident of raising the required financing for any new future Projects at competitive terms and conditions. For the Indonesia project, the Company contracted term loan of up to USD 55 million (or Euro equivalent) and the balance is being funded out of Equity investment and/ or inter- co loans from the Turkey subsidiaries. Until March, 2019, PTL has already injected IDR 337.5 billion (approx. \$ 25 million) of Equity into the new Indonesia entity.
- **Currency Risk:** For any new project, the currency of borrowing is decided, based on the projected operational cash flows of the project. The currency which has the maximum surplus in the operational cash flows is chosen to be the currency for the loan. If there are multiple currencies of surplus in operations, the Company may also consider borrowing in more than 1 currency (USD and/or Euro), depending on the currency exposure in the Project cost. This helps to create a natural hedge for the Project expense as well as the loan repayments, as and when the repayments start. The company also has internal FX guidelines to cover net exposure of Project costs, in various currencies by booking appropriate forward contracts, so that the risk on the initially estimated overall Project cost, on account of currency fluctuations is minimized.

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 etc.

5.8. Risk from dependence on the parent company

As at 31st March, 2019, Polyplex Corporation Ltd. (PCL), through direct and indirect shareholding, controls 51% of the paid-up shares in the Company.

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 operations 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 too much reliance on the parent company.

PTL's business operations are independent from PCL with respect to public offering of equity, borrowing of loans, and other investments in the future. The parent company need not request any approval from any government bodies except for reporting 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 and its subsidiaries is significant as compared to PCL's own assets and hence considered to be the flagship company of the Polyplex Group. As such, the success of PTL is very critical for PCL.

5.9. Risk from sponsor group holding about 51% of total shares

PTL's major shareholder is PCL (As of March 31, 2019 the promoter Mr. Sanjiv Saraf and related parties control 50.03% in PCL), holding 17.19%, and Polyplex (Asia) Pte. Ltd. ("PAPL") which is wholly owned by PCL, holding 33.81%, thus in aggregate holding 51% of PTL paid-up common shares of Bt. 900 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 and strategic direction setting. 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.

5.10. Foreign exchange risk

Most of PTL's products, i.e. about 75-85%, are for exports, which are mostly denominated in US dollars and Euro. As against this, raw material (PTA & MEG) prices are linked to the US dollar, although their payments are done in Thai Baht and there are Long term loan related interest payments/loan repayments in USD and Euro. On a standalone basis, the company as at March 31st '19 had Euro loans of about 89.9 million and USD loans of about 5.1 million, including Euro 88 million borrowed from its subsidiary in Turkey for the investment in Indonesia, repayment including prepayment banks' term loans and working capital loans. There are some expenses which are in Thai Baht, i.e. locally procured raw materials, 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. On an ongoing basis, the company also takes forward covers, to cover the net surplus exposure in USD and Euro.

Similarly, the Company's subsidiary in Turkey has a net surplus Euro currency whereas they have certain payments in the local currency, which is hedged from time to time by taking appropriate forward covers.

The subsidiary in USA mainly has USD revenues and USD payments, so there is a natural hedge. The project financing was also made in USD currency. Apart from bank loans taken for project financing and working capital financing, the US subsidiary has also taken some inter-co loans from Polyplex Europa (PE) for supporting its financing requirements. These loans are Euro denominated and the O/S amount of the loan at 31st March, 2019 was Euro 42.5 million.

The new subsidiary in Indonesia has contracted Long term debt of USD 55 million (or Euro equivalent) for its Project financing. Disbursal until 31st March, 2019 is Euro 10.9 million Euro and USD 0.8 million. Apart from this, they have also borrowed inter-company debt of Euro 9 million from the Group company in Turkey to support its project financing and working capital requirement. Once operations start up, the Company will have exports to Europe and US and will have revenue from Euro and USD currencies which can be used to hedge against Loan repayment. On an ongoing basis, the Company plans to cover the net surplus exposures in Euro and USD currencies, by taking appropriate forward covers.

However, the Company continues to be exposed to unrealized FX fluctuation impact as the forex loans need to be restated at the period end exchange rate and this can create sharp swings in the reported profitability of the Company. The Company would like to focus on improving the operational performance, rather than trying to protect the unrealized FX fluctuation impact, as the purpose of borrowing loans in foreign currency and the natural hedge from export earnings would be defeated if the forex loans are swapped to local currency, in order to eliminate the risk of unrealized FX fluctuation on the loan restatements. In order to protect the interest of the shareholders, the Company has been normalizing the impact of the unrealized FX fluctuation, while reporting the performance and while considering the Net profits for dividend payout.

5.11. Interest rate risk

As of March 31, 2019, the Company's outstanding long-term bank loans on a consolidated basis were Euro 12.8 million and USD 17.4 million whereas outstanding short-term loans were USD 15 million and Baht 1,119 million. The USD loans have floating LIBOR based interest rates and the Euro loans have floating EURIBOR based rates. Apart from the above, the Company in Thailand and the subsidiaries in Indonesia and USA have inter-company loans from the Turkey subsidiary totaling to Euro 139.5 million, which gets eliminated in consolidation. Pricing of these loans are linked to Floating EURIBOR rates. The floating interest rate may put the Company at a risk of rising financial cost if the interest rates move up. There are various reasons for interest rate changes like economic growth, inflation expectations and unemployment, among others. All these factors are external and uncontrollable. However, the company has been constantly monitoring the interest rates and will take interest rate swaps for converting the liability into fixed rates, if considered beneficial.

5.12. Risk from overlap of products and markets

The product portfolio of PCL, PTL, PE and PUL is quite similar. In order to mitigate the risk from overlapping of products and markets, Polyplex has also evolved an equitable policy for distribution of markets, between its Indian, Thailand, Turkey and USA 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 mainly serve South East Asia, Asia Pacific, China, and Australia & New Zealand. PCL would serve South Asia. Turkey operations will mainly cater to Europe, Africa and CIS/Russian markets.

The new line in Indonesia would mainly cater to the domestic market, but in the initial period will also consider exporting some volumes to Korea, Japan, Europe and USA, depending on the Pricing, material availability, delivered cost to customer, preferential duty access etc. The US manufacturing entity would mainly focus on North American market. Certain markets which are basically spot markets such as Middle East, South America etc may be serviced by either of the supply locations depending on the availability of the product and other factors such as capacity availability etc.

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 the Company) 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. The above is subject to availability of Investible cash / ability to borrow debt by the existing / preferred Company as per the policy. In line with this Investment policy, the investment in Indonesia is fully owned by PTL.

5.13. Credit risks

Credit risk of customers is another significant risk for any business. Credit risk refers to the risk of non-payment by debtors. This risk increases in case of unsecured or open payment terms. The Company manages the risk by adopting appropriate credit control policies and procedures. The Company has a well-defined and robust internal credit management system to monitor unsecured sales. The Company also has a global credit insurance cover to secure non-payment risks of customers. As such, most of the sales, which are on credit are secured either through a Letter of credit issued by the customer or secured under credit insurance coverage. The Company also takes extra caution in selection of any new customers and granting of credit.

5.14. Risk from regulatory measures or drive against use of plastics

There are growing concerns, in general, on the usage of plastics and more specifically, single-use plastics such as carry bags, straws, disposable spoons etc.

Within various forms of packaging, flexible packaging is held to be a relatively environmental friendly form of packaging due to its lower packaging weight to product ratio with a significantly lower carbon footprint (GHG emission), etc. However, its recyclability is an issue arising from technical challenges and lack of efficient & economic collection mechanism for post-consumer waste. This has led to regulatory measures like banning the use of single use plastics, implementing levies and mandating recyclability. In addition, all the stakeholders in the value chain including brand owners, converters, plastic manufacturers, etc. are working together on various fronts e.g. higher recycled content, improved collection system, achieving higher recyclability by changing the structure, etc.

To keep the things in perspective, the BOPET film in flexible packaging is very small part (<1%) of total plastic world which is estimated to be ~400 million tons p.a.

As per Industry experts, given the advantage of BOPET film in flexible packaging, there are currently no viable alternatives to PET film in this segment. Further, any new alternative would take few years' time to be established and to gain acceptance in the Industry and hence, there is no major threat to this industry in the medium term of next 3-5 years.

Polyplex Group has been one of few companies working in this area for a long time. The Company had invested in a Recycling arm in Thailand in 2013 which focuses on recycling and develops PET resins using post-consumer plastic waste for varied applications. The Company has recently launched a few products with post-consumer recycling (PCR) content of up to 90%. Other than doubling its efforts on R&D activities, finding more sustainable solutions like single substrate structure, Bio-PET, the Group is an active member of international forums and associations working in this direction.

Future Projects

The company currently has following ongoing projects:

6.1. Greenfield project in Indonesia

In July, 2017 the Board approved investment in a greenfield PET Thin film project in Indonesia.

Project Details

1. Total capital investment is about 80 million USD
2. PET Film Line of 10.6 metres width with upstream integration (PET resin line) & downstream integration (surface coating).
3. Annualized capacity of the PET film line of about 44,000 TPA, PET Resin Line of about 73,000 TPA, Metallized Film line of about 6,000 TPA

Project Rationale

By implementing the project for PET Thin film in Indonesia, the company would have certain benefits as given below:

- Indonesia has a large domestic PET Films demand with high growth rates. By putting up a plant in this location, Polyplex will be able to tap this growth potential and increase its market share in South East Asia
- Leverage on the long-term experience of selling in this market and further expand its market share
- Competitive cost structure owing to highest output PET film line and integrated with captive PET resin line and downstream value addition
- The investment will supplement Group's exports
- Advantages of being an on-shore location from a long-term point of view as compared to an off-shore supplier:
 - Proximity to customers leads to reduced cycle time, faster deliveries and is clearly a source of differentiation in the eyes of the customer.
 - Local availability of the key raw materials i.e. PTA and MEG
 - An additional location will also significantly diversify the overall business risk.

Current Status

- Equity of IDR 337.5 billion (approx. USD 25 million) has been injected till date.
- Land acquisition completed in 2018 and project is being set up in an Industrial Estate in Serang region, Banten province.
- Building construction is almost completed.
- Most of the major equipment have been received and installation underway.
- Term Loan financing for USD 55 million (or Euro equivalent) has been contracted and loans of about USD 13 million (including USD equivalent of Euro loans) disbursed until March 2019.
- Project Start-up expected in August 2019 for PET film and Metallised film lines and October for the PET resin line.

6.2. BOPP Project in Indonesia

In June, 2019 the Board approved an investment in a BOPP (Biaxially Oriented Polypropylene Film) film project in Indonesia, co-located with its ongoing investment in a PET film line on existing surplus land.

Project Details

1. Total capital investment is about 48 million USD
2. State of the art, high output 10.4 meter wide, multi-layer, BOPP line with machine configuration designed to produce various specialty products in addition to standard films
3. Stated capacity of about 60,000 TPA
4. Target Debt to Equity ratio to fund capital investment: 2:1
5. Project start up expected in about 2 years

About the project and Rationale

There are three main face substrates (BOPP, BOPET and Nylon) which are used in flexible packaging based on the product packed and packaging machines used. Out of these three, BOPP has largest demand globally which is ~8.5 million tons per year and 2.25 times that of Thin PET film and finds its unique space along with other substrates due to its differentiated properties as given below

	Content resistance			Pinhole	Boiling	Flavor	O2	Heat
	Acid	Alkali	Alcohol	resistance	resistance	Barrier	Barrier	resistance
BOPP	Excellent	Excellent	Good	Good	Poor	Poor	Very Poor	Very Poor
BOPET	Good	Poor	Excellent	Poor	Excellent	Excellent	Poor	Excellent
Nylon	Very Poor	Good	Poor	Excellent	Excellent	Good	Good	Good

The Global capacity utilization factor (CUF) is ~70% but actual capacity utilization is estimated to be higher because of product mix (reducing the producible capacity) and the mothballed/ closed capacities. As per industry experts, CUF level of 75-80% would be typically described as 'full'.

Like thin BOPET films, main applications for BOPP is flexible packaging. This constitutes more than 80% of total demand. Packaging segment can further be classified as food packaging (e.g. snacks, biscuits, candies, ice-cream) and non-food packaging (like Cigarette, Textile packaging, etc.). The main applications in industrial segment constituting remaining volume are Adhesive Tapes and Capacitors.

The feed stock is largely Homopolymer which is a downstream product from crude oil and/or gas and is widely traded across globe.

The global growth rate in BOPP film industry is expected to be 4%-6% and provides an opportunity for the Company to grow in a familiar industry. Besides growth in demand specially in Asia, commonality of customers with BOPET in flexible packaging, low cost of operations due to co-location and high productive line in SEA, coupled with global sales and distribution network provides further substance to the overall project. The investment is also in line with the Company's strategy to broad base the product portfolio, to offer a better value proposition to the customers and to diversify the risk without losing sight of cost and production efficiencies.

The concerns around sustainability and circulation economy has led to banning of certain type of plastics (like single use package) and/or targeting a higher % of recyclable content in the end product. There are certain concerns on recyclability of current multi-layer plastic laminate structures comprising of different substrates and the industry is working to find a solution to this. Mono material laminate structures based on Olefin (PP/PE) films are being perceived to be easier to recycle and new trials are mostly happening on olefin based structure and there may be partial shift of growth in favor of BOPP/PE. The proposed investment not only provides an opportunity to grow but also to participate in these developments actively.

6.3. Other Capital Expenditure

Apart from the greenfield project in Indonesia, the Company has also invested in some smaller projects (Silicone Coated line 2, Offline Coater and Twin Screw Extruder at Thailand, Batch Resin plant, Twin Screw Extruder and Holographic film at Turkey), to either improve the HVAS portfolio or production efficiency of existing productions line. The total outlay in such projects over the next 12-18 months is about 12-14 million USD. These projects will be funded out of the internal cash generations of the Company and expected to start operations in this year and some in next year.

As an ongoing effort to improve productivity, reduce losses, conserve energy, develop new products and enhance quality control, PTL and its subsidiaries undertake several small/medium capital expenditures on the basis of cost benefit analysis. The total outlay over the next 12 months for such projects is estimated at about 8-10 million USD which also includes insurance spares and miscellaneous equipments for upkeep of the machinery.

Legal Dispute

NONE

Shareholding Structure

8.1. Shareholding Structure

8.1.1. Securities

PTL's Registered capital at 31st March, 2019 was Baht 900 million and Paid-up capital was Baht 900 million, divided into 900 million ordinary shares each of Bt. 1 par value.

The shareholding structure of PTL as on 31st March 2019 is:

Name	Ordinary shares	%
Polyplex Corp. Ltd. (PCL)	154,710,000	17.19
Polyplex (Asia) Pte. Ltd. (PAPL)	304,290,000	33.81
General public	441,000,000	49.00
Total	900,000,000	100.00

PCL's shareholding structure as of March 31, 2019 is shown as below:

Name	%
Promoter/Sponsor Group	50.03
Institutional investors	7.42
Indian public (Non Institutional Investors)	35.87
Other shareholders	6.68
Grand total	100.00

PAPL is 100% held by PCL and together PAPL and PCL hold 51% of PTL.

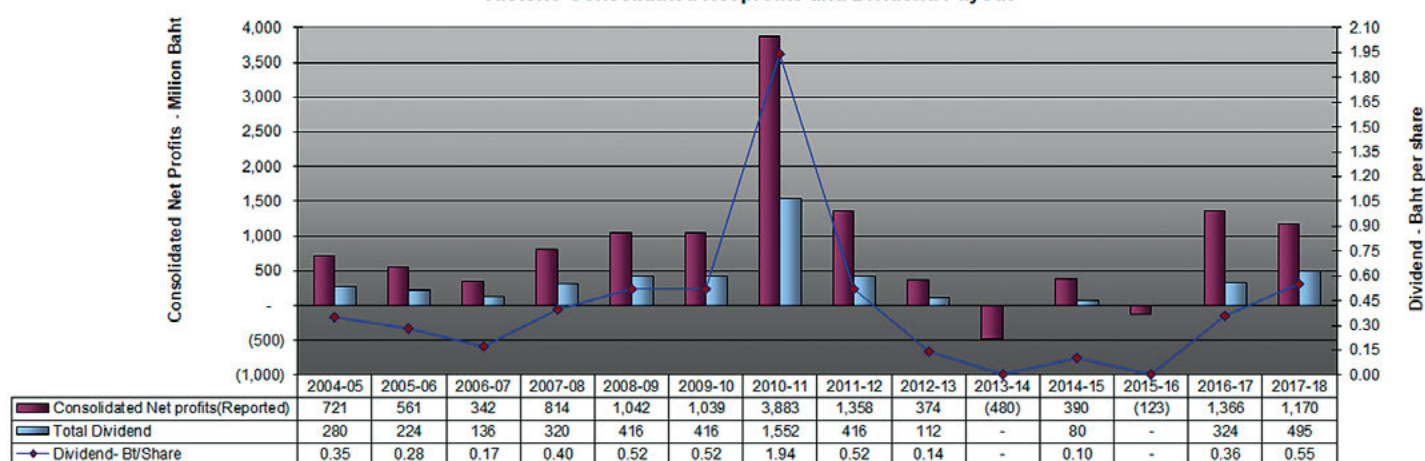
Dividend payment policy

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.

For the FY 2018-19, a dividend of Baht 0.64/share has been recommended by the board of directors to the 2019 Annual general meeting of shareholders for approval, which is a payout of 30% on normalized consolidated profits (impact of unrealized forex gains normalized).

The historic trend of Net Profit and the Dividend declared/paid for past few years, since the company's public listing in December 2004.

