

Report

to the Shareholder of

CF (Netherlands) Holdings Limited B.V.

Amsterdam, The Netherlands

concerning

the financial statements for the period ended
31 March 2019

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Introductory notes

The management herewith presents to the shareholder the annual accounts of CF (Netherlands) Holdings Limited B.V. (hereinafter: the Company) for the year 2018/2019.

General

The Company is a private company with limited liability (a wholly-owned subsidiary of Cosmo Film Limited), incorporated under the laws of The Netherlands on 2 June 2009, having its corporate seat at Amsterdam, the Netherlands with offices at Strawinskylaan 937, 1077 XX Amsterdam, The Netherlands and registered with the Commercial register under number 34.341.583.

Overview of activities

The principal business activities of the Company are:

- a. to produce and sell thermal laminating films, to sell, install and maintain thermal laminating machines, to sell biaxially oriented poly propylene films;
- b. to participate in, to cooperate with, to finance, to administer, to manage or to take interest in any other form in other companies and/or enterprises in The Netherlands as well as abroad;
- c. to sell and transfer any of such participations or interests in any other company and/or enterprises in The Netherlands as well as abroad;
- d. to invest capital in stocks, real property, loans and other values, to purchase, to manage, to exploit and to sell these investments or its equities;
- e. to furnish securities or guarantees for debts of other companies, enterprises and/or other third parties;
- f. to perform all actions with an industrial, commercial or financial character;
- g. to service other enterprises, to advise enterprises and to hire materials and business means out to enterprises, to exploit intellectual and industrial property-rights - inclusive patented or not-patented know-how - as well as to participate in or act as a financial or managing partner in common enterprises or to engage mutual enterprises or joint ventures;
- h. to act as a trustee or administrator over loans, capital, partnership or participation's of any kind;
- i. to act as a license-company;
- j. to perform any activity which may be related or conducive to the foregoing in the broadest sense.

The Company is authorized to provide security, to encumber assets, to answer for, or be severally or otherwise liable with or for the payment of debts of group companies and/or third parties.

Adoption financial statements

The Annual General Meeting of Shareholders adopted the financial statements for 2017/2018. The result for the financial year was in accordance with management's proposal, added to the other reserves.

Results

The net asset value of the Company as at 31 March 2019 amounts to EUR 14,370,576 (2017/2018: EUR 12,216,884). The result for the year 2018/2019 amounts to a profit of EUR 1,598,606 (2017/2018: a loss of EUR 5,493,307).

Future outlook

The management has the opinion that the present level of activities will be maintained during the next financial year.

Post balance sheet date events

No major activities took place after balance sheet date.

Financial Statements

Balance sheet as at 31 March 2019
(before proposed appropriation of net result)

	Notes	31 Mar. 2019	31 Mar. 2018
<i>(in Euro's)</i>			
ASSETS			
Fixed Assets			
Intangible fixed assets	1	-	(68,386)
Financial fixed assets	2	11,569,942	12,030,077
		<u>11,569,942</u>	<u>11,961,692</u>
Current assets			
Receivables and prepayments	3	2,410,431	419,446
Inventory	4	860,775	429,254
Cash at banks and cash equivalents	5	416,027	573,790
		<u>3,687,233</u>	<u>1,422,490</u>
		<u>15,257,175</u>	<u>13,384,182</u>
EQUITY AND LIABILITIES			
Shareholder's equity			
Paid up share capital	6	28,364,150	28,364,150
Revaluation reserve subsidiaries	7	1,929,865	1,374,779
Other reserves	8	(17,522,045)	(12,028,738)
Unappropriated result	9	<u>1,598,606</u>	<u>(5,493,307)</u>
		14,370,576	12,216,884
Short term liabilities			
Amount owed to group companies	10	-	1,073,879
Taxes and social securities	11	20,337	10,566
Other payables and accrued expenses	12	<u>866,262</u>	<u>82,853</u>
		886,599	1,167,298
		<u>15,257,175</u>	<u>13,384,182</u>

