



# **FLEX FILMS EUROPA SP. Z O.O., POLAND**

*Wholly Owned Subsidiary Company of  
Flex Middle East FZE*



**FINANCIAL STATEMENTS  
2015 - 2016**

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**INDEPENDENT AUDITORS' OPINION****TO THE SHAREHOLDERS' MEETING OF FLEX FILMS EUROPA SP. Z O.O.**

1. We have audited the attached financial statements for the year ended 31 March 2016 of Flex Films Europa Sp. z o.o. ('the Company') located in Września at Gen. Władysława Sikorskiego 48 street, containing the introduction to the financial statements, the balance sheet as at 31 March 2016, the profit and loss account, the statement of changes in equity, the cash flow statement for the period from 1 April 2015 to 31 March 2016 and the additional notes and explanations ('the attached financial statements').
2. The truth and fairness<sup>1</sup> of the attached financial statements, the preparation of the attached financial statements in accordance with the required applicable accounting policies and the proper maintenance of the accounting records are the responsibility of the Company's Management Board. In addition, the Company's Management Board is required to ensure that the attached financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments - 'the Accounting Act'). Our responsibility was to audit the attached financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies, whether they truly and fairly<sup>2</sup> reflect, in all material respects, the financial position and results of the operations of the Company and whether the accounting records that form the basis for their preparation are, in all material respects, properly maintained.
3. We conducted our audit of the attached financial statements in accordance with:
  - Chapter 7 of the Accounting Act,
  - National Auditing Standards issued by the National Council of Statutory Auditors,

In order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the attached financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached financial statements treated as a whole.

4. In our opinion, the attached financial statements, in all material respects:
  - present truly and fairly all information material for the assessment of the results of the Company's operations for the period from 1 April 2015 to 31 March 2016, as well as its financial position<sup>3</sup> as at 31 March 2016,
  - have been prepared in accordance with the required applicable accounting policies of the Accounting Act and regulations issued based on that Act and based on properly maintained accounting records,
  - are in respect of the form and content, in accordance with legal regulations governing the preparation of financial statements and the Company's Articles of Association.
5. We have read the Directors' Report for the period from 1 April 2015 to 31 March 2016 ('the Directors' Report') and concluded that the information derived from the attached financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with art. 49 para 2 of the Accounting Act.

on behalf of  
Ernst & Young Audyt Polska spółka

z ograniczoną odpowiedzialnością sp. k.  
Rondo ONZ 1, 00-124 Warsaw  
Reg. No 130

Key Certified Auditor

*Robert Klimacki*  
certified auditor  
No. 90055

Warsaw, 28 April 2016

<sup>1</sup>Translation of the following expression in Polish: 'rzetelność i jasność'

<sup>2</sup>Translation of the following expression in Polish: 'rzetelnie i jasno'

<sup>3</sup>Translation of the following expression in Polish: 'sytuacja majątkowa i finansowa'

## I. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. Flex Films Europa Sp. z o.o., (the Company) incorporated on the basis of a notarial deed dated 21st of January 2011 was entered into the National Court Register under the number 0000376525 by the District Court of Poznań-Nowe Miasto and Wilda VIII Economic Division of the National Court Register. The company's registered place of business is at Września 62-300, 48 Gen. Władysław Sikorski Street, Poland. The main area of the Company's business activity includes the production of plastic films for packaging.
2. The Company has an unlimited period of operation.
3. The financial statements have been prepared for the period from 1 April 2015 to 31 March 2016 and consist of:
  - balance sheet,
  - profit and loss account,
  - notes including an introduction to the financial statements and supplementary information and explanations,
  - statement of cash flows,
  - statement of changes in equity,

The financial statements are in English and Polish currency.

4. The financial statements shall include the aggregated data, if the Company's other internal organizational units prepare their own Financial Statements - not applicable for Flex Films Europa Sp. z o.o.
5. The financial statements were prepared on the assumption that the Company will be a going concern in the foreseeable future being a period of at least 12 months from the balance sheet date, i.e. till 31 March 2017 and there are no circumstances that would threaten the Company's continued activity. As at the date of signing the financial statements, the Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the Company's continued activity in the period of at least twelve months following the balance sheet date due to an intended or compulsory withdrawal from or a significant limitation in its activities.
6. For financial statements for the period during which there was a business combination, an indication that it is a financial report prepared following the merger, and an indication of the method of settlement of the connection (acquisition, merger accounting) - not applicable to Flex Films Europa Sp. z o.o.
7. Description of accounting policy, including the valuation method of assets and liabilities (including depreciation), measurement of financial result and the preparation of financial statements, insofar as the law leaves the individual right to choose:

The financial statements were prepared in accordance with the provisions of the Accounting Act dated 29 September 1994 (consolidated text: Journal of Laws 2013, position no. 330, with subsequent amendments – hereinafter referred to as 'the Accounting Act').

The financial statements were prepared under the historical cost convention. The profit and loss account was prepared using the function of expense method. The cash flow statement was prepared using the indirect method.

### 7.1 Intangible Assets

Acquired intangible assets, property rights suitable for commercial use, shall be included in non-current assets, with an expected economic use longer than one year, intended for use by the Company with a value above PLN 3.500,00. For assets with a value of up to PLN 3.500,00 net, the Company maintains a complete record of quantity, while making amortisation equal to the initial value in the month following the month in which they were accepted for use.

Intangible assets are valued at cost, less accumulated amortisation. Amortisation begins in the month following the month of adoption into use and shall be calculated according to the rates of amortisation under the Company Corporate Depreciation policy, using the straight-line method.:

- |                           |                |
|---------------------------|----------------|
| - R & D expenses          | not applicable |
| - Goodwill                | not applicable |
| - Other intangible assets | 20%            |

At least at the balance sheet date verification of the value and quantity of intangible assets is conducted. On this basis the value of the assets and titles shall be subject to possible revision and update

## 7.2 Tangible fixed assets

### 7.2.1 Fixed assets

Assets with an expected period of economic useful life longer than one year, complete and ready for use and used by the Company with a value exceeding PLN 3.500,00 shall be considered as fixed assets. For assets with a value of up to PLN 3.500,00 the Company maintains a complete record of quantity, while making the initial value equal to the depreciation in the month following the month in which they are accepted for use.

Fixed assets are valued at cost, less accumulated depreciation. Depreciation begins in the month following the month of adoption into use and shall be calculated according to the rates of depreciation under the Company Corporate Depreciation policy. Depreciation is calculated using the straight-line method:

- Land	0%
- Perpetual usufruct	not applicable
- Buildings, premises and civil engineering	1,63% - 3,34%
- Machinery and equipment	3,34% - 20%
- Vehicles	9,5% - 20%
- Other fixed assets	4,75% - 20%

At least at the balance sheet date a verification of fixed assets and their relevance in the Company's activities shall be conducted, culminating in the relevant protocol. On this basis the value of the assets shall be subject to possible revision and update.

Stocktaking of physical inventory of fixed assets, machinery and equipment incorporated in the fixed assets under construction are done every 4 years, provided they are within secured area.

### 7.2.2 Construction in progress

Assets under construction are included in fixed assets during their construction, installation or improvement of an existing asset. They are valued in the amount of all costs directly attributable to the acquisition or construction, less any impairment. At least at the balance sheet date a summary is made of unfinished investment projects through verification, confirmed by the relevant protocol. On this basis it shall be subject to possible revision of titles with update.

## 7.3 Long-term receivables

Long-term receivables included titles due for a period of more than 12 coming months. Long-term receivables are measured at:

- the dates of their creation at face value, and if they are denominated in foreign currencies they are denominated at average exchange rate of NBP for this day,
- at the balance sheet date in the amount due, at the adjusted purchase price with the precautionary principle, less write-downs where appropriate. Receivables denominated in foreign currencies are converted at the average NBP exchange rate at that day. The allowance for impairment of receivables is established by specific identification of the recipient.

## 7.4 Long-term investments

The Company does not have long-term investment. The relevant principles of valuation will be determined by addendum to this report on the occurrence of similar events.

## 7.5 Long-term prepayments

### 7.5.1 Deferred Income Tax

Deferred tax is determined by comparing the carrying value with the tax value of assets and liabilities and determination of the temporary differences between those values.

Deductible temporary differences will result in amounts to be tax deductible when determining the taxable income in future periods when the carrying value of an asset or liability is recovered or settled. In the case of deductible temporary differences the asset should be recognized in financial statements to the amount that it is likely that profits will be taxable income.

Deferred income tax must be demonstrated, but only if their realization is probable, in the amount provided in the future to be deducted from income tax. Titles of deductible temporary differences are in particular:

- The application of lower rates of depreciation for tax purposes than for balance sheet purposes,
- Accrued salaries as an expense of civil law agreements unpaid at the balance sheet,
- Accrued in connection with the valuation on the balance sheet date,
- Foreign exchange losses on the balance sheet components denominated in foreign currencies,
- Interest on loans paid in the next or further periods,
- The creation of various types of reserves that are not recognized for tax purposes at the date of their creation but at the date of their implementation (e.g. awards and retirement, for unused annual leave, for warranty repairs)
- Possible loss of tax to be deducted in the future - because of the development of an adequate income to be taxed during the period of the next following five fiscal years (Article 7 paragraph 5 of the CIT law). As soon as the cause for which the deduction is made is finished also deferred tax assets should be settled.

Due to the use of corporate income tax relief in connection with investments incurred in the Special Economic Zone (SEZ), the Company does not recognize deferred income tax of the above mentioned titles.

The company also created deferred tax assets based on the exemption for SEZ- at the foreseeable value, based on which the company could benefit from the exemption from tax.

#### **7.5.2 Other prepayments**

The Company makes accruals in order to preserve the matching of revenues and expenses. The subject to accruals are incurred expenses, which relate to the costs (or revenues) of subsequent periods. The Company makes monthly settlements for individual titles of expenses. However, where the expenditure does not exceed PLN 500.00 Company includes it in the period in which it was incurred.

### **7.6 Receivables**

These include total trade receivables and all or part of other receivables not included in financial assets, which are due within 12 months from the balance sheet date. At the date of arise of receivables they are measured at their nominal value. The impairment of overdue receivables is made by the following principles:

- Up to 6 months - 0%
- From 6 months to 12 months - 50%
- Over 12 months - 100%

Claims under court proceedings are covered in full value with the impairment. When a positive judgment is given by court, receivables are recognized in the accounts at the value with interest till the date of judgment, litigation cost and any other amount as specified by the court until they are paid.

At least on the balance sheet date receivables in foreign currency are valued at the average exchange rate fixed for a given foreign currency by NBP for this day.

Payments of the receivables through the bank account denominated in foreign currencies are recognized in the accounts at the average rates applied by the NBP Bank on the last business day preceding the transaction date.

The verification of the receivables is carried out:

- Accounts receivable and other - by the confirmation of balances;
- Disputed and doubtful debts, claims against those not involved in the books and the receivables from public titles - through verification of their status.

### 7.7 Short-term investments

The Company collects cash on hand and on current bank deposits and accounts. Cash at bank is recorded during the year at face value, and if they are denominated in foreign currencies they are converted at the average rates applied by the NBP Bank at the last business day preceding the transaction date.

#### **Cash in foreign currency are recorded during the year according to FIFO (first in first out)**

The cash on balance sheet date are valued at face value, and bank deposits at the interest generated by that date. Owned foreign currencies are valued at the average exchange rate fixed for a given foreign currency by NBP in force at the balance sheet date.

Cash inventory is carried out for:

- Cash on hand - in the form of physical inventory,
- Cash at bank - in the form of confirmation of balances.

### 7.8 Inventories

Inventories are stated at the lower of acquisition cost or cost of production and net selling price.

Costs incurred in order to bring each inventory item to its present location and condition are accounted for on a FIFO (first-in, first-out) basis.

The cost of production of finished goods and work-in-progress includes the cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity.

Net selling price is the selling price estimated at the balance sheet date, net of VAT and excise taxes, less any rebates, discounts and other similar items, less the estimated costs to complete and costs to sell, plus the amount of any related subsidy.

### 7.9 Financial assets

Financial assets are initially valued at cost, being the fair value of the consideration given. Transaction costs are included in the initial cost. Financial assets are initially recognized at the transaction date.

