



# **FLEX AMERICAS SA DE CV, MEXICO**

*Wholly Owned Subsidiary Company of  
UPET (Singapore) Pte. Ltd.*



**FINANCIAL STATEMENTS  
2014 - 2015**



FLEX AMERICAS SA DE CV

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## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
FLEX AMERICAS SA DE CV

We have audited the accompanying balance sheet of FLEX AMERICAS SA DE CV as of March 31, 2015 and 2014, and the related statements of income and changes in shareholders' equity for the years then ended, and cash flows and changes in financial position statements for the years ended as of March 31, 2015 and 2014, respectively. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Mexican generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared according to Mexican financial reporting standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FLEX AMERICAS SA DE CV. as of March 31, 2015 and 2014, and the results of their operations and changes in their shareholders' equity for the years then ended, and cash flows and the changes in their financial position for the years ended as of March 31, 2015 and 2014, respectively, in accordance with Mexican financial reporting standards.

TAMPICO, TAMAULIPAS  
A 27 DE ABRIL DE 2015

CPA. VICTOR MANUEL GUTIERREZ SALDIVAR  
VICTOR M. GUTIERREZ SALDIVAR Y ASOCIADOS

**BALANCE SHEET AS AT 31 MARCH 2015**

(Amount in MXP)

	Notes	As At 31st March 2015	As At 31st March 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant & equipment	4	<b>919,979,478.28</b>	956,107,036.43
		<b>919,979,478.28</b>	956,107,036.43
<b>Current assets</b>			
Inventories	5	<b>91,850,599.55</b>	104,667,795.79
Trade & other receivables	6	<b>427,106,608.78</b>	443,053,211.17
Prepayments		-	-
Cash & bank balances	7	<b>33,211,089.38</b>	4,397,893.42
Total current assets		<b>552,168,297.71</b>	552,118,900.38
Total assets		<b>1,472,147,775.99</b>	1,508,225,936.81
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve</b>			
Shareholder's funds			
Share capital	8	<b>419,201,000.00</b>	419,201,000.00
Share application money		<b>15,487.31</b>	15,487.31
Retained earnings		<b>147,809,991.00</b>	89,143,133.86
Legal & Other Reserve		<b>40,574,668.00</b>	34,056,128.00
Total shareholder's funds		<b>607,601,146.31</b>	542,415,749.17
<b>Non current liabilities</b>	9	<b>305,862,732.28</b>	397,873,032.39
<b>Current liabilities</b>			
Trade & other payables	10	<b>533,649,920.10</b>	572,218,149.25
Accounts payable-capital expenditure	11	<b>1,378,371.30</b>	-
Total current liabilities		<b>535,028,291.40</b>	572,218,149.25
Deferred Tax Liability (Net)		<b>23,655,606.00</b>	(4,280,994.00)
Total equity and liabilities		<b>1,472,147,775.99</b>	1,508,225,936.81

**The accompanying notes 1 to 27 form an integral part of these financial statements.**

**Approved by the Shareholder Company on 27th April 2015 and signed on its behalf by:**

**Pradeep Tyle**  
Director

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

(Amount in MXP)