Profit and loss account for the period ended 31 March 2019

	Notes	2018/2019	2017/2018
<i>(in Euro's)</i>			
Operating income	13	1,870,578	890,601
Operating expenses	14	(1,578,045)	(696,369)
Depreciation	15	80,195	73,127
Operating income /expense		372,728	267,359
Interest income and similar income	16	354,563	141,134
Interest expense and similar expenses	17	(5,843)	(279,745)
Financial income/expense		348,720	(138,611)
Result subsidiaries/participating interests	18	1,112,608	(5,473,987)
Result on investments		1,112,608	(5,473,987)
Salary expenses	19	(91,659)	(80,414)
General and administrative expenses	20	(143,791)	(67,654)
Other expenses		(235,450)	(148,068)
Ordinary result before tax		1,598,606	(5,493,307)
Tax	21	-	-
Net result after taxation		1,598,606	(5,493,307)

Notes to the annual accounts

GENERAL

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Principal activities

The principal business activities of the Company are:

- a. to produce and sell thermal laminating films, to sell, install and maintain thermal laminating machines, to sell biaxially oriented poly propylene films;
- b. to participate in, to cooperate with, to finance, to administer, to manage or to take interest in any other form in other companies and/or enterprises in The Netherlands as well as abroad;
- c. to sell and transfer any of such participations or interests in any other company and/or enterprises in The Netherlands as well as abroad;
- d. to invest capital in stocks, real property, loans and other values, to purchase, to manage, to exploit and to sell these investments or its equities;
- e. to furnish securities or guarantees for debts of other companies, enterprises and/or other third parties;
- f. to perform all actions with an industrial, commercial or financial character;
- g. to service other enterprises, to advise enterprises and to hire materials and business means out to enterprises, to exploit intellectual and industrial property-rights - inclusive patented or not-patented know-how - as well as to participate in or act as a financial or managing partner in common enterprises or to engage mutual enterprises or joint ventures;
- h. to act as a trustee or administrator over loans, capital, partnership or participation's of any kind;
- i. to act as a license-company;
- j. to perform any activity which may be related or conducive to the foregoing in the broadest sense.

The Company is authorized to provide security, to encumber assets, to answer for, or be severally or otherwise liable with or for the payment of debts of group companies and/or third parties.

Consolidation exemption

Consolidated accounts are not presented as the Company has availed itself of the exemption provisions of Book 2, Title 9, Article 408.1 of the Dutch Civil Code. Accordingly, the consolidated annual report of Cosmo Films Limited for the year 2018/2019, which includes the financial statements of the Company and its subsidiaries, will be filed with the Chamber of Commerce.

Comparative figures

The applied accounting policies of the valuation of assets and liabilities and for determining the result have not changed in comparison to prior year.

Directors' report

The Company has taken advantage of Article 396 section 7, Title 9, Book 2 of the Dutch Civil Code and not presented a director's report.

Notes to the annual accounts

Cash flow statement

In conformity with the exemption provisions of the Guidelines for Annual Reporting in The Netherlands, a cash flow statement is not presented.

Changes in estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

ACCOUNTING POLICIES FOR THE BALANCE SHEET

General

The financial statements have been prepared in accordance with accounting principles generally accepted in The Netherlands and are denominated in euro. Assets and liabilities are stated at cost, unless indicated otherwise. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value. Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Foreign currencies

Assets and liabilities denominated in foreign currency are converted into EUR at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Financial fixed assets

Where significant influence is exercised, participations in non-consolidated group companies are valued under the net asset value method, but not lower than nil value.

Participating interests in which no significant influence can be exerted are stated at acquisition price or, if necessary, at a lower market value.

Amounts receivable included under the other financial fixed assets are stated at face value net of any provisions deemed necessary. Other financial fixed assets, including securities, which are held with the object of a long-term relationship for the furtherance of the company's activities are stated at the lower of acquisition cost and market value.