After initial recognition, financial assets are classified into one of the following four categories and measured as follows:

Category		Method of measurement
1.	Financial assets held to maturity	Measured at amortised cost calculated using the effective interest rate.
2.	Loans and receivables originated by the Company	Measured at amortised cost calculated using the effective interest rate. Short-term receivables for which no interest rate has been set are measured at the amount due.
3.	Financial assets held for trading	Measured at fair value. Any unrealised gains/losses are recognised in the profit and loss account
4.	Financial assets available for sale	Measured at fair value, with unrealised gains/losses recognised in the profit and loss account in the revaluation reserve until the investment is sold or impaired, at which time the cumulative gain/loss is taken to the profit and loss account.

The fair value of financial instruments traded on an active market is determined with reference to prices quoted on this market as at the balance sheet date. Where no quoted market price is available, the fair value is estimated on the basis of the quoted market price of a similar instrument, or based on a valuation model that takes into account input data from active regulated market or using other methods of estimation that are universally recognized as correct.

Derivative financial instruments not used as hedging instruments are recognized as either assets or liabilities held for trading.

#### **Impairment of financial assets**

An assessment is made at each balance sheet date to determine whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss recognized for the difference between the recoverable amount and the carrying amount.

Impairment losses recognized against individual financial assets or a group of similar financial assets are determined as follows:

- 1) for financial assets measured at amortised cost – as the difference between the value of an asset arising from the books of account at the date of measurement and its recoverable amount. The recoverable amount is the present value of the expected future cash flows discounted using the effective interest rate, that has been applied by the entity to measure the restated financial assets or a group of similar financial assets;
- 2) for financial assets measured at fair value - as the difference between the cost of the asset and its fair value determined at the date of measurement (the fair value of debt instruments at the valuation date is the present value of the expected future cash flows discounted using the current market interest rate applied to similar financial instruments). The cumulative loss that had been recognised in the revaluation reserve shall be recognised as finance cost at an amount not less than the amount of the impairment loss, decreased by the portion that had been directly recognized as finance cost;
- 3) for other financial assets – as the difference between the value of an asset arising from the books of account and the present value of the expected future cash flows discounted using the current market interest rate applied to similar financial instruments.

### **7.10 Revenue recognition**

Revenues are recognized to the extent that it is probable that the Company will obtain economic benefits that can be reliably measured.

#### **7.10.1 Sale of goods for resale and finished goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue comprises amounts receivable or received from sale, net of the Value Added Tax

#### **7.10.2 Interest**

Interest revenue is recognised as the interest accrues (using the effective interest rate method), unless collectability is in doubt

#### **7.10.3 Grants and subsidies**

Grants and subsidies are recognized at fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deferred in the balance sheet and recognized as income over the periods necessary to match it on a systematic basis with the costs which it is intended to compensate.

Where the grant or subsidy relates to the acquisition or construction of a tangible fixed asset, it is deferred in the balance sheet and recognised as income over the period of depreciation of the asset.

### **7.11 Short-term prepaid expenses**

The Company makes accruals in order to preserve the matching of revenues and expenses. The subject to accruals are incurred expenses, which relate to the costs (or revenues) of subsequent periods. The Company makes monthly settlements for individual titles of expenses. However, where the expenditure does not exceed PLN 500.00 Company includes it in the period in which it was incurred.



## 7.12 Equity

Valued at least at the balance sheet date at its nominal value and put into books according to their types and rules prescribed by the regulations. The share capital is shown in the value set in the Articles of Association and entered into the NCR. Declared but not yet paid contributions are recognized as amounts due to capital (negative value). Equity under the heading "gains and losses from previous years" refers to:

- Adjustments made to the fundamental errors made in the previous years where as a result the financial statements for the year or previous years cannot be regarded as representing the financial position and financial result in a fair and clear view,
- Effects of changes in valuation principles.

## 7.13 Provisions

Provisions are measured at least at the balance sheet at a reasonable estimated value of probable future outflow of economic benefits due to past events.

### 7.13.1 Deferred tax provision

In accordance with Article 37 point 5 of the Accounting Act a provision for deferred income tax is formed in the amount of income tax payable in the future, in respect of taxable temporary differences, i.e. differences, which will increase the tax base in the future. The income tax that affects the financial result for the period includes:

- current part,
- deferred part.

Recognized in the profit and loss the deferred tax is a difference between the state of reserves and assets at the end and the beginning of the reporting period.

### 7.13.2 Provisions for pensions and similar

Provisions for future benefits to employees the company presents in the financial statements in the item B.I.2. "Provision for pensions and similar benefits." This approach is based on Article 39 paragraphs 2a which states that the accruals established under the obligation to comply with future employee benefits, including retirement benefits, shall be shown in the balance sheet as provisions for liabilities, broken down by:

- Long-term: Expected date of use is longer than 12 months from the balance sheet date,
- Short-term: Expected date of use is less than 12 months after that balance sheet date.

On 31 March 2016 the Management did not decide to create the provision for pensions since its value calculated actuarially was negligible.

## 7.14 Long- and short-term liabilities

Liabilities are valued:

- the date of their creation at face value, liabilities denominated in foreign currencies are valued at the date of their conduct, at their nominal value converted at the average exchange rate for the currency announced by the Polish National Bank on the day preceding the day or at the rate specified in another document, a binding unit (e.g. customs)
- at the balance sheet at the amount due. Liabilities denominated in foreign currencies are converted at the average exchange rate of the currency determined by the NBP for that day. The amount of the payment due, which must be presented at the balance sheet date, includes the value of nominal liabilities, as well as the accrued interest payable to the contractor. This interest should be provided in the books by the Company taking into account the contractual or statutory interest provision, regardless of whether the contractor intends to charge the interest

## 7.15 Accruals

Deferred income made with the precautionary principle, include in particular the following:

- Equivalent to the benefits received or receivables from the customers which are attributable to future reporting periods,

- the funds received to finance the acquisition or construction of fixed assets, including assets under construction and development work, where according to the specific provisions they do not increase equity; included in deferred income amounts increases parallel to depreciation (amortization) other operating income; for fixed assets and development costs funded from these sources, these rules shall apply accordingly in relation also to those accepted free of charge (also in the form of gifts) assets, assets under construction and intangible assets.

The company at least at the balance sheet date makes the valuation of the accruals in the reliably estimated value of future liabilities that are attributable to the current reporting period. The amount of the provision relating to future liabilities should reflect their current value. At least at the balance sheet date the Company should verify the validity and amount of the provision. In the event the reasons underlying the creation of the provision ceases, the Company should utilize or resolve those provisions. Accrued expenses include in particular the amount of costs that relate to the financial year and which have not yet been invoiced by the contractors.

#### **7.16 Loans and borrowings and financial liabilities held for trading**

All loans and borrowings are initially recognized at cost, being the value of the funds received and including transaction costs associated with the borrowing/loan. After initial recognition, all interest-bearing loans and borrowings, other than liabilities held for trading, are measured at amortized cost, using the effective interest rate method.

Financial liabilities, except for hedged items, are valued at amortized cost not later than at the end of the reporting period.

Liabilities which are held for trading are subsequently measured at fair value. Any gain/loss from re-measurement to fair value is included in the net profit/loss for the period.

#### **7.17 Leases**

The Company is a party to lease agreements under which it uses third party tangible fixed assets or intangible assets over an agreed period of time.

In case of a finance lease agreement, which transfers substantially all of the risks and rewards of ownership of an asset, the leased asset is capitalized, and a corresponding liability is recognized, at the present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between finance charges and reduction of the outstanding lease liability so as to produce a constant rate of interest on the outstanding liability. Finance charges are recorded directly in the profit and loss account.

Leased assets are depreciated using the methods applied for the Company's own assets. However, when there is any uncertainty regarding the transfer of the ownership of the asset, such assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments made under lease agreements which do not meet the criteria for finance leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term. Depending on leased asset use, lease payments are recorded in operating expenses (including general and administrative costs and cost of sales) or in other operating activities.

Prepared by: .....

Hanna Tomaszewska-Figurny

Września, 28th April 2016

**BOARD OF DIRECTORS:**

1. Ashok Kumar Chaturvedi – Chairman of the Board
2. Anantshree Chaturvedi – Vice Chairman of the Board
3. Stanisław Wszelaki – Member of the Board
4. Pramod Laxmikantrao Sirsamkar – Member of the Board
5. Pradeep Tyle – Member of the Board
6. Ravinder Kumar Jain – Member of the Board
7. Parvesh Chander Anand – Member of the Board

Września, 28th April 2016

**II. PROFIT AND LOSS ACCOUNT (PLN)**

<b>Profit &amp; Loss (PLN)</b>		<b>Year End</b>	<b>Year End</b>
		<b>31st March 2016</b>	<b>31st March 2015</b>
<b>A</b>	<b>Net revenue from Sales &amp; Equivalents including:</b>	<b>344 495 784,15</b>	334 366 815,76
	- from related	37	613 302,23
I	Net revenue from Sales of Product	23	329 933 417,96
II	Variation in stocks		5 648 566,56
III	The cost manufacturing product for own consumption		-66 278,62
IV	Net revenue from Sales of Goods & Material		8 980 078,25
<b>B</b>	<b>Operating Expenses</b>	<b>300 224 031,67</b>	295 634 739,84
I	Depreciation		9 389 329,99
II	Material & Energy		235 343 608,02
III	External Services		24 582 379,35
IV	Taxes & Fees including:		303 072,75
	- Excise Tax		-
V	Salaries		15 696 016,82
VI	Social Securities & other benefits		3 136 088,58
VII	Other Costs		3 447 993,31
VIII	Value of goods & material		8 325 542,85
<b>C</b>	<b>Profit (Loss) on Sales (A-B)</b>	<b>44 271 752,48</b>	38 732 075,92
<b>D</b>	<b>Other Operative Income</b>	25	27 863,75
I	Gain on sale of fixed assets		-
II	Grants		-
III	Other operating income		27 863,75
<b>E</b>	<b>Other operating expenses</b>	26	1 675 167,96
I	Loss on disposal of fixed assets		60 465,65
II	Revaluation of non financial assets		741 632,45
III	Other Operating Cost		873 069,86
<b>F</b>	<b>Profit (Loss) from Operations (C+D-E)</b>	<b>42 624 448,27</b>	38 108 755,48
<b>G</b>	<b>Financial Income</b>	27	0,00
I	Dividend & Profit sharing including:		0,00
	- from related		-
II	Interest including:		0,00
	- from related		-
III	Gain on sale of investment		0,00
IV	Revaluation of investment		0,00
V	Other		0,00
<b>H</b>	<b>Financial Cost</b>	28	6 132 444,40
I	Interest including:		2 642 353,00
	- for affiliates		-
II	Loss on disposal of investments		0,00
III	Revaluation of investments		0,00
IV	Others		34 90 091,40
<b>I</b>	<b>Profit (Loss) from ordinary activities (F+G-H)</b>	<b>36 492 003,87</b>	18 283 856,53
<b>J</b>	<b>Extra Ordinary Items (J.I. - J.II.)</b>	29	0,00
I	Extra ordinary gains		0,00
II	Extra ordinary losses		0,00
<b>K</b>	<b>Profit (Loss) (I +/- J)</b>	<b>36 492 003,87</b>	18 177 777,54
<b>L</b>	<b>Income tax</b>	24	0,00
<b>M</b>	<b>Other mandatory deduction of profit (Loss)</b>		0,00
<b>N</b>	<b>Profit (Loss) (K-L-M)</b>	<b>36 492 003,87</b>	25 177 777,54