Historic Consolidated Net profits and Dividend Payout

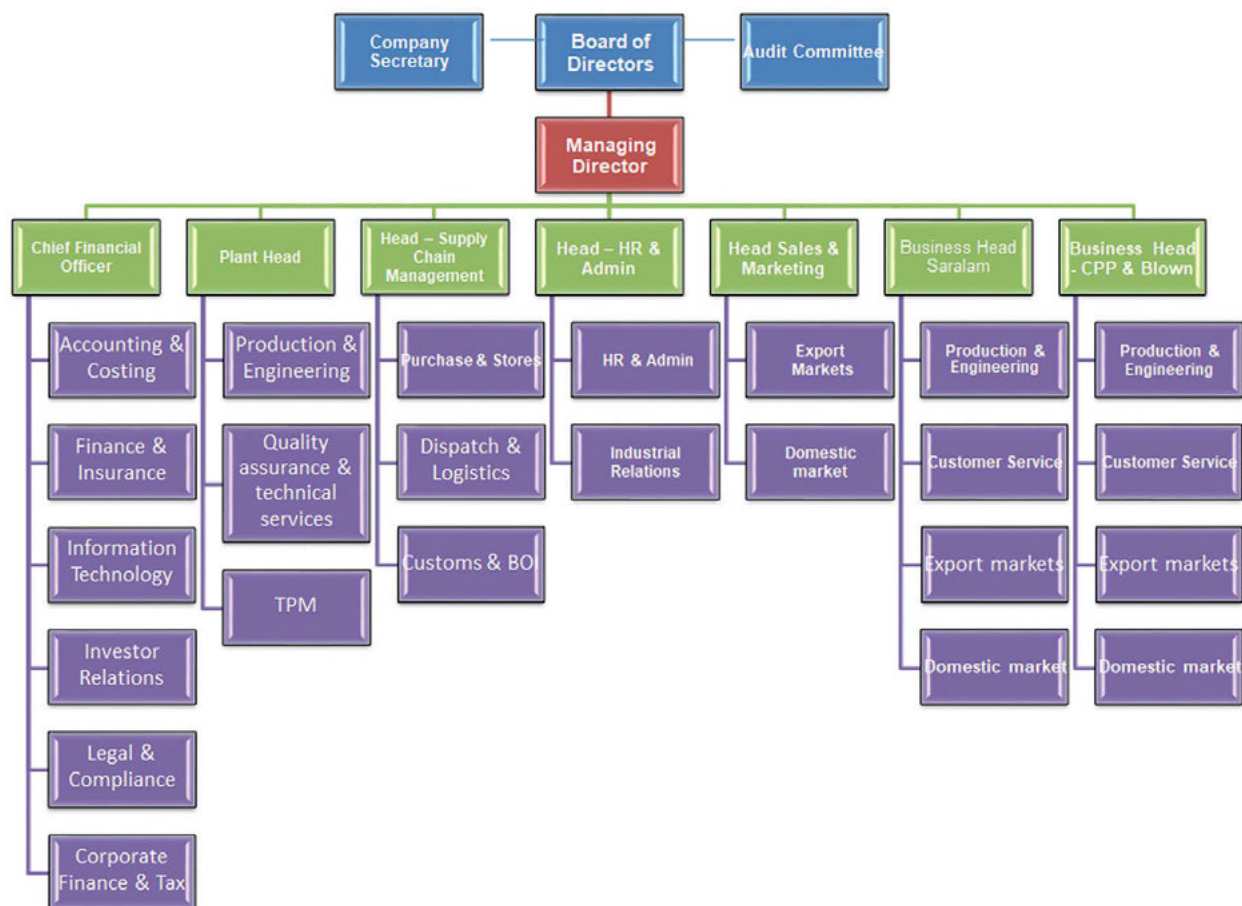


* No dividend was paid in FY 2013-14 and FY 2015-16 due to net loss on consolidated basis

Due to the significant impact of forex fluctuations on the reported profitability of the company, dividend payout is being considered and recommended by the Board on normalized profit basis, after adjusting the unrealized forex gain/ losses and/or any other one time exceptional losses. For the year 2018-19, the Board has proposed an annual dividend of Bt 0.64/ share or total payout of Bt 576 million out of which Bt 0.31/ share or total of Bt 279 million has been paid as Interim dividend in December, 2018 and balance of Bt 0.33/share or total of Bt 297 million is proposed to be paid as Final dividend, subject to shareholder approval in the 2019 Annual General Meeting of shareholders.

Management structure

The Organization structure as at 31st May, 2019 is as under:



PTL has a board of directors and an audit committee. There is a provision to appoint 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:

10.1. Board of Directors

As of May 31, 2019, PTL's Board of Directors is composed of eight members as follows:

1.	Mr. Manu Leopairote	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. Ranjit Singh [#]	Director
7.	Mr. Ashish Kumar Ghosh [#]	Director
8.	Mrs. Sakhi Saraf [#]	Director

* Position changed from Vice-Chairman to Managing Director w.e.f 15th May, 2019

[#] Appointed as Director w.e.f 15th May, 2019

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

Authorized signatories

Any one of the three authorized signatories, namely Mr. Sanjiv Saraf, Mr. Ashish Kumar Ghosh and Mrs. Sakhi Saraf 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 calendar quarter;
3. to arrange for the preparation and submission of the audited Statement of Financial Position and Income and Loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval;
4. to authorize 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 certain 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.

Role and Responsibility of Chairman of the Board

The Chairman plays a pivotal leadership role in ensuring that the Board work effectively.

The key roles of the Chairman are:

1. Acting as Chair at the Board's and Shareholders' meetings.
2. Ensuring that Board members receive accurate, timely, and sufficient information for Board meetings.
3. Providing independent advice to the management and Board.
4. Ensuring the participation of the executives, non-executives and independent directors in the Board's decision processes and activities.
5. Ensuring the whole Board plays a constructive part in developing and determining the Company's strategy and objectives.

10.2. Audit Committee

The Company's Audit Committee comprises of:

- | | |
|-------------------------------|--------------------------|
| 1. Mr. Manu Leopaiprote | 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; as well as to have a meeting with the external auditor, as and when required, without the presence of the Executive directors or any other member of the management team.
5. to review the connected transactions and ensure proper compliance with all the relevant SEC/SET regulations and also to ensure adequate 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) opinion on the suitability of the external auditor and appointment for another term, (iv) the number of Audit committee meetings held in the previous year and the attendance of each member in such meetings, (v) opinion on the connected transactions and any transactions that may lead to conflict of interest (vi) 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 calendar quarter; and
9. to express its opinion on the performance, appointment, removal and determination of remuneration of the internal auditor, if any.

10.3. Management

PTL's senior management during 2018-19* consisted of eight persons as below:

1. Mr. Amit Prakash #	Managing Director
2. Mr. Ramesh Gupta	Business Head - SARALAM division
3. Mr. Sanjay Kumar Jha	Plant Head
4. Mr. Ashish Ghosh	Head - Sales & Marketing
5. Mr. Ashutosh Kumar Agarwal*	Chief Financial Officer
6. Mr. Ankur Agarwal	Head - Supply Chain Management
7. Mr. Chakrit Srisamutnak	Head - HR and Admin
8. Mr. Anubhav	Business Head - CPP & Blown PP films

*The Chief Financial officer (CFO) has been transferred to Indonesia as the CFO of the Indonesia subsidiary, under which the Greenfield PET film project is being implemented, but he continues to be the CFO for Thailand operations as well.

Mr. Amit Prakash has resigned from the post of Managing Director and the Vice Chairman - Mr. Sanjiv Saraf has been appointed as the new Managing Director w.e.f 15th May, 2019.

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 Audit Committee 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 for optimum benefit of the organization.
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

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.

10.4. Role of Company Secretary

The Company has appointed Mrs. Supriha Pai Kasturi as the Company Secretary. She is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and has the requisite knowledge and experience to perform this function. She also performs the role of the Secretary to the Board of Directors and to the Audit Committee.

Responsibilities of Company Secretary:

- Arrange the Board of Directors' Meetings, Audit Committee Meetings and the Shareholders' Meeting in accordance with the relevant laws and regulations.
- Prepare the Agenda/ supporting documents for the above meetings and ensure that the same is circulated to the concerned members, at least a week in advance of the meeting date, to allow sufficient time to review the documents.
- Prepare the Minutes of all the above Meetings and monitor subsequent compliance with the resolutions of those Meetings.
- Ensure that disclosures of information to regulatory agencies (SET/SEC and other relevant regulatory agencies) are made in accordance with the applicable laws and regulations.
- Execute any additional duties assigned by the Board of Directors from time to time

10.5. 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 is required to have 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 with an office term of 2 years. 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 of 2 years may be re-appointed by the Board of Directors 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.

10.6. 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.

For the FY 2018-19, The actual remuneration paid to the Independent Directors is Baht 5,400,000 as against the amount approved in the Shareholder meeting of Baht 5,400,000.

Details of the same are given under:

S.No	Name of Director	Amount Approved (Baht p.a)	Actual Paid (Baht p.a)
1.	Mr. Manu Leopaiprote	Baht 1,800,000	Baht 1,800,000
2.	Dr. Virabongsa Ramangkura	Baht 1,200,000	Baht 1,200,000
3.	Mr. Praphad Phodhivorakhun	Baht 1,200,000	Baht 1,200,000
4.	Mr. Shiraz Erach Poonevala	Baht 1,200,000	Baht 1,200,000

In addition to the above remuneration, meeting sitting fees of Baht 10,000 per meeting attended has been paid to the Audit Committee members, which is as per the amount proposed and approved in the Shareholder meeting in July 2018.

For the FY 2019-20, it is proposed to fix a remuneration of Baht 100,000 per month, to all the independent directors as mentioned below:

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

Mr. Manu Leopaiprote, 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, would be proposed to the Shareholder meeting to be held in July 2019 for their consideration and approval.

The remuneration details of the senior management, including 1 executive director of PTL is as below:

Remuneration (In '000 Baht)	2014-15 (Apr-Mar)	2015-16 (Apr-Mar)	2016-17 (Apr-Mar)	2017-18 (Apr-Mar)	2018-19 (Apr-Mar)
Number of executives	6*	5	9	8*	8*
Salaries (In '000' Baht)	11,422	12,034	16,397	20,664	16,916
Bonus and Others (In '000' Baht)	16,612	20,824	19,071	30,790	18,864
Total	28,034	32,859	35,468	51,454	35,780

* Including some persons for part of the year only

b. Other remuneration

Directors None

Executives None

10.7. Personnel

As of March 31, 2019, PTL had a total workforce of 682 persons, 675 of whom are personnel at the plant in Rayong Province and 7 at the head office in Bangkok. The Company also has 40 expatriates, 3 of whom are at the head office in Bangkok and the remaining 37 in Rayong.

Department	Number of employees				
	As of Mar 31, 2015	As of Mar 31, 2016	As of Mar 31, 2017	As of Mar 31, 2018	As of Mar 31, 2019
1. Executives	4*	5	9	8*	8*
2. Production	183	239	250	224	250
3. Commercial, IT, Personnel & Admn.	51	47	41	44	43
4. Sales and Marketing	36	30	18	31	44
5. Chips plant	37	37	39	37	39
6. Metallizer	54	49	47	45	48
7. Extrusion Coating	81	74	61	60	58
8. Cast Polypropylene	52	46	54	81	55
9. Silicone Coating	43	42	39	38	42
10. PET Thick Film	84	70	71	64	65
11. Blown PP Film	18	16	16	19	30
Total	643	655	645	651	682

*Excluding persons who were for part of the year

Employee (non-executive) remuneration

(Bt. thousand)

Remuneration	2014/15 (Apr-Mar)	2015/16 (Apr-Mar)	2016/17 (Apr-Mar)	2017/18 (Apr-Mar)	2018/19 (Apr-Mar)
No. of employees	643	650	636	643	674
Salaries & Wages	227,926	208,124	197,951	194,313	211,523
Overtime pay	30,365	29,452	31,137	31,309	32,654
Bonus	36,503	27,917	44,088	35,279	38,017
Provident fund*	5,370	5,338	5,238	4,889	6,658
Others	108,483	88,894	87,880	89,440	91,240
Total	408,647	359,725	366,294	355,230	380,092

*The Company started contributing to the provident fund since September 2004.

The contribution of the employee and employer was 4% until FY 2010-11. Since 2011-12, the company revised the PF contribution rates and depending on the length of service, company's contribution is now in the range of 4-7%.

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 and 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, quality assurance, team building, and enhancement of leadership skills, time management skills, safety awareness, basic firefighting etc thereby improving the quality of the working life of the employees. In the past year, a total of 18,494-man hours of training was imparted to our employees in Thailand and at the overseas subsidiaries. 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.

Good Corporate governance & Internal Control

11.1. Corporate governance

11.1.1. Policy on Corporate governance

Polyplex realizes the significance of good corporate governance and makes every effort to implement the Corporate Governance principles laid down by the Stock Exchange of Thailand. The company has firm belief in transparency, accountability and ethical conduct in carrying out its operations. 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.

11.1.2. 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 fourteen 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.

The shareholders also have the following rights which are exercised in the Annual Shareholding meetings:

- Re-appointment of Directors retiring by rotation and approval of the Director remuneration
- Approval of Auditor appointment and remuneration
- Approval of dividend payment

11.1.3. Rights of stakeholders

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

Personnel:	Company considers all its personnel to be valuable assets, critical to the success and growth of the organization. The Company is committed to providing a quality oriented work environment, with special emphasis on safety, along with fair and equitable remuneration. Apart from basic salary, Performance linked Bonus, Provident Fund contribution and Social Security Contribution, the Company also provides certain other benefits to its employees such as Overtime pay, Housing Allowance, Transport Allowance, Telephone allowance, Medical Insurance, Life Insurance coverage etc.
Business partners:	It has always been the policy of Polyplex to develop long standing and growing relationships with all its business partners based on mutual benefit and guided by good business ethics. The company values the long standing relationship with its business partners, whether it is the banks that support the trade finance and project financing requirements of the Company, or the strong Distributors/Agent network across various parts of the globe, which help in market development and ensure smooth continuity of the business operations for the company.
Competitors:	Polyplex always abides 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:	Polyplex is committed to creating customer satisfaction by ensuring consistency in the quality of its products and offering value proposition through its wide network, technical support and local sales personnel at each location.
Shareholders:	Polyplex strives to conduct its business in a transparent and efficient manner with a view to constantly strive to enhance shareholder value. New project investments is evaluated prudently to ensure good returns and increase value to the shareholders.
Community/Society:	Polyplex 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. The company periodically organizes Blood donation camps and encourages employees to donate blood. Apart from this, the Company also contributes donations (cash and kind), from time to time, to organizations engaged in various community services.

11.1.4. Shareholders' meetings

The Company 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. It is ensured that the meeting venue and time is convenient and the meeting session allows adequate time for shareholders to ask questions on business operations or voice their opinion.

11.1.5. 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 Key Result Areas (KRAs) 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.

11.1.6. 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 the Company 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.

11.1.7. Business ethics

Polyplex 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.

11.1.8. Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company's Board has in February 2015, approved a Whistle Blower Policy which aims at encouraging its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. This policy aims to provide an avenue for employees who observe an unethical practice (whether or not a violation of law), to approach the Whistleblower Committee, which consists of 4 members, who are key functional heads of the organization and who will report to the Audit Committee about any complaints received by them.

11.1.9. Check and balance by non-executive directors

As at 31st May 2019, the Company has altogether eight directors as detailed below:

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

11.1.10. 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.

11.1.11. 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.

11.1.12. 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 four Board meetings conducted during the FY 2018-2019. Attendance of directors is as follows:

Name	Position	Attendance
Mr. Manu Leopairote	Board Chairman & Audit Committee Chairman	4/4
Dr. Virabongsa Ramangkura	Director & Audit Committee member	4/4
Mr. Shiraz Erach Poonevala	Director & Audit Committee member	3/4
Mr. Sanjiv Saraf	Vice Chairman of the Board	2/4
Mr. Amit Prakash*	Managing Director	4/4
Mr. Praphad Phodhivorakhun	Director	3/4
Mr. Pranay Kothari*	Director	3/4
Mr. Manish Gupta*	Director	3/4

* Resigned w.e.f. 15th May, 2019 and new replacement directors appointed to fill up the vacancies

11.1.13. Supporting committees or sub-committees

The Board of Directors has 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. The term of the Audit committee is 2 years and may be renewed by the Board of Directors every 2 years. There were 4 Audit committee meeting held in FY 2018-19 and attendance of the members is as under:

Name	Position	Attendance
Mr. Manu Leopairote	Board Chairman & Audit Committee Chairman	4/4
Dr. Virabongsa Ramangkura	Director & Audit Committee member	4/4
Mr. Shiraz Erach Poonevala	Director & Audit Committee member	3/4

11.1.14. 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.

11.1.15. 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.

11.1.16. Relationship with investors

The Company places significance on the timely disclosure of accurate information to its shareholders and investors. It participates in the SET Opportunity day every quarter to disseminate information about the Company and its operations to investors and analysts. The company also organizes factory visit for the shareholders, analysts and potential investors. As regards investor relations, the Company has a well-developed IR section in the company website. 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. +66 26652706 - 8.

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

The Company is cognizant of the need for 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. In addition, the Company secretary announces a Trading Window Closure period to the global employees of the Polyplex group, for a specified period prior to announcement of operating results and no employees are strictly prohibited from trading in the Company's share during this Window Closure period. The SEC recently concluded that there had been insider trading related concerns when a parent company conducted some share transactions in 2016. While the trades made by the parent company followed due process and the employees that helped with the execution made no personal gain, the Company (PTL) has further strengthened its internal controls system and is in the process of issuing a policy in this regard after due approval from the Board.

Corporate Social Responsibility

12.1. Ethical Business practices

Polyplex 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.

12.2. Anti - Corruption and Bribery

Polyplex 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. In its meeting held on 10th February, 2015, the Board of Directors have approved an Anti-corruption and Bribery Policy, to ensure that any of its personnel do not engage in unethical business practices of any kind, for deriving personal benefits. This policy has been implemented at Thailand and all the overseas subsidiaries of the Company.

12.3. Fair Labor practices

Company considers all its personnel to be valuable assets, critical to the success and growth of the organization. The Company is committed to providing a quality oriented work environment, with special emphasis on safety, along with fair and equitable remuneration. Apart from basic salary, Performance linked Bonus, Provident Fund contribution and Social Security Contribution, the Company also provides certain other benefits to its employees such as Overtime pay, Housing Allowance, Transport Allowance, Telephone allowance, Medical Insurance, Life Insurance coverage etc.

12.4. Responsibility towards customers

Polyplex is committed to creating customer satisfaction by ensuring consistency in the quality of its products and offering value proposition to its global customer base.

