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สาส์นจากประธานกรรมการบริษัท

อุตสาหกรรมเคมีถือเป็นดัชนีชี้วัดที่สำคัญต่อการบ่งบอกถึงความเจริญเติบโตของเศรษฐกิจ ทั้งด้านการส่งออกหรือด้านการบริโภคของประชาชนในประเทศ ตลอดจนการขยายตัวหรือชะลอตัวของอุตสาหกรรมหลักๆ อาทิ อุตสาหกรรมรถยนต์ อุตสาหกรรมอาหาร อุตสาหกรรมอิเล็กทรอนิกส์ อุตสาหกรรมเครื่องใช้ไฟฟ้า อุตสาหกรรมก่อสร้าง อุตสาหกรรมสิ่งพิมพ์ ฯลฯ เนื่องจากอุตสาหกรรมนี้มีส่วนเข้าไปเกี่ยวข้องกับแทบทั้งสิ้น



โลกไร้พรมแดนที่เกิดขึ้นในปัจจุบัน ทำให้การลงทุนทางการเงิน ทางเทคโนโลยี หรือวัตถุดิบต่างๆ สามารถหมุนเวียนไปสู่ในประเทศทั่วโลกได้ง่ายและรวดเร็วขึ้น ส่งผลให้การแข่งขันทางธุรกิจมีความรุนแรงมากยิ่งขึ้นเช่นกัน ประเทศไทยของเราได้เผชิญกับปัญหาจากปัจจัยนอกประเทศ เช่น ราคาน้ำมัน และ ปัจจัยในประเทศ เช่น การเปลี่ยนแปลงทางการเมือง ภัยธรรมชาติ เป็นต้น ถึงแม้จะประสบเหตุการณ์ต่างๆ เหล่านี้ ประเทศไทยก็ยังสามารถเติบโตได้อย่างต่อเนื่อง ดังเห็นได้จากการเติบโตของอุตสาหกรรมสีโดยรวม ซึ่งบริษัท อีซีเอ็น เพ้นท์ จำกัด (มหาชน) ได้เป็นส่วนหนึ่งในอุตสาหกรรมสนับสนุนที่เกาะกระแสความเจริญเติบโตทางเศรษฐกิจเหล่านั้นด้วย โดยบริษัทมีการเจริญเติบโตของการดำเนินงานอย่างต่อเนื่องมาโดยตลอด

บริษัท อีซีเอ็น เพ้นท์ จำกัด (มหาชน) เป็นบริษัทของคนไทยที่มีประวัติในการดำเนินธุรกิจสีในประเทศมากกว่า 40 ปี และเป็นบริษัทแรกของคนไทยที่ผลิตสีอุตสาหกรรมเพื่อทดแทนการนำเข้าสีต่างชาติ บริษัทตระหนักดีถึงการแข่งขันที่จะทวีความรุนแรงมากยิ่งขึ้นในอนาคต จึงได้ให้ความสำคัญกับบุคลากร เทคโนโลยี และการตลาดแบบสากล โดยได้ตั้งสมมุติฐานที่มีประสบการณ์ด้านสีอุตสาหกรรมอยู่เป็นจำนวนมาก และเทคโนโลยีระดับโลก เช่น BASF Coatings (Japan), Origin Electric (Japan) และ INX International Ink USA ประกอบเข้ากับทีมการตลาดที่แข็งแกร่งและมีประสบการณ์ ทำให้เชื่อได้ว่าจะสามารถผลิตสินค้าที่มีคุณภาพระดับสากลเพื่อสนองตอบความต้องการของลูกค้าซึ่งส่วนใหญ่เป็นลูกค้าชาวต่างประเทศ และนับเป็นความภาคภูมิใจที่บริษัทได้เป็นส่วนหนึ่งในอุตสาหกรรมสนับสนุนให้กับอุตสาหกรรมหลักๆ ของประเทศ

