

**Mold - Tek Packaging FZE**  
**Ras Al Khaimah, United Arab Emirates**

**Financial Statements**  
**(Year Ended December 31, 2018)**

**MOLD-TEK PACKAGING FZE**

---

**INDEX TO THE FINANCIAL STATEMENTS**

---

<b>PARTICULARS</b>	<b>PAGE NUMBER</b>
Establishment information	1
Manager's report	2
Independent auditor's report	3 - 5
Statement of financial position	6
Statement of comprehensive income	7
Statement of cash flows	8
Statement of changes in equity	9
Significant accounting policies	10 - 21
Notes to the financial statements	22 - 29

---

## **MOLD-TEK PACKAGING FZE**

---

### **ESTABLISHMENT INFORMATION**

#### **Shareholder**

Moldtek Packaging Limited, India

#### **Manager**

Mr. Saibaba Tata

#### **Principle activities**

The principal activities of the Establishment are "Plastic Bottles and Containers Manufacturing".

#### **License no.**

8000345

#### **Business address**

S31-01, Shade no. 31,  
Al Hamra Industrial Zone,  
Ras Al Khaimah, United Arab Emirates

#### **Bankers**

Citi Bank, Dubai, United Arab Emirates

#### **Auditors**

TRC PAMCO Middle East Auditing and Accounting  
P O Box 94570, Dubai  
Tel : +971- 04- 2298777  
Fax: +971- 04- 2999225  
Email : info@trcpamco.com

**MANAGER'S REPORT**

The management of "Mold Tek Packaging FZE" is pleased to present its report together with the financial statements and the audit report for the year ended December 31, 2018.

**Business review**

During the year, the Establishment has generated revenue of AED 6.53 million as compared to previous year's revenue of AED 3.97 million and incurred a loss of AED 2.20 million as compared to previous year loss of AED 2.18 million.

**Principal activity**

The principal activities of the Establishment are "Plastic Bottles and Containers Manufacturing".

**Events subsequent to the balance sheet date**

There were no major events which occurred since the year end that materially affect the financial position and performance of the Establishment.

**Acknowledgement**

The Establishment takes this opportunity to place on record their gratitude to the various government departments, banks, professionals and business associates for their continued assistance and support extended to the entity. The Establishment also wish to express their appreciation to the employees at all levels for their hard work, dedication & commitment.

**For Mold Tek - Packaging FZE**

**Mr. Saibaba Tata**  
**Manager**  
**Ras Al Khaimah**  
**February 26, 2019**

## INDEPENDENT AUDITOR'S REPORT

### Shareholders

#### **MOLD-TEK PACKAGING FZE**

Ras Al Khaimah, United Arab Emirates

### **Report on the audit of financial statements of MOLD-TEK PACKAGING FZE for the year ended December 31 2018**

#### **Opinion**

We have audited the financial statements of Mold-Tek Packaging FZE (the Establishment), which comprise the statement of financial position as at December 31, 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at December 31, 2018, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditors Responsibilities for the audit of the financial statements of our report. We are independent of the establishment in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **Emphasis of matter**

Without qualifying our opinion, we draw your attention to note 2.4 to the financial statements, which explains that these financial statements have been prepared on a going concern basis notwithstanding the facts that the Establishment has incurred a loss of AED 2.20 Mn for the year ended December 31, 2018 (2017: AED 2.18 Mn) and the accumulated losses as on December 31, 2018 were AED 4.77 Mn (2017 : AED 2.56 Mn). Further, as on December 31, 2018, the Establishment's current liabilities exceeded its current assets by AED 4.17 Mn (2017 : AED 2.87 Mn). The continuation of the Establishment's operation depend upon future profitable operation and continued financial support from the shareholders. The shareholders of the Establishment have provided an undertaking that they will continue to provide or arrange financial support as would be necessary for the Establishment to meet its obligations as they fall due in the foreseeable future.

## **MOLD-TEK PACKAGING FZE**

---

### **INDEPENDENT AUDITORS' REPORT**

#### **Responsibilities of the management for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Ras Al Khaimah Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the management is responsible for assessing the establishment's ability to continue as a going concern, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the establishment or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism through out the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the establishment's internal control.