Notes to the annual accounts

Accounts receivable

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

ACCOUNTING POLICIES FOR THE PROFIT AND LOSS ACCOUNT

General

The profit or loss is the balance of the turnover value of the goods provided and services rendered on the one hand and on the other the costs and other expenses for the year. Profits on transactions are recognised in the year they are realised; losses are recognised when foreseen.

Other operating expenses

Expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

Taxation

Corporate income tax is calculated over the result before taxation at the applicable rate on the result for the financial year, taking into account tax exemptions, non-deductible costs and other fiscal allowances.

Income from participations in affiliated companies

These include the share in the results of non-consolidated participations and affiliated companies.

Notes to the balance sheet

	31 Mar. 2019	31 Mar. 2019	31 Mar. 2018
	USD	EUR	EUR
Non-current assets			
1 Intangible fixed assets			
Goodwill	-	-	(68,386)
	<u>-</u>	<u>-</u>	<u>(68,386)</u>
Goodwill			
Investments as at 1 April	(900,999)	(731,271)	(844,922)
Foreign exchange results	-	(70,686)	113,651
Balance as at 31 March	<u>(900,999)</u>	<u>(801,957)</u>	<u>(731,271)</u>
Accumulated amortisation as at 1 April	810,900	662,885	675,938
Amortisation during the year	90,099	80,195	73,127
Foreign exchange results		58,877	(86,180)
Balance as at 31 March	<u>900,999</u>	<u>801,957</u>	<u>662,885</u>
Investment	(900,999)	(801,957)	(731,271)
Accumulated Amortisation	900,999	801,957	662,885
Balance as at 31 March	<u>-</u>	<u>-</u>	<u>(68,386)</u>

This item represents goodwill that was paid upon the purchase of 1,500 shares in the capital of Cosmo Films, Inc. during the financial year 2009/2010.

Goodwill is amortised according to the straight line method. The percentage of amortisation is 10% per annum.

Fixed Assets	31 Mar. 2019	31 Mar. 2018
	EUR	EUR
2 Financial fixed assets		
Participations in group companies	11,569,942	9,887,248
Loan to group companies	-	2,142,830
	<u>11,569,942</u>	<u>12,030,077</u>

Notes to the balance sheet

			31 Mar. 2019	31 Mar. 2018
			EUR	EUR
Movements in financial fixed assets can be specified as follows:				
Participations in group companies				
Participation in group companies relates to the following subsidiaries:				
Name	Legal Seat	%		
Cosmo Films (Singapore) Pte. Ltd. 10 Jalan Besar, #10-12 Sim Lim Tower, Singapore - 208787	Singapore	100 / 100	16,760	10,339
Cosmo Films Korea Limited Dogo Industrial Complex, 811, Shineon-ri, Dogo-myun, asan-si, Choongnam, South-Korea	South Korea	100 / 100	2,266,643	2,456,569
Cosmo Films Japan G.K. Yamatane-Nai, Tokyo-Danchisoko, 6-2-11, Iriya Adachi-Ku, Tokyo, 121-0836, Japan	Japan	100 / 100	6,068,150	5,852,812
Cosmo Films, Inc. 775 Belden, Suite D, Addison, Illinois 60101, United States of America	U.S.A.	100 / 100	3,214,427	1,546,683
Cosmo Films, Poland	Poland	100 / 100	3,962	20,845
			11,569,942	9,887,248

A specification per investment is as follows:

	NAV as at 1 April 2017	Movements	Result for the year	Foreign exchange result	NAV as at 31 March 2018
2017/2018					
Cosmo Films (Singapore) Pte. Ltd.	21,449	-	(9,600)	(1,510)	10,339
Cosmo Films Korea Limited	2,650,651	-	39,484	(233,566)	2,456,569
Cosmo Films Japan G.K.	6,257,695	-	179,471	(584,354)	5,852,812
Cosmo Films, Inc.	8,010,529	-	(5,680,492)	(783,354)	1,546,683
Cosmo Films, Poland	-	23,931	(2,851)	(235)	20,845
	16,940,324	23,931.00	(5,473,988)	(1,603,019)	9,887,248
	NAV as at 1 April 2018	Movements	Result for the year	Foreign exchange result	NAV as at 31 March 2019
2018/2019					
Cosmo Films (Singapore) Pte. Ltd.	10,339	15,000	(9,248)	669	16,760
Cosmo Films Korea Limited	2,456,569	-	(245,953)	56,027	2,266,643
Cosmo Films Japan G.K.	5,852,812	-	(88,942)	304,280	6,068,150
Cosmo Films, Inc.	1,546,683	-	1,473,266	194,478	3,214,427
Cosmo Films, Poland	20,845		(16,515)	(368)	3,962
	9,887,248	15,000	1,112,608	555,086	11,569,942

Notes to the balance sheet

	31 Mar. 2019	31 Mar. 2019	31 Mar. 2018
	USD	EUR	EUR
Loan to group companies			
Balance as at 1 April	2,630,552	2,142,830	2,355,309
Loans		-	-
Interest	190,952	164,464	141,134
Received interest	(273,546)	(231,724)	(68,057)
Foreign exchange results		192,306	(285,556)
	<u>2,547,958</u>	<u>2,267,876</u>	<u>2,142,830</u>
Receivable within one year	(2,547,958)	(2,267,876)	-
Balance as at 31 March	<u>-</u>	<u>-</u>	<u>2,142,830</u>

On 1 January 2013, the Company entered into an amended and restated note with Cosmo Films, Inc. for a total amount of USD 20,000,000. The loan bears interest against a rate of 6-months Euribor + 5% and shall be paid semi-annually. The maturity date of the loan was extended to 31 March 2020.

Current assets

	31 Mar. 2019	31 Mar. 2018
	EUR	EUR
3 Receivables and prepayments		
Trade receivables	139,837	418,390
VAT receivable	1,783	1,056
Bank interest receivable	935	-
Cosmo Films, Inc. - loan	2,267,876	-
	<u>2,410,431</u>	<u>419,446</u>
4 Inventory		
FG Inventory	860,775	146,343
Goods in transit	-	282,911
	<u>860,775</u>	<u>429,254</u>
5 Cash at banks		
Rabobank - EUR account	272,618	102,450
Rabobank - USD account	143,409	41,780
Funds in transit	-	429,560
	<u>416,027</u>	<u>573,790</u>

Cash at bank is available on demand except for the funds in transit.

Notes to the balance sheet

6 Shareholder's equity

The movements in capital and reserves are as follows:

	Issued and paid-up capital	Revaluation reserve subsidiaries	Other reserves	Unappropriated result	Total
<i>(in Euro's)</i>					
Balance as at 1 April 2018	28,364,150	1,374,779	(12,028,738)	(5,493,307)	12,216,884
Movements		555,086	-	-	555,086
Appropriated result			(5,493,307)	5,493,307	-
Result for the year				1,598,606	1,598,606
Balance as at 31 March 2019	<u>28,364,150</u>	<u>1,929,865</u>	<u>(17,522,045)</u>	<u>1,598,606</u>	<u>14,370,576</u>

The authorised share capital of the Company amounts to EUR 82,500,000, divided into 8,250,000 shares with a nominal value of EUR 10.00 each.

The issued and paid in capital amounts to EUR 28,364,150, divided into 2,836,415 shares with a nominal value of EUR 10.00 each.

