

รายงานประจำปี 2548
ANNUAL REPORT 2005



EASON PAINT PUBLIC COMPANY LIMITED

บริษัท ฮีซัน เพ้นท์ จำกัด (มหาชน)

EASON

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Message from Chairman

Chemical industry is considered an indicator of economic growth in the areas of export and consumer confidence in the country. The growth of chemical industry, or paint industry specifically, represents expansion of other industries such as automotive, food, electronics, electrical appliance, construction, printing, and many more industries.

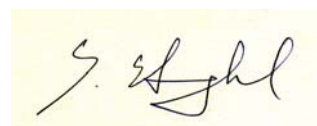


As today all businesses are operated in the world of no boundaries, investments in terms of finance, technology, and raw materials are circulating among countries all over the world with much less difficulty. As a result, business competition has been more intense than ever before. Apart from fierce global competition, Thailand has been challenged with such impediments as higher oil price, spreading of bird flu, natural disaster from Tsunami, and etc. However, Thailand has been able to maintain continuous growth of the economy. The overall paint industry has also shown expansion because of fact that paint industry always moves in parallel with the economic trends of the country. With no exception, Eason Paint Public Company has also experienced the market growth along with the entire paint industry.

Eason Public Company Limited, Thai company engaging in paint business for 40 years, is the first Thai industrial paint manufacturer serving customers in place of other paint-imported companies. To strengthen the Company's position and capacity in the competitive environment, we invested a great deal to improve our staff, technology, and marketing management. A great number of highly-trained, experienced staff in paint industry have worked with us. We have also acquired world class high technology of such companies as BASF Coating (Japan), Origin Electric (Japan) and INX International Ink USA. Equipped with experienced and specialized staff team, high technology, including strong and experienced marketing team, we have much confidence to serve our clients which mostly are foreign companies with high quality products. And we are very proud of our sharing in the growth of other related industries as well.

To strengthen our ability to compete in the world market, we recognize the necessity of continuous organizational development and improvement. To be the world leader as a paint manufacturer, the Company has developed a strategy with a goal regarding stronger business position, including readiness, and flexibility to changes. In line with the strategy, the Company implements measure of performance review and evaluation and ensuring that good governance and corporate management is practiced company-wide.

On this occasion, I would like to thank Board of Directors, Executive Team, and staff for hard and efficient work. Also, my gratitude to all shareholders for the continued support needed for the prosperity of the Company.

A handwritten signature in black ink on a light yellow background. The signature is stylized and appears to read 'S. Eksangkul'.

Mr. Sanan Eksangkul

Chairman

Board of Director



นายสนั่น เอกแสงกุล
Mr. Sanan Eksangkul

ประธานกรรมการบริษัท
Chairman of Board of Director

ประธานกรรมการบริหาร
Chairman of Board of Committee



นางสาวเพชรรัตน์ เอกแสงกุล
Ms. Petcharat Eksangkul

กรรมการบริษัท
Director

กรรมการบริหาร
Executive Committee



นายสนธิ เอกแสงกุล
Mr. Sanit Eksangkul

กรรมการบริษัท
Director

กรรมการบริหาร
Executive Committee



นายวิชัย เอกแสงกุล
Mr. Wichai Eksangkul

กรรมการบริษัท
Director

กรรมการบริหาร
Executive Committee



นางสาวสิริพันธ์ เอกแสงกุล
Ms. Sirinan Eksangkul

กรรมการบริษัท
Executive Committee

กรรมการบริหาร
Executive Committee



นางพิสมัย บุญเกียรติ
Mrs. Pismai Boonyakiat

กรรมการ
Director
ประธานกรรมการตรวจสอบ
Chairman of Audit Committee



นายเจน วงอิสริยะกุล
Mr. Jane Wong-isariyakul

กรรมการ
Director
กรรมการตรวจสอบ
Audit Committee



นายวิเทียน นิลดำ
Mr. Vitien Nildum

กรรมการ
Director
กรรมการตรวจสอบ
Audit Committee



นางสาวทิพวรรณ อุทัยสง
Ms. Thipawan Uthaisang

กรรมการ
Director
กรรมการตรวจสอบ
Audit Committee

Management Team



นายสนั่น เอกแสงกุล
Mr. Sanan Eksangkul

ประธานเจ้าหน้าที่บริหาร
Chief Executive Officer



นางสาวเพชรรัตน์ เอกแสงกุล
Ms. Petcharat Eksangkul

กรรมการผู้จัดการ
Managing Director
รักษาการผู้จัดการฝ่ายการตลาด
Acting Marketing Manager



นายสนิธ เอกแสงกุล
Mr. Sanit Eksangkul

รองกรรมการผู้จัดการ
Deputy Managing Director



นายวิชัย เอกแสงกุล
Mr. Wichai Eksangkul

รองกรรมการผู้จัดการ
Deputy Managing Director



น.ส. สิรินันท์ เอกแสงกุล
Ms. Sirinan Eksangkul

ผู้จัดการฝ่ายบุคคล
Human Resources Manager



นายวิวัฒน์ เอกแสงกุล
Mr. Viwat Eksangkul

ผู้จัดการฝ่ายการเงิน
Financial Manager



นายมา อรรถนพวงศ์
Mr. Mum Annoppong

ผู้จัดการฝ่ายวิจัยและพัฒนาผลิตภัณฑ์
Research & Development Manager



นางวิไลวรรณ มิตรภานนท์
Mrs. Wilaivan Midtapanon

ผู้จัดการฝ่ายจัดซื้อ
Purchasing Manager



นางสว่างจิตต์ เลาะห์โรจนพันธ์
Mrs. Sawangjit Laoharajanaphan

ผู้จัดการฝ่ายบัญชี
Accounting Manager



นายจิตติ เอกแสงกุล
Mr. Jitti Eksangkul

ผู้จัดการฝ่ายผลิต
Production Manager

General Information

1. Company

Company's name	:	Eason Paint Public Company Limited
Business	:	Manufacturing and distributing industrial paints such as motorcycle coatings, plastic coatings, offset ink, packaging coatings, and other industrial paints.
HO and factory addresses	:	7/1-2 Moo 1 Panthong, Panthong, Chonburi 20160
Telephone (HO)	:	0-3845-1833
Fax (HO)	:	0-3845-1825
Branch office address	:	312 Soi Senanikom 1, Chankasem, Chatuchak, Bangkok 10900
Telephone (branch office)	:	0-2579-0501
Fax (branch office)	:	0-2941-7569
Company's registration number	:	0107574800111
Website	:	www.easonpaint.co.th

2. Subsidiaries and joint venture companies

2.1 N.O.F. (Thailand) Limited (“NTL”)

Business : Distributing motorcycle coatings.
Address : 2034/52 Italthai Tower 11th Fl., New Petchburi Rd.
Bangkapi, Huaykwang, Bangkok 10320
Tel. : 0-2716-0095
Fax. : 0-2716-0099

2.2 Origin Miki (Thailand) Company Limited (“OMT”)

Business : Distributing raw materials and plastic coatings.
Address : 121/31 R.S. Tower 7th Fl., Ratchadapisek Rd.
Dindaeng, Dindaeng, Bangkok
Tel. : 0-2642-2131
Fax. : 0-2248-8137

3. References

3.1 Registrar : Thailand Securities Depository Company Limited
Address : 2/7 M00 4, (North Park Project), Vibhavadi – Rangsit Rd.
Tung Song Hong, Laksi, Bangkok 10210
Tel. : 0-2596-9000
Fax. : 0-2832-4994

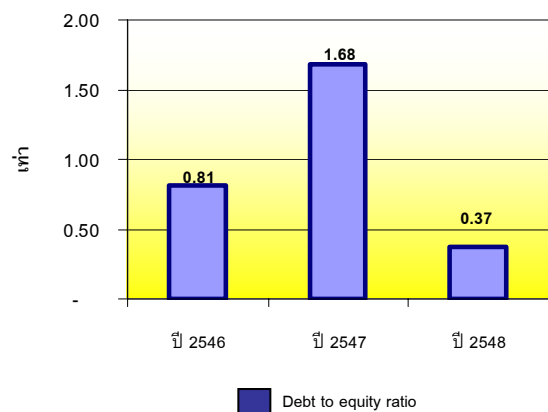
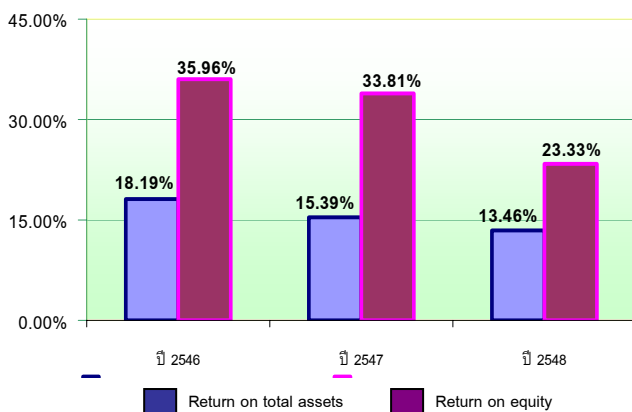
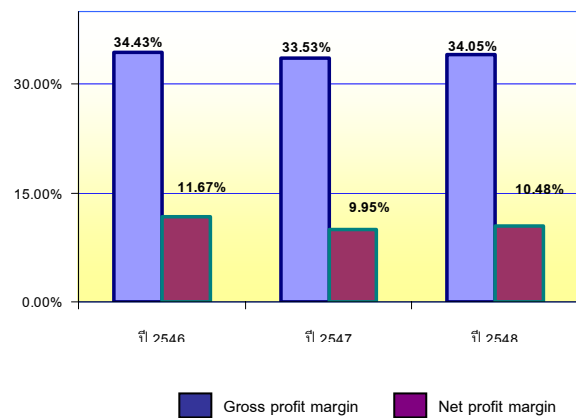
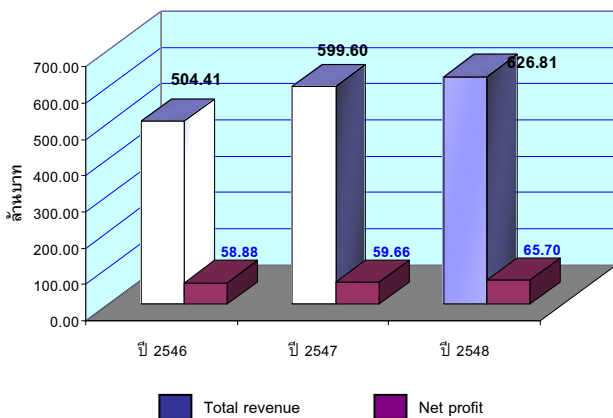
3.2 Auditing Company : Thamniti Auditing Company Limited
Auditors : Ms. Chatra Wongsriudomporn No. 4996
Address : 267/1 Pracharat No.1st, Bangsue, Bangkok 10800
Tel. : 0-2587-8080
Fax. : 0-2586-0301

Summary of the Company's financial statements

Unit: million baht

Source: the Company's financial statements

Income statement	2003	Percentage	2004	Percentage	2005	Percentage
Total revenue	504.41	100.00%	599.60	100.00%	626.81	100.00%
Total expenses	408.09	80.90%	501.42	83.63%	518.09	82.65%
Profit before interest and tax	96.33	19.10%	98.18	16.37%	108.72	17.35%
Interest paid	1.26	0.25%	0.39	0.07%	1.56	0.25%
Income tax	29.93	5.93%	30.95	5.16%	30.87	4.92%
Net profit of minority of shareholders	9.89	1.96%	7.17	1.20%	10.60	1.69%
Profit from normal operation	55.25	10.95%	59.66	9.95%	65.70	10.48%
Special items	3.63	0.72%	0.00	0.00%	0.00	0.00%
Net Profit	58.88	11.67%	59.66	9.95%	65.70	10.48%
Balance Sheet	2003	Percentage	Year 2004	Percentage	Year 2005	Percentage
Total assets	355.44	100.00%	420.07	100.00%	556.17	100.00%
Total liabilities	159.40	44.85%	263.13	62.64%	149.95	26.96%
Shareholders' equity	196.04	55.15%	156.94	37.36%	406.23	73.04%



Summary of company's achievement and operation in the year 2005

1. On 14th March 2005, Eason Paint Products Company Limited was registered and renamed to Eason Paint Public Company Limited resulting changes of par value of a share from 1,000 baht/share to 1 baht/share. Later, in May 2005 the Company increased authorized capital from 7.5 million baht to 200 million baht by means of issuing 109.65 million deferred shares and 22.85 million ordinary shares at a par value of 1 baht/share. The newly issued shares were proposed for sale to the current shareholders at the proportion of 1 existing share : 3.05 new shares. The total value of increased capital was 132.5 million baht. Then in October 2005, the Company issued 60 million ordinary shares to the public at the par value of 3 baht/share. This sum of raised fund was used in business expansion and increasing production efficiency, and the rest was allocated to be a working capital.
2. After deducting expenses in selling stocks, cash inflow from selling ordinary shares was 171,416 million baht. The Company invested 41.39 million baht in facilities and technical supports including machines and equipment used in production, quality control and research equipments, new production lines of paints/coatings for exterior automobile parts, for plastic parts, production lines of ink used in printing industry, and a warehouse. After investing in the aforementioned items, the excessive amount out for 41.39 million baht was set to pay off current debt to eliminate burden of interest rate, whereas the credit line has been available to the Company for future use.
3. In the year 2005, the total revenue was 626.81 million baht; exceeding the revenue of the year 2004 by 27.21 million baht or 4.54 %. The revenue from selling motorcycle coatings increased 4.88% as a result of the fact that higher oil price triggered more demand for motorcycles. In the year 2005, the revenue from selling products was 622.13 million baht, from providing services was 2.05 million baht, from selling other items such as industrial glue was 1.79 million baht, and from liquidating parts of fixed assets was 0.84 million baht which equals 0.13%.
4. The revenue has increased every year since the year 1999. The factors contributing to a growth of revenue lie upon the fact that the company has been trusted by customers for providing quality paints and for offering the customized shades of colors exactly as requested by customers. The Company achieved customer's trust through our strong foundation in highly-trained, skilled production staff, high technological machine and equipment which can offer high precision, efficient and fast customer service.