12.5. Caring for the Environment

Polyplex realizes the importance of caring for the environment. As a sustainability initiative, has invested in a project to recycle and provide sustainable solution for film based process waste and the project started commercial operations in December, 2013 in Thailand, under the Company's subsidiary - EcoBlue Limited. In 2018, the subsidiary has successfully commissioned a second recycling line. Even in its normal operations, wherever possible, an effort is made to switch to energy efficient alternatives.

The company has also taken specific steps in this regard as under:

- Investments in energy saving initiatives like Heat Recovery project, Twin Screw Extruder etc.
- Thinner gauging of the products
- Innovative products keeping recyclability in mind
- Near shoring business model reducing carbon footprint due to movement of material
- Focus on R&D initiatives to find more sustainable solutions like single substrate structure, Bio-PET etc
- Developed new films using post consumer recycled PET content of upto 90%

12.6. Social and Community Development

Polyplex 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. The company periodically organizes Blood donation camps and encourages employees to donate blood. Apart from this, the Company also contributes donations (cash and kind), from time to time, to organizations engaged in various community services.

Internal Controls

At the audit committee meeting of PTL held on May 15, 2019 with all the three audit committee members attending, the committee 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 Audit Committee 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.

Connected Transactions

14.1. 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	Transaction Amount (Million THB)		
				2016-17	2017-18	2018-19
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	PCL made advance payments on behalf of the Company and its subsidiaries for administrative expenses, which were mainly traveling/visa expenses of employees, employees' family, etc. The Company has given the appropriate accounting treatment to these expenses 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.	6	3	7
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	Purchase of Raw material – Polyester Chips and Polyester Film by all the subsidiaries of PTL including PTL	As per Transfer Pricing policy of PCL (Study done by Ernst & Young and TNMM [Transactional Net Margin] Method recommended for Transfer pricing	379	550	508
Mrs. Sakhi Saraf	Daughter of Vice Chairman of the Board - Mr. Sanjiv Saraf	Salary	As per Employment contract	-	0.5	1.3
Mr. Pranay Jain	Managing Director and Minority Shareholder of Subsidiary - Ecoblue Limited	Dividend	As approved by the Shareholders/ Board of Directors	-	7	1.8

14.2. Necessity and reasonableness of the connected transaction

The connected transaction involved the advance payments made by PCL on behalf of the Company and its subsidiaries for administrative expenses. The Company and its subsidiaries have given the appropriate accounting treatment to these expenses and paid them back to PCL. The reimbursement of advances/expenses was to PCL was at the actual prices incurred without any extra charge by PCL.

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

During the year, the connected transaction also involved some purchases of Raw materials i.e Polyester Chips and Polyester Film from PCL and the payment of Salary to Mrs. Sakhi Saraf, the daughter of the Managing Director of the PTL Board, Mr. Sanjiv Saraf, who was appointed as the Head of Investor Relations and Corporate Communications in November, 2017 and was also appointed as a Director in the Company w.e.f 15th May, 2019. All transactions were made considering Arm's Length Pricing as per Transfer Pricing guidelines. The remuneration package to Mrs. Sakhi Saraf, in her capacity as an Employee, is also on Arm' length basis as considered and approved by the Board of PTL.

14.3. 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 all normal business transactions in the future such as purchase and sale of material, reimbursement of expenses, the Company can undertake the transactions and inform the audit committee and the Board of Directors on a quarterly basis.

For any other future connected transactions, which are not normal business 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 ensure that it follows the applicable 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.

14.4. 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 advance payments, made for such expenses as transportation, accommodations for employees' family, educational fees for employees' children, insurance claims of employees etc and also some raw material procurements as explained above. There were no extra charges by the parent company regarding such cost and expenses. In performing any future connected transactions, Company's 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.

Financial Position and Operational performance

Financial statements

Auditor

Year	Name of auditor	CPA no.	Auditing firm
2018/19 (April 1, 2018-Mar 31,2019)	Mr. Chayapol Supasethnon	3972	EY Office Limited
2017/18 (April 1, 2017-Mar 31,2018)	Mr. Chayapol Supasethnon	3972	EY Office Limited
2016/17 (April 1, 2016-Mar 31,2017)	Mr. Chayapol Supasethnon	3972	EY Office Limited
2015/16 (April 1, 2015-Mar 31,2016)	Mr. Chayapol Supasethnon	3972	EY Office Limited
2014/15 (April 1, 2014-Mar 31,2015)	Mr. Termphong Opanaphan	4501	EY Office Limited

Auditor's report

For all the past years, including the year ended on March 31st 2019, the Auditors have given an unqualified opinion that the financial statements were fairly presented and prepared in accordance with generally accepted accounting principles.

The financial statements of last 3 years, for both Consolidated and Standalone, latest being the year ended on 31st March 2019, have been given for the purpose of comparison and for the appreciation of the change in revenues and profitability over the years.

Polyplex (Thailand) Public Company Limited
Statement of Financial Position

Unit: Bt. 000's

	Unconsolidated						Consolidated					
	2016/17		2017/18		2018/19		2016/17		2017/18		2018/19	
	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	38,581	0.47	44,449	0.51	20,717	0.23	730,694	5.07	1,330,114	8.79	855,993	5.40
Current investments	-	-	-	-	-	-	6,816	0.05	4,500	0.03	13,178	0.08
Accounts receivable	1,097,131	13.28	998,380	11.57	1,297,324	14.37	1,796,282	12.48	1,999,597	13.21	2,119,816	13.37
Amounts due from related party	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	653,998	7.92	904,067	10.47	888,810	9.84	1,725,572	11.98	2,112,064	13.95	2,338,040	14.75
Other current assets	128,342	1.55	127,815	1.48	90,301	1.00	212,034	1.47	205,982	1.36	389,142	2.46
Total Current Assets	1,918,052	23.22	2,074,711	24.03	2,297,152	25.44	4,471,398	31.05	5,652,257	37.34	5,716,169	36.06
Non-Current Assets												
Restricted bank deposits	-	-	-	-	-	-	13,417	0.09	9,070	0.06	64,414	0.41
Investment in subsidiary	1,712,615	20.74	2,204,984	25.54	2,512,390	27.82	-	-	-	-	-	-
Land, premises and equipment-net	4,463,041	54.04	4,168,850	48.29	4,039,528	44.73	9,714,375	67.47	9,062,497	59.87	9,526,866	60.10
Intangible assets-net	(0)	(0.00)	-	-	-	-	6,544	0.05	6,413	0.04	5,399	0.03
Deferred Tax asset	147,657	1.79	147,657	1.71	147,657	1.64	147,657	1.03	147,657	0.98	150,168	0.95
Advance payment for purchases of assets	7,283	0.09	25,495	0.30	26,498	0.29	34,379	0.24	247,137	1.63	370,657	2.34
Other non current assets	10,719	0.13	10,776	0.12	7,037	0.08	11,246	0.08	11,464	0.08	17,040	0.11
Total Non-current Assets	6,341,316	76.78	6,557,763	75.97	6,733,110	74.56	9,927,618	68.95	9,484,238	62.66	10,134,543	63.94
Total Assets	8,259,368	100.00	8,632,474	100.00	9,030,263	100.00	14,399,016	100.00	15,136,495	100.00	15,850,712	100.00
Liabilities & Shareholders' Equity												
Current Liabilities												
Trade and other Payables	634,817	7.69	653,220	7.57	617,018	6.83	1,165,325	8.09	1,136,827	7.51	1,146,892	7.24
Long-term loans-due within one year	495,911	6.00	404,848	4.69	208,699	2.31	500,411	3.48	408,930	2.70	420,639	2.65
Current portion of Lease agreements	-	-	-	-	-	-	1,568	0.01	1,476	0.01	-	-
Short-term loans from financial institutions	75,000	0.91	1,130,000	13.09	1,119,000	12.39	714,048	4.96	1,675,843	11.07	1,595,522	10.07
Short-term loans from related parties	2,381,614	28.84	2,472,290	28.64	3,173,526	35.14	-	-	-	-	-	-
Income tax payable	-	-	-	-	-	-	5,233	0.04	5,239	0.03	2,558	0.02
Other current liabilities	90,482	1.10	95,986	1.11	125,507	1.39	313,789	2.18	337,473	2.23	440,688	2.78
Total current liabilities	3,677,824	44.53	4,756,343	55.10	5,243,751	58.07	2,700,374	18.75	3,565,789	23.56	3,606,297	22.75
Non-current Liabilities												
Long-term loans from related party	-	-	-	-	-	-	-	-	-	-	-	-
Long-term loans-net of amount due within one year	671,233	8.13	233,709	2.71	22,642	0.25	2,002,231	13.91	1,000,945	6.61	594,230	3.75
Liabilities under Lease agreements	-	-	-	-	-	-	1,630	0.01	-	-	-	-
Provision for long-term employee benefits	10,584	0.13	17,432	0.20	19,465	0.22	28,382	0.20	30,489	0.20	39,995	0.25
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	4,359,641	52.78	5,007,485	58.01	5,285,859	58.53	4,732,616	32.87	4,597,223	30.37	4,240,522	26.75
Shareholders Equity												
Issued & Paid-up Share Capital												
Ordinary shares	900,000	10.90	900,000	10.43	900,000	9.97	900,000	6.25	900,000	5.95	900,000	5.68
Premium on ordinary shares	1,908,450	23.11	1,908,450	22.11	1,908,450	21.13	1,908,450	13.25	1,908,450	12.61	1,908,450	12.04
Other components of shareholders' equity	-	-	-	-	-	-	(884,354)	(6.14)	(700,603)	(4.63)	(1,338,186)	(8.44)
Legal Reserve	96,000	1.16	96,000	1.11	96,000	1.06	96,000	0.67	96,000	0.63	96,000	0.61
Retained earnings (deficits)	995,277	12.05	720,539	8.35	839,954	9.30	7,622,058	52.93	8,310,195	54.90	10,012,304	63.17
Total Shareholders' Equity	3,899,727	47.22	3,624,989	41.99	3,744,404	41.47	9,642,154	66.96	10,514,042	69.46	11,578,568	73.05
Minority Interest	-	-	-	-	-	-	24,246	0.17	25,230	0.17	31,622	0.20
Total Liabilities and Shareholders' Equity	8,259,368	100.00	8,632,474	100.00	9,030,263	100.00	14,399,016	100.00	15,136,495	100.00	15,850,712	100.00

Polyplex (Thailand) Public Company Limited
Statement of Income

Unit: Bt. 000's

	Unconsolidated						Consolidated					
	2016/17 April-March		2017/18 April-March		2018/19 April-March		2016/17 April-March		2017/18 April-March		2018/19 April-March	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenues												
Net sales	5,270,385	95.20	5,477,272	99.29	6,621,810	95.70	11,538,844	96.73	12,672,954	99.57	14,746,184	96.61
Exchange gains	233,157	4.21	-	-	253,466	3.66	326,010	2.73	-	-	450,287	2.95
Other revenues	32,445	0.59	39,180	0.71	43,899	0.63	64,239	0.54	54,502	0.43	67,576	0.44
Total Revenues	5,535,987	100.00	5,516,452	100.00	6,919,176	100.00	11,929,093	100.00	12,727,456	100.00	15,264,047	100.00
Costs and Expenses												
Cost of sales	4,605,654	83.19	4,788,647	86.81	5,647,102	81.62	9,331,477	78.22	10,019,892	78.73	11,543,091	75.62
Selling expenses	267,168	4.83	292,246	5.30	355,187	5.13	684,796	5.74	754,703	5.93	825,879	5.41
Administrative expenses	67,573	1.22	76,865	1.39	86,318	1.25	367,826	3.08	358,388	2.82	409,173	2.68
Exchange losses	-	-	57,539	1.04	-	-	-	-	263,958	2.07	-	-
Total Expenses	4,940,395	89.24	5,215,297	94.54	6,088,608	88.00	10,384,098	87.05	11,396,940	89.55	12,778,143	83.71
Profit (loss) before interest expenses	595,593	10.76	301,155	5.46	830,568	12.00	1,544,995	12.95	1,330,516	10.45	2,485,904	16.29
Finance costs	(96,618)	(1.75)	(88,566)	(1.61)	(99,153)	(1.43)	(147,474)	(1.24)	(122,420)	(0.96)	(112,052)	(0.73)
Income Tax	-	-	(265)	-	-	-	(23,558)	-	(30,437)	-	(41,290)	-
Net profit (loss) after income tax	498,975	9.01	212,324	3.85	731,415	10.57	1,373,963	11.72	1,177,659	9.49	2,332,563	15.55
Net loss (Profit) of minority interest	-	-	-	-	-	-	(7,602)	-	(7,673)	-	(8,176)	-
Net profit (loss)	498,975	9.01	212,324	3.85	731,415	10.57	1,366,361	11.72	1,169,985	9.49	2,324,387	15.55
Add/(Less): Forex Loss/ (Gain)	(233,157)		57,539		(253,466)		(326,010)		263,958		(450,287)	
Add/ (Less): Exceptional losses/ (Gains)												
Normalized Profit (Loss)	265,817	9.01	269,863	3.85	477,949	10.57	1,040,351	11.72	1,433,943	9.49	1,874,100	15.55
Earnings (losses) per share (Bt.) - On reported profit basis	0.57	-	0.24	-	0.81	-	1.55	-	1.30	-	2.58	-
Earnings (losses) per share (Bt.) - On normalized profit basis	0.30		0.34		0.60		1.18		1.59		2.08	

Polyplex (Thailand) Public Company Limited
Cash Flow Statement

Unit : Bt. 000's

	Unconsolidated			Consolidated		
	2016/17 April-March	2017/18 April-March	2018/19 April-March	2016/17 April-March	2017/18 April-March	2018/19 April-March
Cash flow from operating activities						
Profit before tax	498,975	212,589	731,415	1,397,521	1,208,096	2,373,853
Adjustments to reconcile profit of net cash provided by operating activities						
Depreciation and amortization	392,568	399,638	414,433	754,440	753,756	756,081
Doubtful debts (doubtful debts recovery)	2,465	169	(2,202)	(1,281)	2,759	(4,159)
Decrease of inventories to net realisable value (reversal)	(1,906)	4,093	5,175	(20,268)	(4,328)	19,731
Dividend income	-	(13,279)	(3,541)	-	-	-
Interest Expense	94,993	87,466	98,562	140,969	113,410	106,858
Unrealized losses (gains) on foreign exchange	(200,806)	66,510	(225,132)	(274,630)	239,530	(405,707)
Loss on sales of investment in subsidiary	(1,195)	-	-	-	-	-
Long-term employee benefit expense	3,132	6,239	3,182	5,075	10,435	4,888
Losses (gains) on sale and write off of property, plant and equipment	1,251	-	(1,313)	2,275	(1,220)	903
Interest Income	(295)	(173)	(232)	(7,941)	(15,460)	(16,883)
Profit (Loss) from operation before changes in operating assets and liabilities	789,183	763,252	1,020,347	1,996,161	2,306,978	2,835,564
Accounts receivable	(56,004)	95,856	(288,165)	91,889	(201,491)	(109,642)
Inventories	(6,316)	(254,162)	10,081	46,861	(382,977)	(246,388)
Other current assets	(22,144)	9,633	35,681	(28,212)	16,028	(185,663)
Other non-current assets	(1,986)	(57)	3,739	(2,178)	(219)	(5,576)
Accounts payable	51,091	10,867	(26,691)	140,666	(29,330)	23,436
Other current liabilities	(31,578)	6,332	21,105	(103,598)	22,382	92,494
Payment of long-term employee benefits	(261)	(718)	(1,149)	(798)	(5,243)	(4,318)
Income tax paid	(11,697)	(108)	(115)	(34,709)	(29,701)	(41,726)
Cash flow provided from (used in) operating activities	710,289	630,895	774,834	2,106,082	1,696,427	2,358,181
Cash flow from Investing activities						
Decrease (Increase) in restricted bank deposits	-	-	-	7,669	4,347	(55,344)
Decrease (increase) in current investments	-	-	-	(4,601)	2,316	(8,678)
Decrease (increase) in investments in subsidiaries	(346,300)	(492,369)	(307,406)	-	-	-
Proceeds from sales of investment in subsidiary	3,477	-	-	-	-	-
Dividend from subsidiary	-	13,279	3,541	-	-	-
Increase in advance payment for purchases of assets	9,831	(18,212)	(1,003)	(15,924)	(212,758)	(123,520)
Increase (decrease) in accounts payable for purchases of fixed assets	3,779	7,809	(11,693)	3,731	7,881	(11,765)
Purchases of property, plant and equipment	(168,873)	(105,448)	(285,143)	(200,873)	(336,853)	(1,319,448)
Proceeds from sales of property, plant and equipment	593	-	1,345	1,415	2,664	9,136
Increase in intangible assets	-	-	-	(147)	(1,306)	(801)
Cash received from interest	295	173	232	9,179	14,534	18,102
Net cash used in investing activities	(497,199)	(594,768)	(600,126)	(199,551)	(519,175)	(1,492,318)
Cash flow from financing activities						
Interest Paid	(96,164)	(88,349)	(99,578)	(142,844)	(114,291)	(108,316)
Increase (Decrease) in short term loans from financial institutions	(1,559,000)	1,055,000	(11,000)	(1,748,072)	961,795	(80,322)
Increase (Decrease) in loans from related party	1,196,262	(15,000)	928,986	-	-	-
Increase (decrease) in long-term loans from financial institutions	(379,297)	(495,911)	(404,847)	(890,947)	(959,973)	(400,267)
Dividend payment	-	(486,000)	(612,000)	-	(492,690)	(613,784)
Cash received for capital from right offering	637,990	-	-	637,990	-	-
Cash provided from financing activities	(200,209)	(30,260)	(198,440)	(2,143,873)	(605,159)	(1,202,689)
Currency Translation changes				(108,406)	27,327	(137,294)
Increase in cash and cash equivalents	12,881	5,868	(23,732)	(345,748)	599,420	(474,121)
Cash and cash equivalents at the beginning of period (April 1)	25,700	38,581	44,449	1,076,441	730,694	1,330,114
Cash and Cash equivalents at the end of period (March 31)	38,581	44,449	20,717	730,693	1,330,114	855,993