**MOLD-TEK PACKAGING FZE**

---

**INDEPENDENT AUDITORS' REPORT**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the establishment to cease to continue as a going concern.

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

*TRC PAMCO ME*

**TRC PAMCO Middle East Auditing & Accounting**  
**Reg. No: 423**  
**Dubai**  
**February 26, 2019**



## MOLD-TEK PACKAGING FZE

### Statement of financial position as on December 31, 2018

		<i>Figures (in AED)</i>		
		As on	As on	
Notes		Dec 31, 2018	Dec 31, 2017	
<b>ASSETS EMPLOYED</b>				
<b>Non current assets</b>				
	Property, plant and equipment - Net	3	8,734,196	10,198,640
	Capital work in progress	4	-	801,246
			<b>8,734,196</b>	<b>10,999,886</b>
<b>Current assets</b>				
	Advances, deposits and prepayments	5	307,714	424,523
	Accounts receivable - Net	6	2,410,916	1,870,324
	Due from related parties	7	690,818	-
	Inventory	8	1,620,479	1,094,348
	Taxes refundable	9	219,507	-
	Cash and cash equivalents	10	34,316	5,529
			<b>5,283,750</b>	<b>3,394,724</b>
	<b>TOTAL ASSETS</b>		<b>14,017,946</b>	<b>14,394,610</b>
<b>FUNDS EMPLOYED</b>				
<b>Shareholder's funds</b>				
	Share capital		5,458,000	5,458,000
	Accumulated losses		(4,764,937)	(2,560,074)
			<b>693,063</b>	<b>2,897,926</b>
<b>Non current liabilities</b>				
	Bank borrowings	11	3,870,674	5,236,794
			<b>3,870,674</b>	<b>5,236,794</b>
<b>Current liabilities</b>				
	Short term borrowings	12	5,186,772	4,648,918
	Loan from related party	13	2,156,312	152,418
	Accounts payable and other payables	14	1,994,635	1,353,104
	Accruals	15	116,490	105,450
			<b>9,454,209</b>	<b>6,259,890</b>
	<b>TOTAL LIABILITIES</b>		<b>14,017,946</b>	<b>14,394,610</b>

These financial statements were approved on February 26, 2019  
Annexed notes form an integral part of these financial statements.  
For Mold Tek - Packaging FZE

Mr. Saibaba Tata  
Manager  
Ras Al Khaimah  
February 26, 2019





## MOLD-TEK PACKAGING FZE

### Statement of comprehensive income for the year ended December 31, 2018

	Notes	Figures (in AED)	
		Year ended Dec 31 2018	Year ended Dec 31 2017
<b>REVENUE</b>			
Revenue from sale of goods		6,531,770	3,967,709
Less : Cost of goods sold	16	(6,595,125)	(5,042,425)
Gross loss		(63,356)	(1,074,716)
<b>EXPENDITURE</b>			
Administrative and general expenses	17	962,615	755,711
Depreciation	3	762,267	94,320
Total expenditure		1,724,882	850,031
Operational loss for the year		(1,788,238)	(1,924,747)
Finance cost		(405,282)	(251,333)
Other income/(loss)		(11,343)	-
Net comprehensive loss for the year		(2,204,863)	(2,176,079)

These financial statements were approved on February 26, 2019  
Annexed notes form an integral part of these financial statements.