บริษัทมีความมุ่งมั่นที่จะพัฒนาองค์กรทั้งระบบอย่างต่อเนื่องเพื่อเพิ่มขีดความสามารถในการแข่งขันบนเวทีโลก จึงได้ปรับกลยุทธ์และมุ่งเน้นให้เป็นผู้ผลิตสีอุตสาหกรรมชั้นนำของประเทศ มีความแข็งแกร่งทางธุรกิจ มีความพร้อมและยืดหยุ่นต่อการปรับเปลี่ยนการดำเนินงานในด้านต่างๆ ให้มีความเหมาะสมแก่บริษัทมากที่สุด อีกทั้งมีการตรวจสอบและประเมินผลการดำเนินงานของบริษัทอย่างสม่ำเสมอ และมีการบริหารจัดการตามหลักธรรมาภิบาลและหลักการกำกับดูแลกิจการที่ดี

ขอขอบคุณคณะกรรมการบริษัท ฝ่ายบริหาร และ พนักงานทุกท่านที่ได้ร่วมมือปฏิบัติหน้าที่อย่างมีประสิทธิภาพ และขอขอบคุณท่านผู้ถือหุ้น ตลอดจนผู้มีส่วนเกี่ยวข้องทุกฝ่ายที่ให้ความอนุเคราะห์ ส่งเสริมการดำเนินงานของบริษัทมาโดยตลอด

นายสนั่น เอกแสงกุล
ประธานกรรมการบริษัท

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.

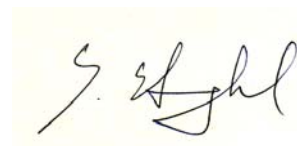


As today all businesses are operated in the world of no boundaries, investments in terms of finance, technology, and raw materials are circulating among countries all over the world with much less difficulty. As a result, business competition has been more intense than ever before. Apart from fierce global competition, Thailand has been challenged with such impediments as higher oil price, unstable polity 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 has 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, appearing to read 'S. Eksangkul', written on a light-colored background.

Mr. Sanan Eksangkul
Chairman

คณะกรรมการบริษัท

Board of Director



นายสนั่น เอกแสงกุล
Mr. Sanan Eksangkul

ประธานกรรมการบริษัท
President
ประธานกรรมการบริหาร
Executive President



นางสาวเพชรรัตน์ เอกแสงกุล
Ms. Petcharat Eksangkul

กรรมการบริษัท
Director
กรรมการบริหาร
Executive Committee



นายสนิธ เอกแสงกุล
Mr. Sanit Eksangkul

กรรมการบริษัท
Director
กรรมการบริหาร
Executive Committee



นายวิชัย เอกแสงกุล
Mr. Wichai Eksangkul

กรรมการบริษัท
Director
กรรมการบริหาร
Executive Committee



นางสาวสิรินันท์ เอกแสงกุล
Ms. Sirinan Eksangkul

กรรมการบริษัท
Director
กรรมการบริหาร
Executive Committee

คณะกรรมการบริษัท

Board of Director



นางพิสมัย บุญเกียรติ
Mrs. Pismai Boonyakiat

กรรมการ
Director
ประธานกรรมการตรวจสอบ
Chairman of Audit Committee



นายเจน วงอริสิริยะกุล
Mr. Jane Wong-isariyakul

กรรมการ
Director
กรรมการตรวจสอบ
Audit Committee



นายวิเทียน นิลดำ
Mr. Vitien Nildum

กรรมการ
Director
กรรมการตรวจสอบ
Audit Committee



นางสาวทิพวรรณ uthaisang
Ms. Thipawan Uthaisang

กรรมการ
Director
กรรมการตรวจสอบ
Audit Committee

คณะผู้บริหาร
Management Team



คณะผู้บริหาร
Management Team



นายวิวัฒน์ เอกแสงกุล
Mr. Viwat Eksangkul
ผู้จัดการฝ่ายการเงิน
Financial Manager



นางสว่างจิตต์ เลาะห์โรจนพันธ์
Mrs. Sawangjit Laoharajanaphan
ผู้จัดการฝ่ายบัญชีและสำนักงาน
Accounting & Administrative
Manager



นางวิไลวรรณ มิตรภานนท์
Mrs. Wilaivan Midtapanon
ผู้จัดการฝ่ายจัดซื้อ
Purchasing Manager



นายวิชชาญ จุลหริก
Mr. Witchan Julrick
ผู้จัดการฝ่ายการตลาดและขาย
Marketing & Sales Manager