Polyplex (Thailand) Public Company Limited
Financial Ratios

		Unconsolidated			Consolidated		
		2016-17 April-March	2017-18 April-March	2018-19 April-March	2016-17 April-March	2017-18 April-March	2018-19 April-March
<u>Liquidity Ratios</u>							
Current ratio	(time)	0.52	0.44	0.44	1.66	1.59	1.59
Quick ratio	(time)	0.31	0.22	0.25	0.94	0.94	0.83
Cash flow current ratio	(time)	0.19	0.15	0.15	0.62	0.54	0.66
Receivable current ratio	(time)	4.87	5.23	5.77	6.21	6.68	7.16
Avg. debt collection period	(day)	73.88	68.86	62.40	57.99	53.91	50.28
Inventory turnover period	(time)	66.00	38.05	31.29	18.68	18.80	18.46
Avg. selling period	(day)	5.45	9.46	11.51	19.28	19.15	19.50
Payable current ratio	(time)	7.58	7.44	8.89	8.52	8.70	10.11
Loan repayment period	(day)	47.51	48.42	40.49	42.25	41.36	35.61
Cash cycle	(day)	31.82	29.91	33.42	35.02	31.71	34.18
<u>Profitability Ratios</u>							
Gross profit margin	(%)	12.61%	12.57%	14.72%	19.13%	20.93%	21.72%
Operating profit margin	(%)	6.26%	5.83%	8.05%	10.01%	12.15%	13.35%
Other profit margin	(%)	4.21%	0.00%	3.66%	2.73%	0.00%	2.95%
Cash to profit margin	(%)	119.26%	175.89%	93.29%	136.32%	106.39%	94.86%
Net profit margin	(%)	9.01%	3.85%	10.57%	11.45%	9.19%	15.23%
Return on equity	(%)	14.98%	6.65%	19.14%	15.32%	12.51%	21.91%
<u>Efficiency Ratios</u>							
Return on assets	(%)	6.12%	2.51%	8.28%	9.10%	7.92%	15.00%
Return on fixed assets	(%)	19.48%	14.18%	27.92%	20.97%	20.49%	33.14%
Asset turnover	(time)	0.68	0.65	0.78	0.79	0.86	0.99
<u>Financial Policy Ratios</u>							
Debt to equity ratio	(time)	1.12	1.38	1.41	0.49	0.44	0.37
Interest coverage ratio	(time)	7.60	7.21	7.86	15.19	15.22	22.46
Commitment coverage ratio (cash basis)	(time)	1.30	0.58	0.60	1.93	0.95	1.01
Pay out ratio *	(%)	30%	35%	30%	30%	35%	30%

* Payout ratio is on normalized profits. For FY 2018-19, it is as proposed by Board of Directors for shareholder consideration and approval

Management Discussion and Analysis of operational performance and financial status

16.1 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. The Company commenced operations from its first production line in April, 2003. Since then, the Company has expanded its operations significantly, both within and outside Thailand. In Thailand, the Company has invested in Extrusion Coating lines, Cast Polypropylene line, Silicone Coating line, Thick PET film line, Blown film line and a few Metallizers. Apart from this the Company has also set up manufacturing subsidiaries in Turkey (2005) USA (2012) and in Indonesia (Greenfield project under implementation), trading companies in Netherlands and, Liaison offices in Malaysia, Korea and Japan.

All our operational product lines in Thailand have the following certifications:

- ISO 14001:2015 certification on Environment Management system
- ISO 9001:2015 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- ISO 22000:2005 certification on Food Safety standards
- TPM Excellence Award (Category A)
- Kosher Certificate

All our product lines in Turkey have the following certifications:

- ISO 14001:2015 certification on Environment Management system
- ISO 9001:2015 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- BRC/IoP – certification on Global Standard for Packaging and Packaging Materials (For Plain and Coated Film lines)
- ISO 50001:2011 certification on Energy Management system

Our product lines in USA have received the following certifications in 2018:

- ISO 14001: 2015 – certification on Environmental Management System)
- ISO 9001: 2015 – certification on Quality Management System

Polyplex group aims to become one of the world's leading players in the plastic film industry by continuously expanding its market share through regular expansions in capacity and diversification in its product portfolio. The Thin PET film line in US and the Thick PET Film line in Thailand, which started in 2013 have added 31,000 MT and 28,800 MT per annum in the Company's combined PET film capacity. The Greenfield Thin PET Film line in Indonesia which is under implementation and expected to start operations in August 2019 will add another 44,000 MT p.a to the Group's PET film capacity. By venturing into the manufacture of related products such as BOPP film (In India and the new BOPP film line recently approved by the Board for Indonesia), and CPP films & Blown Films (In Thailand), which are other Packaging substrates, used by Converters, in addition to PET film, Polyplex aims to become 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 other products such as Silicone coated film, Offline Coated films, Extrusion coated films, Holographic film and Metallized films. The recycling project in Thailand has been set up to find sustainable solution for film based process waste and the Company has successfully developed products which has up to 90% recycled PET content.

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) Continued focus on cost efficiency through Kaizens including debottlenecking and energy saving/ efficient investments
- 3) Boosting delivery efficiency through focus on distributed manufacturing and logistics
- 4) Diversifying the product portfolio to minimize the risk of cyclical impact of the PET film industry, to increase stability of Earnings
- 5) Continuous effort to improve the share of high value added and specialty products in the product portfolio.
- 6) Endeavor to attain Customer satisfaction through supply of consistent quality products
- 7) Judicious mix of On-shore, Off-shore and Near-shore strategy.
- 8) Systems are created and strengthened to enhance cross-learning and sharing best practices/ benchmarking across various units and businesses of the Group to enhance efficiency and synergy.
- 9) Focus on innovation and collaborative application development has helped the Company become a preferred supplier/ partner with several large multinational customers.

For the year ended 31 March 2019, the company has reported a net profit (after minority interest) of Bt2,324.39 million on consolidated basis, as compared to a net profit of Bt 1,169.99 million in the corresponding year. The corresponding year included forex loss of Bt 263.96 million as against which there is a forex gain of Bt 450.29 million in the current year. Keeping aside the forex fluctuations, the normalized net profit for the corresponding year was Bt 1,433.94 million, which has increased by 30.70% to Bt 1,874.10 million in current year.

One of the key reasons for the higher profitability at Thailand as well as subsidiaries is the higher volumes in current year (mainly from capacity additions in Metallized Film/ Blown Film and capacity debottlenecking in Thin PET film) in most of the businesses as compared to corresponding year, as well as better value addition in some of the product lines due to improved market conditions as compared to corresponding year. Apart from this, continued focus on high value add products has also contributed to improved margins. Also, the impact of higher volumes and better value addition at the subsidiaries is partially offset by appreciation of THB against USD (by THB 0.72/USD) as well as Euro (by THB 1.19/ Euro) as compared to the exchange rate prevailing in FY 2017-18.

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

TOTAL REVENUES

Sales Revenue:

Consolidated Sales revenue of the company has increased from Baht 12,672.95 million to Baht 14,746.18 million, an increase of Baht 2,073.23 million or 16.36% mainly due to overall higher volumes at Thailand and the subsidiaries and also due to better average sales realization driven by higher raw material prices as well as improved market conditions compared to the corresponding year.

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

Market	2016-17		2017-18		2018-19	
	Bt. Million	%	Bt. Million	%	Bt. Million	%
Exports	7,728.24	66.98	8,048.19	63.51	9,789.30	63.41
Domestic sales	3,810.57	33.02	4,624.76	36.49	4,956.88	36.59
Total	11,538.81	100.00	12,672.95	100.00	14,746.18	100.00

Note: Sales made by the distribution company in the Netherlands and Turkey has been considered as Exports.

Other Income:

There is an exchange gain of Baht 450.29 million in current year as against an Exchange loss of Baht 263.96 million in the previous year. The forex gains are primarily on account of restatement of Euro loans at Thailand as well as Euro loans at USA due to sharp depreciation of Euro against both Thai Baht and USD. The gains on Euro loan restatement at Thailand is partly offset by loss on USD loan restatement due to weakening of Thai Baht against USD.

The other income has increased from Baht 54.50 million in the corresponding year to Baht 67.58 million due to Insurance claim at Thailand and higher other income at subsidiaries (interest income at the new subsidiary in Indonesia).

The combined net impact of the above factors has contributed to an overall increase in the total consolidated revenue by Baht 2,536.59 million or 19.93% to Baht 15,264.05 million.

TOTAL EXPENSES

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

The company recorded total consolidated expenses of Baht 12,778.14 million being an increase over corresponding year by Baht 1,381.20 million or 12.12%.

The cost of sales (COS) has increased by Baht 1,523.20 million or 15.20% mainly due to higher volumes at Thailand as well as subsidiaries. The per unit raw material cost has also increased as compared to the corresponding year of last year due to increase in key raw material prices.

A broad break up of COS is given below:

Description	2016-17	2017-18	2018-19
Raw materials and consumables used (incl.change in inventory)	73.7%	75.2%	77.5%
Depreciation	7.9%	7.3%	6.4%
Salaries, wages and other employee benefits	9.3%	8.7%	7.8%
Utilities (Power/Natural Gas/ Chilled water etc)	7.6%	7.3%	6.7%
Others	1.4%	1.5%	1.7%
	100.00%	100.00%	100.00%

The selling expenses have increased by Baht 71.17 million or 9.43% due to increase in overall sales volumes at Thailand as well as subsidiaries, resulting in increase in outbound freight, sales commission, warehousing expenses etc.

The administrative expenses have increased by Baht 50.78 million or 14.17% due to higher expenses at the Thailand as well as the subsidiaries (including the expenses at the new subsidiary at Indonesia). The increase is mainly due to expenses relating to the Indonesia investment, Interim dividend related expenses, legal and professional charges etc, which is partly offset by savings in certain other administrative expenses.

As a % to total revenue, total expenses have decreased from 89.55% to 83.71% mainly due to higher sales and other income, partly offset by higher cost of sales, admin and selling expenses. The forex gains in current year as compared to the forex loss in the corresponding year has also contributed to the decrease in total expenses as a % to total revenues.

Net financial charges

The consolidated finance costs during the year were Baht 112.05 million, a decrease of Baht 10.37 million or -8.47% over corresponding year.

The key reason for the decrease is mainly lower term debt interest due to repayment/prepayment of loans made over the past year. The impact of lower debt is partly offset by higher LIBOR rates and increase in interest on working capital debt at Thailand.

Corporate Income Tax

The Consolidated Corporate Income tax expense in this year is Baht 41.29 million as compared to the expense of Baht 30.44 million in the corresponding year mainly due to increase in tax expenses at the subsidiaries.

The combined net result of all the above factors has resulted in a net profit on consolidated basis of THB 2,324.39 million, as against a net profit of Baht 1,169.99 million in the corresponding year.

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

On Consolidated basis, the gross margin and operating margin have improved compared to previous year due to the improvement in overall market sentiments and better operational performance, including the operations of the newer projects in Thailand and USA due to further ramp up of capacity utilization. The net margins have substantially improved, even after the normalization of the forex gains this year as compared to forex losses last year. The forex gains are mainly unrealized and relates to the restatement of Forex loans.

16.2 Financial status

As at 31st March, 2019, there has been a sharp appreciation of THB against the Euro (approx. THB 2.72/Euro) as compared to the exchange rate on 31st March 2018, so the translation of the Company's subsidiaries whose reporting currency is Euro, has been at a lower exchange rate, thereby resulting in translation losses. This is partly offset by translation gains on subsidiaries with reporting currency in USD, due to THB depreciation against the USD (approx. THB 0.58/USD) at current FY end. On an overall basis, there is a Net translation loss of Baht 637.58 million.

TOTAL ASSETS

As on 31st March 2019, The Company's consolidated total assets were Baht 15,850 million, higher by 4.72% as compared to Baht 15,136 million in the previous year.

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:

Current assets

- The decrease in consolidated cash and cash equivalents is mainly due to deployment of cash generated from operations for term loan repayments at Thailand and USA, including some prepayments at USA and other cash outflows for operational purposes, dividend payment and the Investment in Indonesia.
- Increase in current investments is due to investments by Ecoblue Limited out of cash generated from its operations.
- Trade and other receivables have increased at Thailand and the subsidiaries, on account of higher volumes and prices compared to last year.
- Inventories have increased mainly due to higher raw material inventory (price and volume increase and higher raw material and finished goods inventory at Thailand and the subsidiaries). Increase in inventory at subsidiaries is partly offset by overall lower inventory levels at Thailand, mainly in process inventory.
- There is an increase in advance payment for purchase of goods, mainly at Turkey, due to higher advances paid for raw material procurement.

- There is a reduction in Input tax refundable mainly due to lower VAT refundable at Thailand, partially offset by higher tax refundable at subsidiaries.
- Other current assets – There is an increase in other current assets at Thailand and subsidiaries due to increase in discount receivable at year end, on the key raw material supplies and insurance claim receivable at the US subsidiary. This is partly offset by reduction in certain other current assets such as lower MTM gain on the forward contracts, as compared to previous year end.

Non-current assets:

- The restricted bank deposit represents bank deposits pledged with the bank, as per terms of the loan facility of the US and Indonesia subsidiary.
- Increase in Property Plant & Equipment (net block) is mainly due to additions on account of project capex/ normal capex at Thailand and the subsidiaries, partly offset by depreciation charged during the year
- There is an increase in Advances for purchase of fixed assets due to advances against the Indonesia project and other smaller projects at Thailand.
- The increase in the other non-current assets is at the subsidiaries, mainly at Indonesia due to the project financing related expenses booked to Deferred revenue expenses. This is partly offset by a reduction at Thailand due to lower inventory of Tax cards received against Export incentive income.

Return on assets

On a consolidated basis, the return on assets is 15% as compared to 7.92% during previous year. The increase is mainly on account of the significant forex gains on the forex loan restatement as compared to the forex losses last year. If we normalize the impact of Forex fluctuations in both years, there is an improvement in Return on Assets from 9.71% to 12.10%, which is mainly on account of improvement in operational performance this year.

16.3 Liquidity

Cash flow

- For the year 2018-19, the Company (on a consolidated basis) generated cash of Baht 2,358 million in operating activities as per details below:
 - Cash generated from operating activities (before changes in operating assets and liabilities) was Baht 2,835 million.
 - The impact of changes in working capital (Outflow of Baht 477.4 million) is as under:
 - Increase in Accounts Receivable by Baht 109.6 million due to higher sales revenues resulting from improved average selling prices and also higher volumes in some businesses.
 - Increase in inventories by Baht 246.4 million due to higher raw material inventory (price and volume increase, higher process inventory and finished goods inventory).
 - Increase in Accounts Payable by Baht 23.4 million due to higher related party payables (higher volumes) partly offset by lower unrelated trade payables.
 - Payment of long term employee benefits – Baht 4.3 million
 - Cash paid for income tax – Baht 41.7 million
 - Increase in other current/ non-current assets by Baht 191.2 million mainly due to higher advance payments at Turkey, for purchase of raw material
 - Increase in other current liabilities by Baht 92.5 million due to increase in expenses payable and accrued expenses at Thailand and the subsidiaries, including the new subsidiary in Indonesia.

- Net cash used in investing activities is Baht 1,492.3 million as per details below:
 - Net additions to fixed assets – Baht 1,310.3 million.
 - Baht 55.3 million increase in the restricted bank deposit.(Amount set aside for servicing the loan repayment and interest payment, as part of the Loan covenants of the US and Indonesia subsidiary)
 - Increase in Intangible assets – Bt 0.8 million
 - Net increase in Advance and decrease in Accounts payable for fixed assets by Baht 135.3 million
 - Increase in current investments – Bt 8.7 million
 - Cash received from Interest – Bt 18.1 million
- The net cash outflow from financing activities of Baht 1,202.7 million:
 - Decrease in Short term loan– Baht 80.3 million
 - Repayment of Long term loans from banks - Baht 400.3 million
 - Dividend paid during the year – Baht 613.4 million
 - Cash paid for interest on term loans and short term loans – Baht 108.3 million

The deficit thereof, along with translation adjustment loss of Baht 137.3 million, and opening balance of Baht 1,330.1 million has resulted in a net closing balance of Baht 856 million.

Liquidity ratio

In 2018-19, consolidated current ratio was 1.59 and quick ratio was 0.83. Consolidated average debt collection period during 2018-19 was 50 days along with Account payables period of 36 days and average selling period of 20 days, resulting in a cash cycle of 34 days as against a cash cycle of 32 days of previous year.

16.4 Sources of funds

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

TOTAL LIABILITIES

As on 31st March, 2019, consolidated Total liabilities stood at Baht 4,240 million, a decrease of 7.76% over Bt 4,597 million of previous year. The major movements in Liabilities are as under:

Current Liabilities:

- Decrease in short term borrowings is due to repayment of loans at Thailand and the US subsidiary, using cash generated from operations, including deployment of cash at the Turkey subsidiary.
- Increase in trade and other payables is due to higher related party trade payables due to higher volumes purchased from parent company, partly offset by lower unrelated trade payables and lower payables for fixed assets at Thailand and US subsidiary.
- The decrease in Long term loans (including current portion) is due to repayment including some prepayment by the US subsidiary of term loan amounting to USD 13 million using its cash generated from operations. Apart from this, the term loan reduction is also on account of repayment of loans at Thailand and due to the unrealized gains on the Euro loan restatement, which is offset by unrealized losses on the USD loan restatement. The decrease at Thailand and US subsidiary is partly offset by additional borrowings at the Indonesia subsidiary for the ongoing project.
- Increase in other current liabilities is mainly due to increase in accrued expenses such as Provision for Freight and other expenses, Employee Bonus etc at Thailand and the subsidiaries (additional current liabilities at the new subsidiary at Indonesia). There is also an increase in MTM loss on Forward contract at Thailand as compared to previous year end.

