

**PIDILITE BAMCO LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 2018**

## AUDITOR'S REPORT

To the Shareholders of Pidilite Bamco Limited.

### *Opinion*

We have audited the financial statements of Pidilite Bamco Limited, which comprise the statement of financial position as at 31 March 2018, and the statements of income and statement of changes in equity 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, the financial position of the Company as at 31 March 2018 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

### *Basis for Opinion*

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives 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 Thai Standards on Auditing 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 Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout 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 Company's internal control.
- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.



Somkiat Hiranbantaporn  
Certified Public Accountant Registration No. 4754  
NYC Audit Co., Ltd.

Bangkok  
27 April 2018

**Pidilite Bamco Limited**  
**Statement of financial position**  
**As at 31 March 2018**

		(Unit: Baht)	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	21,016,123	12,627,510
Trade and other receivables	6	55,492,310	51,372,498
Inventories	9	24,933,934	23,464,047
Othe current assets	7	-	15,631
<b>Total current assets</b>		<b><u>101,442,367</u></b>	<b><u>87,479,686</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	10	38,244,847	40,735,984
Intangible assets	11	424,525	515,419
Other non-current assets	7	694,593	673,296
<b>Total non-current assets</b>		<b><u>39,363,965</u></b>	<b><u>41,924,699</u></b>
<b>Total assets</b>		<b><u><u>140,806,332</u></u></b>	<b><u><u>129,404,385</u></u></b>

The accompanying notes are an integral part of the financial statements.



( Mr. Nithi Kietchai )

Director



*DW*

**Pidilite Bamco Limited**

**Statement of financial position (continued)**

As at 31 March 2018

(Unit: Baht)

	Note	2018	2017
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from financial institutions	12	-	-
Trade and other payables	14	24,989,726	28,054,656
Account payable - Hire Purchase , Current		237,342	203,435
Other current liabilities	13	1,772,783	259,368
<b>Total current liabilities</b>		<b>26,999,851</b>	<b>28,517,459</b>
<b>Non-current liabilities</b>			
Account payable - Hire Purchase, Non - Current		-	237,342
Provision for long-term employee benefits	15	1,586,226	992,226
<b>Total non-current liabilities</b>		<b>1,586,226</b>	<b>1,229,568</b>
<b>Total liabilities</b>		<b>28,586,077</b>	<b>29,747,027</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
350,000 ordinary shares of Baht 100 each		35,000,000	35,000,000
Issued and fully paid up			
350,000 ordinary shares of Baht 100 each		35,000,000	35,000,000
Retained earnings			
Appropriated-statutory reserve	18	1,250,000	1,250,000
Unappropriated		75,970,255	63,407,358
<b>Total shareholders' equity</b>		<b>112,220,255</b>	<b>99,657,358</b>
<b>Total liabilities and shareholders' equity</b>		<b>140,806,332</b>	<b>129,404,385</b>

The accompanying notes are an integral part of the financial statements.



( Mr. Nithi Kietchai )

Director



Pidilite Bamco Limited

Statement of income

For the year ended 31 March 2018

		(Unit: Baht)	
	Note	2018	2017
<b>Revenues</b>			
Sales	3	234,453,904	211,318,134
Other income		5,860,337	7,305,427
<b>Total revenues</b>		<b>240,314,241</b>	<b>218,623,561</b>
<b>Expenses</b>			
Cost of sales	3	145,603,925	127,680,769
Selling expenses		51,288,781	49,807,223
Administrative expenses		26,592,297	25,434,781
Other expenses		329,772	444,333
<b>Total expenses</b>		<b>223,814,775</b>	<b>203,367,106</b>
<b>Profit before finance cost and income tax expenses</b>		<b>16,499,466</b>	<b>15,256,455</b>
Finance cost		(15,631)	(18,790)
<b>Profit before income tax expenses</b>		<b>16,483,835</b>	<b>15,237,665</b>
Income tax expenses	13	(3,920,938)	(3,442,658)
<b>Net profit for the year</b>		<b>12,562,897</b>	<b>11,795,007</b>

The accompanying notes are an integral part of the financial statements.