นายสมโภชน์ เจริญลาภ
Mr. Sompoch Jaroenlap
ผู้จัดการฝ่ายทรัพยากรมนุษย์
Human Resources Manager



นางสาวจันทิมา कुตริสุคนธ์
Ms. Chantima Kutrisukon
ผู้จัดการฝ่ายผลิต
Production Manager

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

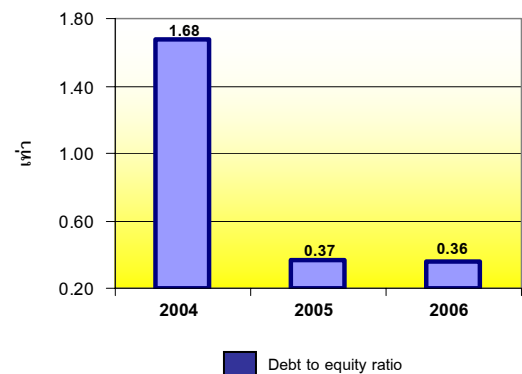
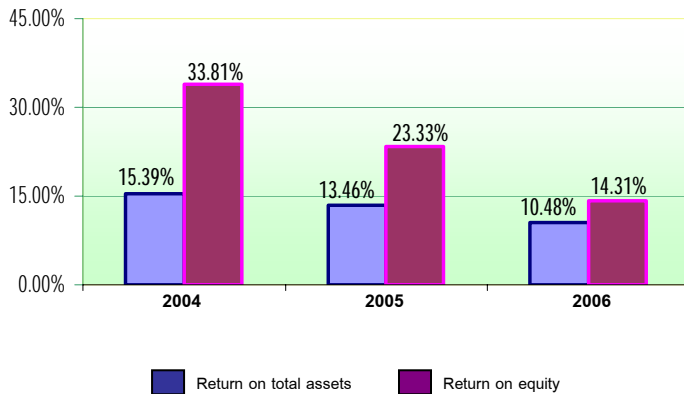
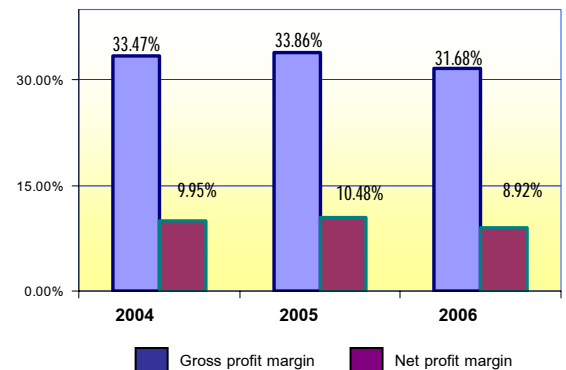
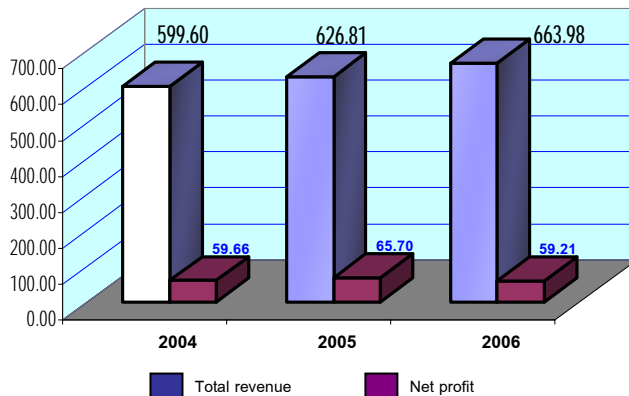
3.2 Auditing Company : Thamniti Auditing Company Limited
Auditors : Ms. Chatra Wongsriudomporn No. 4996
Address : 267/1 Pracharat No.1st, Bangsue, Bangkok 10800
Tel. : 0-2587-8080
Fax. : 0-2586-0301