For Mold Tek - Packaging FZE

Mr. Saibaba Tata  
Manager  
Ras Al Khaimah  
February 26, 2019



**MOLD-TEK PACKAGING FZE****Statement of cash flow for the year ended December 31, 2018**

	<i>Figures (in AED)</i>	
	<u>Year ended</u>	<u>Year ended</u>
	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
<b>I. FROM OPERATING ACTIVITIES</b>		
Net comprehensive loss for the year	(2,204,863)	(2,176,079)
Adjustments:		
Depreciation	762,267	718,250
Employee terminal benefits	-	-
Loss on sale of fixed assets	11,343	-
<b>Cash flow before working capital changes</b>	<b>(1,431,253)</b>	<b>(1,457,829)</b>
<b>Working capital changes</b>		
Decrease/(increase) in advance, deposits and prepayments	116,809	(267,124)
Increase in accounts receivable	(540,592)	(1,802,980)
Increase in tax receivable	(219,507)	-
Increase in inventory	(526,131)	(845,692)
Increase in loan from related party	(690,818)	-
Increase in accounts payable	641,531	1,336,264
Increase in accruals	11,040	39,144
<b>Net cash flow used in operating activities (A)</b>	<b>(2,638,922)</b>	<b>(2,998,217)</b>
<b>II. FROM INVESTING ACTIVITIES</b>		
Purchases of plant, property and equipment	(1,261,637)	(1,433,603)
Disposal/sales of [property, plant and equipment	1,952,471	-
Capital work in progress transferred/(incurred)	801,246	473,108
<b>Net cash flow generated from/(used in) investing activities (B)</b>	<b>1,492,080</b>	<b>(960,495)</b>
<b>III. FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowing	(1,366,120)	(227,687)
Proceeds from short term loan	537,854	4,648,918
Net proceeds from unsecured loan	2,003,894	(2,610,804)
<b>Net cash flow generated from financing activities (C)</b>	<b>1,175,628</b>	<b>1,810,427</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>28,787</b>	<b>(2,148,285)</b>
Cash and cash equivalents, beginning of the period	5,529	2,153,814
<b>Cash and cash equivalents, end of the period</b>	<b>34,316</b>	<b>5,529</b>
<b>CASH &amp; CASH EQUIVALENTS</b>		
Cash on hand	34,316	5,529
<b>Cash and cash equivalents as per cash flow statement</b>	<b>34,316</b>	<b>5,529</b>

These financial statements were approved on February 26, 2019

Annexed notes form an integral part of these financial statements.

For Mold Tek - Packaging FZE

Mr. Saibaba Tata

Manager

Ras Al Khaimah

February 26, 2019



**MOLD-TEK PACKAGING FZE**

**Statement of changes in equity for the year ended December 31, 2018**

*(Amount in AED)*

Particulars	Share capital	Accumulated losses	Total Equity
As at 01 January 2017	5,458,000	(383,995)	5,074,005
Net comprehensive loss for the year	-	(2,176,079)	(2,176,079)
<b>As on December 31, 2017</b>	<b>5,458,000</b>	<b>(2,560,074)</b>	<b>2,897,926</b>
Net comprehensive loss for the year	-	(2,204,863)	(2,204,863)
<b>As on December 31, 2018</b>	<b>5,458,000</b>	<b>(4,764,937)</b>	<b>693,063</b>

These financial statements were approved on February 26, 2019  
Annexed notes form an integral part of these financial statements.

For Mold Tek - Packaging FZE

Mr. Saibaba Tata  
Manager  
Ras Al Khaimah  
February 26, 2019



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

These financial statements have been prepared for the year ended December 31, 2018.

#### **1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT**

##### **1.1 Legal status**

Mold Tek Packaging FZE was incorporated as a Free Zone Establishment with Limited Liability bearing Registration No. RAKFTZA-FZE-4016196. The Establishment was formed on January 12, 2016 in accordance with the implementing regulations regarding the formation of a Free Zone Establishment. The registered address of the Establishment is P.O. Box 328559, Ras Al Khaimah, United Arab Emirates.

The registered office of the Establishment is located in the Emirates of Ras Al Khaimah.

As per the Memorandum & Articles of Association and its subsequent amendments: the issued, subscribed and paid up capital of the Establishment as on Dec 31, 2018 is AED 5,458,000 (United Arab Emirates Dirham Five Million Four Hundred and Fifty Eight Thousand only) divided into 5,458 shares of AED 1,000 and all the shares are held by Mold-Tek Packaging Limited, India.

##### **1.2 Activities**

The principal activities of the Establishment are "Plastic Bottles and Containers Manufacturing".

##### **1.3 Management**

The Establishment is managed by Mr. Saibaba Tata, Indian National holding passport no: Z3172194, who is also mentioned as manager in the trade license.