( Mr. Nithi Kietchai )

Director



PW

Pidilite Bamco Limited

Statement of changes in shareholders' equity

For the year ended 31 March 2018

(Unit: Baht)

	Issued and fully paid-up share capital	Retained earnings		Total
		Appropriated	Unappropriated	
Balance as at 1 April 2016	35,000,000	1,250,000	51,612,351	87,862,351
Net profit for the year	-	-	11,795,007	11,795,007
Balance as at 31 March 2017	<u>35,000,000</u>	<u>1,250,000</u>	<u>63,407,358</u>	<u>99,657,358</u>
Balance as at 1 April 2017	35,000,000	1,250,000	63,407,358	99,657,358
Net profit for the year	-	-	12,562,897	12,562,897
Balance as at 31 March 2018	<u>35,000,000</u>	<u>1,250,000</u>	<u>75,970,255</u>	<u>112,220,255</u>

The accompanying notes are an integral part of the financial statements.

*pu*

*Nithi*

( Mr. Nithi Kietchai )

Director



**Pidilite Bamco Limited**  
**Statement of Cash Flows**

**For the year ended 31 March 2018**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
(Unit: Baht)			
<b>Cash flows from operating activities</b>			
Profit before tax		16,483,835	15,237,665
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation		3,247,563	3,860,535
Amortization of intangible assets		90,894	124,773
Reversal of doubtful accounts		2,403,052	(1,174,919)
Bad debts		-	(128,026)
Reduction of inventory to net realisable value		1,389,618	628,292
Profit on sales of assets		-	(7,326)
Loss on sales of property, plant and equipment		-	444,333
Provision for long-term employee benefits		594,000	650,400
Unrealised (gain) loss on exchange rate		-	(357,721)
Unrealised loss on disposal fixed assets		750,262	-
Interest income		(29,516)	-
Interest expenses		15,631	18,790
Profit from operating activities before changes in operating assets and liabilities		24,945,339	19,296,796
Operating assets (increase) decrease			
Trade and other receivables		(6,522,864)	139,964
Inventories		(2,859,505)	(12,754)
Other current assets		15,631	-
Other assets		(21,297)	(18,293)
Operating liabilities increase (decrease)			
Trade and other payables		(3,064,930)	5,618,139
Other current liabilities		-	-
Cash flows from (used in) operating activities		12,492,374	25,023,852
Cash paid for interest expenses		-	(26,222)
Cash paid for corporate income tax		(2,407,523)	(6,719,406)
<b>Net cash flows from (used in) operating activities</b>		<b>10,084,851</b>	<b>18,278,224</b>

The accompanying notes are an integral part of the financial statements.

.....  
*Hou*

( Mr. Nithi Kietchai )

Director



*PW*



**Pidilite Bamco Limited**

**Cash flow statement (continued)**

**For the year ended 31 March 2018**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
(Unit: Baht)			
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(1,506,688)	(10,479,508)
Proceeds from sales of property, plant and equipment		-	27,873
Acquisition of intangible assets		-	(25,229)
Interest income		29,516	
<b>Net cash flows from (used in) investing activities</b>		<u>(1,477,172)</u>	<u>(10,476,864)</u>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		-	(2,500,000)
Repayment of liabilities under Hire - purchase		(219,066)	440,778
<b>Net cash flows from (used in) financing activities</b>		<u>(219,066)</u>	<u>(2,059,222)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		8,388,613	5,742,138
Cash and cash equivalents at beginning of year		12,627,510	6,885,372
<b>Cash and cash equivalents at end of year</b>		<u>21,016,123</u>	<u>12,627,510</u>

The accompanying notes are an integral part of the financial statements.

*Nithi*

( Mr. Nithi Kietchai )

Director



*PK*

**Pidilite Bamco Limited**

**Notes to financial statements**

**For the year ended 31 March 2018**

**1. General information**

Pidilite Bamco Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of Asphalt waterproof and Corrosion protection. The registered office of the Company is at No.699 Modernform Tower 15<sup>th</sup> Floor, Srinakarin Road, Suanluang, Suanluang, Bangkok (Its branch office is located at No.846 Moo 4, Bangpoo Industrial Estate, Soi 12, Tambon Praksa, Amphur MuangSamutprakan, Samutprakan).

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards applicable to non-publicly accountable entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. Significant accounting policies**

**3.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.



### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 3.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 3.4 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by using the weighted average basis and comprises of raw material cost, conversion cost. Fixed manufacturing overhead is allocated based on normal manufacture capacity.

### 3.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

Depreciation of plant and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Building and leasehold improvement	-	20 - 30 years
Machinery and equipment	-	10 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

### 3.6 Intangible assets

Intangible assets are stated at cost less any accumulated amortisation and allowance for diminution in value (if any).