Major changes in Shareholder Equity:

- The retained earnings have increased due to the net profits generated during the year, partly offset by dividend appropriation of Baht 613.4 million (including the Interim dividend).
- The decrease in other components of equity is mainly due to exchange translation net losses arising on account of translation of the Euro denominated balance sheet of the subsidiaries due to the appreciation of Baht against Euro, partly offset by gains on USD denominated balance sheet of subsidiaries due to depreciation of THB against USD, as explained earlier.
- The increase in Non-controlling interests of subsidiaries is due to minority share of profits generated during the current year partly offset by minority's share of dividend appropriation.

Return on equity

The Return on Equity on Consolidated basis is 21.04% as compared to 11.61%, higher this year due to the improved profitability, even if we normalize the forex gains.

The Company has a policy to pay dividend at about 40% of consolidated net profits, 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.

For the year 2018-19, the Board has recommended a payout of THB 0.64/share or total payout of THB 576 million, out of which THB 0.31/share of THB 279 million was paid out as Interim dividend in December 2018 and balance of THB 0.33/share or THB 297 million is being proposed as Final dividend, for approval of shareholders in the Annual General meeting in July 2019.

Leveraging & interest coverage ratio

The net debt equity ratio (debt only - short term and long term, including current portion, after netting off cash & cash equivalents and current investments) is 0.15 on a consolidated basis (as compared to 0.17 in previous year end). The improvement is due to increase in retained earnings due to higher profitability and the debt repayments over the year (including some prepayments), partly offset by the impact of additional debt borrowed at the Indonesia subsidiary.

Debt equity ratio (for total debt, including current + non-current liabilities), is 0.37 on a consolidated basis as compared to 0.44 in the previous year end.

The interest coverage ratio has improved from 15 to 22 times, mainly due to improvement in cash generated from operations and also lower interest expenses due to reduction at the US subsidiary.

Commitments

As at 31 March 2019 and 2018, the Company's foreign exchange contracts outstanding were summarised below.

2019				
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	4.77	43.20	31.0347 - 32.6000	30.9800 - 32.9800
Euro	0.98	2.76	36.0780	35.5100 - 37.4400
Japanese yen	-	36.55	-	0.2848 - 0.2875

2018				
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	4.36	32.46	30.9715 - 32.5261	30.9300 - 32.4550
Euro	0.99	1.92	38.7400	38.5600 - 39.1400
Japanese yen	-	77.31	-	0.2940 - 0.2945

As at 31 March 2019 and 2018, subsidiaries had forward foreign exchange contracts as follows:

2019				
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
YTL	8.7	-	YTL 6.1464 - 6.4739 per EUR 1	-
USD	2.5	-	USD 1.1385 - 1.1565 per EUR 1	-
EUR	-	1.9	-	Baht 35.4500 - 36.6900 per EUR 1 and IDR 16,120 per EUR 1

2018				
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
YTL	6.8	-	YTL 4.6281 - 4.9837 per EUR 1	-
USD	8.3	0.2	USD 1.2287 - 1.2453 per EUR 1	Baht 31.12 per USD 1

- (a) As at 31 March 2019, the Company and its subsidiaries had capital commitments of approximately Baht 1,012 million (2018: Baht 1,074 million) (The Company only: Baht 141.6 million (2018: Baht 46.5 million)), relating to the acquisitions of machinery and equipment.
- (b) As at 31 March 2019, the Company and its subsidiaries had commitments totaling Baht 8.8 million (2018: Baht 9.5 million) under various service agreements (The Company only: Baht 8.6 million (2018: Baht 8.9 million)). These agreements expire between May 2019 to February 2022.
- (c) The Company and its subsidiaries had entered into several lease agreements in respect of office building space and equipment. The term of the agreements are generally between 1 and 4 years.

(d) Future minimum rentals payable under these leases are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Payable:				
In up to 1 year	4.0	4.0	1.5	4.0
In over 1 and up to 3 years	0.9	2.2	0.6	2.2

(e) As at 31 March 2019, the Company has provided guarantee worth USD 20.0 million (2018: USD 30.0 million) for working capital facilities obtained by a subsidiary, Polyplex USA LLC.

(f) As at 31 March 2019, the Company has provided guarantee of USD 84.0 million and USD 55.0 million (2018: USD 84.0 million) for the long-term loans obtained by its subsidiaries, Polyplex USA LLC and PT. Polyplex Film Indonesia, respectively. As at 31 March 2019, the outstanding balances of these subsidiaries' loans were USD 11.5 million and EUR 10.9 million and USD 0.8 million, respectively (2018: USD 24.4 million).

(g) As at 31 March 2019, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi has provided guarantee for credit facilities obtained by Polyplex Paketleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi to the extent of EUR 5.7 million (2018: EUR 5.7 million).

(h) The Company has provided corporate guarantee for securing the payables towards the raw material suppliers of Polyplex USA LLC. The outstanding amount of payables in respect of such guarantees is USD 2.7 million as at 31 March 2019 (2018: USD 3.0 million).

(i) As at 31 March 2018 and 2017, there were outstanding bank guarantees as follows:

(Unit: Million)

Letters of guarantee for	Currency	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Performance bonds	Baht	3.9	7.7	3.9	7.7
Customs duty	Euro	0.5	0.7	-	-

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

The last few years have been very challenging year for the Polyester Film industry due to the excessive oversupply caused by the significant supply additions that happened, following the up cycle in 2010/ 2011. For Polyplex, the additional challenge was the ramp up and stabilization of the new projects which started in 2013 in Thailand and USA. Both these projects have seen better utilization rates and profitability in the last 2 years due to improved market conditions and internal production efficiencies, as well as improvement in product mix, which also reflected in improved margins and profitability of the Company.

The key challenges for the company in the coming year would be the following:

- Smooth and timely start-up of the new line in Indonesia and the successful ramp up of the same to optimum levels, within 3-6 months of start up
- Raw material price volatility and any significant upward movement in prices, which although largely get passed on to the end customers, it usually happens only with some time lag and may impact the margins in the interim. In any case, volatility in raw material prices is not good, as it dampens the overall business sentiment.
- Volatility of THB against USD and Euro as well as the movement of Euro against the USD impacts the profits of the company. The company is exposed to 2 types of exchange fluctuation risks, one on the operational profits, including the restatement of the foreign currency denominated assets/ liabilities of the company on a standalone basis and secondly, on the conversion of the subsidiaries' financial statements, which are denominated in USD, Euro, IDR and RMB, into THB currency for the purpose of consolidation. While the Company hedges most of its operational foreign currency exposures, the fluctuations on account of restatement of long term loans cannot be completely hedged. As on 31st March, 2019, the total foreign currency denominated loans at Thailand are Euro 90 million (including related party loans) and USD 6 million, at USA is USD 11.5 million and Euro 42.5 million (related party loan) and at Indonesia is USD 0.8 million and Euro 20 million (including related party loans)
- Several new capacities announced mostly by incumbent players in different parts of the world and are slated to start in next 2-3 years. These capacities are expected to be in excess of demand growth in short term and there may be some pressure on margins. This may be partially offset by delayed start-up of some of the planned capacities and likely closure of old and inefficient lines which may not be economically viable when compared to the high productive assets like the one being installed by the Company in Indonesia

In the long run, the Company still remains confident of retaining its competitive edge due to various reasons as mentioned below:

1. Benefit from its various projects and expansions:
 - a. PTL and its manufacturing subsidiaries have 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 fluctuations in the 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 also allows the company to develop new specialty film products.
 - b. Metallizer plants in all the manufacturing locations have helped improve the product mix by increasing the share of specialty film in the overall sales portfolio. Metallizers are used to metallize not just the PET film, but also the CPP, Blown film and going forward, the BOPP films.
 - c. The CPP line which started in Thailand in 2010 has helped the company broad base its product offerings to the converters and move towards becoming a complete packaging solution provider for its customers, rather than just a PET film supplier.
 - d. The 2 Extrusion Coating lines, 2 Silicone Coating lines (including the second line underway), the 2 Blown film lines, Holographic film line in Turkey and Offline Coater in Turkey/Thailand, have further diversified the product portfolio of the company and add a highly value added product in its portfolio.
 - e. The Thick PET film line, implemented in Thailand in 2013 has also helped further diversify the product portfolio and mitigate the risk associated with the cyclical nature of the Thin PET film industry, as Thick PET film is a relatively more stable industry.

2. Polyplex has been deriving benefits from the larger size and distributed manufacturing operations across 5 geographies (including the Greenfield project underway in Indonesia), whereby it is a preferred global supplier with many multinational and large customers with global operations.
3. Polyplex has been able to establish itself as a reliable supplier of consistent quality products
4. Polyplex had also invested significantly in distribution, through the acquisition of a company in USA (Polyplex (Americas) Inc. (PA), [which has now been merged with Polyplex USA LLC (PUL), the manufacturing entity in USA], setting up of the trading company in Netherlands and Turkey and by establishing warehouses across Europe for better distribution. It has also set up Liaison offices in Malaysia, Korea and Japan.

16.6 Remuneration for auditor/s

1. Audit fee

The Company paid audit fee as below:

- A total of Baht ____ - ____ paid to the auditor/s for the past fiscal year; and
- A total of Baht 2,645,000 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 advisory services, including BOI and tax audit services, as follows:

- A total of Baht ____ - ____ paid to the auditor/s for the past fiscal year and Baht ____ - ____ payable in the future for the service not yet fully done for the past fiscal year; and
- A total of Baht 165,000 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 Baht 645,000 payable in the future for the service not yet fully done for the past fiscal year.

Information of Director and Management of the Company as on 31.5.2019

S.No	Name-Surname	Position	Age (Years)	Education/	Relation among Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
1	Mr. Manu Leopaiprote	Board Chairman & Audit Committee Chairman	76	<ul style="list-style-type: none"> - Bachelor's degree Economics (Hons.), Thammasat University - Master's degree M.Sc. (Econ.), University of Kentucky, USA - Ph.D in Business Administration (Honoraty), Thammasat University - Certificate, Industrial Development, Nagoya, Japan - The National Defense College, Class 34 - Certificate, Thai Institute of Directors (IOD) - Directors Certification Program (DCP), Class 30/2003 - The Role of Chairman Program (RCM), Class 3/2001 	-	-	Listed Companies on SET		
							2004-Present	Board Chairman & Chairman of the Audit Committee	Polyplex (Thailand) Plc.
							2010- Present	Chairman	ARIP Public Company Limited
							2004 - Present	Chairman	Khon Kaen Sugar Industry Public Company Limited
							2006 - Present	Independent Director/Chairman of Audit Committee	Siam Steel International Public Company Limited
							2011 - Present	Chairman	T.M.C Industrial Public Co.Ltd
							2010 - Present	Chairman	Jubilee Enterprise Pcl.
							2010 - Present	Chairman	SVOA Pcl.
							2004 - Present	Chairman	Bangkok Union Insurance Plc.
							2016 - Present	Chairman of Audit Committee	TPI PL Power PCL
2	Mr. Sanjiv Saraf	Vice Chairman & Managing Director w.e.f 15 th May, 2019	61	<ul style="list-style-type: none"> - Bachelor's degree Agricultural Engineering, Indian Institute of Technology, Kharagpur 	-	-	Listed Companies on SET		
							July 2010- Present	Vice – Chairman and Managing Director w.e.f 15 th May, 2019	Polyplex (Thailand) Plc.
							Other organizations		
							May 2002 - Present	Chairman	Polyplex Corporation Ltd.
							2004 - June, 2016	Director & Chairman	Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi, Turkey
							2011 - March 2017	Director	Polyplex America Holding Inc.
							May 2011 - March 2015	General Manager & CEO	Polyplex (Asia) Pte. Ltd.

S.No	Name-Surname	Position	Age (Years)	Education/	Relation among Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
3	Dr.Virabongsa Ramangkura	Director & Audit Committee member	76	<ul style="list-style-type: none"> - Bachelor's degree First Class Honors, B.A. in Political Science, Chulalongkorn University - Master's Degree Economics, University of Pennsylvania, U.S.A. - Ph.D.(Economics), University of Pennsylvania, U.S.A. - Doctor of Law (Honorary), Webster University, USA 	-	-	Listed Companies on SET		
							2004 - Present	Director & Audit Committee member	Polyplex (Thailand) Plc.
							2016 - Present	Chairman	Bangkok Expressway & Metro Public Co., Ltd.
							1995 - Present	Chairman	Double A (1991) Public Co., Ltd.
							2005 - Present	Chairman	Finansa Public Co., Ltd.
							2013 - Present	Independent Director	Mathichon Public Company Limited
							2004 - Present	Advisory Chairman	Areeya Property Public Co., Ltd.
							Other organizations		
							2006 - Present	Chairman	South East Asia Energy Co., Ltd.
							2005 - Present	Chairman	Bang-Mod Hospital Co., Ltd.
							1995 - Present	Director	Advance Paper Co., Ltd.
							1995 - Present	Director	Advance Agro Holding Co., Ltd.
							1984 - Present	Chairman	Thailand Development Research Institute Foundation
							2008 - Present	Chairman of the Advisory Board	King Power International Co., Ltd.

S.No	Name-Surname	Position	Age (Years)	Education/	Relation among Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
4	Mr.Praphad Phodhivorakhun	Director	73	- Business Management from Sheffield College of Technology, Sheffield, England. - Master Degree Business Administration (MBA), Public Administration (MPA) Ramkhamhaeng University - Honorary Doctorate Degree in Business Administration Rajabhat University of Lampang	-	-	Listed Companies on SET		
							2004 - Present	Director	Polyplex (Thailand) Plc.
							October 1999 - Present	Chairman of Board of Directors	Kang Yong Electric Public Company Limited
							July 1994 - Present	Director	Kulthorn Kirby Public Company Limited
							Aug2008 - Present	Member of Nomination and remuneration committee	Kang Young Electric Public Company Limited
5	Mr.Shiraz Erach Poonevala	Director & Audit Committee Member	55	- Bachelor of Commerce Sydenham College of Commerce, India - Master of Commerce Sydenham College of Commerce, India - Associate Chartered Accountant Institute of Chartered Accountants of India	-	-	Other organizations		
							November 1995 - Present	Chairman of Board of Directors	Mitsubishi Electric Kang Yong Wattana Co., Ltd.
							July 1996 - Present	Chairman of Board of directors	Yokohama Rubbers (Thailand) Co., Ltd.
							Listed Companies on SET		
							2004 - Present	Director & Audit Committee member	Polyplex (Thailand) Pcl.
							February 2013 - Present	Director	Mega Lifesciences Public Company Limited
							Other organizations		
							March 2008 - Present	Director - Investment	G.P. Group of Companies Limited
							May 2016 - Present	Director & Audit Committee member	Boutique Corporation Plc

S.No	Name-Surname	Position	Age (Years)	Education/	Relation among Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
6	Mrs. Sakhi Saraf	Head - Investor Relations and Corporate Communications & Director w.e.f 15 th May, 2019	32	- B.A. International Relations, Brown University - International MBA - IE Business School	Daughter of Managing Director of the Company	-	Listed Companies on SET November 2017 - Present Head – Investor Relations and Corporate Communication and Director w.e.f 15 th May, 2019 Polyplex (Thailand) Plc Other organizations October 2014 - October 2017 Project Manager OMGMOTHER Consulting Ltd. Apr 2016 - Dec 2016 Business Development Specialist (India) Taboola Thailand Ltd.		
7	Mr. Ranjit Singh	Director (w.e.f. 15 th May, 2019)	62	- B Tech, Mechanical Engineering, Birla Institute of Technology & Science - INDIA - MBA - Indian Institute of Management, Ahmedabad - INDIA	-	-	Listed Companies on SET May 2019 - Present Director Polyplex (Thailand) Plc Other organizations May 2016 - Present Independent Director Polyplex (Corporation) Limited November 2012 - May, 2015 Managing Director Kalpataru Power Transmission Limited March 2017 - Present Director Legistify Services Private limited, India March 2017 - Present Director Aspirelabs Accelerator Private limited, India May 2019 - Present Director Shaily Engineering Plastics limited, India		
8	Mr. Ramesh Gupta	Business Head - SARALAM	52	- B Tech, REC Allahabad, University of Allahabad - INDIA - PGDBM - Marketing, Management development Institute, Gurgaon - INDIA	-	-	Listed Companies on SET January 2013 - Present Business Head - SARALAM Polyplex (Thailand) Plc Other organizations January 2008 - June 2010 General Manager -Renewable Energy Luminous Power Technologies Pvt Ltd July 2010 - December 2012 General Manager - Project Management Bhilwara Energy Limited		

S.No	Name-Surname	Position	Age (Years)	Education/	Relation among Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
9	Mr. Ashish Ghosh	Head - Sales & Marketing and Director w.e.f 15 th May, 2019	53	- Bachelor's / Master's Degree in Science - Jiwaji University, Gwalior - INDIA - Master's degree in Business Administration - BIT Ranchi, INDIA	-	-	Listed Companies on SET		
							November 2009 - Present	Head - Sales & Marketing & Director w.e.f 15 th May, 2019	Polyplex (Thailand) Plc
							Other organizations		
							December 1995 - November 2009	AVP - Marketing	SRF Limited - Manufacture of Polyester Film, Nylon Tyre Chord fabric, Engineering plastics
							April 2016 - Present	Director	Polyplex (Asia) Pte. Limited.
10	Mr. Sanjay Kumar Jha	Plant Head	50	- Bachelor's degree of Engineering, Mechanical - Nagpur University, INDIA - PGDBM - Institute of Management Sciences - Delhi, INDIA	-	-	Listed Companies on SET		
							2012 - May 2019	Plant Head	Polyplex (Thailand) Plc
							Other organizations		
							May 2016 - Present	Director	Polyplex (Trading) Shenzhen Limited
							May 2019 - Present	Director and Plant Head	PT. Polyplex Films Indonesia
11	Mr. Ankur Agarwal	Head - Supply Chain Management	42	- B. Tech (College of Technology, Pantnagar) - M.B.A (IIM, Lucknow)	-	-	Listed Companies on SET		
							2006 - 2012	Deputy General Manager	Ester Industries Limited
							Listed Companies on SET		
							April 2015 - May 2019	Head - Supply Chain Management	Polyplex (Thailand) Plc
							Other organizations		
							September 2012 - March 2015	Head - Purchase	Polyplex Corporation Ltd.
							October 2017 - May 2019	Director	PT Polyplex Films Indonesia

S.No	Name-Surname	Position	Age (Years)	Education/	Relation among Company	% of Shareholding	Working Experiences in the 5 preceding years		
							Period	Position	Company / Type of Business
12	Mr. Anubhav	Business Head - Blown & CPP films	40	- Bachelor of Engineering in Mechanical from Karnataka University, India - Post Graduate Diploma in Marketing and Finance - IIPM Delhi	-	-	Listed Companies on SET Nov 2013 to till date Business Head – CPP and Blown films, Sales and Marketing head SEA Polyplex (Thailand) Plc July 2007 to Oct 2010 Business Analyst Polyplex (Thailand) Plc Other organizations Nov 2010 to Oct 2013 Country Head - Malaysia & Singapore Polyplex (Thailand) Plc - Malaysia Rep. office October 2017 - Present Director PT. Polyplex Films Indonesia Listed Companies on SET October 2007 - Present Head – HR, Safety & Admin Polyplex (Thailand) Plc Listed Companies on SET July 2017 - Present Chief Financial Officer Polyplex (Thailand) Plc Other organizations October 2017 - Present Finance Director PT. Polyplex Films Indonesia June 2016 - June 2018 Finance Director Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi June 2015 - June 2018 Director Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş. December 2015 - September 2018 Director Polyplex Europe B.V. June 2008 - June 2015 Head Internal Audit Polyplex Corporation Limited		
13	Mr. Chakrit Srisamuthak	Head - HR & Admin	59	- Master Degree /HROD: National Institute of Development & Administration	-	-			
14	Mr. Ashutosh Kumar Agarwal	Chief Financial Officer	36	- Chartered Accountant- Institute of Chartered Accountant of India - Master Degree: Kanpur University, INDIA	-	-			

**Polyplex (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2019**

Independent Auditor's Report

To the Shareholders of Polyplex (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Polyplex (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Polyplex (Thailand) Public Company Limited for the same period.