	Notes	For The Year Ended 31st March 2015	For the Year Ended 31st March 2014
<b>A. Revenue</b>			
Sales	12(a)	<b>1,416,882,686.46</b>	1,248,022,959.58
Other Operating Income	12(b)	<b>73,635,313.33</b>	1,553,913.51
Increase / (Decrease) in Stock of Finished Goods / Wrok in Progress	13	<b>(18,488,253.79)</b>	(6,586,307.65)
<b>Total (A)</b>		<b>1,472,029,746.00</b>	1,242,990,565.44
<b>B. Expenditure</b>			
Cost of materials	14	<b>826,435,095.51</b>	807,887,534.35
Other manufacturing expenses	15	<b>179,473,442.22</b>	178,202,081.73
Payments & benefits to employees		<b>72,167,778.21</b>	66,173,592.56
Administrative & selling expenses	16	<b>269,563,213.38</b>	268,333,972.22
Finance cost	17	<b>31,268,219.54</b>	33,431,976.65
<b>Total (B)</b>		<b>1,378,907,748.86</b>	1,354,029,157.51
Net (Loss) / Profit for the year before Taxation (A-B)		<b>93,121,997.14</b>	(111,038,592.07)
Add/ (Less): Provision for Taxation:			
- Current Income Tax		-	-
- Excess Provision of Income Tax for earlier years Written Back		-	-
- Deferred Income Asset / (Liability)		<b>(27,936,600.00)</b>	34,197,849.43
Profit / (Loss) after Tax		<b>65,185,397.14</b>	(76,840,742.64)

The accompanying notes 1 to 27 form an integral part of these financial statements.

Approved by the Shareholder Company on 27th April 2015 and signed on its behalf by:

**Pradeep Tyle**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(Amount in MXP)

	Notes	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
<b>A</b>			
Cash flows from operating activities			
Net profit for the year		<b>65,185,397.14</b>	(76,840,742.64)
Adjustments for:			
Depreciation	<b>53,986,923.19</b>		52,691,782.60
Exchange Rate Fluctuation	<b>28,129,385.49</b>		54,117,783.44
Finance cost	<b>31,268,219.54</b>		33,431,976.65
Deferred Tax Asset / Liability	<b>27,936,600.00</b>		(34,197,849.43)
Interest Received From Banks	<b>(674,021.26)</b>	<b>140,647,106.96</b>	(141,376.22)
Operating profit before working capital changes		<b>205,832,504.10</b>	29,061,574.40
(Increase)/Decrease in inventories	<b>12,817,196.24</b>		16,937,812.47
(Increase)/Decrease in trade & other receivables	<b>15,946,602.39</b>		23,138,285.76
Increase/(Decrease) in trade and other payables	<b>(38,568,229.15)</b>		47,102,650.39
Increase/(Decrease) in capital creditors	<b>1,378,371.30</b>	<b>(8,426,059.22)</b>	-
Cash generated from/ (used in) operations		<b>197,406,444.88</b>	116,240,323.02
Exchange Rate Fluctuation	<b>(28,129,385.49)</b>	<b>(28,129,385.49)</b>	(54,117,783.44)
Net Cash from operating activities		<b>169,277,059.39</b>	62,122,539.58
<b>B.</b>			
Cash flows from investing activities			
Payments for purchase of fixed assets	<b>(17,859,365.04)</b>		(1,825,868.40)
Interest Received From Banks	<b>674,021.26</b>		141,376.22
Net Cash used in Investing Activities (B)		<b>(17,185,343.78)</b>	(1,684,492.18)
<b>C.</b>			
Cash flows from financing activities			
Share capital & application money introduced		-	-
Proceeds from term loan	<b>(92,010,300.11)</b>		(77,310,575.17)
Finance cost paid	<b>(31,268,219.54)</b>		(33,431,976.65)
Net cash from/ (used in) financing activities		<b>(123,278,519.65)</b>	(110,742,551.82)
Net increase/(decrease) in cash and cash equivalents		<b>28,813,195.96</b>	(50,304,504.42)
Cash and cash equivalents at beginning of year		<b>4,397,893.42</b>	54,702,397.84
Cash and cash equivalents at end of year	18	<b>33,211,089.38</b>	4,397,893.42

The accompanying notes 1 to 27 form an integral part of these financial statements.