	31 Mar. 2019 EUR	31 Mar. 2018 EUR
7 Revaluation reserve subsidiaries		
Balance as at 1 April 2018	1,374,779	2,977,798
Movement	555,086	(1,603,019)
Balance as at 31 March 2019	<u>1,929,865</u>	<u>1,374,779</u>

Notes to the balance sheet

	31 Mar. 2019	31 Mar. 2018
	EUR	EUR
8 Other reserves		
Balance as at 1 April 2018	(12,028,738)	(9,431,520)
Appropriation result	(5,493,307)	(2,597,218)
Balance as at 31 March 2019	<u>(17,522,045)</u>	<u>(12,028,738)</u>
9 Unappropriated result		
Balance as at 1 April 2018	(5,493,307)	(2,597,218)
Appropriation result to other reserves	5,493,307	2,597,218
Result for the year	1,598,606	(5,493,307)
Balance as at 31 March 2019	<u>1,598,606</u>	<u>(5,493,307)</u>
Short term liabilities		
10 Amount owed to group companies		
Current account shareholder	-	1,073,879
	<u>-</u>	<u>1,073,879</u>
11 Taxes and social security contributions		
VAT payable	20,337	10,566
	<u>20,337</u>	<u>10,566</u>
12 Other accounts payable and accrued expenses		
Creditors	847,187	80,527
Vacations days / payables employees	3,592	2,326
Other accrued expenses	15,483	-
	<u>866,262</u>	<u>82,853</u>

OFF BALANCE SHEET COMMITMENTS

As of 6 January 2012 the Company issued a guarantee in favor of Mizuho Bank Ltd., for obligations of Cosmo Films Japan G.K. in the amount of JPY 400,000,000. The expiry date of the guarantee was extended on 28 October 2016 to 31 October 2021.

Notes to the profit and loss account

	2018/2019	2017/2018
	EUR	EUR
13 Operating income		
Sales	1,755,302	770,601
Other income	120,000	120,000
Payment discount / claims	(4,724)	-
	<u>1,870,578</u>	<u>890,601</u>
14 Operating expense		
Cost of sales	1,554,280	723,778
Purchase price differences/claims	(3,903)	(34,606)
Cost of goods warehouse handling	13,427	-
Transport cost	14,241	7,197
	<u>1,578,045</u>	<u>696,369</u>
15 Depreciation and amortisation		
Amortisation goodwill	80,195	73,127
	<u>80,195</u>	<u>73,127</u>
16 Interest income and similar income		
Interest income - loan to Cosmo Films, Inc.	164,464	141,134
Interest income - bank	860	-
Foreign exchange gains	189,239	-
	<u>354,563</u>	<u>141,134</u>
17 Interest expense and similar expenses		
Interest expense - tax	10	344
Foreign exchange expenses	-	275,723
Bank Charges	5,833	3,678
	<u>5,843</u>	<u>279,745</u>
18 Result subsidiaries / participating interests		
Cosmo Films Japan G.K.	(88,942)	179,472
Cosmo Films, Inc.	1,473,266	(5,680,492)
Cosmo Films (Singapore) Pte Ltd.	(9,248)	(9,600)
Cosmo Films Korea Limited	(245,953)	39,484
Cosmo Films, Poland	(16,515)	(2,851)
	<u>1,112,608</u>	<u>(5,473,987)</u>

Notes to the profit and loss account


	2018/2019	2017/2018
	EUR	EUR
19 Salary expenses		
Wages	67,200	67,200
Social security	7,169	6,939
Pensions	17,290	6,275
	<u>91,659</u>	<u>80,414</u>
20 General and administrative expenses		
Legal fees	15,101	1,154
Tax advisory fees	44,418	20,951
Administrative and accounting fees	54,441	17,366
Payroll administration fees	375	105
Telephone expenses	869	1,263
Travel expenses	27,519	20,404
Other	1,068	6,411
	<u>143,791</u>	<u>67,654</u>
21 Corporate tax		
Corporate income tax	-	-
	<u>-</u>	<u>-</u>


Director and employees

The Company had 2 (2017/18: 2) Managing Directors and 1 (2017/18: 1) employee during the year under review.

Signing of the financial statements

Amsterdam, 1 July 2019


 A.K. Jain
 Director B


 Athos Business Services (Asia) B.V.
 Director A