In November 2005, the Company started production of UV ink with unique technology of INX Corporation Ink Limited in US., thus, we are the first company producing and distributing international standardized UV ink in Thailand. UV ink products which help reduce pollution and being energy/time saving are distributed to manufacturers of metal packaging.

The founder of the Company is Mr. Kor Eksangkul whose experiences and vision in paint industry played an important part in the growth of the company many years later. During the year 1965, the Company first established and registered in the name “Eason Paint Products Co., Ltd.”, producing a type of paints used mainly in painting buildings. Later in the year 1982, the Company increased authorized capital to 7.5 million baht to expand business into industrial paints segment. At the time, the Company became a manufacturer and distributor of industrial paints, and engaging in hire-production of other related products ie. packaging coatings, offset ink, and etc. In the year 1989, the Company was renamed to Eason Paint Products Company Limited. Then, in October 2005 the Company was registered as a public company, listed in SET and renamed again to Eason Paint Public Company Limited.

The business of the company is production and distribution of industrial paints including motorcycle coatings, plastic coatings, packaging coatings and offset ink. Our customers mainly are paint users who request customized products; they are known in the name of OEM (Original Equipment Manufacturer). The Company produces motorcycle coatings and plastic coatings with know-how purchased from the right holder and distributing through the network of distributors. To produce paint for packaging coatings and offset ink, the Company has developed in-house technology through R&D and experiences the Company accumulated over the years. These product lines are branded as the company-owned such as EASON, Nok Insi, Nok Bin Khu and Royal Guard, and etc.

Businesses of the subsidiaries and joint venture companies.

- NOF (Thailand) Ltd. (“NTL”)

The Company has a stake in NTL for 51% of the total shares with BASF Coatings Japan’s and Miki’s holding 40% and 9% respectively. BASF Coatings Japan; the license holder of know-how of motorcycle coatings the Company is currently using, is a leading distributor of motorcycle coatings in Japan and acquires a large market share in both Japan and Europe. Miki (Japan) has been a distributor of chemical materials for more than 300 years, establishing wide network of business partnership and clients. The Company is the only supplier of motorcycle coatings to NTL who further distributes the products to the industrial end users. NTL’s products are widely accepted among the clients for their high quality.

The main purpose of establishing business partnership with BASF Coatings Japan is to maintain the market share of motorcycle coatings segment and to secure the access to the specialized raw materials needed for production of BASF-know-how paint. Miki (Japan) is holding shares of NTL but not participating in management and marketing activities.

- **Origin Miki (Thailand) Co., Ltd. (“OMT”)**

The Company is holding only 10% of total shares, while Origin and Miki (Thailand) is holding 40% and 41% respectively. Origin is one of the leaders in research and development of plastic coatings for automobile parts, electrical appliances, and telecommunication devices. Miki (Thailand) has been a distributor of chemical products with large client base in Thailand and Japan for many years. At Miki (Thailand), the Company does not involve in management and executive team of the Company has not held any OMT’s shares. The Company supplies products produced on order issued by OMT and used know-how of Origin. OMT distributes products to all clients in Miki (Thailand)’s client base.

Origin, Miki (Thailand) and the Company joined a partnership purposefully for maintaining market share of plastic coatings, which consists of the existing clients of Miki (Thailand), and for gaining access of chemical raw materials specifically used in Origin-formula paint.

Summary of the Company's products and licenses

Products	License's owner	Details	Brand
Motorcycle coatings	BASF	The Company purchases all know-how to produce motorcycle coatings from BASF Coatings Japan. License fee is calculated based on total sale to NTL as specified in the contract.	"NOF"
Plastic coatings	Origin	The Company has joined business with Origin and Mike (Thailand) to establish OMT. OMT acts as the Company's distributor of paints produced by Origin's know-how.	"Origin, Eason"
Packaging coatings	the Company	Know-how is developed and owned by the Company. The Company distributes directly to its users.	"Eason"
Offset ink for metal and paper application	the Company	Know-how is developed and owned by the Company. The Company distributes directly to its users.	"Nok Bin Khu"
Special offset ink	INX	The Company is the sole manufacturer and distributor of UV ink of INX.	"INX"
Boat paints	BASF	No fee charged for production technology.	"NOF"
Shipping container paints	Mitsui	At present, the purchase contract for know-how is expired.	"Mitsui"
Train paints	the Company	Know-how is in-house developed.	"Eason"
Powder paints	Kawakami	At present, the purchase contract for know-how is expired.	"Kawakami"
Water and oil paints	the Company	Know-how is in-house developed.	"Eason" "Nok Insi"

Financial Information

Structure of revenue by product category

The Company's structure of revenue of the year 2003-2005 as classified by product category is illustrated in the below table.

unit: thousand baht

Details of revenue	Year 2003	%	Year 2004	%	Year 2005	%
Revenue from selling product and services	503,943.20	99.91	598,515.04	99.82	625,969.78	99.87
Revenue from selling industrial paints	500,833.34	99.29	595,643.10	99.34	622,131.27	99.25
Motorcycle coatings	316,835.58	62.81	380,939.32	63.53	399,527.83	63.74
Plastic coatings	89,761.85	17.80	106,072.62	17.69	102,917.23	16.42
Offset ink	49,024.35	9.72	55,555.62	9.27	64,561.48	10.30
Packaging coatings	44,653.05	8.85	52,477.88	8.75	54,100.43	8.63
Others	558.51	0.11	597.66	0.10	1,024.30	0.16
Revenue from services	2,039.26	0.40	2,352.99	0.39	2,045.49	0.33
Revenue from selling other items	1,070.60	0.21	518.95	0.09	1,793.03	0.29
Other revenues	469.53	0.09	1,086.19	0.18	843.47	0.13
Profit from selling fixed assets	127.92	0.03	1,028.34	0.17	775.89	0.12
Profit from currency exchange	341.61	0.07	57.85	0.01	67.58	0.01
Shared profit from subsidiaries	-	0.00	-	0.00	-	0.00
Total revenue	504,412.73	100	599,601.23	100	626,813.26	100
Production capacity	4,000 ton/yr.		4,800 ton/yr.		4,900 ton/yr.	

1. Risks concurring from dependency toward know-how of the distributor and current customer base of the business partners.

The Company produces motorcycle coatings with know-how of BASF Coating Japan and distributes the products through NTL (a subsidiary). Likewise, the Company's product line of plastic coatings lies upon the know-how of Origin and the distributor is OMT (the Company is holding a minority shares in OMT). The OMT's customers, whose demand is plastic coatings, are in the existing client base of Miki (Thailand). In the year 2004 and 2005, the Company's proportion of revenue from selling products through distributors were 81.22% and 80.16% of the total revenue, respectively. A large part of revenue generated from selling industrial paints belongs to the production of paints with know-how of BASF Coatings Japan and of Origin. Furthermore, raw materials for production based on such know-how can only be obtained through particular chemicals suppliers accepted by know-how owner. Thus, provided that BASF Coatings Japan and/or Origin decided to manufacture products themselves or the Company is not able to sell products to the existing client base of the partner companies, the Company's operation and business performance will be significantly affected.

Even though paint is produced with know-how of world famous companies, some adjustment with regard to formula or application of the know-how is needed due to environmental differences of the countries. As a result, the Company has to further invest in research, development and staff to come up with the exact formula suitable for Thailand. Thai personnel are needed for technical support, after-sale service and marketing activities since they have a better understanding of clients' demand and equip with years of experience in paint industry.

2. Risk related to price fluctuation of raw materials

Chemicals are the major raw materials of paint production, such as pigments, resin, and solvent. Most raw materials, particularly pigments and resin, have to be imported or purchased through the chemicals distributors. Consequently, the Company's purchase of raw materials involves foreign currency. In the year 2004 and 2005, the Company's percentage of raw material purchases through importer or distributors are 87.32 and 88.97 of the total raw material purchases respectively and the percentage of raw materials imported by the Company are 12.68 and 11.03 of the total purchases respectively. This practice makes the Company vulnerable to the foreign currency exchange fluctuation. In addition, prices of some chemicals vary with oil price. In the year 2004 and 2005, the Company's proportions of raw material cost to the total cost were 98.46% and 91.48% respectively. This means an increase of price of chemical raw materials will significantly affect the Company's cost of products and the overall performance.

3. Risk related to the limited numbers of raw material suppliers.

To produce motorcycle coatings and plastic coatings, the Company is supplied the related raw materials by 2 Thailand-based distributors. As mentioned earlier, these raw materials are specifically and strongly recommended by know-how owners. In the year 2004 and 2005, the values of chemicals purchased from these 2 suppliers were 23.91% and 24.84% of the total value of raw material purchased, respectively. As a result, it makes the Company vulnerable to the suppliers' decision whether they would like to continue business with the Company and their punctuality of goods delivery.

However, the Company has made the agreement with the supplier of chemicals used for a production of motorcycle coatings and established business relationship with this supplier for a long period of time. This can ensure consistency of raw material supplied at some degree. In the worse case of their inability to supply at all or to supply on time, the Company can order and import the chemicals from BASF Coatings Japan, which unfortunately, will drive up the cost of production of motorcycle coatings.

For the case of plastic coatings, the Company purchases raw material chemicals from OMT who is the joint business entity among Origin, Miki (Thailand), and the Company. Whereas OMT is both a chemicals supplier and the distributor for the Company and the Company is the only supplier of plastic coatings for OMT, thus this win-win relationship somehow lessens the risk bore by the Company.

4. Risk related to free trade agreement

Free trade agreement could effect competition in paint industry in Thai market as the paint products ie. industrial ink imported from other countries such as China will be cheaper and easily available. In addition, since paint products are widely used in other variety of industry and product packaging in attractive color is becoming a stronger selling point, it attracts more competitors to share wider market of paint industry. More intense competition in the market may prohibit the Company's growth of revenue in the future.

Fortunately, price is not the only and the major factor toward clients' buying decision. Most clients consider many other factors including the quality of paint, specific property of paint, its application, and environmental effect ie. heavy metal free. It takes a great effort and time to adjust the paint formula to work cooperatively with each client's unique condition. The majority of industrial paint manufacturers who offer high and standardized quality of product utilize patented or copyright formula which is a trade secret. As a result, most of the paints manufacturers join business partnership with foreign companies.

5. Risk related to a growth of automotive industry.

Majority of the Company's revenue are from selling motorcycle coatings and plastic coatings. In the year 2004 and 2005, the Company's revenue from selling these two lines of products accounted for 69.53% and 69.79% of the total revenue respectively, increasing along with expansion of automotive industry. Thai government has a policy to establish Thailand to be "Detroit of Asia"; a leading automobile manufacturing hub of Asia. Thus, to support the expansion of automotive industry, the Company has developed a project to add production lines of to produce new products: automobile exterior coatings. However, in another word, it means the Company will be exposed to the well-being of automotive industry.

When considering consumer's buying behavior, the Company found that customers are reluctant to change brand of paints they are using due to high cost of switching brand. Cost of paints is very low if compared with cost of a car. Thus, despite of the lower price of a new brand, the customers are willing to stick with the current brand and the current supplier. In addition, not only the licensed know-how the Company focuses on, but also the Company's own brand and know-how which the Company's R&D department has studied and developed for many years. Meanwhile the Company keeps working to expand and to strengthen customer base of Company-owned brands.

6. Risk related to a change of technology.

Majority of the Company's customers are manufacturers and engage in an on-going industry. The Company always keeps product quality to match with the standards or requirements set by the customers. For instance, if a customer gives importance to providing environmental-friendly product, the Company's product sold to that customer has to be environmentally safe as well. Thus, if the customer changes production lines or technology in a large scale ie. changing from metal to paper, reduction of thinner content, changing to water-based formula, the Company has to either adjust its technology to go with the customer's or loses business.

However, the customers' nature of business cannot allow frequent changes of production line or technology in a large scale due to heavy cost. In addition, the Company usually joins in production planning with most customers in order to best meet their demand. The advantage of joint planning is that the Company is able to monitor and evaluate if there will be any major change at the customers' production line, in particular the technology in the future. This can lower the risk of technology change that the Company bears for a certain extent.

7. Risk related to having major shareholders who own more than 50% of issued shares.

After the latest IPO, Eksangkul group who are presently in control of management of the Company is holding 67.48% of the total paid-up capital of the Company, meaning that this group of shareholders can take control of the resolution of shareholders' meeting regarding the important issues such as an appointment of directors, and any other issues which require majority vote of shareholders, with one exception where, according to the applicable law and the Company's regulation, the resolution requires at least three-fourth of all shareholders who attend the meeting. Thus, other shareholders are not able to cast enough vote to request such actions as checking and monitoring, and not able to veto any proposal of major shareholders at all.

The Company's securities

The Company has paid-up authorized capital at the value of 200 million baht; 200 ordinary shares at the par value of 1 baht/share.