Summary of the Company's financial statements

Unit: million baht

Income statement	2004	Percentage	2005	Percentage	2006	Percentage
Total revenue	599.60	100.00%	626.81	100.00%	663.98	100.00
Total expenses	501.42	83.63%	518.09	82.65%	575.52	86.68
Profit before interest and tax	98.18	16.37%	108.72	17.35%	88.46	13.32
Interest paid	0.39	0.07%	1.56	0.25%	0.51	0.08
Income tax	30.95	5.16%	30.87	4.92%	23.09	3.48
Net profit of minority of shareholders	7.17	1.20%	10.60	1.69%	5.65	0.85
Profit from normal operation	59.66	9.95%	65.70	10.48%	59.21	8.92
Special items	0.00	0.00%	0.00	0.00%	0.00	0.00
Net Profit	59.66	9.95%	65.70	10.48%	59.21	8.92
Balance Sheet	Year 2004	Percentage	Year 2005	Percentage	Year 2006	Percentage
Total assets	420.07	100.00%	556.17	100.00%	573.57	100.00
Total liabilities	263,125,901.79	62.64%	149,945,821.63	26.96%	152,282,322.96	26.55
Shareholders' equity	156.94	37.36%	406.23	73.04%	421.29	73.45

Source: the Company's financial statements



Summary of Significant Operating Results and Performance in the Year 2006

1. In the beginning of 2006, the Company commenced the manufacture of printing UV ink by application of the technology of INX International Ink Co. of the United States of America. It was the first ever Company in Thailand to manufacture and distribute the UV printing ink of high universal quality standard for distribution to packaging manufacturers. This helps save more time, energy and reduces production-related pollution than the original printing ink.

2. In 2006, the Company earned gross income of 651.31 million Baht, which was an increase from that of 2005 of 37.17 million Baht, equivalent to 5.93 percent attributable to the automotive group equivalent to 504.80 million Baht and income from other paint industry group equivalent to 146.51 million Baht: an increase from that of 2005 equivalent to 1.96 million Baht and 27.22 million Baht or an increase of 0.39 percent and 22.82 percent respectively. Although income from the automotive group had slightly increased from that of 2005, but the Company had envisaged the opportunity for growth yet of other paint industry; it therefore had invested in the expansion of production capacity to accommodate an increase in demand for the use of paint thanks to the expansion of plastic spray paint, printing ink, packaging material coating paint and other products in relation to quality paint products of high value, including the expansion of the customer base; and thus enabled the Company to spread the income proportion to other products as well.

3. Since 1999 until the present, Company has consistently made profit thanks to its being accepted and known among customer groups as the Company emphasizes the policy of manufacturing the paint of quality; being capable of producing shades of paint colors to meet the demand of the customers. The Company has had expert and experienced personnel in the manufacture of each category of paint and up-to-date product quality test equipment of high precision coupled with the availability of speedy and efficient technical service. These enabled the Company to manufacture paint products according to the benchmark standard of the industrial groups or the customers' requirements.

4. In the 3rd quarter of year 2006, the expansion of production line (Automotive Paint Industry) in accordance with the cooperation between BASF Coating Japan has been postponed by the reason of Economy and Political circumstances. However, the company is during on negotiation any related trading condition with this alliance.

5. In November 2006, at its Extraordinary General Meeting of Shareholders No. 1/2006, held on 3 November 2006, the Company's shareholders adopted a resolution approving an additional increase in authorized capital of 107,000,000 Baht from the existing authorized capital of 200,000,000 Baht; thus bringing total authorized capital of the Company to 307,000,000 Baht; divided into 307,000,000 shares by re-issuing 107,000,000 new ordinary shares at par value of 1 Baht per share according to the details as follows:

- To allot the rights issue share (capital increase share) of 100,000,000 to accommodate the exercise of the right under the Share Warrant in the new issue and offer for sale to the existing shareholders. The validity of the Share Warrant shall not exceed 4 years in offering to the existing shareholder at 2 shares per 1 unit of Share Warrant at the offer price of 0 Baht per unit. One (1) unit of Share Warrant is entitled to buy 1 ordinary share at par value of 1 Baht. Currently, the Company is in the process of applying to the Securities and Securities Exchange (SET) Commission for approval.
- To allot the rights issue of 7,000,000 shares to accommodate the exercise of the rights under the Warrant in rights issue and offer to directors, executives (non-director executives), members of the staff and the Company's advisors (ESOP). The validity of the Warrant shall be 3 years to be offered for sale at 0 Baht per unit. One (1) unit of the Warrant is entitled to buy 1 ordinary share at par value of 1 Baht under the

Securities Sale Offer to Directors Program, executives (non-director executives), members of the staff and the Company's advisors (ESOP).which is in the process of applying for approval from the Securities and Exchange Commission (SEC) Commission for approval.