In my opinion, 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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition

The revenue from sales is the significant amount in the statement of comprehensive income and is also the key indicator of business performance on which the users of financial statements focus, and the Company also has a large customer base. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period to verify the occurrence and accuracy of revenue, whether revenue recording was consistent with conditions, and whether it was in compliance with the Company's policy.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Value of investments in subsidiaries

I have focused my audit on the consideration of the value of investments in subsidiaries as discussed in Note 11 to the financial statements, because the impairment assessment on investments in subsidiaries is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying and estimating the recoverable amounts that are expected to be generated from subsidiaries. Moreover, the amount of the allowance for impairment of investments in subsidiaries is a significant amount presented in the statement of financial position. There is thus a risk with respect to the valuation of investments in subsidiaries.

I assessed the identification of the financial models selected by management by gaining an understanding of management's decision-making process. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing long-term plans and cash flow projections for subsidiaries with indicators of impairment exist based on the understanding I gained of the process by which the figures were arrived comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of subsidiaries with industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.

I assessed the identification of management's assumptions and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rate.

Deferred tax

The Company has disclosed its accounting policy and details relating to deferred tax in Note 4 and Note 21 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Company's taxable profit will be sufficient to allow utilisation of the deferred tax assets in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I assessed the estimates of future taxable profit by checking the required information and key assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin, such as inflation rate and demand forecast for the products. Furthermore, I compared the past projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation based on the above information and assumptions.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Chayapol Supposedtanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 15 May 2019

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	855,993,267	1,330,113,804	20,716,952	44,448,608
Current investments		13,177,908	4,500,000	-	-
Trade and other receivables	8	2,119,815,660	1,999,596,735	1,297,324,435	998,380,118
Inventories	9	2,338,039,762	2,112,063,967	888,810,456	904,067,291
Advance payments for purchases of goods		189,162,926	19,029,034	12,113,314	9,621,794
Input tax refundable		99,760,618	106,809,127	47,648,076	90,071,700
Other current assets		100,218,692	80,144,311	30,539,163	28,121,216
Total current assets		5,716,168,833	5,652,256,978	2,297,152,396	2,074,710,727
Non-current assets					
Restricted bank deposits	10	64,414,085	9,069,702	-	-
Investments in subsidiaries	11	-	-	2,512,389,870	2,204,984,070
Property, plant and equipment	12	9,526,865,550	9,062,496,598	4,039,527,719	4,168,850,285
Deferred tax assets	21	150,167,723	147,657,449	147,657,449	147,657,449
Goodwill		3,164,328	3,164,328	-	-
Other intangible assets	13	2,234,316	3,248,875	-	-
Advance payments for purchases of machinery		370,657,356	247,136,903	26,498,439	25,495,250
Other non-current assets		17,039,699	11,464,182	7,036,829	10,776,115
Total non-current assets		10,134,543,057	9,484,238,037	6,733,110,306	6,557,763,169
Total assets		15,850,711,890	15,136,495,015	9,030,262,702	8,632,473,896

The accompanying notes are an integral part of the financial statement

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	14	1,595,521,500	1,675,843,375	1,119,000,000	1,130,000,000
Trade and other payables	15	1,146,891,727	1,136,827,111	617,018,276	653,219,583
Short-term loans from related parties	6	-	-	3,173,526,400	2,472,290,118
Current portion of long-term loans from banks	16	420,638,624	408,930,333	208,699,048	404,847,514
Current portion of liabilities under finance lease agreements	17	-	1,475,649	-	-
Income tax payable		2,557,851	5,238,710	-	-
Other current liabilities		440,687,728	337,473,458	125,507,407	95,985,950
Total current liabilities		3,606,297,430	3,565,788,636	5,243,751,131	4,756,343,165
Non-current liabilities					
Long-term loans from banks, net of current portion	16	594,229,761	1,000,945,204	22,642,392	233,709,289
Provision for long-term employee benefits	18	39,995,117	30,489,314	19,465,234	17,432,347
Total non-current liabilities		634,224,878	1,031,434,518	42,107,626	251,141,636
Total liabilities		4,240,522,308	4,597,223,154	5,285,858,757	5,007,484,801

The accompanying notes are an integral part of the financial statement

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
900,000,000 ordinary shares of Baht 1 each		900,000,000	900,000,000	900,000,000	900,000,000
Issued and fully paid					
900,000,000 ordinary shares of Baht 1 each		900,000,000	900,000,000	900,000,000	900,000,000
Share premium		1,908,449,678	1,908,449,678	1,908,449,678	1,908,449,678
Retained earnings					
Appropriated - statutory reserve	19	96,000,000	96,000,000	96,000,000	96,000,000
Unappropriated		10,012,304,361	8,310,195,430	839,954,267	720,539,417
Other components of shareholders' equity		(1,338,186,235)	(700,603,087)	-	-
Equity attributable to owners of the Company		11,578,567,804	10,514,042,021	3,744,403,945	3,624,989,095
Non-controlling interests of the subsidiaries		31,621,778	25,229,840	-	-
Total shareholders' equity		11,610,189,582	10,539,271,861	3,744,403,945	3,624,989,095
Total liabilities and shareholders' equity		15,850,711,890	15,136,495,015	9,030,262,702	8,632,473,896

The accompanying notes are an integral part of the financial statement

Polyplex (Thailand) Public Company Limited and its subsidiaries

Income statement

For the year ended 31 March 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		Note	2019	2018	2019
Revenues					
Sales	22	14,746,184,402	12,672,953,698	6,621,810,383	5,477,271,967
Exchange gains		450,286,951	-	253,465,881	-
Other income	11	67,575,974	54,502,252	43,899,407	39,180,248
Total revenues		15,264,047,327	12,727,455,950	6,919,175,671	5,516,452,215
Expenses					
Cost of sales		11,543,091,415	10,019,891,636	5,647,102,287	4,788,647,326
Selling and distribution expenses		825,878,614	754,702,642	355,187,457	292,245,719
Administrative expenses		409,172,903	358,387,823	86,317,873	76,865,042
Exchange losses		-	263,957,691	-	57,539,371
Total expenses		12,778,142,932	11,396,939,792	6,088,607,617	5,215,297,458
Profit before finance cost and income tax expense		2,485,904,395	1,330,516,158	830,568,054	301,154,757
Finance cost		(112,051,798)	(122,420,185)	(99,153,204)	(88,565,686)
Profit before income tax expense		2,373,852,597	1,208,095,973	731,414,850	212,589,071
Tax expense	21	(41,289,836)	(30,437,272)	-	(265,353)
Profit for the year		2,332,562,761	1,177,658,701	731,414,850	212,323,718
Profit attributable to:					
Equity holders of the Company		2,324,386,948	1,169,985,405	731,414,850	212,323,718
Non-controlling interests of the subsidiaries		8,175,813	7,673,296		
		<u>2,332,562,761</u>	<u>1,177,658,701</u>		
Earnings per share					
23					
Basic earnings per share					
Profit attributable to equity holders of the Company		2.58	1.30	0.81	0.24
Weighted average number of ordinary shares (share)		900,000,000	900,000,000	900,000,000	900,000,000

The accompanying notes are an integral part of the financial statement

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 March 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit for the year	2,332,562,761	1,177,658,701	731,414,850	212,323,718
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	(637,583,148)	183,750,616	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(637,583,148)	183,750,616	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss) - net of income tax	(10,278,017)	4,152,143	-	(1,061,412)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(10,278,017)	4,152,143	-	(1,061,412)
Other comprehensive income for the year	(647,861,165)	187,902,759	-	(1,061,412)
Total comprehensive income for the year	1,684,701,596	1,365,561,460	731,414,850	211,262,306
Total comprehensive income attributable to:				
Equity holders of the Company	1,676,525,783	1,357,888,164	731,414,850	211,262,306
Non-controlling interests of the subsidiaries	8,175,813	7,673,296		
	1,684,701,596	1,365,561,460		

The accompanying notes are an integral part of the financial statement

Statement of changes in shareholders' equity

For the year ended 31 March 2019

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the owners of the Company										
Other components of shareholders' equity										
Other comprehensive income										
Retained earnings										
Issued and fully paid share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Discount from change in shareholding in subsidiary	Excess of cost of investment in subsidiary over the carrying amount of the interest acquired	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
900,000,000	1,908,449,678	96,000,000	7,622,057,882	(887,181,795)	(1,622,600)	4,450,692	(884,353,703)	9,642,153,857	24,246,076	9,666,399,933
-	-	-	1,169,985,405	-	-	-	-	1,169,985,405	7,673,296	1,177,658,701
-	-	-	4,152,143	183,750,616	-	-	183,750,616	187,902,759	-	187,902,759
-	-	-	1,174,137,548	183,750,616	-	-	183,750,616	1,357,888,164	7,673,296	1,365,561,460
-	-	-	(486,000,000)	-	-	-	-	(486,000,000)	(6,689,532)	(492,689,532)
900,000,000	1,908,449,678	96,000,000	8,310,195,430	(703,431,179)	(1,622,600)	4,450,692	(700,603,087)	10,514,042,021	25,229,840	10,539,271,861
900,000,000	1,908,449,678	96,000,000	8,310,195,430	(703,431,179)	(1,622,600)	4,450,692	(700,603,087)	10,514,042,021	25,229,840	10,539,271,861
-	-	-	2,324,386,948	-	-	-	-	2,324,386,948	8,175,813	2,332,562,761
-	-	-	(10,278,017)	(637,583,148)	-	-	(637,583,148)	(647,861,165)	-	(647,861,165)
-	-	-	2,314,108,931	(637,583,148)	-	-	(637,583,148)	1,676,525,783	8,175,813	1,684,701,596
-	-	-	(612,000,000)	-	-	-	-	(612,000,000)	(1,783,875)	(613,783,875)
900,000,000	1,908,449,678	96,000,000	10,012,304,361	(1,341,014,327)	(1,622,600)	4,450,692	(1,338,186,235)	11,578,567,804	31,621,778	11,610,189,582

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 March 2019

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 April 2017	900,000,000	1,908,449,678	96,000,000	995,277,111	3,899,726,789
Profit for the year	-	-	-	212,323,718	212,323,718
Other comprehensive income for the year	-	-	-	(1,061,412)	(1,061,412)
Total comprehensive income for the year	-	-	-	211,262,306	211,262,306
Dividends paid (Note 24)	-	-	-	(486,000,000)	(486,000,000)
Balance as at 31 March 2018	<u>900,000,000</u>	<u>1,908,449,678</u>	<u>96,000,000</u>	<u>720,539,417</u>	<u>3,624,989,095</u>
Balance as at 1 April 2018	900,000,000	1,908,449,678	96,000,000	720,539,417	3,624,989,095
Profit for the year	-	-	-	731,414,850	731,414,850
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	731,414,850	731,414,850
Dividends paid (Note 24)	-	-	-	(612,000,000)	(612,000,000)
Balance as at 31 March 2019	<u>900,000,000</u>	<u>1,908,449,678</u>	<u>96,000,000</u>	<u>839,954,267</u>	<u>3,744,403,945</u>

The accompanying notes are an integral part of the financial statement

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 March 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	2,373,852,597	1,208,095,973	731,414,850	212,589,071
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	756,081,418	753,756,000	414,432,987	399,638,441
Doubtful debts (reversal)	(4,159,026)	2,759,346	(2,201,712)	168,609
Decrease of inventories to net realisable value (reversal)	19,731,016	(4,328,079)	5,175,398	4,092,818
Losses (gains) on disposals and write off of equipment	902,744	(1,220,427)	(1,312,756)	-
Long-term employee benefits expenses	4,887,624	10,434,709	3,181,801	6,239,473
Unrealised losses (gains) on exchange	(405,707,229)	239,530,171	(225,131,862)	66,509,758
Interest expenses	106,857,638	113,410,459	98,562,124	87,465,786
Interest income	(16,883,128)	(15,460,392)	(232,362)	(172,642)
Dividend income	-	-	(3,541,125)	(13,279,219)
Profit from operating activities before changes in operating assets and liabilities	2,835,563,654	2,306,977,760	1,020,347,343	763,252,095
Operating assets (increase) decrease				
Trade and other receivables	(109,642,367)	(201,490,913)	(288,165,219)	95,856,072
Inventories	(246,388,385)	(382,977,051)	10,081,438	(254,161,987)
Other current assets	(185,662,972)	16,027,904	35,681,489	9,633,086
Other non-current assets	(5,575,516)	(218,639)	3,739,285	(56,794)
Operating liabilities increase (decrease)				
Trade and other payables	23,436,157	(29,330,317)	(26,690,975)	10,866,763
Other current liabilities	92,493,863	22,382,494	21,104,844	6,331,847
Payments of long-term employee benefits	(4,318,042)	(5,242,853)	(1,148,915)	(717,576)
Cash from operating activities	2,399,906,392	1,726,128,385	774,949,290	631,003,506
Cash paid for corporate income tax	(41,725,502)	(29,700,922)	(115,115)	(108,086)
Net cash from operating activities	2,358,180,890	1,696,427,463	774,834,175	630,895,420

The accompanying notes are an integral part of the financial statement

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 March 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash received from interest	18,102,493	14,533,639	232,362	172,642
Decrease (increase) in restricted bank deposits	(55,344,382)	4,346,978	-	-
Decrease (increase) in current investments	(8,677,908)	2,315,941	-	-
Cash paid for share subscription in a subsidiary	-	-	(307,405,800)	(492,368,609)
Cash received from dividend	-	-	3,541,125	13,279,219
Increase in advance payments for purchases of machinery	(123,520,453)	(212,758,078)	(1,003,189)	(18,212,380)
Increase (decrease) in accounts payable for purchases of equipment	(11,765,130)	7,880,836	(11,692,855)	7,808,778
Proceeds from sales of equipment	9,135,831	2,663,914	1,345,192	-
Purchases of equipment	(1,319,447,735)	(336,852,926)	(285,142,857)	(105,447,878)
Purchases of other intangible assets	(801,031)	(1,305,533)	-	-
Net cash used in investing activities	(1,492,318,315)	(519,175,229)	(600,126,022)	(594,768,228)
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	(80,321,875)	961,794,948	(11,000,000)	1,055,000,000
Increase (decrease) in short-term loans from related parties	-	-	928,986,140	(15,000,000)
Decrease in long-term loans from banks	(400,266,626)	(959,972,717)	(404,847,480)	(495,910,837)
Cash paid for interest expenses	(108,316,401)	(114,291,345)	(99,578,469)	(88,348,754)
Dividends payment	(613,783,875)	(492,689,532)	(612,000,000)	(486,000,000)
Net cash use in financing activities	(1,202,688,777)	(605,158,646)	(198,439,809)	(30,259,591)
Increase (decrease) in translation adjustments	(137,294,335)	27,326,550	-	-
Net increase (decrease) in cash and cash equivalents	(474,120,537)	599,420,138	(23,731,656)	5,867,601
Cash and cash equivalents at beginning of year	1,330,113,804	730,693,666	44,448,608	38,581,007
Cash and cash equivalents at end of year	855,993,267	1,330,113,804	20,716,952	44,448,608
Supplemental cash flows information:				
Non-cash transaction				
Payable for purchase of equipments	9,889,150	21,786,585	7,844,440	19,648,714

The accompanying notes are an integral part of the financial statement

Polyplex (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 March 2019

1. General 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 Republic of India. The Company is principally engaged in the manufacture and distribution of polyester films, metallised films, extrusion coated films, cast polypropylene films, silicone coated 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.

Factory 3: Siam Eastern Industrial Park, 60/109 Moo 3, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting 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 11 October 2016, 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 Polyplex (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Subsidiaries' name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(%)	(%)
EcoBlue Ltd.	Manufacture and distribution of recycled plastic products	Thailand	66.50	66.50
Polyplex (Singapore) Pte. Ltd.	Investment holding company	Republic of Singapore	100.00	100.00
Polyplex America Holdings Inc.	Investment holding company	United States of America	100.00	100.00
Polyplex Europe B.V.	Distribution of plastic film	Netherlands	100.00	100.00
PT. Polyplex Films Indonesia	Manufacture and distribution of polyester film and chips	Republic of Indonesia	99.99	99.99
Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (100% owned by Polyplex (Singapore) Pte. Ltd.)	Manufacture and distribution of polyester film and chips	Republic of Turkey	100.00	100.00
Polyplex Trading (Shenzhen) Co., Ltd. (100% owned by Polyplex (Singapore) Pte. Ltd.)	Distribution of plastic film	The People's Republic of China	100.00	100.00
Polyplex USA LLC (100% owned by Polyplex America Holdings Inc.)	Manufacture and distribution of polyester film and chips	United States of America	100.00	100.00
Polyplex Paketleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi (99.99% owned by Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi)	Distribution of plastic film	Republic of Turkey	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statement of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

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 and 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 receivables

Trade receivables 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 (under the weighted 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 average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment of investments (if any).