Shareholders

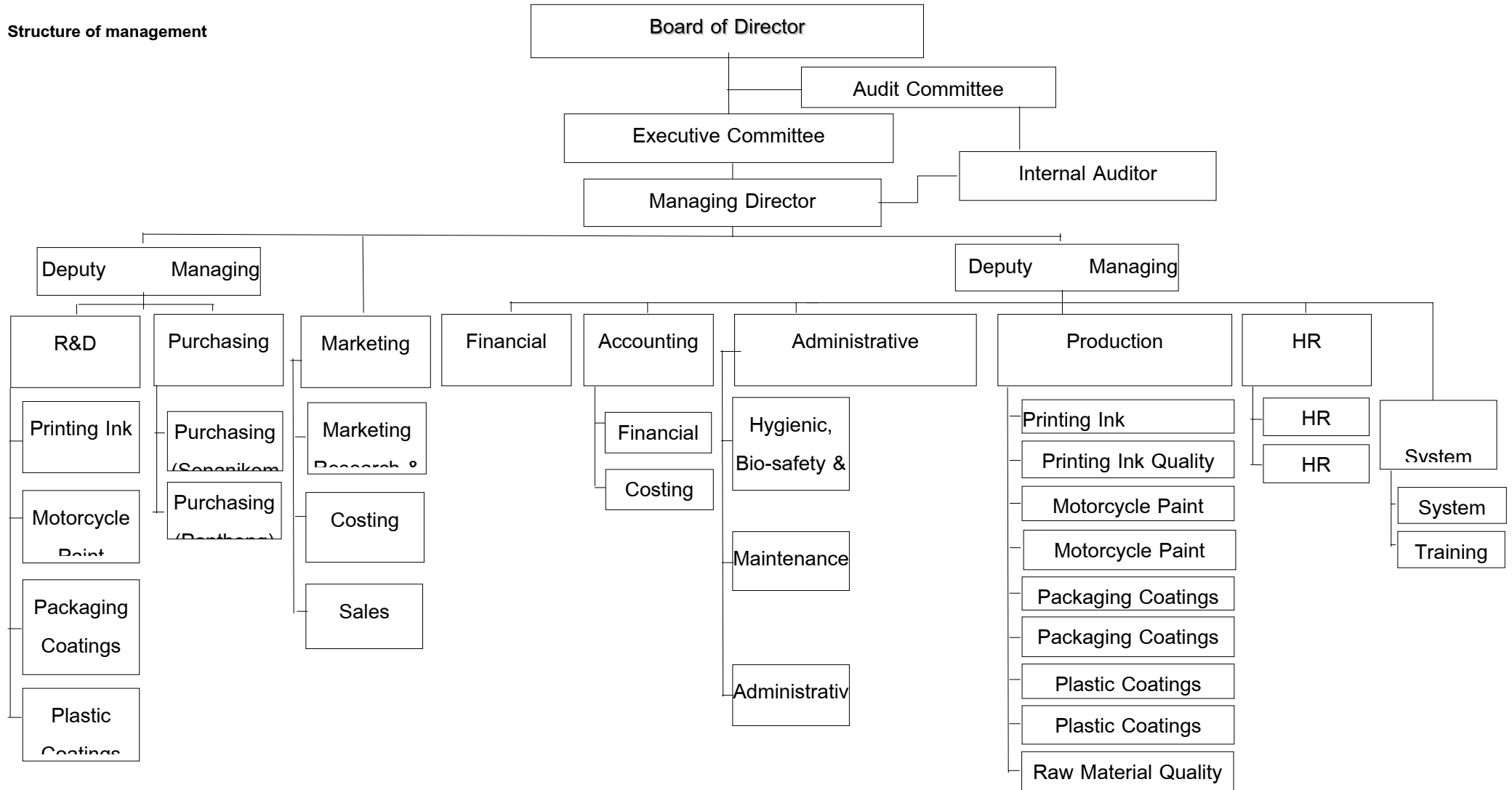
According to the record in the Company's statutory book as of 17 October 2005, major shareholders' names were listed as follows:

Item	Shareholder's Name	The number of shares	Percentage
1	Eksang Holding Co., Ltd. and Eksangkul Group	134,960,001	67.48%
2	Credit Suisse Singapore Trust Account Client	5,000,000	2.50%
3	Max Life Insurance Co., Ltd. by Siam City Bank	3,883,700	1.94%
4	Max Balance Mutual Fund	1,186,100	0.59%
5	Max Stock Mutual Fund	1,105,800	0.56%
6	Other shareholders	53,864,399	26.93%
Total		200,000,000	100.00%

Dividend policy

The dividend policy of the Company and the subsidiaries is that the dividend will be paid to shareholders at the rate of 40%, or higher, of the net profit after tax deduction and after a certain amount of fund is reserved in accordance with the law. The dividend will be paid regularly unless it is considered that paying the dividend might affect the operation of the Company and the subsidiaries significantly, and the necessity to use fund occurs. Regarding a decision concerning paying dividend, the Company and the subsidiaries take the following factors into consideration: the Company's and subsidiaries' performance, cash flow status, business expansion, and other factors related to management of the Company and subsidiaries. The decision of paying dividend has to be approved by shareholders and/or Board of Directors.

Structure of management



Shareholding and Management Structure

Board of Directors

The Company has 3 directorate groups: Board of Directors, Executive Committee, and Audit Committee. Names of directors of each group, including scope of duties and authorization are as follows:

1. Board of Directors

As of 31 December 2005, 9 directors sitting in the Board of Directors are as follows.

	Name	Position
1	Mr. Sanan Eksangkul	Chairman of the Board of Directors
2	Mr. Sanit Eksangkul	Director
3	Miss Petcharat Eksangkul	Director
4	Mr. Wichai Eksangkul	Director
5	Miss Sirinan Eksangkul	Director
6	Mrs. Pismai Boonyakiat	Chairman of Audit Committee/Independent Director
7	Mr. Vitien Nildum	Audit Director/ Independent Director
8	Mr. Jane Wongissariyakul	Audit Director/ Independent Director
9	Miss Thipawan Uthaisang	Audit Director/ Independent Director

Authorized Directors

Two out of the following five authorized directors; Mr. Sanit Eksangkul, Miss Petcharat Eksangkul, Mr. Sanan Eksangkul, Mr. Wichai Eksangkul, and Miss Sirinan Eksangkul are approved to co-sign any documents with a company seal.

Scope of duties and authorization of Board of Directors

The directors have duties, authorization, and responsibility to manage the Company in accordance with the law, Company's objectives and regulations, and the resolution agreed upon in the meeting of shareholders, whereas all actions have to be taken with honesty, integrity, and vigilance toward shareholders' benefits. Parts of important duties, authorization, and responsibility of the directors are itemized as follows:

1. To ensure an annual ordinary meeting of shareholders is held within 4 months after the end of an accounting period
2. To ensure a Board of Directors meeting is held every 3 months at least.
3. To ensure that the Company's financial statements including a balance sheet, and profit/loss statement are generated at the end of accounting period, whereas the auditors have checked and approved these statement which will, later, be submitted in the meeting of shareholders for further consideration and approval.
4. Board of Directors can authorize one or more directors or other person to perform certain duties for and under a control of the Board of Directors in such a way that this person will complete the assigned duties within a period of

time agreed upon by the Board of Directors. Board of Directors may change the authorized person or revoke the authorization if appropriate.

Board of Directors may authorize Executive Committee to perform duties whereas details of scope of duties, responsibility and authorization have to be specified and such authorization must not allow Executive Committee to have a right to approve any activities where there is a conflict of interest between the Company or subsidiaries (as defined in the announcement of Securities and Exchange Commission, Thailand (SEC)) and Executive Committee, with the exception when such activities follow the policy and a decision of a meeting of shareholders, or when such activities are approved by Board of Directors, or when such activities are the regular business operation with a predetermined scope.

5. To establish a goal, guidelines, policies, work plan, and a budget of the Company, including to control and to oversee the management of Executive Committee to ensure all works are accomplished according to the assigned policy. Board of Directors needs to get approval from shareholders' meeting to perform the following activities: the activities enforced by the law to obtain a resolution from shareholders' meeting ie. increasing/decreasing capital, issuing bonds, selling or transferring a part or a whole of the Company to other parties, buying or acquiring any other companies, and amending requirement or any parts in memorandum of association.

In addition, Board of Directors has a duty to ensure that all Company's operation and activities abided by the law concerning securities and public trading and the regulation of securities market. For instance, any related-party transactions, buying or selling significant assets of the Company as specified in the rules of SET or the law governing the Company's business.

6. To consider the Company's management structure and to appoint an Executive Committee, a president of Executive Committee, and other committee as appropriate.

7. To follow up the operation to make sure that it complies with the work plan and a budget.

8. Directors shall not own, engage or involve with the following businesses and activities: the business entities with the same business nature as and being a competitor to the Company, being a business partner with or without obligation in the partnerships entities, or being a director of other companies having the same business nature as and being a competitor to the Company, no matter if the business interest is for the directors or for other parties. There is an exception if the resolution of shareholders' meeting approves such actions before appointment.

In the situation where the directors have conflict of interest with any contracts the Company engaging in, or when the directors own more or few shares or bonds of the Company or of the subsidiaries, the directors shall inform the Company without hesitation.

The directors' action concerning assigning duties, responsibility and authorization must not be in a way that allows directors or the appointee to have a right to approve any activities where there is a conflict of interest between the Company or subsidiaries (as defined in the announcement of Securities and Exchange Commission, Thailand (SEC)) and the directors or the appointee, with the exception when such activities follow a policy or a decision of shareholders' meeting, or when such activities are approved by Board of Directors, or when such activities are the regular business operation with a predetermined scope i.e. characteristic of transaction, ceiling of approvable fund.

2. Executive Committee

As of 31 December 2005, the Executive Committee of the Company consisted of 6 persons as follows:

	Name	Position
1	Mr. Sanan Eksangkul	Chairman of Executive Committee
2	Ms. Petcharat Eksangkul	Executive Committee
3	Mr. Sanit Eksangkul	Executive Committee
4	Mr. Wichai Eksangkul	Executive Committee
5	Ms. Sirinan Eksangkul	Executive Committee
6	Mr. Mum Annoppong	Executive Committee

Scope of duties and authorization of Executive Committee

Executive Committee has duties, authorization, and responsibility to manage the regular business operation of and to administrate the Company. Executive Committee has to establish policies, business plans, a budget, structure and authorization of management, business procedure and guidelines to operate the business in line with the current economic situation. After completion, this information will be presented to Board of Directors for approval and, later, Executive Committee has a duty to implement and follow up to assure the Company's policies and plans are followed. To summarize, duties and responsibilities of the Executive Committee are listed as follows:

1. To operate and manage the Company's business in accordance with Company's objectives, regulation, policies, standards, requirements, instruction and the resolution of the Board of Directors meeting and/or the shareholders' meeting in every other way.

2. To formulate and to execute policies, direction and strategy of the Company, budget planning, human resources management, investment in information technology, business expansion, public relation, including to control and to oversee that the working teams/committee accomplish the goal as assigned.

3. To review an annual budget allocation as proposed by management departments before submitting to Board of Directors meeting for approval. To make any necessary changes of annual expense budget when the immediate Board of Directors meeting is not possible. These changes have to be reported in the next meeting for the directors' acknowledgement.

4. To authorize expenditures incurring from regular business operation ie. purchase of assets, raw materials, vehicles, and etc. with the ceiling of approvable amount of 30 million baht per item.

5. Be able to authorize expenditures of significant investment as specified in the annual expense budget which was approved earlier by Board of Directors.

6. Be able to authorize borrowing fund, applying for a loan, issuing debt instruments, giving warranty and guarantee for a loan, whereas the ceiling of such funds must not exceed 50 million baht.

7. To act as a consultant to the management departments in the areas of finance, marketing, human resource, and other operations.

8. To designate a structure of organization, administrative power and authorization, including overseeing such activities as appointing, recruiting, rotating employees, determining salary, compensation, and a bonus of employee in management level, and terminating employment.

9. Be able to authorize one or more directors or other persons to perform a particular assignment under a control of Executive Committee, or to assign the person as mentioned to have a certain authorization for a period of time which Executive Committee considers as appropriate. Executive Committee may terminate, make any necessary changes upon appointment of that person(s).

10. Apart from the aforementioned duties, responsibility and authorization, Executive Committee may perform other actions or operations as assigned by Board of Directors.

The Executive Committee's action concerning assigning duties, responsibility and authorization must not be in a way that allows the Executive Committee or the appointee to have a right to approve any activities where there is a conflict of interest between the Company or subsidiaries (as defined in the announcement of Securities and Exchange Commission, Thailand (SEC)) and the Executive Committee or the appointee. Such activities which may cause a conflict of interest have to be presented to Board of Directors' meeting or shareholders' meeting (up to discretion) for consideration and approval in accordance with the regulation of the Company, subsidiaries, or the applicable law. However, there is an exception when such activities are the regular business operation with a predetermined scope i.e. characteristic of transaction, ceiling of approvable fund.

3. Committee of Independent Directors/ Audit Committee

As of 31 December 2005, Audit Committee consisted of 4 persons as follows:

	Name	Position
1	Mrs. Pismai Boonyakiat	Chairman of Audit Committee
2	Mr. Vitien Nildum	Audit Director
3	Mr. Jane Wongissariyakul	Audit Director
4	Ms. Thipawan Uthaisang	Audit Director

Scope of duties and authorization of Committee of Independent Directors/ Audit Committee

The scope of duties and responsibilities of Audit Committee is assigned by Board of Directors. Audit Committee is responsible to perform the following work and to report to Board of Directors.

1. To check/verify that the Company prepares financial documents and statements correctly and the statement contains adequate information needed for public's acknowledgement. To work in cooperation with the external auditors and the executives who are directly responsible to prepare quarterly and annual financial statements. During audit

period, Audit directors may suggest external auditors to check or review particular transactions which Audit Directors think is necessary and important.