The founder of the Company is Mr. Ko 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

Nature of Business

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"

Nature of Business

Structure of revenue by product category

The Company's structure of revenue of the year 2004 – 2006 as classified by product category is illustrated in the below table.

Details of revenue	Year 2004	%	Year 2005	%	Year 2006	%
Revenue						
selling product and services	598,515.04	99.82%	625,743/94	99.83	653,199.10	99.38
Revenue from selling industrial paints	595,643.10	99.34%	622,131.27	99.25%	651,306.00	98.09%
Automotive Paint	487,011.94	81.22%	502,445.06	80.16%	504,795.00	76.03%
Others	108,631.16	18.12%	119,686.21	19.09%	146,511.00	22.07%
Revenue from services	2,352.99	0.39%	2,045.49	0.33%	1,893.10	0.29%
Revenue from selling other items	518.95	0.09%	1,567.18	0.25%	-	0.00%
Other revenues	1,086.19	0.18%	1,069.32	0.17%	10,780.13	0.28%
Profit from selling fixed assets	1,028.34	0.17%	775.89	0.12%	1,006.57	0.15%
Profit from currency exchange	57.85	0.01%	67.58	0.01%	882.45	0.13%
Interest	-	0.00%	225.85	0.04%	3,929.15	0.59%
Other revenue	-	0.00%	-	0.00%	4,961.96	0.75%
Total revenue	599,601.23	100.00%	626,813.26	100.00%	663,979.23	100.00%
Production capacity	4,800 ton/yr		4,900 ton/yr		6,300 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 2005 and 2006, the Company's proportion of revenue from selling products through distributors were 80.76% and 77.50% 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 2005 and 2006, the Company's percentage of raw material purchases through importer or distributors are 88.97 and 83.93 of the total raw material purchases respectively and the percentage of raw materials imported by the Company are 11.03 and 16.07 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 2005 and 2006, the Company's proportions of raw material cost to the total cost were 91.48% and 92.99% 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 2005 and 2006, the values of chemicals purchased from these 2 suppliers were 24.84% and 21.00% 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 is from selling automotive paint. In the year 2005 and 2006, the Company's revenue from selling these products accounted for 80.16% and 76.03% 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

At October 16, 2006, 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 authorized capital at the value of 307 million baht; divided into 307 million shares at the par value of 1 baht/share, and has paid-up authorized capital at the value of 200 million baht.

Shareholders

According to the record in the Company's statutory book as of 16 October 2006, major shareholders' names were listed as follows:

Item	Shareholder's Name	The number of shares	Percentage
1	Eksang Holding Co., Ltd. and Eksangkul Group	135,160,001	67.58%
2	Max Mutual Fund and Max Life Insurance Co., Ltd. by Siam City Bank	13,713,300	6.86%
3	Anatawatchakorn Group	9,220,000	4.61%
4	Mr. Thongchai Methakijtrakool	5,000,000	2.50%
5	Asia Plus Securities PCL	3,759,300	1.88%
6	Mr. Somsak Khulimekin	2,100,000	1.05%
7	Mr. Thawat Bovornwanichyakul	1,500,000	0.75%
8	Ruengsirikulchai Group	1,269,500	0.63%
9	Mrs. Benjawan Athikompoj	1,244,000	0.62%
10	Other shareholders	27,033,899	13.52%
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



Remark: The Company hires Well Planning Solution Co., Ltd. as the Internal Auditor

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 2006, 9 directors sitting in the Board of Directors are as follows.

	Name	Position
1	Mr. Sanan Eksangkul	Chairman
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 Wong-issariyakul	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 2006, the Executive Committee of the Company consisted of 5 persons as follows:

Name		Position
1	Mr. Sanan Eksangkul	Chairman
2	Ms. Petcharat Eksangkul	Executive Committee
3	Mr. Sanit Eksangkul	Executive Committee
4	Mr. Wichai Eksangkul	Executive Committee
5	Ms. Sirinan Eksangkul	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 2006, Audit Committee consisted of 4 persons as follows:

No.	Name	Position
1	Mrs. Pismai Boonyakiat	Chairman
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 majorities 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.