**III. BALANCE SHEET AS AT 31.03.2016**

<b>BALANCE SHEET - ASSETS (PLN)</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
<b>A</b>	<b>FIXED ASSETS</b>	<b>187 005 032,06</b>	182 349 226,17
<b>I</b>	<b>Intangible assets</b> 6	<b>71 133,19</b>	58 290,22
1	R & D expenses	<b>0,00</b>	0,00
2	Goodwill	<b>0,00</b>	0,00
3	Other intangible assets	<b>71 133,19</b>	58 290,22
4	Advances for Intangible Assets	<b>0,00</b>	0,00
<b>II</b>	<b>Tangible Fixed Assets</b> 7	<b>177 433 898,87</b>	172 790 935,95
1	Fixed assets	<b>170 470 696,69</b>	172 790 935,90
a)	Land	<b>4 140 001,38</b>	3 643 605,00
b)	Building, Premises & Civil Engineering	<b>40 681 465,62</b>	41 502 754,97
c)	Machinery & Equipments	<b>117 155 343,99</b>	118 767 545,64
d)	Vehicles	<b>391 115,79</b>	332 723,06
e)	Other fixed assets	<b>8 102 769,91</b>	8 544 307,23
2	Construction in progress	<b>5 736 828,43</b>	0,05
3	Advances for assets under construction	<b>1 226 373,75</b>	0,00
<b>III</b>	<b>Long term receivables</b>	<b>0,00</b>	0,00
1	From Affiliates	-	-
2	From other entities	-	-
<b>IV</b>	<b>Long term investments</b> 8	<b>0,00</b>	0,00
1	Real Estate	<b>0,00</b>	0,00
2	Intangible Assets	<b>0,00</b>	0,00
3	Long term financial assets	<b>0,00</b>	0,00
a)	In related	<b>0,00</b>	0,00
	Shares	-	-
	Other securities	-	-
	Loans	-	-
	Other long term financial assets	-	-
b)	In other units	<b>0,00</b>	0,00
	Shares	-	-
	Other Securities	-	-
	Loans	-	-
	Other long term financial assets	-	-
4	Other long term investments	<b>0,00</b>	0,00
<b>V</b>	<b>Long term prepayments</b> 13	<b>9 500 000,00</b>	9 500 000,00
1	Deferred income tax	<b>9 500 000,00</b>	9 500 000,00
2	Other prepayments	<b>0,00</b>	0,00

<b>BALANCE SHEET - ASSETS (PLN)</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
<b>B</b>	<b>CURRENT ASSETS</b>	<b>126 006 550,35</b>	<b>151 152 011,51</b>
<b>I</b>	<b>Inventory</b>	<b>43 068 183,24</b>	<b>61 959 821,73</b>
1	Materials	<b>29 374 485,82</b>	51 348 022,54
2	Work in Progress	<b>1 490 653,39</b>	562 039,57
3	Finished Products	<b>8 387 119,52</b>	3 667 166,78
4	Consumables	<b>2 469 941,02</b>	33 973,72
5	Advance against supplies	<b>1 345 983,49</b>	6 348 619,12
<b>II</b>	<b>Receivables</b>	<b>69 224 527,01</b>	<b>75 563 955,68</b>
1	Receivables from related parties	<b>340 642,69</b>	40 666,41
a)	For supplies & Services with maturity	<b>340 642,69</b>	40 666,41
	To 12 months	<b>340 642,69</b>	40 666,41
	Over 12 months	<b>0,00</b>	0,00
b)	Other	<b>0,00</b>	0,00
2	Receivables from other entities	<b>68 883 884,32</b>	75 523 289,27
a)	For supplies & services with maturity	<b>68 662 767,67</b>	75 072 854,38
	To 12 months	<b>68 662 767,67</b>	75 072 854,38
	Over 12 months	<b>0,00</b>	0,00
b)	Taxes, Subsidies, Customs, Social	<b>96 271,00</b>	0,00
c)	Other	<b>124 845,65</b>	431 883,19
d)	Claimed at court	<b>0,00</b>	18 551,70
<b>III</b>	<b>Short term investments</b>	<b>12 877 974,51</b>	<b>12 840 858,90</b>
1	Current financial Assets	<b>12 877 974,51</b>	<b>12 840 858,90</b>
a)	In related to	<b>0,00</b>	0,00
	Shares	<b>0,00</b>	0,00
	Other securities	<b>0,00</b>	0,00
	Loans	<b>0,00</b>	0,00
	Other current financial assets	<b>0,00</b>	0,00
b)	In other units	<b>0,00</b>	231 145,60
	Shares	<b>0,00</b>	0,00
	Other securities	<b>0,00</b>	0,00
	Loans	<b>0,00</b>	0,00
	Other Current financial assets	<b>0,00</b>	231 145,60
c)	Cash & cash equivalents	<b>12 877 974,51</b>	12 609 713,30
	Cash in hand & at bank	<b>12 877 974,51</b>	12 609 713,30
	Other cash	<b>0,00</b>	0,00
	Other Monetary Assets	<b>0,00</b>	0,00
2	Other short term investments	<b>0,00</b>	0,00
<b>IV</b>	<b>Short term prepayments</b>	<b>835 865,59</b>	<b>787 375,20</b>
	<b>TOTAL ASSETS</b>	<b>313 011 582,41</b>	<b>333 501 237,68</b>

<b>BALANCE SHEET (LIABILITIES) (PLN)</b>		<b>31 March 2016</b>	31 March 2015
<b>A CAPITAL (FUND)</b>		<b>177 929 327,52</b>	141 437 323,65
I Capital (Fund)	14	<b>101 472 050,00</b>	101 472 050,00
II Called up share capital		<b>0,00</b>	0,00
III Shares (Shares) Own		<b>0,00</b>	0,00
IV Supplementary capital (Fund)		<b>39 965 273,65</b>	14 761 698,51
V Capital (Fund) From Revaluation		<b>0,00</b>	0,00
VI Other Capital (Funds)		<b>0,00</b>	0,00
VII Profit (Loss) from previous year	15	<b>0,00</b>	25 797,60
VIII Profit (Loss)	16	<b>36 492 003,87</b>	25 177 777,54
IX Deduction from net profit during financial year		<b>0,00</b>	0,00
<b>B LIABILITIES &amp; PROVISION FOR LIABILITIES</b>		<b>135 082 254,89</b>	192 063 914,03
<b>I Provision for liabilities</b>	17	<b>6 617 308,22</b>	4 679 604,87
1 Deferred income tax	24	<b>0,00</b>	0,00
2 Provision for pension & similar		<b>0,00</b>	0,00
Long term		<b>0,00</b>	0,00
Short term		<b>0,00</b>	0,00
3 Other provisions		<b>6 617 308,22</b>	4 679 604,87
Long term		<b>0,00</b>	0,00
Short term		<b>6 617 308,22</b>	4 679 604,87
<b>II Long term liabilities</b>	19	<b>41 668 525,79</b>	59 356 437,64
1 To related		<b>0,00</b>	0,00
2 To other entities		<b>41 668 525,79</b>	59 356 437,64
a) Loans & Advances	19	<b>40 203 414,26</b>	57 219 809,89
b) Arising from debt securities		<b>0,00</b>	0,00
c) Other financial liabilities		<b>1 465 111,53</b>	2 136 627,75
d) Other		<b>0,00</b>	0,00
<b>III Short term liabilities</b>		<b>86 796 420,88</b>	128 027 871,52
1 To related companies	37	<b>18 745 024,50</b>	48 605 258,24
a) Of trade payable:		<b>18 745 024,50</b>	48 605 258,24
To 12 months		<b>18 745 024,50</b>	48 605 258,24
Over 12 months		<b>0,00</b>	0,00
b) Others		<b>0,00</b>	0,00
2 To other entities		<b>68 051 396,38</b>	79 422 613,28
a) Loans & Advances	19	<b>36 148 790,71</b>	47 816 299,54
b) Arising from debt securities		<b>0,00</b>	0,00
c) Other financial liabilities	19	<b>765 993,85</b>	609 140,00
d) Of trade payable:		<b>29 016 574,51</b>	28 909 727,53
To 12 months		<b>29 016 574,51</b>	28 909 727,53
Over 12 months		<b>0,00</b>	0,00
e) Advance received		<b>0,00</b>	0,00
f) Bill of exchange liabilities		<b>0,00</b>	0,00
g) Taxes, Duties, Insurance & other benefits		<b>1 093 206,99</b>	1 229 716,45
h) For wages		<b>822 103,52</b>	779 238,96
i) others		<b>204 726,80</b>	78 490,80
3 Special funds		<b>0,00</b>	0,00
<b>IV Accruals</b>	20	<b>0,00</b>	0,00
1 Negative Goodwill		<b>0,00</b>	0,00
2 Other prepayments		<b>0,00</b>	0,00
Long term		<b>0,00</b>	0,00
Short term		<b>0,00</b>	0,00
<b>Total Liabilities</b>		<b>313 011 582,41</b>	333 501 237,68

**IV. STATEMENT OF CHANGES IN EQUITY**

Statement of changes in equity (Fund) PLN		Note	31st March 2016	31st March 2015
<b>I</b>	<b>Opening balance of equity</b>		<b>141 437 323,65</b>	116 233 748,51
	<b>Adjustments of fundamental errors and changes in accounting principles</b>		<b>0,00</b>	25 797,60
	- Changes in accounting principles (policy)		<b>0,00</b>	0,00
I	a Opening balance of equity after adjustments		<b>141 437 323,65</b>	116 259 546,11
<b>1</b>	<b>Opening balance of share capital</b>	14	<b>101 472 050,00</b>	101 472 050,00
1.1	Changes in share capital		<b>0,00</b>	0,00
	Increase (Due to)		<b>0,00</b>	0,00
	Issuance of shares		<b>0,00</b>	0,00
	Decrease (Due to)		<b>0,00</b>	0,00
	Redemption of shares		<b>0,00</b>	0,00
1.2	Closing balance of share capital		<b>101 472 050,00</b>	101 472 050,00
<b>2</b>	<b>Opening balance of called up share capital</b>		<b>0,00</b>	0,00
2.1	Changes in called up share capital		<b>0,00</b>	0,00
	Increase (Due to)		<b>0,00</b>	0,00
	Decrease (Due to)		<b>0,00</b>	0,00
2.2	Closing balance of called up share capital		<b>0,00</b>	0,00
<b>3</b>	<b>Opening balance of own shares</b>		<b>0,00</b>	0,00
	Increase		<b>0,00</b>	0,00
	Decrease		<b>0,00</b>	0,00
3.1	Closing balance of own shares		<b>0,00</b>	0,00
<b>4</b>	<b>Opening balance of supplementary capital</b>		<b>14 761 698,51</b>	0,00
4.1	Changes in supplementary capital		<b>25 203 575,14</b>	14 761 698,51
	Increase (Due to)		<b>25 203 575,14</b>	14 761 698,51
	Issue of shares above face value		<b>0,00</b>	0,00
	From profit distribution (Statutory)		<b>25 203 575,14</b>	14 761 698,51
	From profit distribution (Above the statutory minimum value)		-	-
	Decrease (due to)		<b>0,00</b>	0,00
	Loss coverage		<b>0,00</b>	0,00
4.2	Closing balance of supplementary capital		<b>39 965 273,65</b>	14 761 698,51
<b>5</b>	<b>Opening balance of revaluation reserve</b>		<b>0,00</b>	0,00
5.1	Changes in revaluation reserve		<b>0,00</b>	0,00
	Increase (Due to)		<b>0,00</b>	0,00
	Decrease (Due to)		<b>0,00</b>	0,00
	Sales of tangible fixed assets		<b>0,00</b>	0,00
5.2	Closing balance of revaluation reserve		<b>0,00</b>	0,00



<b>Statement of changes in equity (Fund) PLN</b>		Note	<b>31st March 2016</b>	31st March 2015
<b>6</b>	<b>Opening balance of other reserve capitals</b>		<b>0,00</b>	0,00
6.1	Changes in other reserve capitals		<b>0,00</b>	0,00
	Increase (Due to)		<b>0,00</b>	0,00
	Decrease (Due to)		<b>0,00</b>	0,00
6.2	Closing balance of other reserve capitals		<b>0,00</b>	0,00
<b>7</b>	<b>Opening balance of previous years' profit (Loss)</b>		<b>25 203 575,14</b>	14 761 698,51
7.1	Opening balance of previous years's profit		<b>25 203 575,14</b>	20 841 040,69
	Adjustments of fundamental errors and changes in accounting principles		<b>0,00</b>	0,00
7.2	Opening balance of previous years' profit after adjustments		<b>25 203 575,14</b>	20 841 040,69
	Increase (Due to)		<b>0,00</b>	0,00
	Distribution of previous years profit		<b>0,00</b>	0,00
	Decrease (Due to)		<b>25 203 575,14</b>	6 079 342,18
	Previous years loss brought forward		<b>0,00</b>	6 079 342,18
	Capital (Fund)		<b>25 203 575,14</b>	
7.3	Closing balance of previous years' profit		<b>0,00</b>	0,00
7.4	Opening balance of previous years' loss (-)		<b>0,00</b>	-6 079 342,18
	Adjustments of fundamental errors and changes in accounting principles		<b>0,00</b>	25 797,60
	- Changes in accounting principles (policy)		<b>0,00</b>	0,00
7.5	Opening balance of previous years' loss, after adjustments		<b>0,00</b>	-6 053 544,58
	Increase (Due to)		<b>0,00</b>	6 079 342,18
	Previous years loss brought forward		<b>0,00</b>	6 079 342,18
	Other		<b>0,00</b>	0,00
	Decrease (Due to)		<b>0,00</b>	0,00
7.6	Closing balance of previous years' profit (loss)		<b>0,00</b>	25 797,60
7.7	Closing balance of previous years' profit (loss)		<b>0,00</b>	25 797,60
<b>8</b>	<b>Net result</b>		<b>36 492 003,87</b>	25 177 777,54
	Net profit		<b>36 492 003,87</b>	25 177 777,54
	Net loss (Negative value)		<b>0,00</b>	0,00
	Write-offs on profit (Negative value)		<b>0,00</b>	0,00
<b>II</b>	<b>Closing balance of equity</b>		<b>177 929 327,52</b>	141 437 323,65
<b>III</b>	<b>Equity including proposed profit distribution (Loss coverage)</b>		<b>177 929 327,52</b>	141 437 323,65

