

**PIDILITE BAMCO LIMITED**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 MARCH 2020**

## 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 2020, 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 2020 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 scepticism 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  
24 April 2020

**Pidilite Bamco Limited**  
**Statement of financial position**  
**As at 31 March 2020**

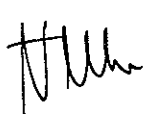
		(Unit: Baht)	
	Note	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	44,618,328	20,621,282
Long-term deposits at financial institutions	6	14,500,000	-
Trade and other receivables	7	42,771,548	62,507,170
Inventories	10	22,245,454	20,103,110
Other current assets	13	-	797,041
<b>Total current assets</b>		<b><u>124,135,330</u></b>	<b><u>104,028,603</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	11	31,810,936	34,510,700
Intangible assets	12	327,250	424,270
Other non-current assets	8	730,869	709,214
<b>Total non-current assets</b>		<b><u>32,869,055</u></b>	<b><u>35,644,184</u></b>
<b>Total assets</b>		<b><u><u>157,004,385</u></u></b>	<b><u><u>139,672,787</u></u></b>

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

The financial statements have been approved by the Annual General Meeting of Shareholder

No. .... Date .....



Signed .....  ..... Director

( Mr. Nithi Kietchai )

Pidilite Bamco Limited

Statement of financial position (continued)

As at 31 March 2020

	Note	2020	2019
(Unit: Baht)			
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	14	25,038,925	21,345,334
Other current liabilities	13	1,958,798	-
<b>Total current liabilities</b>		<b>26,997,723</b>	<b>21,345,334</b>
<b>Non-current liabilities</b>			
Provision for long-term employee benefits	15	3,260,226	2,180,226
<b>Total non-current liabilities</b>		<b>3,260,226</b>	<b>2,180,226</b>
<b>Total liabilities</b>		<b>30,257,949</b>	<b>23,525,560</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		90,496,436	79,897,227
<b>Total shareholders' equity</b>		<b>126,746,436</b>	<b>116,147,227</b>
<b>Total liabilities and shareholders' equity</b>		<b>157,004,385</b>	<b>139,672,787</b>

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No. .... Date .....

Signed .....  
 (Mr. Nithi Kietchai) Director



**Pidilite Bameco Limited**

**Statement of income**

**For the year ended 31 March 2020**

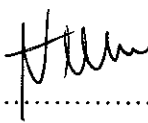
(Unit: Baht)

	Note	2020	2019
<b>Revenues</b>			
Sales	3	217,454,606	219,459,347
Other income		7,540,970	4,987,111
<b>Total revenues</b>		<b>224,995,576</b>	<b>224,446,458</b>
<b>Expenses</b>			
Cost of sales	3	146,317,640	153,028,978
Selling expenses		39,754,625	40,464,024
Administrative expenses		25,695,273	25,817,944
Other expenses		11,088	-
<b>Total expenses</b>		<b>211,778,626</b>	<b>219,310,946</b>
<b>Profit before finance cost and income tax expenses</b>		<b>13,216,950</b>	<b>5,135,512</b>
Finance cost		-	(5,488)
<b>Profit before income tax expenses</b>		<b>13,216,950</b>	<b>5,130,024</b>
Income tax expenses	13	(2,617,741)	(1,203,052)
<b>Net profit for the year</b>		<b>10,599,209</b>	<b>3,926,972</b>

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No. .... Date .....