2. To check/verify by means of working with external auditors and internal auditors (if available) to assure that the financial control mechanism and internal audit system is carried on properly and efficiently.

3. To check/verify that the Company's financial/accounting operations comply with the law concerning securities and SET, SET requirements and other laws applicable to the Company's business.

4. To propose to the directors an appropriate choice of auditing company for approval, including the proposed audit fee. Audit directors needs to consider the following factors when selecting an audit company: audit company's reliability, Company's resources, the amount of work of audit company, and an experience of the external auditors assigned to work with the Company.

5. Whenever there are transactions which are probably the conflict of interest, or being considered as related-party transactions, the Audit Committee shall take actions to correct them.

6. To perform other duties as assigned by Board of Directors and also agreed upon by Audit Committee, for example reviewing policies associated with financial management and risk management, reviewing business ethics as practiced by the executives, reviewing with the executives the information disclosure to the public as required by the law ie. Company's report and analysis performed by the executives.

7. To prepare a report describing activities performed by Audit Committee, which will be re-stated in the Company's annual report. This report is acknowledged and signed by the president of Audit Committee and including the information as follows:

- 7.1 Opinion toward the Company's procedure and practices of disclosing information of financial statement whether it is reliable and prepared properly.
- 7.2 Opinion as whether the Company's existing internal control serves its purpose sufficiently.
- 7.3 Opinion as whether the appointed audit company should be re-appointed to audit the Company next year.
- 7.4 Opinion concerning the Company's practices whether they comply with the law governing securities and securities market, requirements of SET, or the law associated with the Company's business.
- 7.5 Report of information, as within the scope of duties as assigned by Board of Directors, which shareholders and general investors should be informed.

8. To report work progress and findings to Board of Directors once a year minimally.

9. Have an authorization to examine and investigate into any suspicious transactions or activities, including to seek second opinion or consultancy of external parties, if necessary, by using the Company's fund for a purpose of fulfilling responsibility and duties of Audit Committee.

Qualification of Independent Directors/Audit Committee

1. Having a stake in the Company, subsidiaries, joint-venture companies, or other related companies not exceeding 5% of the paid-up shares, whereas including shares hold by other persons related to the Audit Directors.

2. Not participating in management of the Company, subsidiaries, joint-venture companies, or other related companies and not being one of the majority of the Company's shareholders.

Not being the Company's, subsidiaries', joint-venture companies', other related companies', or the majority of shareholders' employee, staff, or a consultant who is on a regular payroll. For instance, the Company's Chief Executive Officer cannot be an Audit Director since Chief Executive Officer is directly responsible to manage and administrate the Company.

3. Do not get any direct or indirect benefits from the operation of the Company, subsidiaries, joint-venture companies, other related companies, or majority of the Company's shareholders.

Do not get any direct or indirect benefits as mentioned above within 1 year prior to being appointed to be an Audit Director. However, there is one exception when, upon Board of Director's consideration, the above circumstance does not effect the ability to perform the duties of Audit Director.

4. Not related to or being the next of kin of the Company's executives or any person in a majority of the Company's shareholders.

5. Not being the representative to safeguard benefits of Board of Directors, a person in, or any related person to a majority of the Company's shareholders.

6. Be able to perform duties, to express opinion, or to report work progress or findings as assigned by the Board of Directors whereas not being under the influence of the Company's executives or the majority of shareholders, including any persons related to or being the next of kin to those aforementioned executives or shareholders.

Independence

1. Independent opinion means the ability to give opinion or report work progress or findings freely without consideration of personal benefits in terms of money and a position in the Company, and the ability to perform work without any influence from any person or a group of persons, whereas such freedom of opinion expression shall not be limited in any circumstances.

2. The example of performing work with a limited independence include such circumstances where Audit Committee is influenced by Board of Directors, executives, other personnel, and etc. due to friendship, respect, or other reasons, and resulting the following incidents:

- 2.1 Purposefully not to perform a particular work as assigned.
- 2.2 Accept an offer to perform wrong actions which adversely affect the Company and shareholders.
- 2.3 Not giving opinions or not reporting to the directors or shareholders straightforward.

Shareholding and Management Structure

- 2.4 Refuse to work cooperatively or to discuss with the directors, executives, or other personnel with whom Audit Directors are performing work.
3. Any transactions/ activities which are considered not affect Audit Directors' ability to perform work and to report findings.
4. Any transactions/ activities between Audit Directors or the related persons and the Company, subsidiaries, joint-venture companies, or the majority of the Company's shareholders concerning selling or acquiring products or services with the following conditions:
- 4.1 When selling or acquiring activities are done on a basis of a normal business operation with commercial conditions as generally accepted in the business and without intention of concealment.
- 4.2 Prices of Products or services should be comparative to those offered to other clients.
5. Any remuneration which Audit Directors or the related persons received from the Company, subsidiaries, joint-venture companies, or the majority of the Company's shareholders is evidently a normal service fee paid to any financial institutions providing auditing service.
6. Any transaction, as being classified a related-party transaction, is performed in accordance with the related requirements of SET, and other requirement as specified by SET.

4. Management Team

As of 31 December 2005, Management Team consisted of 10 persons as follows:

	Name	Position
1	Mr. Sanan Eksangkul	Chief Executive Officer
2	Ms. Petcharat Eksangkul	Managing Director (Acting) Marketing Manager
3	Mr. Sanit Eksangkul	Deputy Managing Director
4	Mr. Wichai Eksangkul	Deputy Managing Director
5	Mr. Viwat Eksangkul	Financial Manager
6	Mr. Jitti Eksangkul	Production Manager
7	Ms. Sirinan Eksangkul	Human Resource Manager
8	Mr. Mum Annoppong	Research and Development Manager
9	Mrs. Sawangjit Laoharojchanapan	Accounting Manager (Acting) Administrative Manager
10	Mrs. Wilaivan Mitrapanon	Purchasing Manager

Selection of Board of Directors, Committee of Independent Director/Audit Committee and Executive Committee

The Company has no particular committee that is directly responsible to the selection of directors and executives. The criterion for selection of directors and executive are based on the qualification, education background, experience, and the availability to attend Board of Directors meeting. In the meeting of shareholders, the qualified persons will be voted to become a director based on the majority vote and other requirements as follows:

1. Based on the principle of one share/one vote.
2. In selection of Board of Directors, the practice of casting a vote can be either voting one candidate at one time or many candidates at one time, which is up to discretion of shareholders and each shareholder is entitled to the vote principle as mentioned in 1. and the numbers of shares or votes cannot be split up to more than one candidate.
3. In selection of Board of Directors, the appointment of the director is based on the majority of vote. If the candidates receive equal votes, the chairman of the meeting will be the last vote to decide who will be the appointee.

Scope of duties and authorization of Managing Director

Managing Director has duties, authorization, and responsibility to manage the regular business operation of and to administrate the Company. To summarize, duties and responsibilities of Managing Director are listed as follows:

1. Be responsible to daily business operation and management of the Company.
2. To assure that the operation is practiced in accordance with the policies, work plans, and a budget as approved by the directors and/or Board of Directors.
3. Having authorization to administrate, to manage the Company's operation to be in line with Company's objectives, regulation, policies, standards, requirements, instruction and the resolution of the directors' meeting and/or the shareholders' meeting in every other way.
4. Be able to authorize and/or to assign other persons to perform a particular assignment whereas this authorization has to be within the scope as specified in this copy of document and/or has to follow regulation, requirements, or instruction of Board of Directors and/or to follow the Company's requirement.
5. To Follow-up business operation in order to evaluate the Company's performance on a regular basis so that a proper action will be taken to prevent or to minimize risks associated with external and internal factors.
6. To get involve in any contracts associated with the Company's business or being beneficial to the Company, including to oversee the process of making a contract, to further submit to Executive Committee and/or Board of Directors.
7. Be able to authorize expenditure incurring from normal business operation ie. contact with a bank about saving account, purchase of raw materials not exceeding 10 million baht/item.
8. To get involve in allocation for pension fund, awards, and compensations to employees or the persons who work for the Company, as previously been approved by Board of Directors.

9. Be able to authorize employment, including transferring, rotating across departments/lines/sections, or terminating employment. Be responsible to determine rate of salary, compensation, bonus, and fringe benefits of every employees except those in executive level.

10. Be able to authorize, to issue regulation, announcement, memorandum to assure that the Company's policies are followed, to safeguard the Company's benefits, and to promote work discipline within the organization.

11. To perform other duties as assigned by Board of Directors.

Managing Director' action concerning assigning duties, responsibility and authorization must not be in a way that allows Managing Director or the appointee to have a right to approve any activities where there is a conflict of interest between the Company or subsidiaries (as defined in the announcement of SEC) and the Managing Director or the appointee. Such activities which may cause a conflict of interest have to be presented to Board of Directors meeting or shareholders' meeting (up to discretion) for consideration and approval in accordance with the regulation of the Company, subsidiaries, or the applicable law. However, there is an exception when such activities are the regular business operation with a predetermined scope ie. characteristic of transaction, ceiling of approvable fund.

5. Remuneration of directors and executives

5.1 Monetary Remuneration

Remuneration of The Company's directors	Year 2003		Year 2004		Year 2005	
	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)
meeting allowance*	0	0	0	0	9	570,000.00

Remarks: *Regarding the extraordinary shareholders' meeting no. 3/2005 which was held on 1 March 2005, the resolution of the meeting on the issue of remuneration of directors of the Company is detailed as follows:

1. Meeting allowance for directors

- 10,000 baht/person/time for the president of Board of Directors.
- 5,000 baht/person/time for directors of the Company.

2. Meeting allowance for Audit Directors

- 15,000 baht/person/time for the president of Audit Committee.
- 10,000 baht/person/time for Audit Directors.

In the year 2005, the Company arranged 6 meetings of Board of Directors, and 5 meetings of Audit Committee.

Remuneration of directors	Year 2003		Year 2004		Year 2005	
	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)
Salary and bonus	6	15,403,183.00	6	21,996,178.85	10	24,759,268.00

5.2 Other type of remuneration

-None-

6. Control of business operation

The Company has developed a strategic policy and a code of best practices for directors of the Company in accordance with Code of Best Practices for Directors of List Company as set up by SET, whereas the Company assures that these policy and a code of best practices are practical. In addition, the Company has applied 15 items of Good Corporate Governance to formulate the Company's policy used in administration, and business operation of the Company to achieve high efficiency and transparency for a purpose of protecting benefits and promoting confidence of shareholders, investors, employees, and other stakeholders. Guidelines developed from Good Corporate Governance and submitted to the committee for further consideration are described as follows:

1) **Policy of management and administration.** Guidelines of this policy are detailed as follows:

- Manage with care and perform duties as efficiently as possible for the purpose of the highest benefits of shareholders.
- Perform duties with transparency and disclosure to the public, shareholders, and other stakeholders.
- Give importance to control and internal audit system. Beware of the Company's risk exposure and manage the risks diligently.
- Assure of no conflict of interest in business operation and take full responsibility for one's own decision and actions.
- Treat shareholders and stakeholders equally. Assure of fairness among business partners, shareholders, and other stakeholders.

2) **Rights of shareholders.** The Company gives importance to equal rights among all shareholders.

- Right to obtain the Company's information.
- Right to cast a vote.

- Right to obtain fair treatment whereas every shareholder shall be assured of the equal right as deserved by all shareholders.

3) **Rights of stakeholders.** The Company gives importance to right of every group of stakeholders as described below.

- Employees: the Company shall treat all employees equally and fairly in accordance with the law, including fair compensation and fringe benefits.
- Business partners: the Company's purchase and sales of goods and service follows the acceptable commercial practices. And the Company shall strictly follow all terms and conditions as agreed in the business contract.
- Customers: The Company's responsibility and concern for the customers are toward the effort in providing quality and standard service, including having measure of keeping confidential customer information and having customer complaint procedure.
- Competitors: the Company competes within the acceptable rules and the boundary. Avoid unethical actions which cause unfairness of competitive advantages over the competitors.
- Community: the Company has responsibility in maintaining good environment for the surrounding communities and the society as a whole. The Company has established a measure of assuring pollution-free environment ie. good maintenance of equipment and tools.

4) Shareholders' Meeting

In the meeting, shareholders are able to ask questions and to give opinions or suggestion to the Company. In addition, after the Company is listed in the securities market, the Company will invite the president of directors, representative of Audit Committee, external auditors, and a legal officer to attend the meeting in order to answer shareholders' questions as appropriately as possible.

5) Leadership and Vision

The Board of Directors takes parts (or approve) in establishing vision, mission statement, strategy, objectives, business plans, and a budget. Also, the committee controls and oversees the executives to assure that business and budget plan is executed efficiently and proficiently. All actions taken reflect the effort to increase economic value of the Company, resulting greatest security for shareholders. Audit Committee is established to take charge of preparing proper financial statements, running internal control, disclosing information of the Company when there are any related-party transactions occurred, and correcting any transactions suspicious of being conflict of interests.

6) Conflict of interests

Whenever there are transactions which are probably the conflict of interest, Board of Directors and the executives will carefully review such transactions with the Company's interest as a priority. Measure used for approving related-party transactions, including policy and guideline of doing related-party transactions in the future has been agreed and

approved in the meeting of Audit Committee no. 1/2005 on 29 March 2005, and Board of Directors meeting no. 2/2005 on 29 March 2005.

7) **Business ethics**

The Company has developed and issued Code of Ethics for directors, management, and employees to serve as guidelines for proper actions in performing duties.

8) **Balances of non- executive directors**

In order to prevent the possibility of a person's or a group of persons' having an absolute decision power, the Company has appointed 4 Independent Directors to sit in the committee, which is accountable for more than one third of the whole committee. Balance of power and authorities will promote efficiency of management and overall internal control system.