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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 which acquired before 1 April 2015 was calculated on the sum of the year digits basis for the equipment acquired. The estimated useful lives of plant and equipment are as follows:

Buildings and building improvements	- 3, 20 and 50 years
Machinery and equipment	- 3 - 20 years
Furniture, fixtures and office equipment	- 3 - 10 years
Motor vehicles	- 5 - 8 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

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 through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the 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 profit or loss.

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

	<u>Useful lives</u>
Computer software	3 - 15 years

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

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.

4.10 Related party transactions

Related parties comprise individuals or enterprises 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 individuals or enterprises 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 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Leases of property and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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 end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, 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 profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.15 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.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of investments

The Company treats investments in subsidiaries as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. 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		Pricing policy
	2019	2018	2019	2018	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,753	1,218	Cost plus margin
Purchases of raw materials	-	-	15	62	Cost plus margin
Rental and service income	-	-	12	10	As stipulated in agreements
Dividend income	-	-	4	13	As approved by shareholders and Board of directors' meeting
Interest expense	-	-	54	44	6-month Euribor + 2.00% per annum and 2.80% per annum
Transactions with related companies					
Sale of machinery & Equipment	6	-	-	-	At net book value
Purchases of raw materials	508	550	12	13	Transaction net margin method
Dividends paid	312	248	312	248	As approved by shareholders and Board of Directors' meeting
Other expenses	7	3	1	-	Actual cost
Transactions with related person					
Dividend paid	2	7	-	-	As approved by shareholders and Board of Directors' meeting
Salary expense	1.3	0.5	1.3	0.5	Employment contract

The balances of the accounts as at 31 March 2019 and 2018 between the Company, subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade and other receivables - related parties (Note 8)</u>				
Parent company	-	34,367	-	-
Subsidiaries	-	-	633,183	345,567
Total	-	34,367	633,183	345,567
<u>Trade payables - related parties (Note 15)</u>				
Parent company	151,829	49,365	957	4,545
Subsidiaries	-	-	776	4,468
Total	151,829	49,365	1,733	9,013
<u>Advance payments for purchases of goods</u>				
Parent company	10,413	-	-	-

Short-term loans from related parties

As at 31 March 2019 and 2018, the balances of loans between the Company and related parties, and the movements of these loans were as follows:

(Unit: Thousand Baht)

Short-term loans from related parties	Related by	Separate financial statements				
		Balance as at 31 March 2018	Increase during the year	Decrease during the year	Unrealised gain on exchange	Balance as at 31 March 2019
EcoBlue Limited	Subsidiary	10,500	-	(10,500)	-	-
Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.	Subsidiary	2,461,790	939,486	-	(227,750)	3,173,526
Total		2,472,290	939,486	(10,500)	(227,750)	3,173,526

Short-term loans from Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. carried interest at 6-month Euribor + 2.00% per annum (2018: 6-month Euribor + 2.00% per annum). The loans are repayable within 31 March 2020. If, on the maturity date, the Company is unable to repay the loans in full, the loans shall be rolled over based on mutual agreement.

Directors and management's remuneration

During the years ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	86	108	41	57

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 27.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	1,856	1,510	874	906
Bank deposits	854,137	1,328,604	19,843	43,543
Total cash and cash equivalents	855,993	1,330,114	20,717	44,449

As at 31 March 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.10% and 7.25% per annum (2018: between 0.10% and 2.80% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,921,064	1,771,817	602,522	565,544
Past due				
Up to 3 months	190,852	183,232	55,735	85,210
3 - 6 months	2,330	399	2,103	399
6 - 12 months	896	9,057	563	536
Over 12 months	8,432	8,521	4,079	4,187
Total trade receivables - unrelated parties	2,123,574	1,973,026	665,002	655,876
Less: Allowance for doubtful debts	(3,758)	(7,796)	(861)	(3,063)
Total trade receivables - unrelated parties, net	2,119,816	1,965,230	664,141	652,813
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	631,952	344,651
Total trade receivables - related parties	-	-	631,952	344,651
Total trade receivables - net	2,119,816	1,965,230	1,296,093	997,464
<u>Other receivables</u>				
Other receivables - related party	-	34,367	1,231	916
Total other receivables	-	34,367	1,231	916
Total trade and other receivables - net	2,119,816	1,999,597	1,297,324	998,380

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	684,759	630,079	(40,013)	(24,015)	644,746	606,064
Work in process	309,621	337,460	(22,955)	(19,903)	286,666	317,557
Raw materials	637,185	483,933	-	-	637,185	483,933
Spare parts and factory supplies	402,782	361,515	-	-	402,782	361,515
Goods in transit	366,661	342,995	-	-	366,661	342,995
Total	2,401,008	2,155,982	(62,968)	(43,918)	2,338,040	2,112,064

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	178,546	190,982	(5,338)	(3,215)	173,208	187,767
Work in process	165,379	190,293	(22,955)	(19,903)	142,424	170,390
Raw materials	335,137	272,782	-	-	335,137	272,782
Spare parts and factory supplies	167,564	159,761	-	-	167,564	159,761
Goods in transit	70,477	113,367	-	-	70,477	113,367
Total	917,103	927,185	(28,293)	(23,118)	888,810	904,067

Movements in the allowance for reducing cost of inventories to net realisable value for the year 2019 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 March 2018	43,918	23,118
Add: Allowance made during the year	46,953	30,886
Less: Allowance reversed during the year	(27,222)	(25,711)
Less: Translation adjustment	(681)	-
Balance as at 31 March 2019	62,968	28,293

10. Restricted bank deposits

As at 31 March 2019, restricted bank deposits represent fixed deposits amounting to USD 1.8 million (2018: USD 0.3 million) carrying interest at 2.42% per annum (2018: 1.33% per annum), pledged with the bank as per terms and conditions of the long-term loan facility of Polyplex USA LLC and IDR 3.2 billion carrying interest at 8.25% per annum were pledged with the bank to secure the issuance of a letter of credit by a Local bank in respect of a Project vendor of PT. Polyplex Films Indonesia.

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements were as follows:

(Unit: Thousand Baht)

Subsidiaries' name	Paid-up capital	Shareholding percentage	Cost		Allowance for Impairment of investments		Investment - net	
			2019	2018	2019	2018	2019	2018
<u>Ordinary shares</u>								
Polyplex (Singapore) Pte. Ltd.	EUR 0.8 million	100.00	41,440	41,440	-	-	41,440	41,440
Polyplex Europe B.V.	EUR 0.2 million	100.00	8,157	8,157	-	-	8,157	8,157
Polyplex America Holdings Inc.	USD 46.6 million	100.00	1,474,489	1,474,489	(246,285)	(246,285)	1,228,204	1,228,204
PT. Polyplex Films Indonesia	IDR 202.49 billion	99.99	799,775	492,369	-	-	799,775	492,369
EcoBlue Limited	Baht 26.5 million	66.50	20,233	20,233	-	-	20,233	20,233
<u>Preference shares</u>								
Polyplex (Singapore) Pte. Ltd.	EUR 8.4 million	100.00	414,581	414,581	-	-	414,581	414,581
Total			2,758,675	2,451,269	(246,285)	(246,285)	2,512,390	2,204,984

On 11 October 2017, the Company established PT. Polyplex Films Indonesia in Indonesia. The subsidiary has the registered share capital of IDR 540 billion, or 54,000 shares with par value of IDR 10 million each. The Company holds 99.99% of this subsidiary's issued capital with an investment cost of IDR 203 billion (20,249 shares of IDR 10 million each) or Baht 492 million.

On 24 April 2018 and 11 May 2018, the Company paid for shares subscription in this company totaling IDR 135 billion or Baht 307 million.

As at 31 March 2019, the Company paid totaling IDR 338 billion or Baht 800 million or 62.5% of the registered share capital.

As at 15 May 2019, the Company has commitment to pay uncalled portion of investment in the subsidiary.

On 27 December 2018, the Board of Directors' Meeting of EcoBlue Limited passed a resolution to approve the payment of an interim dividend of Baht 5 per share from the operating result as from 1 April 2018 to 30 September 2018, for which the Company received Baht 3.5 million on 10 January 2019.

During the year 2015, the subsidiary, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (Polyplex Europa) entered into a share purchase agreement with an overseas company to dispose the investment in subsidiary to that company. According to the agreement, there was deferred sale consideration payable in future of EUR 6 million, subject to fulfillment of certain conditions stipulated in the share purchase agreement which will be valid until 31 December 2019.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction
Cost						Total
1 April 2017	358,139	3,057,916	11,528,250	182,213	53,104	53,529
Purchases	121,365	5,346	122,953	34,092	1,724	51,596
Disposals/ Write off	-	-	(5,950)	-	(4,702)	(10)
Transfer in/(Transfer out)	-	195	76,083	209	-	(76,487)
Translation adjustment	(19,111)	(93,541)	(161,898)	(520)	(227)	(434)
31 March 2018	460,393	2,969,916	11,559,438	215,994	49,899	28,194
Purchases	85,338	2,288	105,400	41,018	21,066	1,064,337
Disposals/ Write off	-	-	(37,458)	(806)	(13,743)	(5)
Transfer in/(Transfer out)	-	39,967	222,906	(511)	-	(262,362)
Capitalised interest	-	-	-	-	-	1,264
Translation adjustment	(5,798)	(18,509)	(164,473)	(3,336)	(991)	(16,311)
31 March 2019	539,933	2,993,662	11,685,813	252,359	56,231	815,117
						15,233,151
						337,076
						(10,662)
						-
						(275,731)
						15,283,834
						1,319,447
						(52,012)
						-
						1,264
						(209,418)
						16,343,115

(Unit: Thousand Baht)

	Consolidated financial statements (continued)					
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction
Accumulated depreciation						
1 April 2017	-	619,388	4,356,739	148,587	48,474	-
Depreciation for the year	-	110,084	623,309	15,317	3,461	-
Disposals/ Write off	-	-	(4,890)	-	(4,328)	-
Translation adjustment	-	(9,620)	3,185	(724)	(174)	-
31 March 2018	-	719,852	4,978,343	163,180	47,433	-
Depreciation for the year	-	110,560	621,977	18,801	3,119	-
Disposals/ Write off	-	-	(29,041)	(746)	(12,186)	-
Translation adjustment	-	(7,025)	(113,195)	(2,769)	(436)	-
31 March 2019	-	823,387	5,458,084	178,466	37,930	-
Allowance for impairment of assets						
31 March 2017	-	102,919	242,669	-	-	-
Translation adjustment	-	(9,736)	(23,323)	-	-	-
31 March 2018	-	93,183	219,346	-	-	-
Translation adjustment	-	1,724	4,129	-	-	-
31 March 2019	-	94,907	223,475	-	-	-
Net book value						
31 March 2018	460,393	2,156,881	6,361,749	52,814	2,466	28,194
31 March 2019	539,933	2,075,368	6,004,254	73,893	18,301	815,117
Depreciation for the year						
2018 (Baht 719.0 million included in manufacturing cost, and the balance in selling and administrative expenses)						752,171
2019 (Baht 730.0 million included in manufacturing cost, and the balance in selling and administrative expenses)						754,457

(Unit: Thousand Baht)

	Separate financial statements					
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction
Cost						
1 April 2017	196,627	1,302,496	5,708,080	105,486	27,867	51,070
Purchases	-	3,721	46,826	31,499	-	23,402
Disposals/ Write off	-	-	-	-	-	-
Transfer in/(Transfer out)	-	196	55,658	209	-	(56,063)
31 March 2018	196,627	1,306,413	5,810,564	137,194	27,867	18,409
Purchases	-	1,548	55,220	37,213	5,154	186,008
Disposals/ Write off	-	-	(39)	(30)	(5,268)	-
Transfer in/(Transfer out)	-	32,122	120,074	(532)	-	(151,664)
31 March 2019	196,627	1,340,083	5,985,819	173,845	27,753	52,753
Accumulated depreciation						
1 April 2017	-	382,259	2,438,806	82,044	25,476	-
Depreciation for the year	-	65,280	320,796	11,698	1,865	-
31 March 2018	-	447,539	2,759,602	93,742	27,341	-
Depreciation for the year	-	66,327	330,919	15,667	1,520	-
Disposals/ Write off	-	-	(20)	(17)	(5,268)	-
31 March 2019	-	513,866	3,090,501	109,392	23,593	-
Net book value						
31 March 2018	196,627	858,874	3,050,962	43,452	526	18,409
31 March 2019	196,627	826,217	2,895,318	64,453	4,160	52,753
Depreciation for the year						
2018 (Baht 386.1 million included in manufacturing cost, and the balance in selling and administrative expenses)						399,639
2019 (Baht 397.2 million included in manufacturing cost, and the balance in selling and administrative expenses)						414,433

As at 31 March 2019, PT. Polyplex Films Indonesia in Indonesia capitalised borrowing cost amounted to Baht 1.2 million as cost of plant construction.

As at 31 March 2019, a subsidiary had equipment with net book value of Baht 7 million (2018: Baht 8 million) which were acquired under finance lease agreements.

As at 31 March 2019, certain items of equipment and motor vehicles were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 142 million (2018: Baht 113 million) (The Company only: Baht 92 million (2018: Baht 65 million)).

The Company and its subsidiaries have pledged their property, plant and equipment amounted to approximately Baht 5,864 million (2018: Baht 6,566 million) as collateral to secure credit facilities obtained from financial institutions (The Company only: Baht 1,993 million, 2018: Baht 3,632 million).

13. Other intangible assets

The net book value of other intangible assets as at 31 March 2019 and 2018 was presented below.

		(Unit: Thousand Baht)
		Consolidated financial statements
		Computer software
As at 31 March 2019		
Cost		21,743
Less: Accumulated amortisation		(19,318)
Add: Translation adjustment		(191)
Net book value		2,234
As at 31 March 2018		
Cost		21,055
Less: Accumulated amortisation		(17,953)
Add: Translation adjustment		147
Net book value		3,249

A reconciliation of the net book value of other intangible assets for the years 2019 and 2018 was presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2019	2018
Net book value at beginning of year	3,249	3,380
Acquisition of computer software	801	1,306
Amortisation	(1,625)	(1,584)
Translation adjustment	(191)	147
Net book value at end of year	2,234	3,249

14. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rates		Consolidated financial statements		Separate financial statements	
	2019 (% per annum)	2018 (% per annum)	2019	2018	2019	2018
Short-term loans from banks	LIBOR + 2.00	LIBOR + 2.00	476,522	545,843	-	-
Promissory notes	2.35 - 2.50	2.48 - 2.85	1,119,000	1,130,000	1,119,000	1,130,000
Total short-term loans from banks			<u>1,595,522</u>	<u>1,675,843</u>	<u>1,119,000</u>	<u>1,130,000</u>

As at 31 March 2019, short-term loans from banks represented loans of USD 15.0 million (2018: USD 17.5 million). This subsidiary's loans were guaranteed by the Company as described in Note 27.4 to the financial statements.

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - related parties	151,829	49,365	1,733	9,013
Trade payables - unrelated parties	982,734	1,063,889	606,799	624,173
Other payables - unrelated parties	2,440	1,786	642	385
Other payables for purchases of assets	9,889	21,787	7,844	19,649
Total trade and other payables	<u>1,146,892</u>	<u>1,136,827</u>	<u>617,018</u>	<u>653,220</u>

16. Long-term loans from banks

(Unit: Thousand Baht)					
Interest rates (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Euribor + 2.50	November 2014 to December 2027	456,910	224,374	69,496	224,374
Libor + (1.825 - 3.375)	November 2014 to December 2027	557,959	1,185,502	161,845	414,183
Total		1,014,869	1,409,876	231,341	638,557
Less: Current portion		(420,639)	(408,930)	(208,699)	(404,848)
Long-term loans - net of current portion		<u>594,230</u>	<u>1,000,946</u>	<u>22,642</u>	<u>233,709</u>

The Company's loan facilities are secured by the mortgage of land, premises and machinery of the Company. The subsidiary's loan facilities were secured by the mortgage of its land and premises and the pledge of its machinery and bank deposits, and were guaranteed by the Company as described in Note 27.4 to the financial statements.