**V. STATEMENT OF CASH FLOWS**

<b>CASH FLOW (PLN)</b>		Note	<b>31st March 2016</b>	31st March 2015
<b>A</b>	<b>Cash flows from operating activities</b>			
I	Net profit (Loss)		<b>36 492 003,87</b>	25 177 777,54
II	Total adjustments		<b>12 604 563,75</b>	5 202 011,50
1	Amortisation and depreciation		<b>9 389 329,99</b>	9 030 302,58
2	Exchange gains (Losses)		<b>3 302 955,71</b>	2 932 282,23
3	Interest and profit sharing (Dividend)		<b>2 583 962,99</b>	3 509 381,13
4	Profit (Loss) on investment activities		<b>60 465,65</b>	51 564,63
5	Change in provisions		<b>1 937 703,35</b>	202 340,57
6	Change in inventory	31	<b>18 891 638,49</b>	-16 717 268,41
7	Change in receivables	31	<b>6 339 428,67</b>	-11 164 858,05
8	Change in short-term liabilities excluding credits and loans	31	<b>-29 626 455,05</b>	25 315 381,49
9	Change in prepayments and accruals	31	<b>-48 490,39</b>	-6 912 519,96
10	Other adjustments		<b>-225 975,66</b>	-1 044 594,71
III	Net cash flows from operating activities (I +/- II)		<b>49 096 567,62</b>	30 379 789,04
<b>B</b>	<b>Cash flows from investment activities</b>		<b>0,00</b>	0,00
I	Inflows		<b>42 557,57</b>	36 585,37
1	Disposal of intangible and tangible fixed assets		<b>9 349,61</b>	36 585,37
2	Disposal of investments in real property and in intangible assets		<b>0,00</b>	0,00
3	From financial assets, including:		<b>0,00</b>	0,00
a)	In related parties		<b>0,00</b>	0,00
b)	In other entities		<b>0,00</b>	0,00
	- Sales of financial assets		<b>0,00</b>	0,00
	- Dividend and profit sharing		<b>0,00</b>	0,00
	- Repayment of granted long-term loans		<b>0,00</b>	0,00
	- Interest		<b>0,00</b>	0,00
	- Other inflows from financial assets		<b>0,00</b>	0,00
4	Other inflows from investment activities		<b>33 207,96</b>	0,00
II	Outflows		<b>13 949 544,51</b>	8 600 477,31
1	Purchase of intangible assets and tangible fixed assets		<b>13 949 544,51</b>	8 600 477,31
2	Investments in real property and intangible assets		<b>0,00</b>	0,00
3	For financial assets, including:		<b>0,00</b>	0,00
a)	In related parties		<b>0,00</b>	0,00
b)	In other entities		<b>0,00</b>	0,00
	- Purchase of financial assets		<b>0,00</b>	0,00
	- Long-term loans granted		<b>0,00</b>	0,00
4	Other outflows from investment activities		<b>0,00</b>	0,00
III	Net cash flows from investment activities (I-II)		<b>-13 906 986,94</b>	-8 563 891,94
<b>C</b>	<b>Cash flows from financial activities</b>		<b>0,00</b>	0,00
I	Inflows		<b>15 272,22</b>	24 548 723,10
1	Net inflows from issuance of shares and other capital instruments and from capital contributions		<b>0,00</b>	-
2	Credits and loans		<b>0,00</b>	24 548 404,11
3	Issuance of debt securities		-	-
4	Other inflows from financial activities		<b>15 272,22</b>	318,99

<b>CASH FLOW (PLN)</b>		Note	<b>31st March 2016</b>	31st March 2015
II	Outflows		<b>3 493 6591,69</b>	45 473 266,71
1	Purchase of own shares		<b>0,00</b>	0,00
2	Dividend and other payments to shareholders		<b>0,00</b>	0,00
3	Profit distribution liabilities other than profit distribution payments to shareholders		<b>0,00</b>	0,00
4	Repayment of credits and loans		<b>32 155 043,64</b>	40 561 165,45
5	Redemption of debt securities		<b>0,00</b>	0,00
6	Payment of other financial liabilities		<b>0,00</b>	0,00
7	Payment of liabilities arising from financial leases		<b>637 363,00</b>	1 417 634,76
8	Interest		<b>2 138 840,84</b>	2 702 825,94
9	Other outflows from financial activities		<b>5344,21</b>	791 640,56
III	Net cash flows from financial activities (I-II)		<b>-34 921 319,47</b>	-20 924 543,61
<b>D</b>	<b>Total net cash flows (A. III. +/- B. III +/- C. III)</b>		<b>268 261,21</b>	891 353,49
<b>E</b>	<b>Balance sheet change in cash, including:</b>		<b>268 261,21</b>	891 353,49
	- Change in cash due to exchange differences		<b>728 076,74</b>	0,00
<b>F</b>	<b>Cash opening balance</b>		<b>12 609 713,30</b>	11 718 359,81
<b>G</b>	<b>Closing balance of cash (F +/- D), including:</b>	30	<b>12 877 974,51</b>	12 609 713,30
	- of limited disposability		<b>11 119 416,16</b>	10 979 772,78

Prepared by: .....

Września, 28th April 2016

Hanna Tomaszewska-Figurny

## BOARD OF DIRECTORS:

1. Ashok Kumar Chaturvedi – Chairman of the Board
2. Anantshree Chaturvedi – Vice Chairman of the Board
3. Stanisław Wszelaki – Member of the Board
4. Pramod Laxmikantrao Sirsamkar – Member of the Board
5. Pradeep Tyle – Member of the Board
6. Ravinder Kumar Jain – Member of the Board
7. Parvesh Chander Anand – Member of the Board

Września, 28th April 2016

## VI. ADDITIONAL NOTES AND EXPLANATIONS

### Notes to the balance sheet

#### 1. EVENTS FROM PREVIOUS YEARS

Up to the date of the preparation of these financial statements i.e. 28<sup>th</sup> April 2016, there were no prior year events that were not, but should have been, disclosed in the financial statements.

#### 2. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date to the date of the financial statements, i.e. 28<sup>th</sup> April 2016 there were no significant events affecting the financial position of the Company not included in the financial statements.

#### 3. COMPARABILITY OF THE FINANCIAL DATA

The financial statements for the current and previous financial years prepared applying the same principles (policy).

#### 4. THE CHANGE IN ACCOUNTING POLICY

Company did not change its accounting principles (policy).

#### 5. CORRECTIONS OF PREVIOUS YEARS ERRORS

In current financial year, there were no significant adjustments of errors that could affect the comparability of the financial data for the year preceding the data of the financial statements for the current financial year other than those shown in the Financial Statements.

#### 6. INTANGIBLE ASSETS

YEAR END MAR 2016	R & D Expenses	Goodwill	Other Intangible Assets	Advances on Intangible Assets	Total
<b>Initial value at the beginning of the year</b>					
Initial value			141 135,44		141 135,44
<b>Total increase of the initial value:</b>			44 022,88		44 022,88
- Acquisition			44 022,88		44 022,88
- Others					0,00
- Transfers					0,00
<b>Total reduction of the initial value:</b>					0,00
- Disposal					0,00
- Liquidation					0,00
- Transfers					0,00
- Others					0,00
Closing Balance			185 158,32		185 158,32
<b>Depreciation at the beginning of the year</b>					
Opening balance			82 845,22		82 845,22
<b>Total increase of the initial value:</b>			31 179,91		31 179,91
- Period depreciation			31 179,91		31 179,91
- Others					0,00
- Transfers					0,00
<b>Total reduction of the initial value:</b>					0,00
- Disposal					0,00
- Liquidation					0,00
- Transfers					0,00
- Others					0,00
Closing Balance			114 025,13		114 025,13
Write down					
Opening balance					0,00
<b>Increasing</b>					0,00
<b>Total reduction of the initial value:</b>					0,00
- Utilisation					0,00
- Write down correction					0,00
Closing balance					0,00
Net Value					
<b>Opening Balance</b>			58 290,22		58 290,22
<b>Closing Balance</b>			71 133,19		71 133,19

YEAR END MAR 2015	R & D Expenses	Goodwill	Other Intangible Assets	Advances on Intangible Assets	Total
<b>Initial value at the beginning of the year</b>					
Initial value			116 191,58		116 191,58
<b>Total increase of the initial value:</b>					0,00
- Acquisition					0,00
- Others					0,00
- Transfers					0,00
<b>Total reduction of the initial value:</b>					0,00
- Disposal					0,00
- Liquidation					0,00
- Transfers					0,00
- Others					0,00
Closing Balance			116 191,58		116 191,58
<b>Depreciation at the beginning of the year</b>					
Opening balance			29 929,13		29 929,13
<b>Total increase of the initial value:</b>			20 167,24		20 167,24
- Period depreciation			20 167,24		20 167,24
- Others					0,00
- Transfers					0,00
<b>Total reduction of the initial value:</b>					0,00
- Disposal					0,00
- Liquidation					0,00
- Transfers					0,00
- Others					0,00
Closing Balance			50 096,37		50 096,37
<b>Write down</b>					
Opening balance					0,00
Increasing					0,00
<b>Total reduction of the initial value:</b>					0,00
- Utilisation					0,00
- Write down correction					0,00
Closing balance					0,00
Net Value					
<b>Opening Balance</b>			<b>86 262,45</b>		86 262,45
<b>Closing Balance</b>			<b>66 095,21</b>		66 095,21

## 7. TANGIBLE ASSETS

Year End Mar 2016	Land	Including: Perpetual usufruct	Buildings: premises and civil engineering	Machinery and equipment	Vehicles	Other fixed assets	Construction in Progress	Advances for fixed assets under construction	Total
<b>Initial Value at the beginning of the year</b>									
Initial Value	3 643 605,00		44642858,94	137346159,72	452547,42	10490466,71	0,05		196 575 637,84
<b>Total Increase of the initial value</b>	496 396,38		689712,40	5687583,01	94955,50	68012,82	5736828,38	1226373,75	13 999 862,24
- Acquisition	496 396,38		689712,40	5687583,01	94955,50	68012,82	5736828,38	1226373,75	13 999 862,24
- Others - Financial costs									0,00
- Transfers									0,00
Total reduction of the initial value					31 196,36	2094,00			33 290,36
- Disposal					31 196,36				31 196,36
- Liquidation						2094,00			2 094,00
- Transfers									0,00
- Others									0,00
Closing Balance	4 140 001,38		45332571,34	143033742,73	516306,56	10556385,53	5736828,43	1226373,75	210 542 209,72

Year End Mar 2016	Land	Including: Perpetual usufruct	Buildings: premises and civil engineering	Machinery and equipment	Vehicles	Other fixed assets	Construction in Progress	Advances for fixed assets under construction	Total
<b>Depreciation at the beginning of the year</b>									
Opening balance			3140103,97	18578614,08	119824,36	1946159,48			23784701,89
<b>Total increase of the initial value:</b>									
- Period depreciation			1511001,75	7299784,66	36562,77	509550,14			9 356 899,32
- Others									0,00
- Transfers									0,00
Total reduction of the initial value					31196,36	2094,00			33 290,36
- Disposal					31196,36				31 196,36
- Liquidation						2094,00			2 094,00
- Transfers									0,00
- Others									0,00
Closing balance			4651105,72	25878398,74	125190,77	2453615,62			33 108 310,85
<b>Write down</b>									
Opening balance									0,00
Increasing									0,00
Total reduction of the initial value:									0,00
- Utilisation									0,00
- Write down correction									0,00
Closing balance									0,00
<b>Net Value</b>									
Opening balance	3 643 605,00		41 502 754,97	118 767 545,64	332 723,06	8 544 307,23	0,05		172 790 935,95
Closing balance	4 140 001,38		40 681 465,62	117 155 343,99	391 115,79	8 102 769,91	5 736 828,43	1 226 373,75	177 433 898,87