9) **Position aggregation or segregation**

Executive President does not hold a position of Managing Director concurrently in order to separate the duties of policy making, supervision, and routine work management. Scope of duties and authority of Board of Directors and Managing Director is clearly stated, resulting that neither the president nor Managing Director has an absolute power whereas approval from Board of Directors and majority of shareholders is required for execution of significant deals or plans. In addition, Managing Director or Board of Directors cannot approve any transactions or proposals in which there is a conflict of interest between such person(s) and the Company.

10) **Remuneration of directors and the Management officers**

Remuneration of directors is considered upon the assigned duties and responsibilities, and be approved in the meeting of shareholders, whereas those of the management officers is upon the policies as established by Board of Directors, which associated with the assigned duties and responsibilities of the management officers. Apart from the policies of Board of Directors, remuneration of the management officers is evaluated from performance of the individual management officer and of the Company.

11) **Measure of preventing misuse of insider information by the management officers.**

1. To prevent misuse of insider information, each department/section shall not disclose any information of one's own department/section to any other departments/sections or to other parties not entitled to that information.
2. The management officers who are entitled to the Company's financial reports/information shall not seek any benefits from that information prior to public disclosure. One of the rules to prevent misuse of information is that the management officers shall not engage in security trading for one month before public disclosure of the Company's financial statements.
3. When the Company is listed in SET, all directors and management officers are required to report on the Company's shares hold by them as specified in Section 59 and in accordance with Announcement of Securities Exchange Commission no. Sor.Jor.14/2540 about report and disclosure of shareholding as dated 12 May 1997, and the requirements of SET. The penalty for not following the rules and requirements is described

in Act of Securities and Securities Exchange B.E. 2535. Besides, any directors and management officers who break the rules are subjected to penalization according to the Company's Regulation ie. receiving verbal warning, written warning, suspension, or terminating employment, as the case may be.

12) Meeting of Board of Directors

Meeting of Board of Directors shall be held at least every 3 months and, if necessary, an extra meeting can be arranged. The directors may submit any proposal for approval in the meeting, including presenting ideas or suggestion openly and straightforward. The Company will prepare a minute of meeting for every meeting.

From the time when the Company restructured and renamed to Eason Paint Public Company Limited on 14 March 2005, to 30 June 2005, the Company has held 4 meetings of Board of Directors to discuss issues as detailed below:

Names of directors	Meeting of Board of Directors					
	No. 1 17 Mar. 05	No.2 29 Mar. 05	No. 3 27 May 05	No.4 5 Aug. 05	No. 5 5 Oct. 05	No. 6 11 Nov. 05
1. Mr. Sanan Eksangkul	✓	✓	✓	✓	✓	✓
2. Ms. Petcharat Eksangkul	✓	✓	✓	✓	✓	✓
3. Mr. Sanit Eksangkul	✓	✓	✓	✓	✓	✓
4. Mr. Wichai Eksangkul	✓	✓	✓	✓	✓	✓
5. Ms. Sirinan Eksangkul	✓	✓	✓	✓	✓	✓
6. Mrs. Pismai Boonyakiat	✓	✓	✓	✓	✓	✓
7. Mr. Vitien Nildum	✓	✓	✓	✓	✓	✓
8. Mr. Jane Wongissariyakul	✓	✓	✓	✓	-	-
9. Ms. Thipawan Uthaisang	✓	✓	✓	✓	✓	✓

13) Subcommittee

According to the resolution of the extraordinary shareholders' meeting no. 3/2005 on 1 March 2005, Audit Committee was appointed and comprised of 4 Independent Directors with 2 year period of holding office. The purpose of Audit Committee appointment is to be responsible to operation of internal control system whereas the scope of duties, responsibilities and authorization of Audit Committee follows requirements of SET. Meeting of Audit Committee will be held at least every quarter and, if emergency, an extra meeting will be arranged. Audit Committee has a duty to report to Board of Directors.

From the time when appointment of Audit Committee on 1 March 2005 to 31 December 2005, the meetings of Audit Committee have been held for 5 times in total.

14) Internal audit and control system

Internal audit and control system has been set up to monitor both management and operation level. The Company has defined duties, responsibilities, and authorization of operation officers and the executives clearly, having control system over the usage of Company's assets, clearly separating positions of the persons who operate work and those examine or audit work so as to balance power and to promote efficient internal control.

In addition, internal control section has been set up and to report directly to Audit Committee. External auditors are required to evaluate and review the Company's internal control system when they are on duties to audit the Company's financial statements annually. Furthermore, the Company has made a handbook of internal control to be used within the organization.

15) Report of Directors

Board of Directors is responsible for the Company's overall operations, financial statements, and other financial information as shown in the Company's annual report and annual business operations reports.

16) Relationship with investors

According to the Company's policy, management has a duty to disclose information to investors on the basis of reliability and accuracy, whereas the information may have an impact on the Company as specified in the regulation of Securities Exchange Committee and SET. Investors can access to the Company's information through www.easonpaint.co.th or directly contact Mr. Sanit Eksangkul.

7. Employees

As of 31 December 2005, the total number of employees of the Company and subsidiaries are 210 (excluding directors and management officers as in 9.2-9.3). These employees worked in one of the following departments:

Department	EASON	NOF(Thailand)	Total
Research and Development	20	-	20
Marketing	7	4	11
Purchasing	3	-	3
Finance	1	-	1
Accounting	6	2	8
Office and Service	71	3	74
Production	84	-	84
Human Resources and System Development	7	-	7
Total	199	9	208

7.1 Monetary Remuneration

Monetary remuneration includes salary, overtime compensation, bonus, monetary fringe benefits, and etc. (excluding directors and management officers as in 9.2-9.3).

Remuneration of employees	Year 2003		Year 2004		Year 2005	
	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)
Eason Paint Plc.	168	31,720,451.07	190	32,586,802.08	199	35,627,916.70
N.O.F. (Thailand) Ltd.	9	4,647,620.25	9	4,990,274.00	9	5,097,443.50
Total	177	36,368,071.31	199	37,577,076.08	208	40,725,360.20

7.2 Other type of remuneration

Non-monetary remuneration is a 30.3 Sq. meter unit at Waterford Tower which is available to employees who work at the Company's factory in Amphur Panthong to stay during a trip of seminars/trainings or a visit at Bangkok office.

7.3 Labor dispute

Since establishment of the Company, significant labor dispute has never happened at all.

7.4 Policy of human resources development.

The Company developed a policy of human resources development with a purpose of creating employees' positive attitude toward efficient working to achieve the highest results and safety. The Company regularly provides a variety of trainings for all levels of employees. New employees will attend an orientation and necessary courses of training associated with their jobs. Training over safety practices during work operation is also provided for employees.

Related Transaction

Related-party transactions which occurred between Eason Paint Public Company Limited and the related parties in accordance with the remark in financial statements as of 31 December 2005 are listed in the table below.

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
Eksang (1978)Co., Ltd. (Registered to terminate the company in May 2005)	<ul style="list-style-type: none"> 91.67 % of paid-up shares were owned by Eksangkul Group Having the same group of directors. 	<ul style="list-style-type: none"> Revenue from selling products 	<ul style="list-style-type: none"> Selling offset ink with normal business terms and credit term is 30 days. 				<ul style="list-style-type: none"> Eksang (1978) Co., Ltd. was a supplier of the Company. Presently, this company closed the business and transferred customers and inventories to the Company since December 2004. <u>Audit Committee's Opinion:</u> The transactions are of normal business nature. Regarding transactions in 2004, due to restructuring organization and preventing transactions that might be conflict of interest, some customers and all employees were transferred to the Company and, as a result, transaction of this nature will not occur again.
		<ul style="list-style-type: none"> Accounts receivable and notes receivable. <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance 	<ul style="list-style-type: none"> Normal business transactions occurring from selling goods. 				

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Purchase of goods 	<ul style="list-style-type: none"> This was a purchase-back transaction as a result of transferring customers to the Company by the end of 2004. Goods were purchased back at cost. 				<ul style="list-style-type: none"> Eksangkul (1978) Co., Ltd. terminated business in December 2004 and transferring customers back to the Company. Presently, this company is officially registered as the terminated company. <u>Audit Committee's Opinion:</u> The transactions are of normal business nature. Regarding a transaction in 2004, its value was higher since this company stopped business in December 2004 and customers were transferred to the Company, resulting occurrence of purchase back transactions.
		<ul style="list-style-type: none"> Purchase of assets 	<ul style="list-style-type: none"> Purchasing cars for business operation at a price equal to book value. 				<ul style="list-style-type: none"> Eksangkul (1978) Co., Ltd. stopped business and sold cars to the Company. <u>Audit Committee's Opinion:</u> The purpose of car purchase was for business operation and purchased at a book value.

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Rental fee earned income from utility payment 	<ul style="list-style-type: none"> Leasing an office. Lease contract started in 1996, rent fee was 20,000 baht/month, and the contract was terminated in December 2004. Transactions associated with renting office ie. income from utility payment which was at the cost. 				<ul style="list-style-type: none"> Eksangkul (1978) Co., Ltd. rented the space from the Company to be an office. Now, due to stop business, the contract is terminated. <u>Audit Committee's Opinion</u>: This transaction occurred due to leasing. However, in 2005, this transaction did not occur and will not occur again.
Incoat (Thailand) Co., Ltd. (Registered to terminate the company in April 2005)	<ul style="list-style-type: none"> 34.60 % of paid-up shares were owned by Eksangkul Group. The rest of the shares was hold by a business partner from Indonesia. The joint directors were Miss Petcharat 	<ul style="list-style-type: none"> Revenue from selling goods. Accounts receivable and notes receivable <ul style="list-style-type: none"> Beginning balance Increase Decrease Ending balance 	<ul style="list-style-type: none"> Selling packaging coating, normal business transactions, 30-day credit term. Normal business transactions associated with selling activities. 				<ul style="list-style-type: none"> Incoat (Thailand) Co., Ltd. was a distributor of packaging coatings to the Company. Presently, this company closed the business and transferred customers to the Company since April 2005.

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
	Eksangkul and Mr. Sanit Eksangkul.	<ul style="list-style-type: none"> Rental fee earned. income from utility payment 	<ul style="list-style-type: none"> Leased an office. Lease contract commenced in 1996. Rental fee was 10,000 baht/month. In 2004, lease contract was terminated. Transactions associated with renting office ie. income from utility payment which was at the cost. 				<ul style="list-style-type: none"> Incoat (Thailand) Co., Ltd. rented office space from the Company. Now, due to stop business, the contract is terminated. <u>Audit Committee's Opinion:</u> This transaction occurred due to leasing. However, in 2005, this transaction did not occur and will not occur again
Eksang Holdings Co., Ltd.	<ul style="list-style-type: none"> 100% of paid-up shares were hold by Eksangkul Group. Having the same group of directors. 	<ul style="list-style-type: none"> Cash earned from selling land (paid in advance) 	<ul style="list-style-type: none"> Selling land with buildings on the land to Eksang Holdings on 17 December 2004. Later, the Company transferred ownership to the buyer on 28 February 2005. Transferring ownership was delayed since the Company was in the process of collateral redemption and loan application at a financial institution. 				<ul style="list-style-type: none"> The Company sold land with its buildings at Bangkok branch office to Eksang Holdings Co., Ltd. for 59.15 million baht. <u>Audit Committee's Opinion:</u> Sale of land was in the earlier plan to move a warehouse. Selling price at 59.15 million baht was higher than its book value at 51.42 million baht. However, the Company had to rent that space to accommodate R&D department. Rental period was 3 years and rental fee,

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Rent expense 	<ul style="list-style-type: none"> Rented office space for Bangkok branch office, R&D department. Lease contract commenced on 1 March 2005, rental fee was 82,000 baht/month. 				including uses of building was 82,000 baht/month which equaled to those of space renting, excluding uses of buildings as appraised by an independent party; Preferred Appraisal Co., Ltd. on 29 November 2004.
Origin Miki (Thailand) Co., Ltd. ("OMT")	<ul style="list-style-type: none"> 10% of paid-up shares were hold by Eksangkul Group. The joint director was Miss Petcharat Eksangkul. OMT, a joint venture between Origin (holding 49% of shares) and Miki 	<ul style="list-style-type: none"> Revenue from selling goods. 	<ul style="list-style-type: none"> The Company sells plastic coatings to the company who acts as a sole distributor, as agreed with the owner of product formula. Thus, the Company's selling price cannot be compared with the market price. However, the Company can designate a profit margin ratio in accordance with a price policy, and market condition. 				<ul style="list-style-type: none"> OMT is the joint venture, acting as a sole distributor of plastic coatings. It has the same credit term of payment as the Company's other customers. <u>Audit Committee's Opinion:</u> Being normal business transactions.

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
	(Thailand) (holding 41% of shares), is a distributor of specialized raw material used to produce products according to the license. It also distribute plastic coatings to Miki (Thailand)'s customers.	<ul style="list-style-type: none"> ● Accounts receivable and notes receivable <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance 	<ul style="list-style-type: none"> ● Normal business transactions associated with selling activities. 				
		<ul style="list-style-type: none"> ● Purchase goods 	<ul style="list-style-type: none"> ● Purchase raw material used in plastic coatings. Normal business transactions. No price reference due to being specialized raw material. Selling price is agreed by both parties. 				<ul style="list-style-type: none"> ● If the Company imports this raw material itself, it has to purchase at the minimum quantity set up the supplier, which is excessive for the Company. Ordering through OMT who normally orders large quantity of raw material helps the Company cut down an unproductive stock of raw material. ● <u>Audit Committee's Opinion:</u> Being normal business transactions.
		<ul style="list-style-type: none"> ● Accounts payable <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance 	<ul style="list-style-type: none"> ● Normal business transactions associated with buying activities. 				