Approved by the Shareholder Company on 27th April 2015 and signed on its behalf by:

**Pradeep Tyle**  
Director

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015**

(Amount in MXP)

	Share capital	Application money	Retained earnings	Legal Reserve	General Reserve	Total
As at 31 March 2013	419,201,000.00	15,487.31	165,983,876.50	17,028,064.00	17,028,064.00	619,256,491.81
Proposed dividend	-	-	-	-	-	-
Addition During the Year	-	-	-	-	-	-
Net profit / (Loss) for the year	-	-	(76,840,742.64)	-	-	(76,840,742.64)
Less: Amount transferred to	-	-	-	-	-	-
Legal Reserve	-	-	-	-	-	-
General Reserve	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
<b>As at 31 March 2014</b>	<b>419,201,000.00</b>	<b>15,487.31</b>	<b>89,143,133.86</b>	<b>17,028,064.00</b>	<b>17,028,064.00</b>	<b>542,415,749.17</b>
Net Profit / (Loss) for the Year	-	-	65,185,397.14	-	-	65,185,397.14
Less: Amount transferred to	-	-	-	-	-	-
Legal Reserve	-	-	(3,259,270.00)	3,259,270.00	-	-
General Reserve	-	-	(3,259,270.00)	-	3,259,270.00	-
Proposed dividend	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
<b>As at 31 March 2015</b>	<b>419,201,000.00</b>	<b>15,487.31</b>	<b>147,809,991.00</b>	<b>20,287,334.00</b>	<b>20,287,334.00</b>	<b>607,601,146.31</b>

The accompanying notes 1 to 27 form an integral part of these financial statements.

Approved by the Shareholder Company on 27th April 2015 and signed on its behalf by:

**Pradeep Tyle**  
Director

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****1. THE COMPANY'S BACKGROUND AND THE ITS ACTIVITIES**

Flex Americas SA de CV is a Variable Capital Mexican Company incorporated under the provisions of Mexican Law and regulation there under.

The Company was incorporated on 12<sup>th</sup> November 2007.

The Company domicile is in Altamira Tamaulipas establishing branches or agencies in any place in Mexico or abroad.

The Company is engaged in the manufacturing of extrusion-printed films or polyethene polypropylene polyester and vinyl poly-chloride blowing coated or uncoated materialized or un-materialized or in any other manner and also the import export distribution purchase and sale of any kind of films and plastic artifacts and its application.

The term of the Company is of 99 years.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****2.1. Statement of compliance**

These financial statements have been prepared in accordance with the Mexican Accounting Standards and relevant Mexican Law and regulations.

**2.2. Basis of measurement**

The financial statements are prepared on the historical cost convention.

**2.3. Use of estimates an judgments**

The preparation of the financial statements in conformity with Mexican Accounting Standards requires management to make judgments estimates and assumptions that affect the application of policies and reported amount of assets and liabilities income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making judgments about the carrying values of assets and liabilities that are making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on a going basis.
- Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently by the company to all periods presented in these financial statements.

**3.1. Foreign currency translations**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to USD at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation s are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

**3.2. Property plant equipment and depreciation****Recognition and measurement**

Property and equipment are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment. Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****3.3. Trade and other Receivables**

Trade receivables are recognized and carried at original invoice amount less and allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other receivables are stated at cost less impairment losses.

**3.4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand bank current accounts and call deposits. Bank overdrafts that are repayable on demand and from an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows

Cash Flow statement is being prepared using the indirect method.

**3.5. Inventory**

Inventories are stated lower of cost and net realizable value. Cost are expenses incurred in bringing each product to its present location and condition as follows:

- Raw Materials and Consumable are stated at cost including direct expenses using first in first out method.
- Finished Goods/work in progress is valued at cost of direct materials and labor plus attributable overheads based on normal level of activities.
- Net realizable value is based on estimated selling price less any further costs expected to be incurred on competition and disposal.

**3.6. Impairment****A Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of and available-for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cumulative loss in respect of and available-for-sale financial asset recognized previously in equity is transferred income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial that are debt securities the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities the reversal is recognized directly in equity.

**B Non-financial assets**

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount if an asset or its cash-generating unit exceeds it recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation if no impairment loss had been recognized.