Intangible assets are amortised as expenses in the income statements on a straight-line basis over the economic useful life. A summary of the intangible assets are as follows:

	<u>Useful lives</u>	
Computer software	10	years

*Handwritten signature*



### **3.7 Long-term leases**

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, which interest element is charged to the income statements over the lease period.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating lease. Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

### **3.8 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

### **3.9 Provisions**

Provisions are recognised when the Company has a present obligation 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.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

### **3.10 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **4. Use of accounting estimates**

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

*How*



5. Cash and cash equivalents

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Cash on hand	60,000	60,000
Current accounts	13,781,805	5,797,620
Savings accounts	5,646,221	6,767,008
Savings accounts -USD	1,528,097	2,882
<b>Total</b>	<u>21,016,123</u>	<u>12,627,510</u>

6. Trade and other receivables

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Trade accounts receivable – related companies	6,659,436	8,035,505
Trade accounts receivable – other companies	48,065,778	42,232,518
Other receivables	4,442,291	2,361,977
<b>Total</b>	<u>59,167,505</u>	<u>52,630,000</u>
Less: Allowance for doubtful accounts	<u>(3,675,195)</u>	<u>(1,257,502)</u>
<b>Trade and other receivables – net</b>	<u>55,492,310</u>	<u>51,372,498</u>

Movement of allowance for doubtful accounts are as following ;

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Balance at beginning of the year	1,257,502	82,583
Impairment losses recognized in the year	2,417,693	1,302,945
<u>Less</u> : Amounts written off during the year as uncollectible	-	(128,026)
<b>Balance at end of the year</b>	<u>3,675,195</u>	<u>1,257,502</u>

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Trade receivables outstanding for a period less than six months	53,013,311	49,899,951
Trade receivables outstanding for a period exceeding six months	1,931,849	659,723
	<u>54,945,160</u>	<u>50,559,674</u>

*Atan*



## 7. Other assets

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Other current assets	-	15,631
	-	15,631
Others non-current assets		
- Deposits	687,555	666,458
- Deferred Interest	6,838	6,838
- Other	200	-
Total	<u>694,593</u>	<u>673,296</u>

## 8. Unhedged Transaction

	(Unit: Baht)			
	<u>2018</u>		<u>2017</u>	
	<u>Foreign Currency</u>	<u>Thai Baht</u>	<u>Foreign Currency</u>	<u>Thai Baht</u>
Overseas trade receivables – SGD	273,732	6,441,636	329,400	8,118,309
Overseas trade payables – SGD				
Overseas other payables – USD	11,322	355,582	1,182	29,530
Other payables – SGD	4,094	98,682	8,852	307,456

## 9. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	10,580,714	8,788,961	(890,042)	(315,790)	9,690,672	8,473,171
Work in process	-	-	-	-	-	-
RM and PK	16,998,745	15,930,994	(1,755,483)	(940,118)	15,243,262	14,990,876
Total	<u>27,579,459</u>	<u>24,719,955</u>	<u>(2,645,525)</u>	<u>(1,255,908)</u>	<u>24,933,934</u>	<u>23,464,047</u>

*Am*



10. Property, plant and equipment

(Unit: Baht)

Cost	Land	Buildings	Improvement for rent office and factory	Machinery and equipment	Office equipment	Vehicles	Assets under construction	Total
1 April 2016	6,353,808	18,452,165	7,120,322	22,898,323	10,943,920	5,080,583	297,600	71,146,721
Additions	-	-	215,000	515,360	1,817,809	1,431,398	6,499,940	10,479,507
Disposals	-	-	-	(2,057,924)	(79,634)	-	-	(2,137,558)
Transfers in (out)	-	-	-	1,642,540	270,000	-	(1,912,540)	-
31 March 2017	6,353,808	18,452,165	7,335,322	22,998,299	12,952,095	6,511,981	4,885,000	79,488,670
Additions	-	-	-	1,506,688	-	-	-	1,506,688
Disposals	-	-	-	(1,539,687)	(173,109)	(654,207)	(717,260)	(3,084,263)
Transfers in (out)	-	200,000	-	2,548,737	521,303	10,100	(3,280,140)	-
31 March 2018	6,353,808	18,652,165	7,335,322	25,514,037	13,300,289	5,867,874	887,600	77,911,095
<b>Accumulated depreciation:</b>								
1 April 2016	-	9,685,336	1,795,034	15,768,453	8,014,716	1,301,291	-	36,564,830
Depreciation for the year	-	329,989	366,730	1,191,163	1,017,762	954,891	-	3,860,535
Disposals	-	-	-	(1,593,047)	(79,632)	-	-	(1,672,679)
31 March 2017	-	10,015,325	2,161,764	15,366,569	8,952,846	2,256,182	-	38,752,686
Depreciation for the year	-	331,633	366,760	224,767	1,257,964	1,066,439	-	3,247,563
Depreciation on disposals	-	-	-	(1,506,687)	(173,109)	(654,205)	-	(2,334,001)
31 March 2018	-	10,346,958	2,528,524	14,084,649	10,037,701	2,668,416	-	39,666,248
<b>Net book value:</b>								
31 March 2017	6,353,808	8,436,840	5,173,558	7,631,730	3,999,249	4,255,799	4,885,000	40,735,984
31 March 2018	6,353,808	8,305,207	4,806,798	11,429,388	3,262,588	3,199,458	887,600	38,244,847