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Miscellaneous expenses 	<ul style="list-style-type: none"> Purchase of plastic boards for testing plastic coatings before selling through OMT. 				<ul style="list-style-type: none"> The Company has to test the quality of every single lot of plastic coatings before selling to the customers. Plastic boards are needed for testing and can be purchased from OMT. <u>Audit Committee's Opinion:</u> Being normal business transactions.

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Rental fee earned. 	<ul style="list-style-type: none"> The Company leases space used for keeping raw materials and to-be –delivered goods. Until 2003, the Company added rental fee into the goods price. During January to November 2004, the Company leased the space for 25,000 baht/month. Later the rental fee was down to 10,000 baht/month since the Company already added other service charges into the goods price offered to OMT. Since 1 June 2005, warehouse rental fee is 7,500 baht/month and other service charges was 5,000 baht/month. 				<ul style="list-style-type: none"> OMT rents warehouse in Cholburi to keep plastic coatings. Since the Company is the supplier of plastic coatings to OMT, it is convenient to keep both raw material and finished goods at the Company. <u>Audit Committee's Opinion:</u> On 31 May 2004, the Company arranged to have an independent party; Preferred Appraisal Co., Ltd., to appraise an appropriate rental fee. A result of appraisal was: rental fee was 150 baht/sq.metre/month which totaled to 7,500 baht/50 sq.metres/month, and other service charges was 5,000 baht/month.
		<ul style="list-style-type: none"> Service charges earned 	<ul style="list-style-type: none"> Warehouse service charge as specified in the contract. Started in June 2005, at the rate of 5,000 baht/month. 				

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Revenue from accrued service charges. 	<ul style="list-style-type: none"> Rental fee and service charges in June 2005. 				
BASF Coatings Japan	<ul style="list-style-type: none"> Holding 40% of paid-up shares of NOF (Thailand) Co., Ltd. ("NTL"). 51% of paid-up shares of NTL is hold by the Company, and 9% by Miki (Japan). 	<ul style="list-style-type: none"> Purchase of goods. 	<ul style="list-style-type: none"> Importing paints type the Company does not produce. 				<ul style="list-style-type: none"> They were purchase transactions of the goods not produced by the Company, and the raw materials needed for production. <u>Audit Committee's Opinion:</u> Being normal business transactions.
		<ul style="list-style-type: none"> Purchase of raw materials. 	<ul style="list-style-type: none"> Cost of raw material at a market price. 				
		<ul style="list-style-type: none"> Accounts payable 	<ul style="list-style-type: none"> Cost of imported goods for re-sale. 				
		<ul style="list-style-type: none"> Miscellaneous expenses 	<ul style="list-style-type: none"> Technical fee and license fee; at the rate as agreed and specified in the contract effective since 1984. 				<ul style="list-style-type: none"> Transactions occurred from paying technical fee and license fee which were calculated on the basis of revenue

Related Transaction

The Company/subsidiaries and related parties	Relationship	Type of transactions	Term and conditions of transactions	Transaction value (Baht)			Necessities and reasons of executing transactions.
				Year 2003	Year 2004	Year 2005	
		<ul style="list-style-type: none"> Accrued expenses 	<ul style="list-style-type: none"> Technical fee and license fee; payment cycle is 6 months and payment is due within 60 days from the last day of cycle. 				<p>generated from sale of motorcycle coatings as specified in the contract effective since 1984.</p> <ul style="list-style-type: none"> <u>Audit Committee's Opinion:</u> Transactions corresponded with the agreement with BASF Coatings Japan
Mr. Wiwat Eksangkul Miss Petcharat Eksangkul Mr. Sanit Eksangkul Mr. Wichai Eksangkul Miss Sirinan Eksangkul		<ul style="list-style-type: none"> guarantee for a loan from a financial institution. 	<ul style="list-style-type: none"> It is a personal guarantee (82 million baht) for the Company's short-term loan from a financial institution as requested. 				<ul style="list-style-type: none"> The Company applied for a short-term loan at a financial institution in order to finance the Company's operating activities. The applied short-term loans included overdraft, credit line for discounted notes, L/C, T/R, Forward Contract, Letter of Guarantee, and P/N. <u>Audit Committee's Opinion:</u> Transactions occurred due to the Company's necessity to acquire working capital from a financial institution.

Overview of the Company's performance

The Company and the subsidiaries engage in the manufacturing and distributing of industrial paints for motorcycles, plastic components, packaging, and offset printing ink. The Company's revenue is growing in line with the growth of customers' industry, which can be categorized into 4 major sectors; motorcycle coatings, plastic coatings, paper offset ink, and packaging coatings. Motorcycle coating is used for spraying on a body and parts of motorcycle. Plastic coatings mainly used for spraying on plastic parts of automobile and electrical appliances, thus, the revenues of this sector ties up with the well-being of automotive and electronic industries. Revenues of offset ink and packaging coatings vary with performance of printing industry, and food/packaging industries respectively. For the past 3 years, revenues from motorcycle coating and plastic coatings has accounted approximately for 75% of the total revenues of the Company and subsidiaries and the highest peak of revenue always happens in the last quarter of the year.

During the economic depression in the year 1997, the decreased demand for cars adversely affected automotive industry, and paint industry likewise. The Company adjusted the strategy by increasing lines of production of industrial glue, and retrained employees to enrich their skills when demand of their labor in the normal production line was lower. Later, when the country's overall economy and industry has gradually and continuously recovered, the Company has been ready to further serve the customers with highly trained, and skilled personnel. With adjustable strategy and quality human resources asset, the Company is able to well survive in paint industry and to constantly improve the potential and competitiveness for all these years.

The Company is growing constantly in terms of company performance and financial status. The Company's total revenue was growing up every year; 504.41 million baht, 599.60 million baht, and 626.81 million baht in the year 2003, 2004, and 2005 respectively, whereas net profit was 58.88 million baht, 59.66 million baht, and 65.70 million baht during the same period of years. The major contribution to the constant growth is the quality of our products. The Company put great effort to develop and to customize products through collaboration with the business partners and through constant product development and researches. With the commitment to providing high quality products, the Company has been trusted and accepted by customers. Due to the customer's business nature where long-term production planning is a must, being accepted and trusted by customers is helping the Company maintain long-term growth also.

Revenue

The Company's total revenues are generated from selling products and services, and from other activities ie. from disposal of fixed assets, from currency exchange, and from profit received from subsidiaries. The revenue from selling products and services can be classified into 1. revenue from manufacturing and selling industrial paints and 2. revenue from providing services and selling other lines of products.

For the past year, revenue from selling industrial paints accounted for more than 95% of the total revenue and can be detailed as follows:

- 1) Motorcycle coatings. Since revenue of this section ties up with the well-being of motorcycle manufacturing industry which has been growing every year, the Company experienced growing revenue from selling motorcycle coatings every year even though we adjusted price to correspond with the fluctuation of raw material prices.

- 2) Plastic coatings. This revenue varies with the growth of automobile and electrical appliance (domestic hi-end products) production. During the year 2004-2004, the revenue of plastic coatings increased despite of fluctuation of selling price. However, in the year 2005, revenue of this section decreased because customers imported some portion of paints of which the Company is still in the process of research and development to best suit its application in Thailand. OMT will import the type of paints which the Company does not manufacture for a certain period of time until the Company can produce and supply that type of paints.
- 3) Paper offset ink. This revenue moves with the growth of printing industry. For the last 3 year, the revenue from selling offset ink increased every year despite of adjusting product price with competitive market situation where imported ink are increasingly available and its price is lower than before.
- 4) Packaging coatings. It is used to spray on product packaging such as coating tin cans, aluminium bottle caps, etc., thus the revenue from selling packaging coatings varies with food and packaging industry. During the past 3 years, the Company realized increasing revenue of this section every year. The Company has adjusted product price with the market and cost of raw materials and focusing on the market segment where higher value-added products are more accepted.

Apart from the above product lines, the Company offers other types of paint including boat paint, train paint, billboard paint, saw blade paint, and etc.. Details of revenue proportion and production capacity are described in the below table.

unit: thousand baht

Details of revenue	Year 2003	%	Year 2004	%	Year 2005	%
Revenue	503,943.20	99.91	598,515.04	99.82	625,969.78	99.87
revenue from selling product and services						
Revenue from selling industrial paints	500,833.34	99.29	595,643.10	99.34	622,131.27	99.25
Motorcycle coatings	316,835.58	62.81	380,939.32	63.53	399,527.83	63.74
Plastic coatings	89,761.85	17.80	106,072.62	17.69	102,917.23	16.42
Offset ink	49,024.35	9.72	55,555.62	9.27	64,561.48	10.30
Packaging coatings	44,653.05	8.85	52,477.88	8.75	54,100.43	8.63
Others	558.51	0.11	597.66	0.10	1,024.30	0.16
Revenue from services	2,039.26	0.40	2,352.99	0.39	2,045.49	0.33
Revenue from selling other items	1,070.60	0.21	518.95	0.09	1,793.03	0.29
Other revenues	469.53	0.09	1,086.19	0.18	843.47	0.13
Profit from selling fixed assets	127.92	0.03	1,028.34	0.17	775.89	0.12
Profit from currency exchange	341.61	0.07	57.85	0.01	67.58	0.01
Shared profit from subsidiaries	-	0.00	-	0.00	-	0.00
Total revenue	504,412.73	100	599,601.23	100	626,813.26	100
Production capacity	4,000 ton/yr.		4,800 ton/yr.		4,,900 ton/yr.	

Revenue from providing services includes transportation fee paid by NTL, warehouse rental fee paid by NTL, OMT, and Miki (Thailand), and etc.

Revenue from selling other products is generated from hire-production which started in 1997 as a result of decreasing demand of industrial paints and the need to maintain an overall production capacity. The additional line of products was industrial glue. At present, the Company does not give much importance to hire-production line of business since the Company focuses on industrial paints and other revenue-generating activities such as selling assets, currency exchanges, shared revenue of subsidiaries.

In the year 2005, the Company's total revenue was 626.81 million baht, increasing from the revenue of the year 2004 by 27.21 million baht or 4.54%, whereas the revenue from selling motorcycle coatings increased by 4.88% due to higher oil price and thus higher demand of motorcycle. In the year 2005, the Company's revenue from selling major products was 622.13 million baht, revenue from providing services was 2.05 million baht, revenue from selling other products ie. industrial glue was 1.79 million baht, and revenue from disposal of fixed assets was 0.84 million baht which equals to 0.13% of the total revenue.

Cost of goods sold and selling/administrative expenses

Majority of raw materials used in paints production are color powder, resin, solvent, and other chemicals. Mostly, chemical raw materials used in paint industry are imported due to its higher quality than the domestic's. However, in the year 2005, the Company's cost of domestic chemical raw materials accounted for 88.97% and imported for only 11.03% of the total cost of raw materials. This is because the Company has performed researches to develop the quality of domestic raw material, which has to be acceptable to the owners of know-how. Regarding the chemicals needed to be imported, the Company purchases the chemicals through OMT which is the joint-venture between Origin and Miki (Thailand). Generally, the overseas suppliers sell their chemicals only if the Company places order at the minimum order quantity which is usually much larger than the quantity needed by the Company. OMT imports chemicals through Origin in Japan, whereas ordering large-quantity of chemicals is a normal practice. Thus, the Company does not have to financially invest in raw materials more than necessary, which is the advantage of the joint-venture's economy of scale. The cost of labor, energy, and other items related to production was only 8.52% of the total cost of goods sold.

The ratio of cost of goods sold to the total generated revenue was in the range of 65.50% – 66.40%, and it was 65.86% in the year 2005. For the past few years, the price of raw materials has risen continuously, as it always moves with changes of oil price. The Company regularly keep stock of raw materials lasted for 1-3 months of production. In addition, the Company always monitors changes of demand-supply trend in the global market of chemicals for the purpose of proper planning and management of production cost and minimizing a risk of chemical price fluctuation. To compensate higher chemicals price, the Company has implemented a policy of adjusting product price correspondingly but not at the same rate as the change of oil price and not as immediately as the time when chemical price moves. Instead, the Company adjusts price gradually to sustain the desired rate of gross profit margin, resulting the minuscule and manageable changes of ratio of cost of goods sold to total revenue.

In the year 2004 and 2005, selling and administrative expenses were 103.58 and 105.24 million baht respectively, where as the ratio of selling and administrative expenses to total revenue was 17.28% in 2004 and 16.79% in 2005. Selling and administrative expenses was increasing every year largely from increases of salary, bonus, license fee and depreciation cost.

Expenses in terms of remuneration of employees and of the executive level, fringe benefits, and bonus totaled to 59.57 million baht in 2004, and 65.48 million baht in 2005. The increase of these expenses was due to the growing number of employees in each year and the Company's policy of increasing employee's remuneration on a basis of performance.

Apart from employee's remuneration, license fee and technique fee also fall into selling and administrative fee which totaled to 16.92 million baht in 2004, and 17.51 million baht in 2005. License fee paid to BASF Coatings Japan is calculated based on terms as specified in the agreement, which increases along with the growth of revenue from selling motorcycle coatings.

Besides the aforementioned expenses, depreciation cost also rises every year; 14.02 million baht in 2004, and 17.86 million baht in 2005 due to constant investment in machineries, equipment, and tools. In 2004, a new factory for manufacturing plastic coatings was built in Amphur Panthong, Cholburi Province. In 2005, the Company purchased additional machineries and equipment.