**3.7. Trade and other payable**

The balance of the creditors are recorded with their cost value liability (accruals) were recognized and recorded with the value expected to be paid in the future in return of goods & services received.

**3.8. Related parties transaction**

During the year and in ordinary course of business the company dealt with related parties in compliance with the terms and rules applied in dealing with others.

**3.9. Provisions**

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event and it is probable that a flow of economic benefits will be required to settle the obligation a reliable estimation of the obligation amount can be performed. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate the risks specific to the liability. The Provisions balances are reviewed on an ongoing basis at the reporting date to disclose the best estimation on the current year.

**3.10. Deferred Tax**

Deferred Tax assets & liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses deferred tax assets are recognized only to the extent that there is virtual certainty of realization of deferred tax assets. Other deferred tax assets are recognized to the extent there is reasonable certainty of realization of deferred tax assets. Such deferred tax assets & other unrecognized deferred tax assets at each balance sheet date and the carrying value of the same are adjusted recognizing the change in the value of each deferred tax assets.

**4. PROPERTY PLANT & EQUIPMENT**

	(Amount in MXP)			
	Opening Balance	Additions	Transfer/ Disposals	Closing Balance
<b>Cost</b>				
<b>Capital work in progress and advances:</b>				
Machinery and equipment	-	12,290,057.94	-	12,290,057.94
<b>Assets :</b>				
Land	27,190,620.00	-	-	27,190,620.00
Building	212,920,083.07	-	-	212,920,083.07
Machinery & equipment	825,434,352.84	5,436,876.00	-	830,871,228.84
Electrical Installation	81,725,281.54	-	-	81,725,281.54
Furniture fixtures & office equipment	3,365,859.00	132,431.10	8,233.89	3,490,056.21
Vehicles	1,726,514.40	-	-	1,726,514.40
<b>Total Cost</b>	<b>1,152,362,710.85</b>	<b>17,859,365.04</b>	<b>8,233.89</b>	<b>1,170,213,842.00</b>
<b>Depreciation</b>				
Capital work in progress and advances:				
Building	26,148,825.68	7,184,475.85	-	33,333,301.53
Machinery & equipment	150,408,511.54	42,394,727.12	-	192,803,238.66
Electrical Installation	16,246,270.41	3,881,950.64	-	20,128,221.05
Furniture fixtures & office equipment	2,196,999.31	257,184.45	8,233.89	2,445,949.87
Vehicles	1,255,067.48	268,585.13	-	1,523,652.61
<b>Total Depreciation</b>	<b>196,255,674.42</b>	<b>53,986,923.19</b>	<b>8,233.89</b>	<b>250,234,363.72</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

(Amount in MXP)

	Opening Balance	Additions	Transfer/ Disposals	Closing Balance
<b>Net book value</b>				
<b>Capital work in progress and advances:</b>				
Machinery and equipment	-	12,290,057.94	-	12,290,057.94
<b>Assets :</b>				
Land	27,190,620.00	-	-	27,190,620.00
Building	186,771,257.39	(7,184,475.85)	-	179,586,781.54
Machinery & equipment	675,025,841.30	(36,957,851.12)	-	638,067,990.18
Electrical Installation	65,479,011.13	(3,881,950.64)	-	61,597,060.49
Furniture fixtures & office equipment	1,168,859.69	(124,753.35)	-	1,044,106.34
Vehicles	471,446.92	(268,585.13)	-	202,861.79
<b>Total Net book value</b>	<b>956,107,036.43</b>	<b>(36,127,558.15)</b>	<b>-</b>	<b>919,979,478.28</b>

(Amount in MXP)