#### **2 SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The financial statements are prepared under the historical cost convention.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **2.2 Adoption of new and revised international financial reporting standards (IFRS)**

##### **(a) New and revised IFRSs applied with no material effect on the financial statements**

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

- i IFRS 14 Regulatory Deferral Accounts
- ii Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.
- iii Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- iv Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization.
- v Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- vi Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.
- vii Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- viii Annual Improvements to IFRS Standards 2012 - 2016 Cycle amending IFRS 5, IFRS 7, IAS 19, IAS 34, IFRS 1 and IAS 28.
- ix Amendments to IAS 40 Investment Property: The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence.
- x The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

- xii IFRS 9 Financial Instruments (2009), initial and subsequent measurement, classification of financial assets and liabilities. Impairment of financial assets and derecognition of financial assets and liabilities with affect from 01 January 2018.
- xii IFRIC 22 Foreign Currency Transactions and Advance Consideration: The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

#### **(b) New and revised IFRSs in issue but not yet effective**

##### **New standards and significant amendments to standards applicable to the Company**

- i IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet with affect from 1 January 2019, with earlier adoption permitted if IFRS 15 Revenue from Contracts with Customers has also been applied.
- ii IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities if there is uncertainty over a tax treatment and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted.
- iii IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts and has an effective date of 1 January 2021.
- iv Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 with effect from 01 January 2019.
- v Annual Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23 with effect on 01 January 2019.
- vi The amendments to IAS 19 with effect from 01 January 2019 which clarify the accounting for defined benefit plan amendments, curtailments and settlements.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the company in the period of their initial application.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **2.3 Use of estimates and judgements**

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### **2.4 Going concern assumption**

The financial statements have been prepared on a going concern basis notwithstanding the facts that the Establishment has incurred a loss of AED 2.20 Mn for the year ended December 31, 2018 (2017: AED 2.18 Mn) and the accumulated losses as on December 31, 2018 were AED 4.77 Mn (2017 : AED 2.56 Mn). Further, as on December 31, 2018, the Establishment's current liabilities exceeded its current assets by AED 4.17 Mn (2017 : AED 2.87 Mn). The continuation of the Establishment's operation depend upon future profitable operation and continued financial support from the shareholders. The shareholders of the Establishment have provided an undertaking that they will continue to provide or arrange financial support as would be necessary for the Establishment to meet its obligations as they fall due in the foreseeable future.

#### **2.5 Revenue recognition**

Revenue from the sale of goods is recognized as per the requirement of IFRS 15. Revenue is recognized when the performance obligations are met and control of goods are transferred to the buyer.

Revenue is recognized at the transaction price mutually agreed between parties. Transaction price is the amount of consideration that an entity expects to be entitled to in exchange for transferring promised goods or services to a customer.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **2.6 Property and equipment**

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements : 5 to 10 years

Plant and machinery : 15 years

Electrical and other equipment : 10 years

Furniture and fixtures : 10 years

Office equipment : 5 years

Vehicle : 8 years

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognized.

#### **2.7 Accounts receivable**

Accounts receivable are stated at original invoice amount less a provision for expected credit loss any uncollectible amounts. The expected credit loss is estimated using the simplified approach as per IFRS 9.





## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **2.8 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

#### **2.9 Inventories**

Inventories are valued at the lower of cost and net realizable value as required by IAS 2.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **2.10 Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### **2.11 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

#### **2.12 Employees' end of service benefits**

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

#### **2.13 Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In the book of leasee operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Where significant risk and reward transferred to the leasee the assets is recognized as finance lease in the books of the leasee.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **2.14 Foreign currencies**

Transactions in foreign currencies are initially recorded by the Company at the currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

#### **2.15 Financial assets**

##### **Initial recognition and subsequent measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- a). Financial assets at amortized cost (debt instruments)
- b). Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c). Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) ;and



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

d). Financial assets at fair value through profit or loss

**(a) Financial assets at fair value through OCI (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

a). The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and cashflow from sale of such assets; and

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

**(b) Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

**(c) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

**(d) Financial assets at amortized cost (debt instruments)**

The Company measures financial assets at amortized cost if both of the following conditions are met:

- a). The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **(e) Derecognition of financial assets**

A financial asset is primarily derecognized when:

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **(f) Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.