Year End Mar 2015	Land	Including: Perpetual usufruct	Buildings: premises and civil engineering	Machinery and equipment	Vehicles	Other fixed assets	Construction in Progress	Advances for fixed assets under construction	Total
<b>Initial Value at the beginning of the year</b>									
Initial Value	3 643 605,00		37 108 991,94	134 583 490,75	437 489,42	10 313 246,43	0,05		186 086 823,59
- Acquisition			7 533 867,00	798 878,97	144 058,00	177 220,28			8 654 024,25
- Others				1 963 790,00					1 963 790,00
- Transfers									
Total reduction of the initial value					129 000,00				129 000,00
- Disposal					129 000,00				129 000,00
- Liquidation									
- Transfers									
- Others									
Closing Balance	3 643 605,00		44 642 858,94	137 346 159,72	452 547,42	10 490 466,71	0,05		196 575 637,84
<b>Depreciation at the beginning of the year</b>									
Opening balance			2 061 331,63	11 257 333,11	110 494,82	1 357 988,60			14 787 148,16
<b>Total increase of the initial value:</b>									
- Period depreciation			1 078 772,34	7 321 280,97	66 932,17	588 170,88			9 055 156,36
- Others									
- Transfers									
Total reduction of the initial value					57 602,63				57 602,63
- Disposal					57 602,63				57 602,63
- Liquidation									
- Transfers									
- Others									
Closing balance			3 140 103,97	18 578 614,08	119 824,36	1 946 159,48			23 784 701,89

Year End Mar 2015	Land	Including: Perpetual usufruct	Buildings: premises and civil engineering	Machinery and equipment	Vehicles	Other fixed assets	Construction in Progress	Advances for fixed assets under construction	Total
<b>Write down</b>									
Opening balance									
Increasing									
Total reduction of the initial value:									
- Utilisation									
- Write down correction									
Closing balance									
<b>Net Value</b>									
Opening balance	3 643 605,00		35 047 660,31	123 326 157,64	326 994,60	8 955 257,83	0,05		171 299 675,43
Closing balance	3 643 605,00		41 502 754,97	118 767 545,64	332 723,06	8 544 307,23	0,05		172 790 935,95

## 8. LONG-TERM INVESTMENTS

Not applicable for Flex Films Europa Sp. z o.o.

## 9. THE OWNERSHIP STRUCTURE AND FINANCING OF FIXED ASSETS

Year ended 31 March 2016 borrowing costs (including foreign exchange gains and losses) capitalized into assets under construction during the current financial year amounted to PLN 0,00 (PLN 0,00 in the previous year).

### The net value of fixed assets used under finance leases

The company has assets on the basis of a finance lease agreement, their net value as at 31 March 2016 is PLN 3 817 139,80.

### The value of land in perpetual usufruct

The Company does not have land in perpetual usufruct.

### Commitments to the state budget or municipalities in respect of the acquisition of ownership rights to buildings and constructions.

As at 31 March 2016, the Company has no commitments to the state budget or municipalities in respect of the acquisition of ownership rights to buildings and constructions.

Capital expenditure in the year ended 31 March 2016 amounted to PLN 13 999 862,24 (in the year ended 31 March 2015: PLN 8 525 024,25), including environmental protection in the amount of PLN 0 (in the year ended 31 March 2015: PLN 0).

Capital expenditure planned for the year 2016/2017 amounts to PLN 4 500 000 (including environmental protection in the amount of PLN 0).

## 10. WRITE-DOWNS OF INVENTORIES

Year End Mar 2016	Write-downs of inventories			
	Materials	Work in Progress	Finished Products	Goods
Initial Value	381581	0	0	0
Increase	346800	0	0	0
Utilisation	381581	0	0	0
Reversal	0	0	0	0
Closing Balance	346800	0	0	0

  

Year End Mar 2015	Write-downs of inventories			
	Materials	Work in Progress	Finished Products	Goods
Initial Value	0	0	0	0
Increase	381581	0	0	0
Utilisation	0	0	0	0
Reversal	0	0	0	0
Closing Balance	381581	0	0	0

**11. WRITE-DOWNS OF RECEIVABLES**

Year End Mar 2016	Debt write-off	
	Long-term	Short-term
Initial Value	0	0
Increase	0	394 832
Utilisation	0	0
Reversal	0	0
Closing Balance	0	394 832

  

Year End Mar 2015	Debt write-off	
	Long-term	Short-term
Initial Value	0	0
Increase	0	0
Utilisation	0	0
Reversal	0	0
Closing Balance	0	0

**12. SHORT-TERM INVESTMENTS**

Year End Mar 2016	Other Securities	Loans	Others	Total
<b>Initial Value at the beginning of the year</b>	0	0	231 146	231 146
- Gross value				
- Impairments				
<b>Total increase of the initial value:</b>	0	0	0	0
- Acquisition				
- Revaluation				
- Transfers				
- Others			0	
<b>Decrease due to:</b>	0	0	231 146	231 146
- Sales				
- Revaluation				
- Transfers				
- Others			231 146	231 146
<b>Closing balance</b>	0	0	0	0
- Gross value			0	
- Impairments				

  

Year End Mar 2015	Other Securities	Loans	Others	Total
<b>Initial Value at the beginning of the year</b>	0	0	0	0
- Gross value				
- Impairments				
<b>Total increase of the initial value:</b>	0	0	231 146	231 146
- Acquisition				
- Revaluation				
- Transfers				
- Others			231 146	231 146
<b>Decrease due to:</b>	0	0	0	0
- Sales				
- Revaluation				
- Transfers				
- Others				
<b>Closing balance</b>	0	0	231 146	231 146
- Gross value			231 146	231 146
- Impairments				



**13. PREPAYMENTS AND DEFERRED EXPENSES**

	<b>31 March 2016</b>	31 March 2015
Deferred tax assets	<b>9 500 000,00</b>	9 500 000,00
Long term prepaid expenses	<b>0,00</b>	0,00
Total long-term prepaid expenses	<b>9 500 000,00</b>	9 500 000,00
Short term prepayments:	<b>835 865,59</b>	787 375,20
- Provision of VAT liability	<b>403 756,00</b>	403 756,00
- Prepaid commission for the loan PKO BP	<b>0,00</b>	58 502,47
- Property tax	<b>154 737,75</b>	101 154,04
- All risk insurance	<b>96 991,74</b>	98 508,07
- Fair provision	<b>56 211,86</b>	25 176,62
- Personal insurance	<b>16 467,21</b>	18 323,63
- Subscription	<b>19 778,21</b>	19 032,15
- Transport insurance	<b>7 208,61</b>	10 202,54
- Others including car insurances	<b>80 714,21</b>	52 719,68
<b>Total short-term prepaid expenses</b>	<b>835 865,59</b>	787 375,20

**14. DATA ON THE OWNERSHIP STRUCTURE OF CAPITAL AND THE NUMBER AND NOMINAL VALUE OF SUBSCRIBED SHARES, INCLUDING PREFERRED STOCK.**

Company's share capital as at 31 March 2016 amounts to PLN 101 472 050,00. The share capital consists of 2 029 441 shares with a nominal value of PLN 50. Company Flex Middle East FZE based in Dubai has 2 029 440 shares with a nominal value of PLN 101 472 000,00 while Rashmi Chaturvedi holds a stake of PLN 50 as a nominee of Flex Middle East FZE.

**Company's share capital as at 31 March 2016**

Particulars	No of Shares	Value of Shares	As of	Changes during the year	Balance at the end of year
FME FZE	2029 440,00	101 472 000,00	31.03.2016	0	100%
Rashmi Chaturvedi	1,00	50,00	31.03.2016	0	0%
<b>Total</b>	<b>2029 441,00</b>	<b>101 472 050,00</b>		<b>0</b>	<b>100%</b>

**Company's share capital as at 31 March 2015**

Particulars	No of Shares	Value of Shares	As of	Changes during the year	Balance at the end of year
FME FZE	2 029 440,00	101 472 000,00	31.03.2016	0	100%
Rashmi Chaturvedi	1,00	50,00	31.03.2016	0	0%
<b>Total</b>	<b>2 029 441,00</b>	<b>101 472 050,00</b>		<b>0</b>	<b>100%</b>

**15. PROPOSALS FOR THE ALLOCATION OF PROFIT OR LOSS FOR THE PREVIOUS YEAR**

<b>Year end March 2015</b>	<b>Particulars</b>
Unsettled results from previous year (including the effects of correction of error or loss on the sale or redemption of shares / treasury shares)	
<b>Profit (Loss)</b>	25 177 777,54
<b>Accumulated profit 2013/2014</b>	25 797,50
Proposed source of loss coverage	0,00
a) Supplementary capital	25 203 575,04
b) A reserve	0,00
c) Share capital	0,00
d) Losses from previous years	0,00
Dividend	0,00
Accumulated loss	0,00

**16. APPROPRIATION OF PROFIT / ABSORPTION OF LOSS FOR THE CURRENT YEAR**

<b>Year end March 2016</b>	<b>Particulars</b>
Unsettled results from previous year (including the effects of correction of error or loss on the sale or redemption of shares / treasury shares)	
Profit (Loss)	36 492 003,87
<b>Proposed source of loss coverage</b>	
a) Surplus capital	36 492 003,87
b) A reserve	0,00
c) Share capital	0,00
d) Losses from previous years	0,00
Dividend	0,00
Accumulated loss	0,00

**17. CHANGE IN PROVISIONS**

<b>Year end March 2016</b>	<b>Provision for deferred income tax</b>	<b>Provisions for pensions and similar obligations</b>		<b>Other provisions</b>		<b>Total</b>
		<b>Long term</b>	<b>Short term</b>	<b>Long term</b>	<b>Short term</b>	
Initial value at the beginning of the year	0,00	0,00	0,00	0,00	4 679 604,87	4 679 604,87
Increasing	0,00	0,00	0,00	0,00	1 937 703,35	1 937 703,35
- Utilisation	0,00	0,00	0,00	0,00	0,00	0,00
Reversal	0,00	0,00	0,00	0,00	0,00	0,00
<b>Closing balance</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>6 617 308,22</b>	<b>6 617 308,22</b>

<b>Year end March 2015</b>	<b>Provision for deferred income tax</b>	<b>Provisions for pensions and similar obligations</b>		<b>Other provisions</b>		<b>Total</b>
		<b>Long term</b>	<b>Short term</b>	<b>Long term</b>	<b>Short term</b>	
Initial value at the beginning of the year	0,00	0,00	0,00	0,00	4 477 264,30	4 477 264,30
Increasing	0,00	0,00	0,00	0,00	202 340,57	202 340,57
- Utilisation	0,00	0,00	0,00	0,00	0,00	0,00
Reversal	0,00	0,00	0,00	0,00	0,00	0,00
<b>Closing balance</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>4 679 604,87</b>	<b>4 679 604,87</b>

Provision details:	6 617 308
Temporary workers	151 000
Sales commissions	4 431 190
Gas, electricity	956 407
Holiday provision	644 432
Transport costs	258 222
Import costs	34 457
Auditor remuneration	75 600
Insurance	66 000

**18. LONG-TERM LIABILITIES**

<b>31 March 2016</b>	<b>Long-term liabilities for the balance remaining maturity</b>				
	<b>Up to One Year</b>	<b>Over 1 to 3 years</b>	<b>Over 3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
To related	0,00	0,00	0,00	0,00	0,00
Long term liabilities	36 914 784,56	22 239 979,77	19 428 546,03	0,00	78 583 310,35
Loans & Advances	36 148 790,71	20 774 868,24	19 428 546,03	0,00	76 352 204,97
Arising from debt securities	0,00	-	-	-	0,00
Other financial liabilities	765 993,85	1465 111,53	-	-	2 231 105,38
- Other	0,00	-	-	-	0,00
<b>Total</b>	<b>36 914 784,56</b>	<b>22 239 979,77</b>	<b>19 428 546,03</b>	<b>0,00</b>	<b>78 583 310,35</b>

31 March 2015	Long-term liabilities for the balance remaining maturity				
	Up to One Year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
To related	000	0,00	0,00	0,00	0,00
Long term liabilities	48 425 439,54	34 037 839,22	25 318 598,41	0,00	107 781 877,18
Loans & Advances	47 816 299,54	31 901 211,47	25 318 598,41	0,00	105 036 109,43
Arising from debt securities	0,00	-	-	-	0,00
Other financial liabilities	609 140,00	2 136 627,75	-	-	2 745 767,75
- Other	0,00	-	-	-	0,00
<b>Total</b>	<b>48 425 439,54</b>	<b>34 037 839,22</b>	<b>25 318 598,41</b>	<b>0,00</b>	<b>107 781 877,18</b>

## 19. LIABILITIES IN RESPECT OF LOANS AND BORROWINGS, ISSUANCE OF SECURITIES AND OTHER FINANCIAL LIABILITIES

Short term	31 March 2016	31 March 2015
Obligations under finance leases	650 899,20	609 140,00
Secured bank loan	21 241 365,55	21 766 284,16
Bank overdraft	14 907 425,16	26 050 015,38
Other bank loan	-	-
Interest accrued	-	-
Other financial Liabilities	115 094,65	-
<b>Total Short term</b>	<b>36 914 784,56</b>	<b>48 425 439,54</b>
Long term	31 March 2016	31 March 2015
Obligations under finance leases	1 465 111,53	2 136 627,75
Secured bank loan	40 203 414,26	57 219 809,89
Bank overdraft	-	-
Other bank loan	-	-
Debentures	-	-
Other financial Liabilities	-	-
<b>Total Long term</b>	<b>41 668 525,79</b>	<b>59 356 437,64</b>

## 20. ACCRUALS

Not applicable for Flex Films Europa Sp. z o.o.