	As At 31st March 2015	As At 31st March 2014
<b>5. INVENTORIES</b>		
Raw materials	<b>20,146,984.98</b>	18,289,798.18
Materials in transit	<b>10,849,824.13</b>	7,397,474.20
Trade materials	-	-
	<b>30,996,809.11</b>	25,687,272.38
Consumables	<b>11,443,261.58</b>	11,081,740.76
Work in process	<b>39,437,783.84</b>	60,697,105.65
Finished goods	<b>9,972,745.02</b>	7,201,677.00
<b>Total</b>	<b>91,850,599.55</b>	104,667,795.79
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables (refer note 20 & 21) ^@	<b>301,998,807.14</b>	274,328,103.94
Less: Provision for doubtful debts	-	-
	<b>301,998,807.14</b>	274,328,103.94
Advance to suppliers #	<b>29,214,201.52</b>	71,231,033.36
Advances to staff	-	-
Other Current Assets	<b>34,417,454.54</b>	33,830,827.74
Security Deposits	<b>61,476,145.58</b>	63,663,246.13
<b>Total</b>	<b>427,106,608.78</b>	443,053,211.17
^ includes MXP 121,659,237.82 (P.Y MXP 142,820,714.56) due from related parties. @ 0-180 days MXP 296,095,189.74 > 180 days MXP 5,903,617.40 (P.Y MXP 263,086,506.38 & 11,241,597.56). # Includes MXP 16,021,385.37 (previous year MXP 54,035,603.28) given to related parties.		
<b>7. CASH AND BANK BALANCES</b>		
Cash on hand	<b>54,639.62</b>	58,294.11
Bank balances in:		
Current accounts	<b>33,156,449.76</b>	4,339,599.31
Remittance In Transit	-	-
<b>Total</b>	<b>33,211,089.38</b>	4,397,893.42

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	As At 31st March 2015	As At 31st March 2014
(Amount in MXP)		
<b>8. SHARE CAPITAL</b>		
Opening balance	419,201,000.00	419,201,000.00
Introduced during the year	-	-
Closing balance #	<u>419,201,000.00</u>	<u>419,201,000.00</u>
# 419201 shares of MXP 1000/- each (previous year 419201 shares of MXP 1000/- each).		
<b>9. NON CURRENT LIABILITIES</b>		
Term loan (refer note 24) *	436,348,731.94	528,793,137.78
Provision for staff end-of-benefits	-	-
Capital creditors-retentions (refer note 11)	-	-
	<u>436,348,731.94</u>	<u>528,793,137.78</u>
Less: Current Portion of Term Loan	<u>130,485,999.66</u>	<u>130,920,105.39</u>
<b>Total</b>	<u>305,862,732.28</u>	<u>397,873,032.39</u>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables (refer note 19 & 20) @#	146,537,611.74	226,755,356.03
SBI Short Term Loan	224,067,690.00	192,336,270.00
Advance from customers	1,704,466.77	2,498,206.74
Current Portion of Term Loan	130,485,999.66	130,920,105.39
Provision for Income Tax	-	-
Other Liabilities	<u>30,854,151.93</u>	<u>19,708,211.09</u>
<b>Total</b>	<u>533,649,920.10</u>	<u>572,218,149.25</u>
@ Includes MXP 10,764,144.00 (previous year MXP 1,951,456.88) payable to related parties.		
<b>11. ACCOUNTS PAYABLE-CAPITAL EXPENDITURE</b>		
This represents amount payables to the consultants and suppliers of machinery consultants & contractors for construction of building in progress per below:		
Capital creditors-Retentions:		
Total amount outstanding	1,378,371.30	-
Less: Non-current portion-payable after next 12 months (refer note 9)	-	-
Current portion-payable within next 12 month	<u>1,378,371.30</u>	<u>-</u>
(Amount in MXP)		
	<b>For the Year Ended 31st March 2015</b>	<b>For the Year Ended 31st March 2014</b>
<b>12. REVENUE</b>		
<b>a. Sales</b>		
Manufactured Goods	1,416,882,686.46	1,248,022,959.58
Trading sales	-	-
	<u>1,416,882,686.46</u>	<u>1,248,022,959.58</u>
<b>b. Other Operating Income</b>		
Scrap Sales	13,012,892.07	1,412,537.29
Technical Service Fees	59,948,400.00	-
Other Income	<u>674,021.26</u>	<u>141,376.22</u>
	<u>73,635,313.33</u>	<u>1,553,913.51</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