During 2005, the Company had burden to pay interest incurred from short-term loan the Company applied from one financial institution. However, as of 31 December 2005, the Company paid off the loan, and presently the Company does not have debt burden with any financial institution.

The Company paid for annual corporate tax at the rate of 5% to 6% of the total revenue. In the year 2004 and 2005, corporate tax was 30.95 and 30.87 million baht respectively.

Profit

The Company's net profit is growing successively. In the year 2004, ratio of net profit to the revenue from selling products/services was 33.65% and 34.05% in 2005. Ratio of net profit moves in the percentage range of 33.60% - 34.50% due to changes of chemicals price. However, in order to sustain the rate of net profit realized each year, the Company always keeps an eye on chemicals price movement in the world market. To lessen the effect of chemicals price instability, the Company formulated a policy to adjust product price to correlate with chemicals price, although price adjustment cannot be executed at the same time as those of raw materials due to market competition.

In the year 2004, percentage of profit from operating business was 16.22 of the total revenue and 17.23 in 2005. In 2004, percentage of profit was down due to the increase of employee's compensation, bonus, and depreciation cost occurred from building new factory and acquiring more machineries and equipment. However, percentage of profit from operating business increased from 16.22 to 17.23 in 2005.

In the year 2004 and 2005, percentage of net profit to total revenue was 9.95 and 10.48, respectively.

Ratio of net profit to total revenue increased by 9.95% in 2005 due to efficiency of cost management and better control over selling and administrative expenses.

The Company realized profit from currency exchange rate, which accounted less than 0.5% of the total revenue. Even though the Company used raw materials, particularly chemicals, which are produced overseas, the large part of that is ordered through OMT and purchased on Thai baht. Thus, any profit realized from exchange rate is from the order that the Company places directly to the overseas suppliers, which, in the year 2005, accounted for 11.03% of the total raw

material purchases. To prepare for the possibility of drastic movement of exchange rate, the Company negotiates to have a forward contract with a financial institution allowing a certain amount of fund available for purchase of raw materials from overseas.

In the year 2004 and 2005, ratio of net profit to total assets was 15.39% and 13.46%, respectively. Decrease of this ratio is due to the lower growth rate of net profit in comparison to the increase of assets in the same year. The growth rate of net profit was 1.33% in 2004 and 10.11% in 2005 while the total assets increased at the rate of 18.18% in 2004 and 32.40% in 2005. In 2004, value of total assets was 420.07 million baht and increased to 556.17 in 2005. In 2005, the Company's cash deposited at the bank and temporary fund for investment increased to 146.33 million baht from issuing IPO shares. These funds will be invested in the Company's project in the future.

Ratio of net profit to fixed assets increased from 50.69% in the year 2004 to 63.30% in 2005 due to the increase of net profit in that period. In 2004, the Company disposed land where the office of Bangkok branch located on and, in 2005, the value of total assets was higher mainly due to an increase of current assets; cash at the bank and temporary fund for investment. This explains why ratio of net profit to fixed assets increased in 2005 while ratio of net profit to total assets decreased in the same year.

Ratio of net profit to total equity was 33.81% in 2004 and 23.33% in 2005. This ratio increased in the year 2004 as a result of a profit growth. In 2005, the Company paid the dividend to shareholders and increased ordinary shares from 7,500,000 million baht to 200,000,000 million baht. These cause increase of shareholders equity and decrease of profit ratio to total equity.

Financial status

Total assets

The Company's ratio of current assets to total assets was 0.55x in the year 2003, 0.69x in 2004, and 0.76x in 2005. Regarding a land property where Bangkok branch office located on, the Company agreed to sell it to Eksang Holding Co., Ltd at the price of 59.15 million baht as specified in the contract of purchase and sale intention dated 17 December 2004. Then, on 29 December 2004 Eksang Holding Co., Ltd. made a full payment to the Company, according to the contract. However, the Company was not able to transfer the ownership to Eksang Holding at the time of payment, resulting that the Company had to record that piece of land as a to-be-sold land and classified it as a current asset. This explains why in the year 2004, the Company's fixed assets decreased at the same value as the increase of current assets in to-be-sold land item. In 2005, the Company realized proceeds from selling IPO shares, which will be invested in the future as planned. Presently, the proceeds was deposited at the bank, and used partly in a short-term investment. This results an increase of current assets and also an increase of ratio of current assets to total assets in 2005.

As of 31 December 2005, the Company's total assets increased from 136.11 million baht in 2004 to 556.17 million baht in 2005. Of the total assets in 2005, the current assets was 424.02 million baht or accounted for 76.24% and non-current assets was 132.16 million baht or equaled to 23.76%. Apart from cash at the bank and cash for short-term investment, in 2005 the Company's accounts receivable and notes receivable amounted for 135.60 million baht, 24.38% of total assets or increased by 39.86 million baht from the previous year. In 2005, the Company's customer base expanded since the Company re-organized a structure of company group in late 2004, whereas the Company becomes

a distributor of offset ink and packaging coatings, and obtains inventories and customer base from Eksang (1978) Co., Ltd. and Incoat (Thailand) Co., Ltd..

The Company's major non-current assets include land, buildings and equipment which amounted for 125.31 million baht or 22.53% of total assets in the year 2005. Apart from these major items, the Company owned non-developed land in Rayong Province, which was valued at 5.67 million baht or 1.02% of total assets in 2005. This piece of land was first planned to be a production site which is now relocated to Amphur Panthong, Choburi Province due to its distinctive location for a factory. The Company also holds intangible assets including license and patent of know-how.

Quality of assets

Accounts receivable

In the year 2005, the Company's accounts receivable and notes receivable to guarantee bad debts amounted for 135.60 million baht or 24.38% of total assets, which increased by 39.86 million baht from the previous year. Since the Company accepted customer base from Eksang (1978) Co., Ltd. and Incoat (Thailand) Co., Ltd. during late 2004, accounts receivable and notes receivable shown on the Company's financial/accounting statement increased significantly. Regarding a credit policy, most customers transferred from both companies received 3-month credit of payment. During 2003-2005, days sales outstanding was approximately 54-67 days. Details of credit terms are illustrated as follows :

unit: baht

Account/Notes Receivable	Year 2003	Year 2004	Year 2005
Aging: 0-3 months	81,127,074.77	90,718,839.66	121,852,994.84
Aging: 3-6 months	3,296,160.59	-	12,577,154.66
Aging: exceeding 6 months	1,778,325.47	1,747,557.93	1,923,205.05
Total	86,201,560.83	92,466,397.59	136,353,354.55
<u>Less:</u> Allowance for doubtful accounts	-	748,748.04	748,748.04
Total-net amount	86,201,560.83	91,717,649.55	135,604,606.51

According to the Company's policy regarding the risk of bad debt, an allowance for doubtful accounts with aging more than 1 year was set up. In 2005, the Company's days sales outstanding was upward since credit terms of customers transferred from Eksang and Incoat were longer than those of the Company's existing customers. The Company's accounts receivable with aging more than 6 months accounted only for 1.42% of total accounts receivable. An allowance for doubtful account was set up for 0.75 million baht which was believed to cover the amount of bad debt.

Inventory

Normally, the Company manufactures paints products according to the customer's order. Each customer requests a different type of paints, including different color, property and characteristic. Thus, before production, the Company will establish a production plan to correspond with each customer's annual production plan. The Company produces paints products for a quantity as ordered by customers, holding only a small amount of inventories. Industrial paints will usually

expire within one year. Thus, the Company has set aside an allowance for the diminishing value of expired stock which amounted to 4.27 million baht in 2004, and 1.43 million baht in 2005. Regarding the outdated stock, the Company will sell it on discount to other users ie. the business entity that uses it to spray on motorcycle helmet. However, OMT has a policy to buy back a specialized raw material of plastic coatings from the Company for a purpose of commercial secret protection.

Cash Flow Analysis

In the year 2004 and 2005, the Company's net cash flow from operating activities was 66.37 million baht and 44.11 million baht respectively. Net cash flow from operating activities in 2004 was downward from the year 2003 due to increase of inventories and payment for accrued tax liabilities. As the Company had larger accounts receivable incurring from transferring customers from two closed companies during late 2004, cash flow resulted from increase of accounts receivable amounted for 40.81 million baht, and cash flow used to pay the accrued liabilities ie. accrued license fee (6 month payable), accrued bonus and dividend as announced by the end of 2003, amounted for 8.12 million baht in 2005.

In 2003, the Company invested in fixed assets ie. payment of construction, machineries and equipment resulting the Company's cash flow used for investing activities amounted to 22.67 million baht. In 2004, the Company's cash inflow from investing activities was 25.127 million baht due to advanced payment of land sale. Then in 2005, the Company's cash flow used for investing activities was 125.23 million baht (mainly invested in current assets ie. short-term investment fund which was raised from selling common stocks, and the rest was fund invested in machineries, equipment and vehicles).

In 2004, cash flow from financing activities amounted to 85.83 million which was resulted from dividend payment for 82.50 million baht, increase in short-term loan and hire-purchase payable totaled to 3.33 million baht. In 2004, the Company did not bear burden of long-term debt as it was paid off based on a project of refinancing since 2003. In 2005, cash flow used for financing activities totaled to 39.35 million baht, cash inflow from short-term loan granted by a financial institution was 20 million baht, and proceeds from sale of newly issued common stocks totaled to 182.79 million baht. In May 2005, the Company issued IPO shares. On 13 May 2005, the Company increased its registered capital with the Ministry of Commerce from 7.50 million baht, 7,500 shares, with a par value of 1,000 baht/share to 200 million baht divided into 200 million shares with a par value of 1 baht/share. At present, paid-up capital is totaled to 200 million baht.

Upon calculation, the Company's cash cycle was 63 days. With current production capacity, the Company still requires additional working capital to support business expansion approximately by 50 million baht. The Company will allocate a part of fund raised from selling IPO shares and a surplus from fund invested in the planned project to use as working capital.

Source of funds

In consideration of a proper capital structure, in the year 2004 and 2005, the Company's debt to equity ratio were 1.68x and 0.37x, respectively. A downward movement of this ratio in the year 2005 was a result of the decrease in accounts

payable, the increase in profit from operating business, and the increase of registered capital from 7.5 million baht to 200 million baht.

Shareholders' Equity

In the year 2004, the Company's registered capital was 7.50 million baht divided into 7,500 common stocks/ordinary shares with a par value of 1,000 baht/share. In October 2004, the Company announced of payment of dividend for 100.05 baht/share whereas in December 2004, the dividend was paid for a total of 70.50 million baht and the rest was paid off within the first 6 months of the year 2005.

On 14 March 2005, the Company was registered as a public company and renamed from Eason Paint Products Co., Ltd. to Eason Paint Public Company Limited. As a result, a par value of an ordinary share was changed from 1,000 baht/share to 1 baht/share. Later, in May 2005, the Company's registered capital increased from 7.5 million baht to 200 million baht whereas the issuance of deferred stocks and the proportionally increased capital totaled to 132.5 million baht and divided into 109.65 million deferred stocks and 22.85 million common stocks. Stocks or shares were offered to the existing stockholders at a proportion of 1 existing stock to 3.05 new stocks at a price of 1 baht. As of 17 October 2005, the Company's paid-up registered capital totaled to 200 million baht.

Due to good business performance, the Company's retained earning was 122.40 million baht in 2004, and 66.98 million baht in 2005. Reduction of 2005 retained earnings was due to the increase in capital and deferred stocks and dividend payment to stockholders.

Liabilities

In the year 2005, liabilities bore by the Company was only the current liabilities in a form of a 82 million baht credit line with a domestic private bank. This credit line consisted of a promissory note for the amount of 20 million baht with annual interest rate of 4.75%, a promissory note for the amount of 20 million baht with annual interest rate of 3%, overdraft for 20 million baht, Letter of Guarantee for 2 million baht, L/C and T/R for 10 million baht, and a forward contract for 10 million baht. The credit line was granted with backing of collateral in the form of a mortgage of Company's land and buildings and the mortgaged amount was 52 million baht. Apart from mortgage collateral, the credit line was personally guaranteed by the Company's directors and the executives. As of 31 December 2005, the Company did not have any burden of loan or debt with any financial institution.

External Auditor fee

The Company and the subsidiaries paid fee for the service of auditing financial statements of the fiscal year 2005 for the amount of 660,000 baht.

Factors that might affect the Company's financial condition and performance.

The Company's projects to expand business and to increase production capacity include adding new production lines to produce new products, increasing line of production of the existing type of products, and improving production efficiency and warehouse system. Huge amount of funds will be needed to execute these projects ie. investment in building factories, new office building and a warehouse, purchase of new machineries, testing equipment, R&D equipment, and

etc. As a result, the Company's assets, depreciation cost of all new assets, and other related expenditure ie. license fee for automobile coatings, etc. will significantly increase. Certainly, it will have some impact at a certain extent on the Company's net profit. To support these projects, the Company will spend approximately 160 million baht and, in consequence, the Company will probably encounter cash flow problem.