Signed .....  ..... Director  
( Mr. Nithi Kietchai )



**Pidilite Bamco Limited**

**Statement of changes in shareholders' equity**

**For the year ended 31 March 2020**

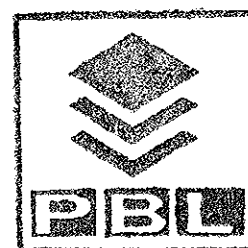
(Unit: Baht)

	Issued and fully paid-up share capital	Retained earnings		Total
		Appropriated	Unappropriated	
<b>Balance as at 1 April 2018</b>	<b>35,000,000</b>	<b>1,250,000</b>	<b>75,970,255</b>	<b>112,220,255</b>
Net profit for the year	-	-	3,926,972	3,926,972
<b>Balance as at 31 March 2019</b>	<b>35,000,000</b>	<b>1,250,000</b>	<b>79,897,227</b>	<b>116,147,227</b>
<b>Balance as at 1 April 2019</b>	<b>35,000,000</b>	<b>1,250,000</b>	<b>79,897,227</b>	<b>116,147,227</b>
Net profit for the year	-	-	10,599,209	10,599,209
<b>Balance as at 31 March 2020</b>	<b>35,000,000</b>	<b>1,250,000</b>	<b>90,496,436</b>	<b>126,746,436</b>

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

The financial statements have been approved by the Annual General Meeting of Shareholder

No. .... Date .....



Signed ..... Director

( Mr. Nithi Kietchai )

**Pidilite Bamco Limited**  
**Statement of Cash Flows**  
**For the year ended 31 March 2020**

	<u>Note</u>	<u>2020</u>	<u>2019</u>
			(Unit: Baht)
<b>Cash flows from operating activities</b>			
Profit before tax		13,216,950	5,130,024
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation		5,123,244	5,088,791
Amortization of intangible assets		97,020	93,255
Doubtful accounts		(389,282)	641,027
Reduction of inventory to net realisable value		932,074	1,847,679
Provision for long-term employee benefits		1,080,000	594,000
Unrealised (gain) loss on exchange rate		(574,702)	9,077
Unrealised net book value from replacement fixed assets		21,589	-
Interest income		(210,152)	(56,162)
Interest expenses		-	5,488
Profit from operating activities before changes in operating assets and liabilities		19,296,741	13,353,179
Operating assets (increase) decrease			
Long-term deposits at financial institutions		(14,500,000)	-
Trade and other receivables		20,719,983	(9,049,957)
Inventories		(3,074,419)	2,983,145
Other current assets		797,041	-
Other assets		(21,654)	(14,621)
Operating liabilities increase (decrease)			
Trade and other payables		3,673,213	(2,255,687)
Cash flows from (used in) operating activities		26,890,905	5,016,059
Cash paid for interest expenses		-	(5,488)
Cash paid for corporate income tax		(658,943)	(3,772,876)
<b>Net cash flows from (used in) operating activities</b>		<u>26,231,962</u>	<u>1,237,695</u>

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

The financial statements have been approved by the Annual General Meeting of Shareholder

No. .... Date .....

Signed ..... Director

( Mr. Nithi Kietchai )





**Pidilite Bamco Limited**

**Cash flow statement (continued)**

**For the year ended 31 March 2020**

	<u>Note</u>	<u>2020</u>	<u>2019</u>
(Unit: Baht)			
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(2,445,068)	(1,358,356)
Acquisition of intangible assets		-	(93,000)
Interest income		210,152	56,162
<b>Net cash flows from (used in) investing activities</b>		<u>(2,234,916)</u>	<u>(1,395,194)</u>
<b>Cash flows from financing activities</b>			
Repayment of liabilities under Hire - purchase		-	(237,342)
<b>Net cash flows from (used in) financing activities</b>		<u>-</u>	<u>(237,342)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		23,997,046	(394,841)
Cash and cash equivalents at beginning of year		20,621,282	21,016,123
<b>Cash and cash equivalents at end of year</b>		<u><u>44,618,328</u></u>	<u><u>20,621,282</u></u>

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

The financial statements have been approved by the Annual General Meeting of Shareholder

No. .... Date .....

Signed ..... Director

(Mr. Nithi Kietchai)



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## **Pidilite Bamco Limited**

### **Notes to financial statements**

**For the year ended 31 March 2020**

#### **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 15th 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**

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognized as services are provided on the basis of stage of completion of the transaction.