(Amount in MXP)

	<b>For the Year Ended 31st March 2015</b>	For the Year Ended 31st March 2014
<b>13. INCREASE / DECREASE IN FINISHED GOODS &amp; WORK-IN-PROGRESS</b>		
<b>Closing Stock</b>		
Finished Goods	<b>9,972,745.02</b>	7,201,677.00
Work in Progress	<b>39,437,783.84</b>	60,697,105.65
	<b>49,410,528.86</b>	67,898,782.65
<b>Less: Opening Stock</b>		
Finished Goods	<b>7,201,677.00</b>	11,102,216.62
Work in Progress	<b>60,697,105.65</b>	63,382,873.68
	<b>67,898,782.65</b>	74,485,090.30
<b>Increase / Decrease in Finished Goods &amp; Work-in-Progress</b>	<b>(18,488,253.79)</b>	(6,586,307.65)
<b>14. COST OF MATERIAL</b>		
<b>Raw Material Consumed</b>		
Opening stock RM	<b>18,289,798.18</b>	6,011,209.94
Purchases	<b>828,292,282.31</b>	820,166,122.59
Closing stock RM	<b>20,146,984.98</b>	18,289,798.18
<b>Raw Material Consumed</b>	<b>826,435,095.51</b>	807,887,534.35
<b>Traded Goods</b>		
Opening stock Trade Purchase	-	-
Trading purchase	-	-
Closing stock Trade Purchase	-	-
<b>Cost of Traded Goods Sold</b>	-	-
<b>Cost of Material Consumed</b>	<b>826,435,095.51</b>	807,887,534.35
<b>15. OTHER MANUFACTURING EXPENSES</b>		
Power & fuel consumed	<b>96,864,084.08</b>	95,337,602.88
Stores consumed	<b>7,887,521.58</b>	8,102,467.13
Packing materials consumed	<b>49,651,663.14</b>	50,319,228.75
Spares consumed	<b>14,484,039.17</b>	9,672,835.20
Other Manufacturing Expense	<b>10,586,134.25</b>	14,769,947.77
<b>Total</b>	<b>179,473,442.22</b>	178,202,081.73
<b>16. ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Rent	<b>1,130,962.92</b>	1,215,369.64
Other administration expenses	<b>22,780,498.06</b>	25,510,479.12
Exchange Rate Fluctuation	<b>28,129,385.49</b>	54,117,783.44
Selling expenses	<b>163,535,443.72</b>	134,798,557.42
Depreciation (per below)	<b>53,986,923.19</b>	52,691,782.60
<b>Total</b>	<b>269,563,213.38</b>	268,333,972.22

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

(Amount in MXP)

	<b>For The Year Ended 31st March 2015</b>	For the Year Ended 31st March 2014
<b>17. FINANCE COST</b>		
Interest on term loan	<b>11,302,357.24</b>	14,165,598.98
Interest on Revolving Loan	<b>10,578,411.38</b>	8,927,129.56
Bank charges & commission	<b>9,387,450.92</b>	10,339,248.11
<b>Total</b>	<b>31,268,219.54</b>	33,431,976.65

**18. CASH AND CASH EQUIVALENTS**

Cash on hand	<b>58,294.11</b>	58,294.11
Bank balance:		
In current accounts	<b>4,339,599.31</b>	4,339,599.31
In Transit	-	-
<b>Total</b>	<b>4,397,893.42</b>	4,397,893.42

**19. FINANCIAL INSTRUMENTS: CREDIT INTEREST RATE AND EXCHANGE RATE RISK EXPOSURES**

**Credit risk**

The establishment seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

**Interest rate risk**

The Company has taken a loan from banks designated in Euro / USD. The Facilities in Euro are linked with the Ebour and in USD are linked with the Lbour. The Company is at risk to the extent of the fluctuation in the Libour/ Euribor.