Shareholding and Management Structure

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.
- 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 2006, Management Team consisted of 11 persons as follows:

Name		Position
1	Mr. Sanan Eksangkul	Chief Executive Officer
2	Ms. Petcharat Eksangkul	Managing Director
3	Mr. Sanit Eksangkul	Deputy Managing Director
4	Mr. Wichai Eksangkul	Deputy Managing Director
5	Mr. Mum Annoppong	Deputy Managing Director (Acting) Research and Development Manager

Shareholding and Management Structure

6	Mr. Viwat Eksangkul	Financial Manager
7	Mrs. Wilaivan Mitrapanon	Purchasing Manager
8	Mrs. Sawangjit Laoharojchanapan	Accounting and Administrative Manager
9	Mr. Witchan Jularick	Marketing and Sales Manager
10	Mr. Sompoch Jaroenlarp	Human Resource Manager
11	Ms. Chantima Kutrisukon	Production 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 Amount of Remuneration

Regarding the Annual General shareholders' meeting no. 1/2006 which was held on April 20, 2006, the resolution of the meeting on the issue of remuneration of directors of the Company in 2006 would total up no greater than Baht 2.2 million excluding the salaries for executive directors who receive regular monthly salary.

Remuneration of The Company's directors	Year 2004		Year 2005		Year 2006	
	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)
Meeting allowance	0	0	9	570,000.00	9	510,000.00
Bonus	0	0	0	0	9	920,000.00

5.2 Amount of Remuneration : Director

No.	Name	Position	Amount (Baht)
1	Mr. Sanan Eksangkul	Chairman	170,000
2	Mr. Sanit Eksangkul	Director	125,000
3	Miss Petcharat Eksangkul	Director	125,000
4	Mr. Wichai Eksangkul	Director	125,000
5	Miss Sirinan Eksangkul	Director	125,000
6	Mrs. Pismai Boonyakiat	Chairman of Audit Committee/Independent Director	215,000
7	Mr. Vitien Nildum	Audit Director/ Independent Director	175,000
8	Mr. Jane Wong-issariyakul	Audit Director/ Independent Director	185,000
9	Miss Thipawan Uthaisang	Audit Director/ Independent Director	185,000
		Total	1,430,000.00

5.3 Amount of Remuneration : Executive Team

Remuneration of Executive Team	Year 2004		Year 2005		Year 2006	
	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)
Salary, Bonus and Provident Fund	6	21,996,178.85	10	24,759,268.00	11	24,704,751.00

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 January 1 – December 31, 2006, the Company has held 5 meetings of Board of Directors, and 6 meeting of Audit Committee to discuss issues as detailed below:

Name	No. of Attending			
	Board of Director		Audit Committee	
	2005	2006	2005	2006
Mr. Sanan Eksangkul	6/6	5/5	N/A	N/A
Mr. Sanit Eksangkul	6/6	5/5	N/A	N/A
Miss Petcharat Eksangkul	6/6	5/5	N/A	N/A
Mr. Wichai Eksangkul	6/6	5/5	N/A	N/A
Miss Sirinan Eksangkul	6/6	5/5	N/A	N/A
Mrs. Pismai Boonyakiat	6/6	5/5	5/5	6/6

Shareholding and Management Structure

Mr. Vitien Nildum	6/6	5/5	5/5	5/6
Mr. Jane Wong-issariyakul	5/6	5/5	5/5	6/6
Miss Thipawan Uthaisang	6/6	5/5	5/5	6/6

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 January 1 – 31 December 2006, the meetings of Audit Committee have been held for 6 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 2006, the total number of employees of the Company and subsidiaries are 230 (excluding directors and management officers as in 1 – 4). These employees worked in one of the following departments:

Department	EASON	NOF (Thailand)	รวม
Research & Development	23	1	29
Marketing & Sales	6	3	9
Purchasing	4	-	4
Financial	2	-	2
Accounting & Administrative	70	5	75
Production	106	-	106
Human Resource	10	-	10
รวม	221	9	230

7.1 Monetary Remuneration

Monetary remuneration includes salary, overtime compensation, bonus, monetary fringe benefits, and etc. (excluding directors and management officers as in 1 – 4).