## 21. LIABILITIES SECURED BY THE ASSETS OF THE ENTITY

Year end March 2016

Type of Liability	The amount of the obligation at the balance sheet date	Type of secured assets	The carrying amount of secured assets
KFW Bank Loan	61 444 779,81	Fixed Assets	170 470 696,69
PKO Loan	14 907 425,16	Inventory, Receivables	112 292 710,25
<b>Total</b>	<b>76 352 204,97</b>		<b>282 763 406,94</b>

Year end March 2015

Type of Liability	The amount of the obligation at the balance sheet date	Type of secured assets	The carrying amount of secured assets
KFW Bank Loan	78 986 094,05	Fixed Assets	171 299 675,38
PKO Loan	26 050 015,38	Inventory, Receivables	109 623 099,25
<b>Total</b>	<b>105 036 109,43</b>		<b>280 922 774,63</b>

## 22. CONTINGENT LIABILITIES

Company at the balance sheet date and at the 31 March 2015 had no contingent liabilities.

**NOTES TO THE PROFIT AND LOSS**
**23. STRUCTURE OF THE MICE (ACTIVITIES) AND TERRITORIAL (DOMESTIC AND EXPORT) NET REVENUES FROM SALES OF GOODS AND MATERIALS**

	Year end March 2016	Year end March 2015
Net domestic sales	46 192 610,57	41 596 287,93
<b>Total Domestic Sales</b>	<b>46 192 610,57</b>	<b>41 596 287,93</b>
Net export sales	0,00	0,00
- EU Sales	264 464 044,89	249 268 548,82
- Other country sales	28 256 840,75	42 239 173,57
<b>Total Export Sales</b>	<b>292 720 885,64</b>	<b>291 507 722,39</b>
Total net sales	338 913 496,21	<b>333 104 010,32</b>

**24. SETTLEMENT OF THE MAIN ITEMS DIFFERING INCOME TAX BASIS OF THE FINANCIAL RESULT (PROFIT, LOSS) BEFORE TAX**

Income Tax 2016	Total	Trade
Gross Profit-Loss	36 492 003,87	64 876,19
<b>Revenues for the current year not included in taxable income:</b>	<b>4 679 604,87</b>	<b>0,00</b>
- Unrealized exchange rate incomes	0,00	0,00
- Other	4 679 604,87	0,00
<b>Tax revenues not included in the accounting:</b>	<b>0,00</b>	<b>0,00</b>
- Interests		0,00
- Other	0,00	0,00
<b>The costs for the current year not considered to be tax deductible</b>	<b>19 756 486,23</b>	<b>66 242,89</b>
- Unrealized exchange rate costs	934 266,99	10 317,88
- Balance depreciation	9 389 329,99	0,00
- Other	9 432 889,25	55 925,01
<b>Tax costs not included in the accounting</b>	<b>10 017 315,24</b>	<b>0,00</b>
- Tax depreciation	9 449 758,81	0,00
- Other	567 556,43	0,00
<b>Total taxable income:</b>	<b>41 551 569,99</b>	<b>131 119,08</b>
- 50% loss for 2013/2014	0,00	131 119,08
<b>Income tax at the rate of 19%</b>	<b>7 894 798,30</b>	<b>0,00</b>
<b>Change in tax provision</b>	<b>0,00</b>	<b>0,00</b>
<b>Income tax at the rate of 19% from Trade activity</b>	<b>0,00</b>	<b>0,00</b>
<b>Total income tax</b>	<b>0,00</b>	<b>0,00</b>
<b>Income tax exemption</b>	<b>7 894 798,30</b>	<b>0,00</b>
<b>Income exemption</b>	<b>41 420 450,91</b>	<b>0,00</b>

Regulations relating to Value Added Tax, income tax, income tax from individuals or social security contributions are subject to frequent changes, which often results in the lack of reference to established regulations or legal precedents. Existing regulations also contain uncertainties, which cause differences of opinion as to the interpretation of tax regulations between state authorities and between authorities and enterprises. Tax settlements and other (e.g. customs or foreign exchange ) can be inspected by authorities, which are authorized to impose severe fines, and as a result of additional amounts must be paid together with high interests. These facts cause that tax risks in Poland is higher than in other countries with developed tax systems. Tax settlements may be subject to inspection for a period of five years. As a result, the amounts disclosed in the financial statements may change at a later date after the final decision of the tax authorities.

The Company is entitled to the income tax exemption in respect of new investments in accordance of permit obtained in 2010 to conduct business in the area of Wałbrzyska Special Economic Zone. The subject of the exemption is the zone income (income derived from business carried on PSSE), in the framework of the authorization obtained.

The Company recognizes the tax relief resulting from operations in the Special Economic Zone (exemption from income tax) the amount of realizable aid is recognized as deferred tax. The maximum possible amount of the aid is based on the percentage of eligible investment as applicable to the region. Deferred income tax assets related to unused tax credits

are recognized to the extent it is probable that the profits will be taxable, which will permit their use. These assets shall be reassessed at each reporting date and reduced (if applicable) to the extent it is unlikely to realize the related income tax benefit.

In the opinion of the Management Board the current amount of Deferred Tax Asset amounting to 9 500 000 PLN is sufficient keeping in view the reasonably foreseen taxable profit in the coming years. Hence no further addition has been made on this account during the year.

## 25. OTHER OPERATING INCOME

	Year end March 2016	Year end March 2015
<b>Gain on sale of fixed assets</b>	-	0,00
Grants	-	0,00
<b>Other operating income</b>	27 863,75	41 169,44
- Other	27 863,75	41 169,44
<b>Total</b>	<b>27 863,75</b>	41 169,44

## 26. OTHER OPERATING EXPENSES

	Year end March 2016	Year end March 2015
<b>Loss on disposal of fixed assets</b>	60 465,65	51 564,63
Revaluation of non financial assets	741 632,45	381 580,62
- Write-downs inventory	346 800,44	381 580,62
- Write-downs debts	394 832,01	-
- Others	-	-
<b>Other Operating Cost</b>	873 069,86	231 344,63
- Provisions	-	-
- Donations	-	1 500,00
- Written-off receivables	12 551,70	-
- Dismantling provision	-	-
- The costs of litigation	398 318,65	218 810,28
- The cost of inventory liquidation	-	-
- Subsidy for development of municipal land	211 245,00	-
- Other	250 954,51	11 034,35
<b>Total</b>	<b>1 675 167,96</b>	664 489,88

## 27. FINANCE INCOME

	Year end March 2016	Year end March 2015
<b>The profit from the participation in other entities including:</b>	0,00	0,00
- Profit from the participation in affiliated companies	-	-
- Profits from the participation in other entities	-	-
<b>Interest including</b>	0,00	0,00
- Interest from related companies	-	-

	Year end March 2016	Year end March 2015
- Interest from other counter parties	-	-
- Interest on bonds	-	-
- Interest budget	-	-
- Interest banks	-	-
- Other interest	-	-
<b>Revenue from the sale of investments including:</b>	<b>0,00</b>	<b>0,00</b>
<b>Revaluation of investments including</b>	<b>0,00</b>	<b>0,00</b>
<b>Others including:</b>	<b>0,00</b>	<b>0,00</b>
- Foreign exchange differences	0,00	0,00
- Other financial income	-	-
<b>Total</b>	<b>0,00</b>	<b>0,00</b>

## 28. FINANCE COSTS

	Year end March 2016	Year end March 2015
<b>Interest including</b>	<b>2 642 353,00</b>	<b>4 354 780,00</b>
- Interest to related companies	-	-
- Interest for other contractors	58 390,01	61 225,54
- Interest budget	-	43 273,30
- Interest banks	2 234 009,63	3 502 017,29
- Other interest	349 953,36	748 263,87
<b>Loss on sale of investments including:</b>	<b>0,00</b>	<b>0,00</b>
<b>Revaluation of investments including</b>	<b>0,00</b>	<b>0,00</b>
- Shares acquired companies	-	-
- Purchases own shares	-	-
<b>Others Including:</b>	<b>3 490 091,40</b>	<b>15 470 118,95</b>
- Foreign exchange differences	3 490 091,40	15 470 118,95
<b>Total</b>	<b>6 132 444,40</b>	<b>19 824 898,95</b>

## 29. EXTRAORDINARY GAINS AND LOSSES

	Year end March 2016	Year end March 2015
<b>Extraordinary gains</b>	<b>0</b>	<b>208 973</b>
Random	0	208 973
Others	0	0
<b>Extraordinary losses</b>	<b>0</b>	<b>315 052</b>
Random	0	315 052
Others	0	0
<b>Net extraordinary items, including</b>	<b>0</b>	<b>-106 079</b>
Random	0	0
Others	0	0
<b>Income tax on the profit on extraordinary operations</b>	<b>0</b>	<b>0</b>

The Company incurred extraordinary loss due to fire in the boiler-house in 2015 year.

**NOTES TO THE CASH FLOW STATEMENTS**
**30. STRUCTURE OF CASH AND CASH EQUIVALENTS INCLUDED IN CASH FLOW STATEMENT**

	<b>Year end March 2016</b>	Year end March 2015
Cash in hand	1 387 671,27	7 562,90
Cash at bank	370 887,08	1 622 377,62
Other cash	-	-
Other - money in transit	1 363 538,03	-
Other cash equivalents of limited disposability	11 119 416,16	10 979 772,78
<b>Total cash and cash equivalents for the purposes of the cash flow statement</b>	<b>14 241 512,54</b>	<b>12 609 713,30</b>

**31. RECONCILIATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE CASH FLOW STATEMENT CHANGES IN SPECIFIC ITEMS**

<b>Receivables</b>	<b>Year end March 2016</b>	Year end March 2015
Balance sheet change in receivables and short-term net		
- Of Trade payable	-6 410 087	12 424 838
- Taxes, Duties, Insurance & Other benefits	96 271	-999 510
- Others	-307 038	105 836
- Others	299 976	-366 306
- Claimed in court	-18 552	
<b>Change in receivables in the statement of cash flows</b>	<b>-6 339 429</b>	<b>11 164 858</b>
<b>Liabilities</b>	<b>Year end March 2016</b>	Year end March 2015
Balance sheet change in receivables and short-term net	-58 825 021,88	12 013 237,03
Change in loans and advances	-29 198 566,83	-13 223 653,66
To related companies	-29 860 233,74	24 072 795,66
Trade payables	106 846,98	1 171 066,31
Taxes, Duties, Insurance & Other benefits	-136 509,46	355 402,04
For wages	42 864,56	133 120,02
- Other	126 236,00	-495 493,34
Unpaid investment liabilities	94 340,61	78 490,80
<b>Change in liabilities in the statement of cash flows</b>	<b>-29 626 455,05</b>	<b>25 315 381,49</b>
<b>Accruals</b>	<b>Year end March 2016</b>	Year end March 2015
Balance sheet change in accruals		
- Deferred tax	-	7 000 000
- Short term prepayments	48 490	-87 480
<b>Change in accruals in the statement of cash flows</b>	<b>48 490</b>	<b>6 912 520</b>

### 32. THE AVERAGE EMPLOYMENT IN THE FINANCIAL YEAR

	Women	Men	Total
Workers	17	121	138
White collar workers	23	27	50
<b>Average employment in the financial year</b>	<b>40</b>	<b>148</b>	<b>188</b>

#### AVERAGE EMPLOYMENT PREVIOUS FINANCIAL YEAR

	Women	Men	Total
Workers	14	117	131
White collar workers	20	26	46
<b>Average employment in the financial year</b>	<b>34</b>	<b>143</b>	<b>177</b>

### 33. REMUNERATION, INCLUDING PROFIT BASED BONUSES, PAID OR PAYABLE TO MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS (SEPARATELY FOR EACH GROUP)

Not applicable for Flex Films Europa Sp. z o.o.

