

Report

to the Shareholder of

CF (Netherlands) Holdings Limited B.V.

Amsterdam, The Netherlands

concerning

the financial statements for the period ended
31 March 2020

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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 2019/2020.

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 2018/2019 on 12 July 2019. 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 2020 amounts to EUR 15,318,415 (2018/2019: EUR 14,370,576). The result for the year 2019/2020 amounts to a profit of EUR 679,951 (2018/2019: a profit of EUR 1,598,606).

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

On 31 May 2020 the loan receivable from Cosmo Films Inc. in the amount of USD 2,499,960 has been used as settlement for 125 newly issued shares in Cosmo Films Inc.

Financial Statements

Balance sheet as at 31 March 2020
(before proposed appropriation of net result)

	Notes	31 Mar. 2020	31 Mar. 2019
<i>(in Euro's)</i>			
ASSETS			
Fixed Assets			
Financial fixed assets	1	12,217,235	11,569,942
		<u>12,217,235</u>	<u>11,569,942</u>
Current assets			
Receivables and prepayments	2	2,589,646	2,410,431
Inventory	3	1,763,981	860,775
Cash at banks and cash equivalents	4	438,108	416,027
		<u>4,791,735</u>	<u>3,687,233</u>
		<u>17,008,970</u>	<u>15,257,175</u>
EQUITY AND LIABILITIES			
Shareholder's equity			
Paid up share capital	5	28,364,150	28,364,150
Revaluation reserve subsidiaries	6	2,197,753	1,929,865
Other reserves	7	(15,923,439)	(17,522,045)
Unappropriated result	8	<u>679,951</u>	<u>1,598,606</u>
		15,318,415	14,370,576
Short term liabilities			
Taxes and social securities	9	0	20,337
Other payables and accrued expenses	10	<u>1,690,555</u>	<u>866,262</u>
		1,690,555	886,599
		<u>17,008,970</u>	<u>15,257,175</u>

Profit and loss account for the period ended 31 March 2020

	Notes	2019/2020	2018/2019
<i>(in Euro's)</i>			
Operating income	11	2,775,242	1,870,578
Operating expenses	12	(2,483,011)	(1,578,045)
Depreciation	13	0	80,195
Operating income /expense		292,231	372,728
Interest income and similar income	14	217,696	354,563
Interest expense and similar expenses	15	(6,483)	(5,843)
Financial income/expense		211,213	348,720
Result subsidiaries/participating interests	16	343,528	1,112,608
Result on investments		343,528	1,112,608
Salary expenses	17	(82,735)	(91,659)
General and administrative expenses	18	(84,286)	(143,791)
Other expenses		(167,021)	(235,450)
Ordinary result before tax		679,951	1,598,606
Tax	19	-	-
Net result after taxation		679,951	1,598,606

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 2019/2020, 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. 2020	31 Mar. 2019		
	EUR	EUR		
Non-current assets				
Fixed Assets				
1 Financial fixed assets				
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	6,795	16,760
Cosmo Films Korea Limited Dogo Industrial Complex, 811, Shineon-ri, Dogo- myun, asan-si, Choongnam, South-Korea	South Korea	100 / 100	1,822,635	2,266,643
Cosmo Films Japan G.K. Yamatane-Nai, Tokyo-Danchisoko, 6-2-11, Iriya Adachi-Ku, Tokyo, 121-0836, Japan	Japan	100 / 100	4,956,381	6,068,150
Cosmo Films, Inc. 775 Belden, Suite D, Addison, Illinois 60101, United States of America	U.S.A.	100 / 100	5,401,800	3,214,427
Cosmo Films, Poland Aleya Wilanowska 115/1, 02-765 Warsaw, Poland	Poland	100 / 100	29,624	3,962
			12,217,235	11,569,942

A specification per investment is as follows:

	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	15,000.00	1,112,608	555,086	11,569,942
2019/2020					
Cosmo Films (Singapore) Pte. Ltd.	16,760	-	(9,756)	(209)	6,795
Cosmo Films Korea Limited	2,266,643	-	(341,594)	(102,414)	1,822,635
Cosmo Films Japan G.K.	6,068,150	-	(1,373,402)	261,633	4,956,381
Cosmo Films, Inc.	3,214,427	-	2,075,770	111,603	5,401,800
Cosmo Films, Poland	3,962	35,877	(7,490)	(2,725)	29,624
	11,569,942	35,877	343,528	267,888	12,217,235

Notes to the balance sheet

	31 Mar. 2020	31 Mar. 2019
	EUR	EUR
Current assets		
2 Receivables and prepayments		
Trade receivables	138,665	139,837
VAT receivable	47,465	1,783
Bank interest receivable	12	935
Cosmo Films, Inc. - loan	2,400,969	2,267,876
Prepayments	2,535	-
	<u>2,589,646</u>	<u>2,410,431</u>
3 Inventory		
FG Inventory	813,770	860,775
Goods in transit	950,211	-
	<u>1,763,981</u>	<u>860,775</u>
4 Cash at banks		
Rabobank - EUR account	432,505	272,618
Rabobank - USD account	5,603	143,409
	<u>438,108</u>	<u>416,027</u>