**Exchange rate risk**

The Company is at the Exchange risk to the extent of the outstanding exposure in the Foreign Currency. The details of the outstanding foreign currency exposure as on the balance sheet date is as under:

	<b>Current Year Equivalent MXP</b>	Previous Year Equivalent MXP
Foreign currency Financial assets:		
USD	<b>334,921,949.90</b>	350,213,609.50
Euro	<b>42,365,964.14</b>	45,934,187.51
Foreign Currency Financial Liabilities:		
USD	<b>530,475,677.72</b>	542,903,597.48
Euro	<b>265,248,568.14</b>	377,325,667.75

**20. FINANCIAL INSTRUMENTS: FAIR VALUES**

The fair values of the establishment's financial assets comprising of trade & other receivables and cash & bank balances and financial liabilities comprising of trade & other payables and accounts payable for capital expenditure approximate to their carrying values

**21. RELATED PARTY TRANSACTIONS**

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standard - 24. Related parties are the entities under common ownership and/or common management control and associates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The related parties and their outstanding balances at the balance sheet date are as under:

Name of related parties	Current Year	Previous Year
	MXP	MXP
	Dr/(Cr)	Dr/(Cr)
Flex America Inc.	-	140,102,457.59
Uflex Limited	<b>16,021,385.37</b>	54,035,603.28
Flex Middle East FZE	<b>(54,155,483.85)</b>	-
Flex P. Films Egypt S.A.E	-	(10,634.76)
Flex Films (USA) Inc.	<b>117,101,749.02</b>	986,715.16
Flex Films Europa Sp. z.o.o.	<b>1,902,385.90</b>	(209,280.31)

The nature of significant related party transactions during the year and the amounts involved are as under:

	Current Year	Previous Year
	MXP	MXP
Flex America Inc.- Sales at Normal price	-	761,225,781.86
Flex America Inc.- Purchases at Normal price	-	5,585,247.66
Uflex Limited - Purchases at normal price	<b>33,714,584.69</b>	98,484,475.05
Uflex Limited - Guarantee Commission	<b>3,280,722.03</b>	3,487,067.39
Uflex Limited - Expenses Reimbursement	<b>3,113,139.11</b>	3,018,318.90
Uflex Limited - Sales at Normal Price	-	154,688.93
Flex Middle East Fze- Sales at Normal Price	<b>3,145,073.62</b>	-
Flex Middle East Fze- Purchases at Normal Price	<b>12,081,821.82</b>	-
Flex Films (USA) Inc.- Sales at Normal price	<b>877,822,262.15</b>	1,172,704.92
Flex Films (USA) Inc.- Purchases at Normal price	<b>6,315,614.64</b>	188,224.01
Flex Films Europa Sp.z.o.o- Sales at Normal Price	<b>6,113,828.34</b>	1,582,930.87
Flex Films Europa Sp.z.o.o- Purchases at Normal Price	<b>12,936,018.95</b>	1,854,253.46
Flex P. Films Egypt S.A.E- Purchases at Normal Price	<b>3,095,064.47</b>	-

### 22. CONTINGENT LIABILITIES

Letters of credit

### 23. CAPITAL COMMITMENTS

The estimated amount of contracts including under letters of credit remaining to be executed on capital account (net of advances) and not provided for NIL (Previous year NIL).