## **MOLD-TEK PACKAGING FZE**

---

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **2.16 Financial liabilities**

##### **(a) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts..

##### **(b) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

###### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

###### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.



## **MOLD-TEK PACKAGING FZE**

### **Significant accounting policies to the financial statements for the year ended December 31, 2018**

#### **( c ) Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **2.17 Share capital**

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### **2.18 Contingencies**

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognized because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognized on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.



**MOLD-TEK PACKAGING FZE**

Notes to the financial statements for the year ended December 31, 2018

**3. PROPERTY, PLANT AND EQUIPMENT**

Particulars	(Amount in AED)						Total
	Leasehold improvements	Plant & machinery	Electrical & other equipment	Furniture and fixtures	Office equipment	Computer vehicle	
<b>Cost:</b>							
As on 01 January 2018	67,673	10,023,392	587,760	37,270	73,060	17,975	10,969,852
Additions during the year	5,600	1,205,006	32,550	12,636	4,046	1,799	1,261,637
(Disposals) during the year	-	(2,204,004)	-	-	-	-	(2,204,004)
<b>As at Dec 31, 2018</b>	<b>73,273</b>	<b>9,024,394</b>	<b>620,310</b>	<b>49,906</b>	<b>77,106</b>	<b>19,774</b>	<b>10,027,485</b>
<b>Depreciation:</b>							
As on 01 January 2018	9,448	659,431	53,225	3,780	12,022	6,071	771,212
Additions during the year	10,278	651,421	56,902	4,355	14,508	5,478	762,267
(Disposals) during the year	-	(240,190)	-	-	-	-	(240,190)
<b>As at Dec 31, 2018</b>	<b>19,726</b>	<b>1,070,662</b>	<b>110,127</b>	<b>8,135</b>	<b>26,530</b>	<b>11,549</b>	<b>1,293,289</b>
<b>Net value</b>							
As at Dec 31, 2018	53,547	7,953,732	510,183	41,771	50,576	8,225	8,734,196
As at Dec 31, 2017	58,225	9,363,961	534,535	33,490	61,038	11,904	10,198,640





## MOLD-TEK PACKAGING FZE

### Notes to the financial statements for the year ended December 31, 2018

	<i>(Amount in AED)</i>	
	<u>As on Dec 31, 2018</u>	<u>As on Dec 31, 2017</u>
<b>4. CAPITAL WORK IN PROGRESS</b>		
Capital work in progress	-	801,246
<b>5. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advances to suppliers	5,015	248,751
Security deposits	171,888	100,850
Advance to custom department	62,071	-
Advances to employees	40,081	34,105
Prepayments	28,659	40,817
	<u>307,714</u>	<u>424,523</u>
<b>6. ACCOUNTS RECEIVABLE</b>		
Accounts receivable	2,410,916	1,870,324
Less: Provision for bad and doubtful debts	-	-
	<u>2,410,916</u>	<u>1,870,324</u>
<i>Accounts receivable are considered good and not impaired as on the reporting date.</i>		
<b>7. DUE FROM RELATED PARTIES</b>		
M/s Mold-Tek Packaging Ltd, Annaram	690,818	-
<i>The amount due from the related party is not interest bearing, and are receivable on</i>		
<b>8. INVENTORY</b>		
Stock of raw material and consumables	1,620,479	1,094,348
<i>As valued and certified by the management. It represents Inventory of raw material purchased for the production of finished good.</i>		
<b>9. TAX RECEIEVABLE</b>		
VAT Input receivable	171,617	-
Custom duty receivable	47,890	-
	<u>219,507</u>	<u>-</u>