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

Notes to the balance sheet

5 Shareholder's equity

The movements in capital and reserves are as follows:

<i>(in Euro's)</i>	Issued and paid-up capital	Revaluation reserve subsidiaries	Other reserves	Unappropriated result	Total
Balance as at 1 April 2019	28,364,150	1,929,865	(17,522,045)	1,598,606	14,370,576
Movements		267,888	-	-	267,888
Appropriated result			1,598,606	(1,598,606)	-
Result for the year				679,951	679,951
Balance as at 31 March 2020	28,364,150	2,197,753	(15,923,439)	679,951	15,318,415

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. 2020 EUR	31 Mar. 2019 EUR
6 Revaluation reserve subsidiaries		
Balance as at 1 April 2019	1,929,865	1,374,779
Movement	267,888	555,086
Balance as at 31 March 2020	2,197,753	1,929,865

Notes to the balance sheet

	31 Mar. 2020	31 Mar. 2019
	EUR	EUR
7 Other reserves		
Balance as at 1 April 2019	(17,522,045)	(12,028,738)
Appropriation result	1,598,606	(5,493,307)
Balance as at 31 March 2020	<u>(15,923,439)</u>	<u>(17,522,045)</u>
8 Unappropriated result		
Balance as at 1 April 2019	1,598,606	(5,493,307)
Appropriation result to other reserves	(1,598,606)	5,493,307
Result for the year	679,951	1,598,606
Balance as at 31 March 2020	<u>679,951</u>	<u>1,598,606</u>
Short term liabilities		
9 Taxes and social security contributions		
VAT payable	-	20,337
	<u>-</u>	<u>20,337</u>
10 Other accounts payable and accrued expenses		
Creditors	1,667,812	847,187
Vacations days / payables employees	3,502	3,592
Other accrued expenses	19,241	15,483
	<u>1,690,555</u>	<u>866,262</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

	2019/2020	2018/2019
	EUR	EUR
11 Operating income		
Sales	2,694,659	1,755,302
Other income	120,000	120,000
Payment discount / claims / write of debtors	(39,417)	(4,724)
	<u>2,775,242</u>	<u>1,870,578</u>
12 Operating expense		
Cost of sales	2,462,905	1,554,280
Purchase price differences/claims	(32,652)	(3,903)
Cost of goods warehouse handling	21,103	13,427
Transport cost	31,655	14,241
	<u>2,483,011</u>	<u>1,578,045</u>
13 Depreciation and amortisation		
Amortisation goodwill	-	80,195
	<u>-</u>	<u>80,195</u>
14 Interest income and similar income		
Interest income - loan to Cosmo Films, Inc	160,037	164,464
Interest income - bank	-	860
Foreign exchange gains	57,659	189,239
	<u>217,696</u>	<u>354,563</u>
15 Interest expense and similar expenses		
Interest expense - tax	351	10
interest expense - bank	545	-
Bank Charges	5,587	5,833
	<u>6,483</u>	<u>5,843</u>
16 Result subsidiaries / participating interests		
Cosmo Films Japan G.K.	(1,373,402)	(88,942)
Cosmo Films, Inc.	2,075,770	1,473,266
Cosmo Films (Singapore) Pte Ltd	(9,756)	(9,248)
Cosmo Films Korea Limited	(341,594)	(245,953)
Cosmo Films, Poland	(7,490)	(16,515)
	<u>343,528</u>	<u>1,112,608</u>

Notes to the profit and loss account

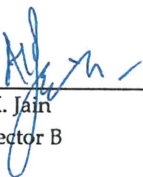
	2019/2020	2018/2019
	EUR	EUR
17 Salary expenses		
Wages	68,700	67,200
Social security	7,646	7,169
Pensions	6,389	17,290
	<u>82,735</u>	<u>91,659</u>
18 General and administrative expenses		
Legal fees	-	15,101
Tax advisory fees	20,461	44,418
Administrative and accounting fees	38,371	54,441
Payroll administration fees	120	375
Telephone expenses	1,129	869
Travel expenses	24,374	27,519
Other	(169)	1,068
	<u>84,286</u>	<u>143,791</u>
19 Corporate tax		
Corporate income tax	-	-
	<u>-</u>	<u>-</u>

Director and employees

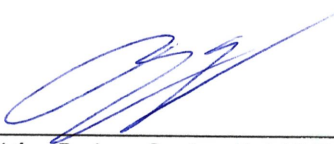
The Company had 2 (2018/19: 2) Managing Directors and 1 (2018/19: 1) employee during the year under review

Signing of the financial statements

Amsterdam, *14 July* 2020



 A.K. Jain
 Director B



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