### 24. BANK FACILITIES

- a. The Company avails the sanctioned Term Loan facility of Euro 39.00 Million ( For Phase-I ; Euro 19.50 Million & For Phase-II; Euro 19.50 Million) from KFW Ipex-Bank GmbH. Out of the same the company has utilised Euro 36.78 Million (P:Y Euro 36.78 Million) till 31st March 2015 and the outstanding balance as on 31st March 2015 is Euro 16.06 Million (P:Y Euro 20.92 Million). The same is secured by way of hypothecation of Specific Plant & Equipments and pari pasu mortgagage of Land & Building of the Company and are guaranteed by the UFLEX LIMITED, the Parent company .
- b. The Company avails the sanctioned Term Loan facility of USD 20.00 Million for expansion in Phase-II from the State Bank of India New York . Out of the same the company has utilized USD 20.00 Million (P:Y USD 20.00 Million) as on 31st March 2015 and the outstanding balance as on 31st March 2015 is USD 8.33 Million (P:Y USD 11.67 Million). The same is secured by way of hypothecation of Specific Plant & Equipments and pari pasu mortgagage of Land & Building of the Company and are guaranteed by the UFLEX LIMITED, the Parent company .
- c. The Company avails the sanctioned Working Capital Facilities of USD 23.20 Million from the State Bank of India New York. The outstanding balance of the same as on 31st March 2015 is USD 14.70 Million (P:Y USD 14.70 Million). The same is secured by way of hypothecation of current assets of the Company and are guaranteed by the UFLEX LIMITED, the Parent company.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

**25. DEFERRED TAX ASSETS / (LIABILITIES)**

The item is represented as follows:

	Opening Balance	For the Year	Closing Balance
<b>A Deferred Tax Assets</b>			
Tax Losses	20,009,102.00	1,324,745.00	21,333,847.00
<b>Total</b>	<b>20,009,102.00</b>	<b>1,324,745.00</b>	<b>21,333,847.00</b>
<b>B Deferred Tax Liabilities</b>			
Excess of Book WDV over Tax WDV of Assets	15,728,108.00	29,261,345.00	44,989,453.00
Tax Deferred under Project	-	-	-
<b>Total</b>	<b>15,728,108.00</b>	<b>29,261,345.00</b>	<b>44,989,453.00</b>
<b>Net Deferred Tax Asset / (Liability) [A-B]</b>	<b>4,280,994.00</b>	<b>(27,936,600.00)</b>	<b>(23,655,606.00)</b>

**26. QUANTITATIVE INFORMATION**

a) Information in respect of class of goods manufactured and annual capacity:	Current Year	Previous Year
Class of Goods	Unit	
Polyester Films/Metalized Films	MT	60,000

Previous year figures have been given in brackets.

**b) Information in respect of production sales & stock of goods manufactured:**

Unit	Production		Sales		Op.Stock		Cl. Stock	
	Qty (MT)	Value MXP	Qty (MT)	Value MXP	Qty (MT)	Value MXP	Qty (MT)	Value MXP
MT	37,977 (34,953)	1,416,882,686.46 (1,248,022,959.58)	37,847 (35,071)	7,201,677.00 (11,102,216.62)	241 (359)	371 (241)	9,972,745.02 (7,201,677.00)	

Previous year figures have been given in brackets.

**c) Information in respect of raw materials consumed:**

Description	Current Year		Previous Year	
	Qty (MT)	Value (MXP)	Qty (MT)	Value (MXP)
Polyster Chips	39,058	813,697,957.55	35,856	800,863,497.86
Chemicals	47	6,400,091.42	46	5,866,292.32
Others	56	6,337,046.54	26	1,157,744.17
		826,435,095.51		807,887,534.35

**d) Information in respect of purchase sales & stock of goods Traded:**

Op. Stock		Purchase		Sales		Cl. Stock	
Qty (MT)	Value MXP	Qty (MT)	Value MXP	Qty (MT)	Value MXP	Qty (MT)	Value MXP
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Previous year figures have been given in brackets.

**27. COMPARATIVE FIGURES**

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.







# **FLEX AMERICAS SA DE CV, MEXICO**

*Wholly Owned Subsidiary Company of UPET (Singapore) Pte. Ltd.*