## MOLD-TEK PACKAGING FZE

### Notes to the financial statements for the year ended December 31, 2018

	<i>(Amount in AED)</i>	
	<u>As on Dec 31, 2018</u>	<u>As on Dec 31, 2017</u>
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	<u>34,316</u>	<u>5,529</u>
<b>11. BANK BORROWINGS</b>		
Term loan from Citibank N.A., UAE	<u>3,870,674</u>	<u>5,236,794</u>
The Establishment has availed term loan of AED 5,464,481 in October 2016 from Citibank N.A, UAE. The loan is repayable over the period of five years with moratorium repayment period of one year and is repayable by September 2021. Interest rate on the term loan is 3 month EIBOR plus 1.75% p.a.		
Term loan is secured against:		
a. Stand By Letter of Credit (SBLC) of AED 5,464,481 from Citibank India.		
b. Assignment of stock insurance policy in favour of Citibank.		
c. Pledge/charge over the specific assets and machineries owned by the Establishment		
<b>12. BANK BORROWINGS - SHORT TERM</b>		
Overdraft facility with bank	<u>5,186,772</u>	<u>4,648,918</u>
The Establishment has availed combined facility of term loan and overdraft of AED 10,928,962 (Previous year : AED 10,928,962) from Citibank N.A., UAE. The loan is repayable within one year. Interest rate on the overdraft facility is 1 month EIBOR plus 1.75% p.a. with respect to minimum interest of 2.75%.		
<b>13. LOAN FROM RELATED PARTY</b>		
Loan from M/s Moldtek Packaging Limited, India	<u>2,156,312</u>	<u>152,418</u>
Loan from related party is interest bearing, unsecured and does not have a fixed repayment schedule.		



## MOLD-TEK PACKAGING FZE

### Notes to the financial statements for the year ended December 31, 2018

	<i>(Amount in AED)</i>	
	As on Dec 31, 2018	As on Dec 31, 2017
<b>14. ACCOUNTS PAYABLE</b>		
Trade creditors	1,973,545	1,326,098
Advance from customer	21,090	27,006
	<u>1,994,635</u>	<u>1,353,104</u>
<b>Break up of trade creditors is as follows:</b>		
Related parties trade creditors	1,741,022	1,210,402
Non related parties trade creditors	232,523	115,696
	<u>1,973,545</u>	<u>1,326,098</u>
<b>15. ACCRUALS</b>		
Salary and expenses payable	98,925	105,450
Other expenses payable	17,565	-
	<u>116,490</u>	<u>105,450</u>
		<i>(Amount in AED)</i>
	For the year Dec.31, 2018	For the year Dec.31, 2017
<b>16. COST OF GOODS SOLD</b>		
Opening balance of stock	1,094,348	248,656
Add: Purchases and direct expenses	7,121,256	5,888,117
Less: Closing stock	(1,620,479)	(1,094,348)
	<u>6,595,125</u>	<u>5,042,425</u>
<b>17. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Selling and distribution expenses	502,294	288,153
Professional and consultancy expense	28,021	12,000
Repair and maintenance	202,858	192,583
Bank charges	11,429	77,207
Insurance	41,561	45,936
Other expenses	176,453	139,832
	<u>962,615</u>	<u>755,711</u>



**Notes to the financial statements for the year ended December 31, 2018**

**18. FINANCIAL INSTRUMENTS**

Financial instruments mean financial assets, financial liabilities and equity instruments. Financial assets of the Establishment include advance, deposit, inventory and bank balances. Financial liabilities include trade payable, accruals, bank borrowings and due to related parties. Accounting policies for financial assets and liabilities are set out in note. Disclosures about significant financial instruments to which the Establishment is a party, including the recognition methods adopted, are disclosed in the individual policy statements associated with each item.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprises of credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

**a. Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The Establishment has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the Establishment has policies to limit the amount of credit exposure to any financial institution. Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The Establishment has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the Establishment has policies to limit the amount of credit exposure to any financial institution.

The Establishment's bank account are placed with high credit quality financial institution. The Establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting period is:

	<i>Figures (in AED)</i>	
	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
Advances, deposits and prepayments	<b>307,714</b>	424,523
Accounts receivable - Net	<b>2,410,916</b>	1,870,324
Due from related parties	<b>690,818</b>	-
Inventory	<b>1,620,479</b>	1,094,348
Taxes refundable	<b>219,507</b>	-
	<b>5,249,434</b>	<b>3,389,195</b>



## MOLD-TEK PACKAGING FZE

### Notes to the financial statements for the year ended December 31, 2018

#### b. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the Establishment's functional currency. The Establishment does not have any significant currency risk as the Establishment's transactions are mainly in United Arab Emirate Dirham (AED) and US Dollar (USD). AED are pegged to USD and as such there are no currency fluctuation risks on this account.