### 34. ADDITIONAL EXPLANATIONS ABOUT:

- the nature and purpose of economic agreements concluded by the Company not included in the balance sheet as necessary to assess their impact on the financial position, financial entities and financial results

Not applicable for Flex Films Europa Sp. z o.o.

- the significant transactions (and their amounts) provided by an entity on other than market conditions with related parties, by which is meant entities affiliated with:

- a person who is a member of the management body, supervisory or administrative entity or an associate, or
- a person who is a spouse or a person who actually remaining in cohabitation, relatives by blood or marriage to the second degree, an adoptee or adoptive parents, a person with care or under guardianship with respect to any of the persons who are members of the managing authority, regulatory or administrative entity or of an associate, or
- any employee benefit program carries out the post-employment benefits for employees of the entity or another entity which is a related party in relation to this unit

- Together with information defining the nature of these transactions. Information about individual transactions may be grouped by type, except in the case where data on individual transactions are necessary for understanding their impact on the financial position, financial and profit entity,

Not applicable for Flex Films Europa Sp. z o.o. All transactions with related parties were made by the Company on market terms.

- loans and similar benefits provided to members of management and supervisory bodies of commercial companies (for each group), with an indication of the interest rate and repayment terms.

Not applicable for Flex Films Europa Sp. z o.o.

- presentation of changes made in accounting rules (policies), including valuation methods and changes in the method of preparation of the financial statement, if they have a material impact on the financial position and financial result, their causes and due to changes in the amount of profit or loss and changes in capital (fund):

The financial statement has been prepared for the period from 01.04.2015 to 31.03.2016.

In the reporting period, the Company did not change the rules (policies).

- numerical information to ensure the comparability of financial statements for the preceding year report for the year ended 31 March 2015

Data has been applied retrospectively.

- Information about joint ventures that are not consolidated, including:
  - the name and scope of the joint venture,
  - the percentage share,
  - part of the jointly controlled tangible fixed assets and intangible assets,



- d) liabilities incurred for the purpose of the project or the purchase of used tangible fixed assets,
- e) the liabilities incurred jointly,
- f) income received from joint ventures and costs associated with them,
- g) contingent liabilities and capital of the joint venture.

Not applicable for Flex Films Europa Sp. z o.o.

### 35. REMUNERATION OF AUDITOR OR AUDIT COMPANY

The following table shows the remuneration of the entity authorized to audit financial statements paid or payable for the year ended 31 March 2016 and 31 March 2015 by types of services

	Year end March 2016	Year end March 2015
Mandatory audit of the annual financial statements	35 000,00	35 000,00
Other certification services	10 000,00	12 607,27
Tax advisory	0,00	0,00
Other services	0,00	0,00
<b>Total</b>	<b>45 000,00</b>	<b>47 607,27</b>

- Concerns EARNST & YOUNG AUDYT POLSKA SP. ZO.O. SP. K.

### 36. THE RATES USED FOR THE VALUATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

**Unit valuation of balance sheet and profit and loss account adopted the following courses at 31.03.2016:**

EUR	4,2684
GBP	5,4078
USD	3,7590

**Unit valuation of balance sheet and profit and loss account adopted the following courses at 31.03.2015:**

EUR	4,0890
GBP	5,6295
USD	3,8125

### 37. INFORMATION ABOUT TRANSACTIONS WITH RELATED PARTIES

Terms of the transaction by the Company with related parties of the year ended 31 March 2016 and 31 March 2015 was not different from market conditions.

Year End March 2016

Company	Purchase	Sales	Interests costs	Interest Income	Received Dividends and profit sharing
Parent company:	61 451 560,85	0,00	0,00	0,00	0,00
Flex Middle East FZE	61 451 560,85	-	-	-	-
Subsidiaries:	0,00	0,00	0,00	0,00	0,00
-	-	-	-	-	-
Associated:	0,00	0,00	0,00	0,00	0,00
-	-	-	-	-	-
Other related parties:	49 966 689,62	613302,23	0,00	0,00	0,00
Uflex Limited	12 154 684,72	-	-	-	-
Uflex Limited Engineering	-	-	-	-	-
Flex America Inc.	-	-	-	-	-
Flex Americas SA DE CV	10 793 765,04	613302,23	-	-	-
Flex P. Films (Egypt) S.A.E.	27 018 239,86	-	-	-	-
<b>Total</b>	<b>111 418 250,47</b>	<b>613302,23</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>

Year End March 2015

<b>Company</b>	<b>Purchase</b>	<b>Sales</b>	<b>Interests costs</b>	<b>Interest Income</b>	<b>Received Dividends and profit sharing</b>
Parent company:	100 075 542,64	29 512,69	0,00	0,00	0,00
Flex Middle East FZE	100 075 542,64	29 512,69	-	-	-
Subsidiaries:	0,00	0,00	0,00	0,00	0,00
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Associated:	0,00	0,00	0,00	0,00	0,00
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Other related parties:	21 506 779,72	3 122 120,27	0,00	0,00	0,00
Uflex Limited	12 248 963,01	284 261,41	-	-	-
Flex America Inc.	0,00	0,00	-	-	-
Flex Americas SA DE CV	1 605 606,06	2 837 858,86	-	-	-
Flex P. Films (Egypt) S.A.E.	7 652 210,66	0,00	-	-	-
<b>Total</b>	<b>121 582 322,36</b>	<b>3 151 632,96</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>

Year End March 2016

<b>Company</b>	<b>Receivable for goods works and services</b>	<b>Liabilities for supplies works and services</b>	<b>Loans given</b>	<b>Loans received</b>	<b>Advances against supplies</b>	<b>Other liabilities</b>
Parent company:	0,00	11 131 046,48	0,00	0,00	0,00	0,00
Flex Middle East FZE	-	11 131 046,48	-	-	-	-
Subsidiaries:	0,00	0 00	0,00	0,00	0,00	0,00
-	-	-	-	-	-	-
Associated:	0,00	0 00	0,00	0,00	0,00	0,00
-	-	-	-	-	-	-
Other related parties:	340 642,69	7 613 978,02	-	-	2 564 849,94	0,00
UFLEX Limited	-	2 231 480,83	-	-	1 338 476,19	0,00
UFLEX Limited Engineering	-	-	-	-	1 226 373,75	-
Flex America Inc.	-	-	-	-	-	-
Flex Americas SA DE CV	340 642,69	-	-	-	-	-
Flex P. Films (Egypt) S.A.E.	-	5 382 497,19	-	-	-	-
<b>Total</b>	<b>340 642,69</b>	<b>18 745 024,50</b>	<b>0,00</b>	<b>0,00</b>	<b>2 564 849,94</b>	<b>0,00</b>

Year End March 2015

<b>Company</b>	<b>Receivable for goods works and services</b>	<b>Liabilities for supplies works and services</b>	<b>Loans given</b>	<b>Loans received</b>	<b>Advances against supplies</b>	<b>Other liabilities</b>
Parent company:	29 228,91	41 716 264,01	0,00	0,00	0,00	0,00
Flex Middle East FZE	29 228,91	41 716 264,01	0,00	0,00	0,00	0,00
Subsidiaries:	0,00	0,00	0,00	0,00	0,00	0,00
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Company	Receivable for goods works and services	Liabilities for supplies works and services	Loans given	Loans received	Advances against supplies	Other liabilities
-	-	-	-	-	-	-
Associated:	0,00	0,00	0,00	0,00	0,00	0,00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
Other related parties:	11 437,50	6 888 994,24	0,00	0,00	6 254 892,78	0,00
UFLEX Limited	-	4 006 232,19	0,00	0,00	6 254 892,78	0,00
UFLEX Limited Engineering						
Flex America INC	0,00	0,00	0,00	0,00	0,00	0,00
Flex Americas SA DE CV	11 437,50	475 824,25	0,00	0,00	0,00	0,00
Flex P. Films (Egypt) S.A.E.	0,00	2 406 937,80	0,00	0,00	0,00	0,00
<b>Total</b>	<b>40 666,41</b>	<b>48 605 258,24</b>	<b>0,00</b>	<b>0,00</b>	<b>6 254 892,78</b>	<b>0,00</b>

- A list of companies (name, address) in which the entity has at least 20% of the shares or the total number of votes in the company; list should also include information on the percentage of shares and the degree of participation in management and the net profit or loss these companies for the last financial year:

At the balance sheet date, the Company did not hold any shares.

- Information about the name and registered office of the entity preparing the consolidated financial statements at the top level group, which includes the company as a subsidiary:

Flex Films Europe Limited Liability Company prepares separate financial statements, which is consolidated by a company Uflex Limited in India.

- Information about the name and registered office of the entity preparing the consolidated financial statements at the lowest level group, which includes the company as a subsidiary, while belonging to the group referred to in point a:

Consolidated financial statement at the lowest level group, which includes the Flex Films Europa Limited liability company as a subsidiary, draw Flex Middle East based in Dubai.

- For financial statement for the period during which there was a business combination, if the connection has been cleared using the purchase method:

- name (company) and a description of the objects of the company acquired,
- the number, nominal value and type of shares (stocks) issued in the merger,
- the acquisition price, net asset value at fair value of the acquired company at the date of merger, the goodwill or negative goodwill, and a description of its depreciation,

Not applicable for Flex Films Europa Sp. z o.o.

- For financial statement for the period during which there was a business combination, if the connection has been cleared by the pooling of interests:

- name (company) and a description of the objects of the companies that the merger has been removed from the register,
- the number, nominal value and type of shares (stocks) issued in the merger,
- income and expenses, gains and losses and changes in equity of the merged companies for the period from the beginning of the year during which there was a connection until the connection;

Not applicable for Flex Films Europa Sp. z o.o.

### 38. OFF BALANCE SHEET COMMITMENTS

As at 31 March 2016 and 31 March 2015, the Company had no significant off-balance sheet commitments.

### 39. INFORMATION ON REVENUES, COSTS AND RESULTS OF DISCONTINUED OPERATIONS IN THE FINANCIAL YEAR OR TO BE DISCONTINUED IN THE NEXT YEAR

The Company did not discontinue any activities during the financial year and there are no plans to discontinue any activity in the next year.

### 40. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to market risk, including primarily the risk of changes in interest rates and exchange rates:

- Foreign currency risk

The Company is exposed to foreign currency risk while making transactions. The majority of Company's sales are denominated in currencies other than the reporting currency of the operating unit making the sale, like most of the costs incurred in a currency other than the reporting currency.

The Company has written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy, and has developed processes to monitor and control hedging transactions in a timely and accurate manner. Such written policies are reviewed annually by the Management Board, and quarterly reviews are undertaken to ensure that the Company's policies and guidelines are adhered to.

The company uses mainly foreign currency forwards in order to hedge against risk of changing interest rates and currency exchange rates. As at 31 March 2016 the Company had following contracts.

Company	Transaction Number	Date of conclusion	Echrate	EUR value	Year end value	Difference
FX Forward	KFX3545407	31/05/2016	4,4015	514 961,49	2 198 061,62	-68 541,37
FX Forward	KFX3519945	10/05/2016	4,3605	252 709,23	1 078 664,08	-23 274,52
FX Forward	KFX3519937	02/05/2016	4,3605	252 755,26	1 078 860,55	-23 278,76
Total				1 020 425,98	4 355 586,25	-115 094,65

If derivative meets hedging instrument criteria, changes in its fair value (depending on hedge type) are included in profit & loss statement up to date where they compensate included change in fair value of hedged assets, liabilities or probable future liabilities. They may also be included as a separate part of equity till the hedged position is not included in ledgers. Change in fair value of an ineffective part of hedging derivative is immediately included in profit & loss statement.