Table 1 : Assets as at December 31, 2005

EASON PAINT PUBLIC COMPANY LIMITED
BALANCE SHEETS
AS AT DECEMBER 31, 2005 AND 2004

		<u>ASSETS</u>					
		Baht					
		Consolidated balance sheets		The company's balance sheets only			
Note		2005	2004	2005	2004		
Current assets							
	Cash and cash equivalents	5	68,572,745.63	26,263,794.86	52,860,530.83	14,094,238.36	
	Current investments	6	100,000,000.00	-	100,000,000.00	-	
	Trade account and note receivables, net						
	- Related companies	4	39,041,264.63	32,539,738.31	82,864,898.32	58,476,206.61	
	- Other companies		96,563,341.88	59,177,911.24	43,755,138.61	11,312,670.34	
			3.3, 7	135,604,606.51	91,717,649.55	126,620,036.93	69,788,876.95
	Inventories, net	3.4, 8	114,913,953.77	114,086,274.45	89,056,921.31	101,034,845.80	
	Land for sale	9	-	51,421,500.00	-	51,421,500.00	
	Other current assets	4	4,925,757.71	4,704,238.46	3,881,043.99	3,860,366.83	
	Total current assets		424,017,063.62	288,193,457.32	372,418,533.06	240,199,827.94	
Non - current assets							
	Long - term investments	3.5, 10	980,000.00	980,000.00	18,124,942.84	20,909,381.86	
	Property, plant and equipment, net	3.6, 11	125,305,811.72	124,885,330.82	123,038,478.50	121,357,022.61	
	Land not used in operation	12	5,671,668.15	5,671,668.15	5,671,668.15	5,671,668.15	
	Intangible asset, net	3.7	1.00	7.00	1.00	7.00	
	Other non - current assets		199,180.00	337,167.60	86,680.00	37,600.00	
	Total non - current assets		132,156,660.87	131,874,173.57	146,921,770.49	147,975,679.62	
	TOTAL ASSETS		556,173,724.49	420,067,630.89	519,340,303.55	388,175,507.56	

Notes to financial statements form an integral part of these statements.

BALANCE SHEETS (CONT.)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated balance sheets		The company's balance sheets only	
		2005	2004	2005	2004
Current liabilities					
Bank overdrafts and short - term					
loans from financial institution	13	-	20,000,000.00	-	20,000,000.00
Trade account payables					
- Related companies	4	13,340,469.20	10,744,222.56	12,040,466.04	9,269,106.12
- Other companies		96,858,103.01	90,979,206.88	96,858,103.01	90,845,232.18
		110,198,572.21	101,723,429.44	108,898,569.05	100,114,338.30
Accrued expenses	4	23,386,269.81	31,504,776.68	20,845,447.41	31,315,807.68
Accrued income tax		13,134,002.37	11,650,879.38	8,180,634.25	8,814,433.39
Dividend payable	16	-	29,550,000.00	-	29,550,000.00
Advance received for sale of land	4, 9	-	59,149,000.00	-	59,149,000.00
Other current liabilities		3,226,977.24	9,547,816.29	3,023,873.30	9,329,602.76
Total current liabilities		149,945,821.63	263,125,901.79	140,948,524.01	258,273,182.13
Total liabilities		149,945,821.63	263,125,901.79	140,948,524.01	258,273,182.13
Shareholders' equity					
Share capital					
Registered share capital					
200,000,000 ordinary shares of Baht 1.00 each		200,000,000.00		200,000,000.00	
7,500 ordinary shares of Baht 1,000 each			7,500,000.00		7,500,000.00
Issued and paid - up shares capital					
200,000,000 ordinary shares of Baht 1.00 each		200,000,000.00		200,000,000.00	
7,500 ordinary shares of Baht 1,000 each			7,500,000.00		7,500,000.00
Premium on share capital	14.2	111,416,500.00	-	111,416,500.00	-
Retained earnings					
Appropriated - legal reserve	15	750,000.00	750,000.00	750,000.00	750,000.00
Unappropriated		66,225,279.54	121,652,325.43	66,225,279.54	121,652,325.43
Minority interest in subsidiary		27,836,123.32	27,039,403.67	-	-
Total shareholders's equity		406,227,902.86	156,941,729.10	378,391,779.54	129,902,325.43
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		556,173,724.49	420,067,630.89	519,340,303.55	388,175,507.56

Notes to financial statements form an integral part of these statements.

Table 2 : Statement of Income as at December 31, 2005

EASON PAINT PUBLIC COMPANY LIMITED					
STATEMENTS OF INCOME					
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004					
Baht					
	Note	Consolidated		The Company's	
		Statements of income		Statement of income Only	
		2005	2004	2005	2004
Revenues					
Sales	4	622,131,263.97	595,643,105.23	581,857,065.28	553,104,985.22
Services	4	2,045,485.05	2,352,985.95	4,085,485.05	4,392,985.95
Gain on exchange rate		67,593.08	57,847.03	-	57,847.03
Gain on sale fixed assets		775,887.78	1,028,338.89	776,907.66	1,028,338.89
Equity gain in net income of subsidiary company		-	-	7,411,560.98	5,772,791.70
Other income		1,793,029.41	518,945.81	1,793,029.41	518,945.81
Total revenues		626,813,259.29	599,601,222.91	595,924,048.38	564,875,894.60
Expenses					
Cost of sales and services	4	412,844,529.00	397,839,480.18	416,452,664.06	393,766,345.80
Selling and administrative expenses	4	105,244,699.31	103,581,997.56	90,392,601.58	86,938,190.88
Loss on exchange rate		-	-	8,839.53	-
Total expenses		518,089,228.31	501,421,477.74	506,854,105.17	480,704,536.68
Profit before interest expenses and income tax		108,724,030.98	98,179,745.17	89,069,943.21	84,171,357.92
Interest expenses		1,560,072.95	392,306.64	1,560,072.95	392,306.64
Income tax		30,865,284.27	30,952,283.18	21,811,916.15	24,115,837.19
Profit before gian minority interest in subsidiary		76,298,673.76	66,835,155.35	65,697,954.11	59,663,214.09
Net profit on minority interest in subsidiary		10,600,719.65	7,171,941.26	-	-
Net profit		65,697,954.11	59,663,214.09	65,697,954.11	59,663,214.09
Earnings per share					
Net profit	17	0.46	0.51	0.46	0.51

Notes to financial statements form an integral part of these statements.

Table 3 : Statement of Change as at December 31, 2005

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY							
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004							
Baht							
Consolidated statements changes in shareholder 's equity							
	Note	Share capital	Premium on	Retained earnings		Minority interest	
		issued and paid-up	share capital	Appropriated - legal reserve	Unappropriated	in subsidiary	
						Total	
Beginning balance, 2004		7,500,000.00	-	-	162,789,111.34	25,749,862.41	196,038,973.75
Legal reserve	15			750,000.00	(750,000.00)		-
Dividend paid	16				(100,050,000.00)	(5,882,400.00)	(105,932,400.00)
Net profit for the year 2004					59,663,214.09		59,663,214.09
Net profit on minority interest						7,171,941.26	7,171,941.26
Ending balance, 2004		7,500,000.00	-	750,000.00	121,652,325.43	27,039,403.67	156,941,729.10
Dividend paid	16				(11,475,000.00)	(9,804,000.00)	(21,279,000.00)
Stock dividend	16	109,650,000.00			(109,650,000.00)		-
Issued ordinary shares	14.2	82,850,000.00					82,850,000.00
Premium on share capital	14.2		111,416,500.00				111,416,500.00
Net profit for the year 2005					65,697,954.11		65,697,954.11
Net profit on minority interest						10,600,719.65	10,600,719.65
Ending balance, 2005		200,000,000.00	111,416,500.00	750,000.00	66,225,279.54	27,836,123.32	406,227,902.86

Baht						
Consolidated statements changes in shareholder 's equity						
	Note	Share capital	Premium on	Retained earnings		Total
		issued and paid-up	share capital	Appropriated - legal reserve	Unappropriated	
Beginning balance, 2004		7,500,000.00	-	-	162,789,111.34	170,289,111.34
Legal reserve	15			750,000.00	(750,000.00)	-
Dividend paid	16				(100,050,000.00)	(100,050,000.00)
Net profit for the year 2004					59,663,214.09	59,663,214.09
Ending balance, 2004		7,500,000.00	-	750,000.00	121,652,325.43	129,902,325.43
Dividend paid	16				(11,475,000.00)	(11,475,000.00)
Stock dividend	16	109,650,000.00			(109,650,000.00)	-
Issued ordinary shares	14.2	82,850,000.00				82,850,000.00
Premium on share capital	14.2		111,416,500.00			111,416,500.00
Net profit for the year 2005					65,697,954.11	65,697,954.11
Ending balance, 2005		200,000,000.00	111,416,500.00	750,000.00	66,225,279.54	378,391,779.54

Notes to financial statements form an integral part of these statements.

Table 4 : Cash Flow as at December 31, 2005

	STATEMENTS OF CASH FLOWS			
	FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004			
	Baht			
	Consolidated		The company's	
	statements of cash flows		statements of cash flows only	
	2005	2004	2005	2004
<u>Cash flows from operating activities</u>				
Net profit	65,697,954.11	59,663,214.09	65,697,954.11	59,663,214.09
Items to reconcile net profit to net cash				
provided by (used in) operating activities :				
Depreciation	17,861,797.88	14,016,395.47	16,478,768.47	12,623,303.56
Amortization of intangible asset	6.00	214,688.96	6.00	214,688.96
Written of withholding income tax	-	2,714,571.51	-	2,714,571.51
Loss on declining value of inventories (reversal)	(1,432,381.15)	4,266,522.51	(1,271,877.15)	2,565,307.01
Provision for doubtful accounts	-	748,748.04	-	748,748.04
Amortization of goodwill	-	(238,744.03)	-	-
Gain on disposal fixed asset	(775,887.78)	(1,028,321.89)	(776,907.66)	(1,028,338.89)
Equity gain in net income of subsidiary company	-	-	(7,411,560.98)	(5,772,791.70)
Net profit on minority interest in subsidiary	10,600,719.65	7,171,941.26	-	-
Net profit from operations before changes in operating				
assets and liabilities	91,952,208.71	87,529,015.92	72,716,382.79	71,728,702.58
(Increase) decrease in operating assets				
Trade account and note receivables	(43,886,956.96)	(6,264,836.76)	(56,831,159.98)	(15,231,622.19)
Inventories	604,701.83	(26,826,516.18)	13,249,801.64	(23,711,662.31)
Other current assets	(221,519.25)	(2,408,526.02)	(20,677.16)	(1,642,546.59)
Other non - current assets	137,987.60	(400.00)	(49,080.00)	-
Increase (decrease) in operating liabilities				
Trade account payables	8,475,142.77	8,331,344.97	8,784,230.75	9,812,925.50
Accrued expenses	(8,118,506.87)	9,067,458.45	(10,470,360.27)	9,016,802.45
Accrued income tax	1,483,122.99	(7,044,668.11)	(633,799.14)	(5,315,916.61)
Other current liabilities	(6,320,839.05)	8,006,515.81	(6,305,729.46)	8,241,576.47
Net cash provided by (used in) operating activities	44,105,341.77	70,389,388.08	20,439,609.17	52,898,259.30

Notes to financial statements form an intergral part of these statements.

STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	Baht			
	Consolidated		The company's	
	statements of cash flows		statements of cash flows only	
	2005	2004	2005	2004
<u>Cash flows from investing activities</u>				
(Increase) decrease current investment	(100,000,000.00)	-	(100,000,000.00)	-
Cash paid to purchase investment	-	(600,000.00)	-	(600,000.00)
Cash received from cash dividend	-	-	10,196,000.00	6,117,600.00
Cash paid to purchase of fixed assets	(22,840,285.30)	(40,580,106.31)	(22,717,211.00)	(40,540,910.05)
Cash payment to duty and transferred fees from				
sale fixed asset	(2,561,830.00)	-	(2,561,830.00)	-
Cash received from sale fixed asset	168,224.30	1,041,018.71	168,224.30	1,041,018.71
Cash advance received from sale of land	-	59,149,000.00	-	59,149,000.00
Net cash provided by (used in) investing activities	(125,233,891.00)	19,009,912.40	(114,914,816.70)	25,166,708.66
<u>Cash flows from financing activities</u>				
Increase (decrease) in bank overdrafts and short - term				
loans from financial institution	(20,000,000.00)	(1,700,000.00)	(20,000,000.00)	(1,700,000.00)
Cash paid for hire-purchase payable	-	(1,629,941.72)	-	(1,629,941.72)
Cash received from issued ordinary shares	182,791,500.00	-	182,791,500.00	-
Cash paid for dividend	(39,354,000.00)	(76,382,400.00)	(29,550,000.00)	(70,500,000.00)
Net cash provided by (used in) financing activities	123,437,500.00	(79,712,341.72)	133,241,500.00	(73,829,941.72)
Net increase (decrease) in cash and cash equivalents	42,308,950.77	9,686,958.76	38,766,292.47	4,235,026.24
Cash and cash equivalents, at beginning of year	26,263,794.86	16,576,836.10	14,094,238.36	9,859,212.12
Cash and cash equivalents, at end of year	68,572,745.63	26,263,794.86	52,860,530.83	14,094,238.36

Supplemental disclosures of cash flows information :

1. Cash and cash equivalents, at end of year consisted of :

Cash and cash equivalents	68,572,745.63	26,263,794.86	52,860,530.83	14,094,238.36
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2. Cash paid during the year for :

Interest expenses	1,560,072.95	392,306.64	1,560,072.95	392,306.64
Income tax	29,382,161.28	37,996,951.29	22,445,715.29	29,431,753.80

3. On April 29, 2005 the Company had announced to pay dividend which divided into two types ; First was cash dividend of Baht 11,475,000.

And second was stock dividend of Baht 109,650,000 (divided in 109,650,000 shares Baht 1 per share) (See note 16).

The cash dividend was used for pay-off with issued new ordinary shares by existant former shareholders.

Notes to financial statements form an integral part of these statements.

บริษัท อีซัน เพ้นท์ จำกัด (มหาชน)

7/1-2 หมู่ 1 ต.พานทอง อ.พานทอง จ.ชลบุรี 20160

EASON PAINT PUBLIC COMPANY LIMITED

7/1-2 Moo 1 Panthong, Chonburi 20160

www.easonpaint.co.th