#### c. Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates. The Establishment has income and operating cash flows are substantially independent of the changes in market interests rates. The borrowings from banks are interest bearing at float rate , but warrant no significant interest risk for the establishment due to a reasonable stable economic condition of the economy.

#### d. Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Establishment's overall strategy remains unchanged during the period.

#### e. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following summarizes the maturities of the Establishment's undiscounted financial liabilities as on December 31, 2018; based on contractual payment dates and current market interest rates.

	<i>( Figures in AED)</i>			
	Carrying value	Within 1 year	1 to 5 years	More than 5 years
<b>As on Dec 31, 2018</b>				
Bank borrowings	3,870,674	-	3,870,674	
Shot term borrowing - overdraft	5,186,772	5,186,772	-	-
Loan from related party	2,156,312	2,156,312	-	-
Accounts payable	1,994,635	1,994,635	-	-
Accruals	116,490	116,490	-	-
	<b>13,324,883</b>	<b>9,454,209</b>	<b>3,870,674</b>	-



## MOLD-TEK PACKAGING FZE

### Notes to the financial statements for the year ended December 31, 2018

(Figures in AED)

	Carrying value	Within 1 year	1 to 5 years	More than 5 years
<b>As on Dec 31, 2017</b>				
Bank borrowings	5,236,794	-	5,236,794	-
Short term borrowings	1,353,104	1,353,104	-	-
Loan from related party	105,450	105,450	-	-
Accounts payable and other p	4,648,918	4,648,918	-	-
Accruals	152,418	152,418	-	-
	<b>11,496,684</b>	<b>6,259,890</b>	<b>5,236,794</b>	<b>-</b>

#### 19. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

As at the approval of the financial statements, the Establishment does not have any other significant events that warrant a modification of the value of its assets and liabilities or any other disclosure.

20. Balances with debtors and creditors are subject to confirmation and reconciliation.

#### 21. RELATED PARTY TRANSACTIONS

The Establishment enters into transactions with companies and entities that fall within definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprises companies and entities under common ownership and/ or common management and control and key management personnel. All the related parties transactions are on armed length terms.

Relationship, transactions with related parties and balances due to or from related parties are as follow:

	Establishment relationship with related parties	Entities under common control of the management	
		(Amount in AED)	
		Year ended Dec 31, 2018	Year ended Dec 31 2017
<b>A. Transactions during the year</b>			
<b>M/s Moldtek Packaging Limited, India</b>			
Fund received (Net)		2,003,894	1,210,402
Purchases and expenses		572,358	1,435,359
Interest expense on loan		55,054	-
Loan repayment		-	(2,835,761)
<b>Mold-Tek Packaging Ltd</b>			
Sale of property, plant & equipment		690,818	-



## MOLD-TEK PACKAGING FZE

### Notes to the financial statements for the year ended December 31, 2018

	<i>(Amount in AED)</i>	
	Year ended Dec 31, 2018	Year ended Dec 31 2017
<b>B. Amount due from/to related parties at the end of the year</b>		
<b>Amount due to Moldtek Packaging Limited, India</b>		
Loan payable	2,101,258	152,418
Trade payable	1,741,022	1,210,402
Interest Payable	55,054	-
<b>Amount due from Mold-Tek Packaging Ltd, Annaram</b>		
Sale of property, plant & equipment	690,818	-

### 22. SEGMENT REPORTING

There are no separate business line to be reported as per the management and hence, there are no reportable business segment.

### 23. GENERAL

- a. Figures in the financial statements are rounded off to the nearest United Arab Emirates Dirham.
- b. In the opinion of the management, all the assets as on December 31, 2018 as shown in the financial statement are existing and realizable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.
- c. Previous period figures are regrouped/rearranged where ever necessary for the better presentation and comparison purposes only.

**For Mold Tek - Packaging FZE**

**Mr. Saibaba Tata**  
**Manager**  
**Ras Al Khaimah**  
**February 26, 2019**