The loan agreements contained several covenants which, among other things, required the Company and its subsidiaries to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

17. Liabilities under finance lease agreements

(Unit: Thousand Baht)		
	Consolidated financial statements	
	2019	2018
Liabilities under finance lease agreements	-	1,509
Less: Deferred interest expenses	-	(33)
Total	-	1,476
Less: Portion due within one year	-	(1,476)
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>-</u>

A subsidiary entered into finance lease agreements for rental of equipment for use in its operations, for use in its operation, where by it is committed to pay rental on a monthly basis. The average term of the agreements is 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)			
	As at 31 March 2018		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,509	-	1,509
Deferred interest expenses	(33)	-	(33)
Present value of future minimum lease payments	<u>1,476</u>	<u>-</u>	<u>1,476</u>

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represented compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Employee retirement pension		Other employee benefits		Total	
	2019	2018	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of the year	25,288	23,310	5,201	5,072	30,489	28,382
Included in profit or loss:						
Current service costs	2,842	8,656	875	440	3,717	9,096
Interest cost	1,044	1,208	127	131	1,171	1,339
Included in other comprehensive income:						
Actuarial losses (gains) arising from						
Demographic assumptions changes	-	(180)	-	-	-	(180)
Financial assumptions changes	10,278	(6,321)	-	-	10,278	(6,321)
Experience adjustments	-	2,614	-	-	-	2,614
Benefits paid during the year	(3,169)	(4,801)	(1,149)	(442)	(4,318)	(5,243)
Translation adjustment	(1,342)	802	-	-	(1,342)	802
Provision for long-term employee benefits	<u>34,941</u>	<u>25,288</u>	<u>5,054</u>	<u>5,201</u>	<u>39,995</u>	<u>30,489</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Employee retirement pension		Other employee benefits		Total	
	2019	2018	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of the year	12,231	5,512	5,201	5,072	17,432	10,584
Included in profit or loss:						
Current service costs	1,790	5,333	875	440	2,665	5,773
Interest cost	389	335	127	131	516	466
Included in other comprehensive income:						
Actuarial losses (gains) arising from						
Demographic assumptions changes	-	(180)	-	-	-	(180)
Financial assumptions changes	-	(1,107)	-	-	-	(1,107)
Experience adjustments	-	2,614	-	-	-	2,614
Benefits paid during the year	-	(276)	(1,148)	(442)	(1,148)	(718)
Provision for long-term employee benefits	<u>14,410</u>	<u>12,231</u>	<u>5,055</u>	<u>5,201</u>	<u>19,465</u>	<u>17,432</u>

Long-term employee benefit expenses included in the profit or loss consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current service cost	3,717	9,096	2,665	5,773
Interest cost	1,171	1,339	516	466
Total expenses recognised in profit or loss	4,888	10,435	3,181	6,239
Line items in profit or loss under which such expenses were included:				
Cost of sales	4,494	9,385	3,181	6,239
Selling and administrative expenses	394	1,050	-	-

The Company and its subsidiary expect to pay Baht 22.2 million of long-term employee benefits during next year (the Company only: Baht 0.7 million) (2018: Baht 17.5 million (the Company only: Baht 4.4 million)).

As at 31 March 2019, the weighted average duration of the liabilities for long-term employee benefits was 14 - 18 years (the Company only: 14 years) (2018: 14 - 20 years (the Company only: 14 years)).

Significant actuarial assumptions were summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rates	1.1% - 3.2% per annum	1.1% - 3.2% per annum	3.2% per annum	3.2% per annum
Salary increase rates	2.4%-8.0% per annum	1.1% - 8.0% per annum	3.0% - 8.0% per annum	3.0% - 8.0% per annum
Turnover rates	3.8% - 20% per annum	3.8% - 20% per annum	10% - 20% per annum	10% - 20% per annum
Gold price	Baht 20,800 per Baht weight	Baht 20,800 per Baht weight	Baht 20,800 per Baht weight	Baht 20,800 per Baht weight

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefits obligation as at 31 March 2019 and 2018 were summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements							
	Employee retirement provision				Other employee benefit			
	Increase 1% - 10%		Decrease 1% - 10%		Increase 1%		Decrease 1%	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate	(3,310)	(3,053)	3,789	3,048	(268)	(248)	299	277
Salary rate	6,102	4,040	(5,830)	(4,511)	-	-	-	-
	Increase 10%-20%		Decrease 10%-20%		Increase 20%		Decrease 20%	
	2019	2018	2019	2018	2019	2018	2019	2018
Turnover rate	(1,820)	(1,519)	2,505	2,078	(887)	(745)	1,144	950
Gold price rate	-	-	-	-	1,002	1,040	(1,002)	(1,040)

(Unit: Thousand Baht)

	Separate financial statements							
	Employee retirement provision				Other employee benefit			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate	(1,333)	(1,213)	1,582	1,443	(268)	(248)	299	277
Salary rate	1,792	1,543	(1,520)	(1,320)	-	-	-	-
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2019	2018	2019	2018	2019	2018	2019	2018
Turnover rate	(1,820)	(1,520)	2,505	2,078	(887)	(745)	1,144	950
Gold price rate	-	-	-	-	1,002	1,040	(1,002)	(1,040)

19. 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 profit 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. At present, the statutory reserve has fully been set aside.

20. Expenses by nature

Significant expenses classified by nature were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	1,111,215	1,090,227	415,873	406,684
Depreciation and amortisation	756,082	753,755	414,433	399,639
Loss on diminutions in value of inventories (reversal)	19,731	(4,328)	5,175	4,093
Raw materials and consumables used	11,200,073	9,243,258	4,199,018	3,584,151
Changes in inventories of finished goods and work in process	(26,841)	(157,474)	37,350	(149,268)
Loss (gain) on exchange	(450,287)	263,958	(253,466)	57,539
Rental expenses from operating lease agreement	4,202	3,285	1,783	1,876

21. Income tax

Tax expense for the years ended 31 March 2019 and 2018 were made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	43,802	30,069	-	-
Adjustment in respect of current income tax of previous year	52	103	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,564)	265	-	265
Tax expense reported in the statement of income	<u>41,290</u>	<u>30,437</u>	<u>-</u>	<u>265</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 March 2019 and 2018 were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to loss on actuarial calculation	-	(265)	-	(265)
	<u>-</u>	<u>(265)</u>	<u>-</u>	<u>(265)</u>

The Board of Investment (BOI) has granted the Company investment promotion privileges under several promotion certificates, including exemption from corporate income tax for periods of 8 years from the date the promoted operations began generating revenue. In addition, subsidiary companies in Republic of Turkey are also exempted from income tax on earnings from the sale of manufactured goods until this country becomes a full member of the European Union.

The reconciliation between accounting profit and income tax expense was shown below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	<u>2,373,853</u>	<u>1,208,096</u>	<u>731,415</u>	<u>212,589</u>
Applicable tax rates	17% to 25%	17% to 21%	0% - 20%	0% - 20%
Accounting profit before tax multiplied by applicable tax rates	524,250	243,836	146,283	42,518
Adjustment in respect of current income tax of previous year	52	103	-	-
Effects of:				
Promotional privileges	(324,837)	(206,629)	(87,659)	(19,219)
Tax exemption income/non-deductible expenses/right to deduct more expenses/others	55,896	10,797	(6,246)	(5,098)
Tax losses brought forward	(102,279)	(17,936)	(52,378)	(17,936)
Total	<u>(483,012)</u>	<u>(213,348)</u>	<u>(146,283)</u>	<u>(42,253)</u>
Tax expense reported in the statement of income	<u>41,290</u>	<u>30,437</u>	<u>-</u>	<u>265</u>

The components of deferred tax assets were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Reserve for other expenses	3,251	3,179	3,251	3,179
Provision for long-term employee benefits	3,893	3,486	3,893	3,486
Unrealised loss on forward contract	202	-	202	-
Unused tax losses	143,399	142,156	140,889	142,156
Total	<u>150,745</u>	<u>148,821</u>	<u>148,235</u>	<u>148,821</u>
Deferred tax liabilities				
Unrealised gain on forward contract	-	656	-	656
Export incentive receivables	578	508	578	508
Total	<u>578</u>	<u>1,164</u>	<u>578</u>	<u>1,164</u>
Deferred tax assets, net	<u>150,167</u>	<u>147,657</u>	<u>147,657</u>	<u>147,657</u>

As at 31 March 2019, the Company and subsidiaries have deductible temporary differences of Baht 25 million (2018: Baht 23 million) and unused tax losses of Baht 686 million (2018: Baht 1,222 million) (The Company only: Baht 121 million, (2018: Baht 556 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profit may not be sufficient to allow utilisation of the temporary difference and unused tax losses.

The unused tax losses expire in 2024 to 2027.

22. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of polyester films, metallised films, extrusion coated films, cast polypropylene films, silicone coated films and PET resins. Subject to certain imposed conditions, the privileges include a 100% exemption from corporate income tax for a period of first 8 years, and a 50% reduction of corporate income tax for a period of 5 years thereafter.

The Company's sales for the years ended 31 March 2019 and 2018 divided according to tax exempt and non-tax exempt operations were set out below.

(Unit: Million Baht)

	Separate financial statements					
	Tax exempt operations		Non-tax exempt operations		Total	
	2019	2018	2019	2018	2019	2018
Sales						
Domestic sales	184	332	772	651	956	983
Export sales	3,000	2,594	2,666	1,900	5,666	4,494
Total sales	3,184	2,926	3,438	2,551	6,622	5,477

23. Earnings per share

Basic earnings per share was calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit for the year (Baht)	2,324,386,948	1,169,985,405	731,414,850	212,323,718
Weighted average number of ordinary shares (Shares)	900,000,000	900,000,000	900,000,000	900,000,000
Earnings per share (Baht/Share)	2.58	1.30	0.81	0.24

24. Dividends paid

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend on 2018 operating results	Annual General Meeting of the Company's shareholders on 27 July 2018	333	0.37
Dividend on 2019 interim operating results	The Board of Directors' Meeting on 13 November 2018	279	0.31
Total for 2019		612	0.68
Dividend on 2017 operating results	Annual General Meeting of the Company's shareholders on 28 July 2017	324	0.36
Dividend on 2018 interim operating results	The Board of Directors' Meeting on 10 November 2017	162	0.18
Total for 2018		486	0.54

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director. The basis that used to measure operating profit or loss of segment is same as the basis that used to measure operating profit or loss in the financial statements.

For management purposes, the Company and its subsidiaries have a single industry segment, the manufacture and distribution of polyester films, metallised films, extrusion coated films, cast polypropylene films, silicone coated films and PET resins, and are carried on in two geographic areas in Thailand and overseas countries, as operated by subsidiaries.

The revenue and profit information by geographical segment in the consolidated financial statements for the years ended 31 March 2019 and 2018 were as follows:

(Unit: Million Baht)								
	Thailand		Overseas countries		Elimination of inter-segment revenues		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018
Sales to external customers	5,056	4,404	9,690	8,269	-	-	14,746	12,673
Inter-segment sales	1,753	1,226	832	672	(2,585)	(1,898)	-	-
Total sales	<u>6,809</u>	<u>5,630</u>	<u>10,522</u>	<u>8,941</u>	<u>(2,585)</u>	<u>(1,898)</u>	<u>14,746</u>	<u>12,673</u>
Segment operating profit	861	330	1,830	1,095	(205)	(95)	2,486	1,330
Unallocated expenses:								
Finance cost							(112)	(122)
Tax expense							(41)	(30)
Profit for the year							<u>2,333</u>	<u>1,178</u>
<u>Segment total assets</u>								
Property, plant and equipment	4,093	4,207	5,452	4,853	(18)	-	9,527	9,060
Other intangible assets	-	-	2	3	-	-	2	3
Unallocated assets							6,322	6,073
Total assets							<u>15,851</u>	<u>15,136</u>

Transfer prices between segments were as set out in Note 6 to the financial statements.

Major customers

For the year 2019, the Company and its subsidiaries had revenue from one major customer in amount of Baht 1,991 million, arising from overseas countries segments (2018: Baht 1,874 million derived from one major customer, arising from overseas countries segments).

26. Provident fund

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rates of 4% - 7% (2018: 4% - 7%) of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year the Company and its subsidiary contributed Baht 7.7 million (2018: Baht 5.9 million) to the fund (the Company only: Baht 7.4 million (2018: Baht 5.8 million)).

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 March 2019, the Company and its subsidiaries had capital commitments of approximately Baht 1,012 million (2018: Baht 1,074 million) (The Company only: Baht 141.6 million (2018: Baht 46.5 million)), relating to the acquisitions of machinery and equipment.

27.2 Operating lease commitments

The Company and its subsidiaries had entered into several lease agreements in respect of office building space and equipment. The term of the agreements are generally between 1 and 3 years.

Future minimum rentals payable under these leases are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Payable:				
In up to 1 year	4.0	4.0	1.5	4.0
In over 1 and up to 3 years	0.9	2.2	0.6	2.2

27.3 Service agreements

As at 31 March 2019, the Company and its subsidiaries had commitments totaling Baht 8.8 million (2018: Baht 9.5 million) under various service agreements (The Company only: Baht 8.6 million (2018: Baht 8.9 million)). These agreements expire between May 2019 to February 2022.

27.4 Guarantees

- a) As at 31 March 2019, the Company has provided guarantee worth USD 20.0 million (2018: USD 30.0 million) for working capital facilities obtained by a subsidiary, Polyplex USA LLC.
- b) As at 31 March 2019, the Company has provided guarantee of USD 84 million and USD 55.0 million (2018: USD 84.0 million) for the long-term loans obtained by its subsidiaries, Polyplex USA LLC and PT. Polyplex Film Indonesia, respectively. As at 31 March 2019, the outstanding balances of these subsidiaries' loans were USD 11.5 million and EUR 10.9 million and USD 0.8 million, respectively (2018: USD 24.4 million).
- c) As at 31 March 2019, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi has provided guarantee for credit facilities obtained by Polyplex Paketleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi to the extent of EUR 5.7 million (2018: EUR 5.7 million).
- d) The Company has provided corporate guarantee for securing the payables towards the raw material suppliers of Polyplex USA LLC. The outstanding amount of payables in respect of such guarantees is USD 2.7 million as at 31 March 2019 (2018: USD 3.0 million).
- e) As at 31 March 2019 and 2018, there were outstanding bank guarantees as follows:

(Unit: Million)

Letters of guarantee for	Currency	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Performance bonds	Baht	3.9	7.7	3.9	7.7
Customs duty	Euro	0.5	0.7	-	-

28. Fair value hierarchy

As at 31 March 2019 and 2018, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements As at 31 March 2019			
	Level 1	Level 2	Level 3	Total

Financial asset measured at fair value

Derivative

Foreign currency forward contracts	-	10	-	10
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Financial liability measured at fair value

Derivative

Foreign currency forward contracts	-	10	-	10
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(Unit: Million Baht)

	Consolidated financial statements As at 31 March 2018			
	Level 1	Level 2	Level 3	Total

Financial asset measured at fair value

Derivative

Foreign currency forward contracts	-	11	-	11
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Financial liability measured at fair value

Derivative

Foreign currency forward contracts	-	1	-	1
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(Unit: Million Baht)

	Separate financial statements As at 31 March 2019			
	Level 1	Level 2	Level 3	Total

Financial asset measured at fair value

Derivative

Foreign currency forward contracts	-	9	-	9
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Financial liability measured at fair value

Derivative

Foreign currency forward contracts	-	9	-	9
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(Unit: Million Baht)

	Separate financial statements As at 31 March 2018			
	Level 1	Level 2	Level 3	Total

Financial asset measured at fair value

Derivative

Foreign currency forward contracts	-	11	-	11
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29. Financial instruments

29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, current investments, trade and other payables, 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 and other receivables. 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 and other receivables as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. 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. In addition, the Company considers interest rate swap agreements from time to time so as to reduce exposure to the interest rate risk.

As at 31 March 2019 and 2018, significant financial assets and liabilities 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												
	As at 31 March 2019						As at 31 March 2018						
	Fixed interest rates			Non- interest bearing	Total	Interest rate (% p.a.)	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Floating interest rate				Within 1 year	1-5 years					
(Million Baht)													
Financial assets													
Cash and cash equivalents	0.1	-	825.4	30.5	856.0	See Note 7	-	-	-	1,328.6	1.5	1,330.1	See Note 7
Current investments	-	-	-	13.2	13.2	-	-	-	-	-	4.5	4.5	-
Trade and other receivables	-	-	-	2,119.8	2,119.8	-	-	-	-	-	1,999.6	1,999.6	-
Restricted bank deposits	64.4	-	-	-	64.4	See Note 10	-	-	-	9.0	-	9.0	See Note 10
Financial liabilities													
Short-term loans from banks	1,119.0	-	476.5	-	1,595.5	See Note 14	1,130.0	-	-	545.8	-	1,675.8	See Note 14
Trade and other payables	-	-	-	1,146.9	1,146.9	-	-	-	-	-	1,136.8	1,136.8	-
Long-term loans from banks	-	-	1,014.9	-	1,014.9	See Note 16	-	-	-	1,409.8	-	1,409.8	See Note 16
Liabilities under finance lease agreements	-	-	-	-	-	-	1.5	-	-	-	-	1.5	4.0

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings 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.

As at 31 March 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	31.53	22.40	9.52	16.79	31.7681	31.1910
Euro	2.85	1.65	90.34	74.01	35.6601	38.3779
Japanese yen	26.21	69.85	0.41	0.12	0.2867	0.2935
Pound Sterling	0.23	0.11	-	-	41.5382	43.7619
Ringgit	-	0.08	-	-	7.7785	8.0736
Rupee	-	-	1.05	0.10	0.4491	0.4736
South Korean Won	12.67	9.43	-	-	0.0281	0.0294

As at 31 March 2019 and 2018, the Company's foreign exchange contracts outstanding were summarised below.

2019				
Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.77	43.20	31.0347 - 32.6000	30.9800 - 32.9800
Euro	0.98	2.76	36.0780	35.5100 - 37.4400
Japanese yen	-	36.55	-	0.2848 - 0.2875

2018				
Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.36	32.46	30.9715 - 32.5261	30.9300 - 32.4550
Euro	0.99	1.92	38.7400	38.5600 - 39.1400
Japanese yen	-	77.31	-	0.2940 - 0.2945

As at 31 March 2019 and 2018, subsidiaries had forward foreign exchange contracts as follows:

2019				
Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)		
YTL	8.7	-	YTL 6.1464 - 6.4739 per EUR 1	-
USD	2.5	-	USD 1.1385 - 1.1565 per EUR 1	-
EUR	-	1.9	-	Baht 35.4500 - 36.6900 per EUR 1 and IDR 16,120 per EUR 1

2018				
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
YTL	6.8	-	YTL 4.6281 - 4.9837 per EUR 1	-
USD	8.3	0.2	USD 1.2287 - 1.2453 per EUR 1	Baht 31.12 per USD 1

29.2 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 statement of financial position.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 March 2019, the Group's debt-to-equity ratio was 0.37:1 (2018: 0.44:1) and the Company's debt-to-equity was 1.41:1 (2018: 1.38:1).

31. Events after the reporting period

31.1 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 2.8 million (The Company only: Baht 2.8 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement for the period ending 30 June 2019 in which the law is effective.

31.2 Dividend payment approval

On 15 May 2019, the Company's Board of Directors meeting passed a resolution approving an additional dividend for 2019 of Baht 297 million (900 million ordinary shares at Baht 0.33 each) to its shareholders. Payments of dividend will be made on 23 August 2019.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 May 2019.



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