*New*

*Heu*

As at 31 March 2018, the Company has an outstanding commitments for 2.76 million Baht. On 22 February 2017, the Company had entered into Construction Contract Agreement in respect of Fire pump system with AOV Engineering Co., Ltd. which contractees committed to complete the construction within 150 days from the agreement date.

#### 11. Intangible assets

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Computer software – cost	1,516,736	1,516,736
<u>Less: Accumulated amortization</u>	<u>(1,092,211)</u>	<u>(1,001,317)</u>
Net book value	<u>424,525</u>	<u>515,419</u>
	<u>2018</u>	<u>2017</u>
Net book value at the beginning of the year	614,963	614,963
Additions	-	25,229
Amortisation	<u>(190,438)</u>	<u>(124,773)</u>
Net book value at the end of the year	<u>424,525</u>	<u>515,419</u>

#### 12. Bank overdrafts and short-term loans from financial institutions

		(Unit: Baht)	
	(percent per annum)	<u>2018</u>	<u>2017</u>
Short-term loans from financial institution	0.75% + Tax and 3.5%	-	-
Total		<u>-</u>	<u>-</u>

The Company obtained overdrafts facilities and short-term loans from a financial institution of total credits lines of Baht 12 million, guaranteed by an overseas related company.

#### 13. Income tax

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Income tax payable for the year	3,920,938	3,442,658
<u>Less Advance income tax</u>	<u>(2,148,155)</u>	<u>(3,183,290)</u>
Income tax payable - Net	<u>1,772,783</u>	<u>259,368</u>



*Handwritten signature*



For the year ended March 31, 2018 and 2017, the Company recognized corporate income tax at the rate 20% of profit before tax adjusted by allowance and other expenses which shall not be allowed as expenses in tax calculation as described in the Revenue Code.

**14. Trade and other payables**

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Trade accounts payable – related companies	719,978	921,971
Trade accounts payable – other companies	17,543,607	21,572,508
Accrued expenses	6,304,073	5,560,177
Other payable	422,068	-
Total	<u>24,989,726</u>	<u>28,054,656</u>

**15. Provisions for Long-Term employee benefits**

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Provisions for long term employee benefits		
Balance at beginning of the year	992,226	341,826
Increase during the year	594,000	650,400
Decrease during the year	-	-
Balance at end of the year	<u>1,586,226</u>	<u>992,226</u>

**16. Audit fees**

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Audit fee	230,000	220,000
Other related expenses	10,000	9,400
Total	<u>240,000</u>	<u>229,400</u>

**17. Research and Development Expenditure**

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Capital Expenditure for Research and Development	-	665,446
Revenue Expenses	1,207,035	1,323,332
Total	<u>1,207,035</u>	<u>1,988,778</u>



## 18. Statutory reserve

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the Company pays out a dividend, until such reserve reaches ten percent of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

## 19. Commitments and contingent liabilities

### 19.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space, machinery, motor vehicles and equipment. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 March	
	<u>2018</u>	<u>2017</u>
Payable:		
in up to 1 year	2.4	2.3
in over 1 and up to 3 years	0.9	0.9

During the year 2017, the Company recognised rental expenses of Baht 2.45 million (2017: Baht 3.10 million).

### 19.2 Guarantees

As at 31 March 2018, there were outstanding bank guarantees of approximately Baht 0.16 million (2017 : Baht 0.16 million) issued by a bank to guarantee electricity use with the Provincial Electricity Authority.