### **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

### 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.

### 5. Cash and cash equivalents

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Cash on hand	50,000	50,000
Current accounts	9,411,560	5,382,455
Savings accounts	27,476,877	14,091,290
Savings accounts -USD	7,679,891	1,097,537
Total Cash and cash equivalents	<u>44,618,328</u>	<u>20,621,282</u>

### 6. Long-term deposits at financial institutions

Long-term deposits at financial institutions as at 31 March 2020 consist of:

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Fixed deposits with maturities of 6 months	4,500,000	-
Fixed deposits with maturities of 12 months	10,000,000	-
Total Long-term deposits at financial institutions	<u>14,500,000</u>	<u>-</u>

## 7. Trade and other receivables

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Trade accounts receivable – Pidilite Innovation Centre Pte Ltd	536,114	516,712
Trade accounts receivable – Bamco Supply and Services Ltd	266,430	12,494,290
Total trade accounts receivable – related companies	<u>802,544</u>	<u>13,011,002</u>
Trade accounts receivable – other companies	42,813,655	50,718,980
Other receivables	3,019,899	3,093,410
Total	46,636,098	66,823,392
<u>Less</u> : Allowance for doubtful accounts	<u>(3,864,550)</u>	<u>(4,316,222)</u>
Trade and other receivables – net	<u><u>42,771,548</u></u>	<u><u>62,507,170</u></u>

Movement of allowance for doubtful accounts are as follows ;

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	4,316,222	3,675,195
Impairment losses recognized in the year	(389,282)	641,027
<u>Less</u> : Amounts written off during the year as uncollectible	<u>(62,390)</u>	-
Balance at end of the year	<u><u>3,864,550</u></u>	<u><u>4,316,222</u></u>

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Trade receivables outstanding for a period less than six months	44,484,807	59,118,219
Trade receivables outstanding for a period exceeding six months	2,884,403	4,611,763
	<u><u>47,369,210</u></u>	<u><u>63,729,982</u></u>

## 8. Other non-current assets

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Others non-current assets		
- Deposits	703,869	709,214
Total	<u><u>703,869</u></u>	<u><u>709,214</u></u>

## 9. Unhedged Transaction

(Unit: Baht)

	<u>2020</u>		<u>2019</u>	
	<u>Foreign Currency</u>	<u>Thai Baht</u>	<u>Foreign Currency</u>	<u>Thai Baht</u>
Overseas trade receivables – SGD	-	-	22,268	516,711
Overseas trade receivables – USD	107,445	3,493,293	89,855	2,843,465
Overseas trade payables – SGD	-	-	1,967	46,681
Overseas trade payables – USD	-	-	60,554	1,936,430
Other payables – SGD	1,628	37,780	-	-
Other payables – USD	10,938	359,092		

## 10. Inventories

(Unit: Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	11,967,799	9,315,291	(1,140,511)	(1,412,531)	10,827,288	7,902,760
Work in process	343,327	-	-	-	343,327	-
Raw material and packing material	15,359,606	15,281,024	(4,284,767)	(3,080,674)	11,074,839	12,200,350
Total	<u>27,670,732</u>	<u>24,596,315</u>	<u>(5,425,278)</u>	<u>(4,493,205)</u>	<u>22,245,454</u>	<u>20,103,110</u>

## 11. Property, plant and equipment

(Unit: Baht)