- Credit risk

Credit risk arising from the inability of counter-party to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the counter-party's obligations exceed the obligations of the Company.

The company generates surpluses that enable timely repayment of its contractual obligations.

Prepared by: .....

Września, 28th April 2016

Hanna Tomaszewska-Figurny

**BOARD OF DIRECTORS:**

1. Ashok Kumar Chaturvedi – Chairman of the Board
2. Anantshree Chaturvedi – Vice Chairman of the Board
3. Stanisław Wszelaki – Member of the Board
4. Pramod Laxmikantrao Sirsamkar – Member of the Board
5. Pradeep Tyle – Member of the Board
6. Ravinder Kumar Jain – Member of the Board
7. Parvesh Chander Anand – Member of the Board

Września, 28th April 2016

**REPORT OF MANAGEMENT BOARD OF FLEX FILMS EUROPA SP. Z O. O. FOR THE YEAR 2015-16****1. Introduction:**

Flex Films Europa Sp. z o. o. is located at Gen. Wł. Sikorskiego 48 Street, Wrzesnia, Poland, since 2011.

The major product produced by the Company is plastic packaging films under the Statistics number PKD 2222Z.

The company is registered with Sąd Rejonowy Poznań-Nowe Miasto i Wilda in Poznan, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego at serial Number 0000376525

**Management Board of Flex Films Europa Sp. z o. o.**

Stanisław Wszelaki	Member of the Board
Ashok Kumar Chaturvedi	Chairman of the Board
Anantshree Chaturvedi	Vice Chairman of the Board
Pramod Laxmikantrao Sirsamkar	Member of the Board
Pradeep Tyle	Member of the Board
Ravinder Kumar Jain	Member of the Board
Parvesh Chander Anand	Member of the Board

The capital of the Company as on 31.03.2016 amounts to 101.472.050,00 PLN.

It consists of 2.020.441 shares of 50 PLN. Each. Flex Middle East FZE, Dubai has 2.029.440 shares of the nominal value 101.472.000,00 PLN. and Mrs Rashmi Chaturvedi has one share of 50 PLN as a nominee of Flex Middle East FZE, Dubai.

Company's owned capital as on 31.03.2016 amounts to 177 929 327,52 PLN. which is spread in the following manner:

Basic Capital	101 472 050,00 PLN
Reserve capital	39 965 273,65 PLN
Financial result for the year 2015-16	36 492 003,87 PLN

**1.1 Product**

The Company's main activity is production of plastic packaging films.

**1.2 General Review**

Flex Films Europa Sp. z o.o. had entered into the National Court Register under number 0000376525 by the district Court of Poznan-Nowe Miasto and Wilda in Poznan, 8th Economic Division of the National Court Register. The Company is controlled by Flex Middle East FZE-Dubai, a leading company in the business of high quality plastic packaging films in the world. The company successfully set up a Bi-axially Oriented Polyester (BOPET) film line along with Metallization facilities, with a total capacity to produce 30,000 TPA Bare/Metalized films in Wrzesnia, Poland.

The Company started the production in July 2012 and currently runs close to its full capacity.

The plant was re-assessed for ISO 9001, ISO 14001, ISO 22000 and FDA which were cleared for certification for the next term.

The Products of the company have been widely accepted in EU including Polish Market.

## 2. Organization Structure

### 2.1 Management Board

The Management Board is an executive body managing the affairs of company and representing it in all actions before court and out of court. The Management Board is composed of seven members. The competences of the Management Board include all matters connected with the management of the affairs of company, where such matters are not explicitly reserved for other governing bodies by applicable laws or provisions of the Articles of Association. The Management Board operates in accordance with applicable laws and regulations, including in particular the provisions of the Commercial Companies Code, as well as the provisions of the Company's Articles of Association and the Rules of Procedure for the Management Board.

#### **During the year the Company was managed by Management Board consisting of:**

Stanisław Wszelaki	Member of the Board
Ashok Kumar Chaturvedi	Chairman of the Board
Anantshree Chaturvedi	Vice Chairman of the Board
Pramod Laxmikantrao Sirsamkar	Member of the Board
Pradeep Tyle	Member of the Board
Ravinder Kumar Jain	Member of the Board
Parvesh Chander Anand	Member of the Board

### 2.2 Place of Business

The company has one place of business:

**Gen. Wł. Sikorskiego 48, Wrzesnia, Poland**

### 2.3 Organization of the Company

The Members of the Board represent the company outside as well as manage the affairs of the company with the support of four main departments i.e. Technical, Marketing, Commercial and Human Resource. The Technical Department is responsible for production of the products as per the required standards; Marketing department is responsible for promoting the products manufactured by the Company into the various business territories and ensure that the plant gets sufficient orders to run on its full capacity; Commercial department is responsible for procuring the materials required at the optimum price and of quality required for manufacturing of goods and also to negotiate the various commercial and other terms with various vendors / service providers. It also includes within it the finance and accounting function which ensures that funds are available when required and also all the transaction entered into by the Company is properly entered in the books of account maintained as per the applicable law & standards; Human Resource department is responsible for developing atmosphere wherein all the employees work together and there should not be any exploitation / harassment of any one of them. Also they are responsible for sourcing the required manpower with skills as demanded by the job responsibilities and of general administration.

## 3. Financial Review

### 3.1 Financial Result

The Company ended the year 2015-16 with a net profit amounting to 36.492 million PLN as compared to a profit of 25.177 million PLN in the year 2014-15.

### 3.2 Forecast and Financial Situation

With the overall concentration on development of new markets and also development of new value added products which enables to earn additional contribution margins, company is hopeful to close the next financial results better than the financial year ended 31.03.2016.

### 3.3 Risk factors related to the environment in which the Company operates

#### 3.3.1 Risk associated with the economic situation in Poland

The Company's products are well accepted in EU, Russia and CIS countries. It sells more than 85% of the production outside Poland. The Company has wide spread customer base. The Directors do not foresee any significant impact on the turnover of the company due to any unforeseen risk associated with the economy of Poland or any other country. However the Management Board regularly monitors the economic situation in EU to adapt the strategy to the changes in the economic situation.

#### 3.3.2 Risk associated with economic policy in Poland

Though the company is not exposed to any major risk associated with the changes in economic policy in Poland which includes Government Policy Decision taken by the Polish National Bank and the Monetary Policy Council, the Management Board regularly monitors the changes for timely adaption in the Company's strategy.

#### 3.3.3 Risk of changes in laws or their interpretation

As the company is exporting majority of its production, it does not envisage any major changes in the relevant laws or their interpretation which may impact its business activities. However, to avoid any unforeseen risk on this account the Management Board regularly monitors changes of key legislation in an effort to adapt company's business policies.

#### 3.3.4 Risk of adverse changes in tax laws

As the Company carries its business activities from SEZ, it is exempted from paying income tax on its income until 2026 subject to maximum exemption of 40% of the investment made in the project. The Management Board regularly monitors the compliances with the terms and conditions to continue to avail of the tax exemption. The Management Board does not envisage any major risk on account of any adverse changes in the Income-Tax Laws in the near future because of the exemption from the Income Tax.

As the company is importing some raw material from outside EU, its profitability may be impacted by any change in import duty rates/rules. The Management Board regularly monitor the laws and tariff relating to import duty to adapt the company's procurement policy. Besides this, the Management Board does not envisage any major impact on the company's activities due to any adverse change in tax laws.

#### 3.3.5 Foreign Exchange Risk

The company exports its product to EU, Russia and CIS countries. The sale of the products to most of the European Customers is in Euro except a few customers in the UK to whom sale is made in GBP. The sale in Russian and CIS countries are made both in Euro and USD. In terms of Sales, the exposure in currencies other than Euro is not significant.

The major purchases are also made in Euro. In terms of Purchases, the company keep its most of the exposure in currencies other than in Euro hedged through forward foreign exchange contracts or corresponding exposure in the same currency towards its receivable.

Management Board periodically reviews the entire foreign exchange risk.



### **3.3.6 The risk of occurrence of unanticipated events**

Any unexpected event such as war, terrorist attacks or extraordinary forces of nature may lead to adverse changes in the economic situation which may adversely affect the operations of the company. However the company has taken insurance covers to minimize the impact of such unanticipated events.

## **3.4 Risk factors associated with the Company**

### **3.4.1 Risk related to competition**

The Company's operates in a competitive market which may have impact on prices in future and on the profitability of the Company. The Company does not have any direct control on the decisions of its competitors but has edge over them in terms of providing services and quality products to the customers due to its geographical situation and the most modern production facilities.

### **3.4.2 Risk associated with the strategic objectives**

The company is part of Uflex Group, an established global player, engaged in this business for more than two decades, having state of the art and world class facilities at strategic locations. It has been following up the strategy to set up the facilities near to the customers to supply the best quality materials at very competitive prices. The Management Board does not foresee any major hurdle in achieving strategic objectives in terms of market share, turnover and profitability in the near future.

### **3.4.3 Risk of changes in market trends**

The financial results of the company are to some extent dependent on its ability to respond quickly and effectively to changing customer preferences in terms of the products offered. The Management Board constantly watches market trends and customer preferences to adapt to the changes.

### **3.4.4 Risk associated with the seasonality of sales**

The company produces products which are not related to any season and therefore the Company is not exposed to any seasonality risk.

### **3.4.5 Risk associated with non-recoverable receivables from customers**

In order to minimize the risk associated with non-recoverable receivables the company has following policy:

- a. Assess customers' creditworthiness before sanctioning any credit limit and have periodical check on the financial health of the customers.
- b. Take Credit Insurance Cover from reputed Insurance Company whenever it is felt necessary.
- c. Regularly monitor the receivables for timely realization of funds

### **3.4.6 Risk of accidents at work**

The Company's activities are not subject to any major risk of accidents at work. However, the Company regularly organizes health and safety training which includes a test to verify the knowledge acquired by the employees to safeguard them against any accident. The Company follows all applicable health and safety rules as prescribed in the company's manual on health and safety.

### **3.4.7 Risk of losing the trust of customers of the Company**

The Management Board realizes that in any business there is a risk of loss of confidence of the customers, which may be caused due to delay in execution of orders and poor quality of products. Minimizing the risk on this account is the priority of the company. The Company pays special attention on the quality of the products, their

timely availability and on the customer service. The company adopts efficient, effective and proper production planning and monitors Quality Standards in accordance of its Quality Control manual.

#### **3.4.8 Risk related to dependence on key suppliers**

The Company has minimal risk on this account because it is not dependent on a single supplier to procure raw materials and other inputs. In order to ensure continuity in the production and sale, the company maintain adequate inventory in its warehouse and procures raw material from several sources. It leads to more flexibility in the supply and price competitiveness as well.

#### **3.4.9 Risk associated with dependence on major customers**

The Company has wide spread customer base and is not dependent on limited number of customers. Hence the company is not exposed to any major risk on this account.

#### **3.4.10 Risk of over-indebtedness**

The Company follows sound financial management principles to keep its borrowings from banks and financial institutions within permissible limits. The Company has adequate equity base to justify its current borrowings and is currently generating sufficient cash profit to meet its all financial obligations.

#### **3.4.11 Risk related to human resources**

The Management Board realizes the significance of role of each department in the growth of the Company and in meeting its goals. The Company follows sound HR Policies and Procedures in selection of experienced and efficient employees and in reviewing their performance. It follows proactive policies to give proper incentive and remuneration to the employees to motivate and retain them in the company.

#### **3.4.12 Risk associated with other factors**

The company stores its finished products and raw material in proper warehouses and silos. The area in which the Company conducts its activity is monitored by a Security Agency and CCTV Cameras. The Company is adequately safeguarded against the risk of any mishap or theft. In addition to this the company has adequate Insurance Policies to cover the risk on account of force majeure, theft and fire.

### **3.5 Research and development**

In Financial year 2015-16 the Company did not realize research and development works.

**Board of Directors:**

1. Ashok Kumar Chaturvedi – Chairman of the Board
2. Anantshree Chaturvedi – Vice Chairman of the Board
3. Stanisław Wszelaki – Member of the Board
4. Pramod Laxmikantrao Sirsamkar – Member of the Board
5. Pradeep Tyle – Member of the Board
6. Ravinder Kumar Jain – Member of the Board
7. Parvesh Chander Anand – Member of the Board

Września, 28 April 2016



**FLEX FILMS EUROPA SP. Z O.O., POLAND**  
*Wholly Owned Subsidiary Company of Flex Middle East FZE*