	Land	Buildings	Improvement for rent office and factory	Machinery and equipment	Office equipment	Vehicles	Assets under construction	Total
<b>Cost</b>								
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
Additions	-	-	-	700,954	655,902	1,500	-	1,358,356
Disposals	-	-	-	(815,877)	(1,194,610)	-	-	(2,010,487)
Transfers in (out)	-	-	-	887,600	-	-	(887,600)	-
31 March 2019	6,353,808	18,652,165	7,335,322	26,286,714	12,761,581	5,869,374	-	77,258,964
Additions	-	-	494,275	845,077	-	427,286	678,430	2,445,068
Disposals	-	-	-	-	-	(63,224)	-	(63,224)
Write-Off	-	-	-	(44,072)	-	-	-	(44,072)
Transfers in (out)	-	-	26,430	-	-	-	(26,430)	-
31 March 2020	6,353,808	18,652,165	7,856,027	27,087,719	12,761,581	6,233,436	652,000	79,596,736
<b>Accumulated depreciation:</b>								
31 March 2018	-	10,346,958	2,528,524	14,084,649	10,037,701	2,668,416	-	39,666,248
Depreciation for the year	-	339,964	364,504	1,976,371	1,274,964	1,132,988	-	5,088,791
Disposals	-	-	-	(815,865)	(1,190,910)	-	-	(2,006,775)
31 March 2019	-	10,686,922	2,893,028	15,245,155	10,121,755	3,801,404	-	42,748,264
Depreciation for the year	-	340,922	372,620	2,189,378	1,102,473	1,117,851	-	5,123,244
Disposals	-	-	-	-	-	(41,636)	-	(41,636)
Write-Off	-	-	-	(22,060)	-	-	-	(22,060)
Net Book Value of replacement	-	-	-	(22,012)	-	-	-	(22,012)
31 March 2020	-	11,027,844	3,265,648	17,390,461	11,224,228	4,877,619	-	47,785,800
<b>Net book value:</b>								
31 March 2019	6,353,808	7,965,243	4,442,294	11,041,559	2,639,826	2,067,970	-	34,510,700
31 March 2020	6,353,808	7,624,321	4,590,379	9,697,258	1,537,353	1,355,817	652,000	31,810,936



**12. Intangible assets**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Computer software – cost	1,609,736	1,609,736
<u>Less: Accumulated amortization</u>	<u>(1,282,486)</u>	<u>(1,185,466)</u>
Net book value	<u>327,250</u>	<u>424,270</u>

	<u>2020</u>	<u>2019</u>
Net book value at the beginning of the year	424,270	424,525
Additions	-	93,000
Amortisation	<u>(97,020)</u>	<u>(93,255)</u>
Net book value at the end of the year	<u>327,250</u>	<u>424,270</u>

**13. Income tax**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Income tax payable for the year	2,617,741	1,203,052
<u>Less Advance income tax</u>	<u>(658,943)</u>	<u>(2,000,093)</u>
Income tax payable (receivable) - Net	<u>1,958,798</u>	<u>(797,041)</u>

For the year ended March 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Trade accounts payable – Pidilite Industries Limited	359,092	1,581,337
Trade accounts payable – Pidilite Innovation Centre Pte Ltd	37,780	46,681
Trade accounts payable – Bamco Supply and Services Ltd	-	39,654
Total trade accounts payable – related companies	<u>396,872</u>	<u>1,667,672</u>
Trade accounts payable – other companies	16,041,571	15,750,389
Accrued expenses	6,928,745	3,092,964
Other payable	<u>1,671,737</u>	<u>834,309</u>
Total	<u>25,038,925</u>	<u>21,345,334</u>

**15. Provisions for long-term employee benefits**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	2,180,226	1,586,226
Increase during the year	1,080,000	594,000
Decrease during the year	-	-
Balance at end of the year	<u>3,260,226</u>	<u>2,180,226</u>

**16. Audit fees**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Audit fee	240,000	230,000
Other related expenses	20,000	15,000
Total	<u>260,000</u>	<u>245,000</u>

**17. Research and Development Expenditure**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Revenue Expenses	-	642,726
Total	<u>-</u>	<u>642,726</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>2020</u>	<u>2019</u>
Payable:		
in up to 1 year	3.07	2.5
in over 1 and up to 3 years	2.26	1.5

During the year 2020, the Company recognised rental expenses of Baht 3.7 million (2019: Baht 3.7 million).

### 19.2 Guarantees

As at 31 March 2020, there were outstanding bank guarantees of approximately Baht 0.16 million (2019: Baht 0.16 million) issued by a bank to guarantee electricity use with the Provincial Electricity Authority.

## 20. Approval of financial statements

The financial statements were authorized for issue by the Company's director on April 24, 2020