Remuneration of employees	Year 2004		Year 2005		Year 2006	
	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)	No. of Persons	Amount (Baht)
Eason Paint Plc.	190	32,586,802.08	199	35,627,916.70	221	48,986,464.62
N.O.F. (Thailand) Ltd.	9	4,990,274.00	9	5,097,443.50	9	4,313,497.40
Total	199	37,577,076.08	208	40,725,360.20	230	53,299,962.02

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.

Connected 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 2006 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 2005	Year 2006	
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"> Accounts receivable and notes receivable <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance 	Normal business transactions occurring from selling goods.	5.21 0.00 <u>(5.21)</u> <u>0.00</u>		<ul style="list-style-type: none"> Eksang (1978) Co., Ltd. was a supplier of the Company. Presently, this company closed the business. <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.
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 Eksangkul and Mr. Sanit Eksangkul. 	<ul style="list-style-type: none"> Accounts receivable and notes receivable <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance 	Normal business transactions occurring from selling goods.	1.41 0.00 <u>(1.41)</u> <u>0.00</u>		<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.

Connected 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 2005	Year 2006	
Eksang Holdings Co., Ltd.	<ul style="list-style-type: none"> 100% of paid-up shares were held by Eksangkul Group. Having the same group of directors. 	<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. 	0.82	0.98	<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, 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 held by Eksangkul Group. The joint director was Miss Petcharat Eksangkul. OMT, a joint venture between Origin (holding 49% of shares) and Miki (Thailand) (holding 41% of shares), is a distributor of specialized raw material used to produce products 	<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. 	102.43	140.02	<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.

Connected 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 2005	Year 2006	
	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. 	25.92	39.04	
				109.64	149.82	
				<u>(96.52)</u>	<u>(142.35)</u>	
				<u>39.04</u>	<u>46.51</u>	
		<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. 	38.55	58.46	<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.
		<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. 	9.27	12.04	<ul style="list-style-type: none"> <u>Audit Committee's Opinion:</u> Being normal business transactions.
				41.36	62.55	
				<u>(38.59)</u>	<u>(56.78)</u>	
				<u>12.04</u>	<u>17.81</u>	
		<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. 	0.42	0.27	<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.

Connected 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 2005	Year 2006	
		<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. 	0.10	0.09	<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. 	0.04	0.06	
		<ul style="list-style-type: none"> Revenue from accrued service charges. 	<ul style="list-style-type: none"> Rental fee and service. 	0.01	0.01	

Connected 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 2005	Year 2006	
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. 	9.74	8.70	<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"> • Accounts payable 	<ul style="list-style-type: none"> • Cost of imported goods for re-sale. 	2.29	2.06	
		<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. 	17.51	13.28	<ul style="list-style-type: none"> • Transactions occurred from paying technical fee and license fee which were calculated on the basis of revenue generated from sale of motorcycle coatings as specified in the contract effective sine 1984. • <u>Audit Committee's Opinion:</u> Transactions corresponded with the agreement with BASF Coatings Japan
		<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. 	9.68	8.45	

Measure or procedure used to approve related-party transactions

Audit Committee and Board of Directors reviewed all related-party transactions, and Audit Committee's opinion was explained as shown in the above table. The Company will report to Audit Committee quarterly if any transactions of the same nature occur again in the future. The Company will assign the department/section to be responsible to collect all data and information associated with related-party transactions and submitting to Audit Committee to further consider if those transactions are of normal business operation and traded at its market value. In Audit Committee, there shall not be any directors who could be suspicious of engaging in conflict of interest occurred from related-party transactions.

Policy or possibility of related-party transactions in the future.

Related-party transactions can be of two natures, one is the continuous transactions ie. renting property, license fee of know-how, etc, and another is one-time transactions ie. those transactions between the Company and Incoat (Thailand) Co., Ltd. or Eksang (1978) Co., Ltd. (these companies are related to the Company and registered to be terminated business entities). Audit Committee and/or Board of Directors will be the party considering whether the related-party transactions are reasonable, be of normal business operation, occurred at agreed price and conditions whereas any persons who could be exposed to conflict of interest shall not be in the position to approve those transactions. The Company strictly follows all applicable regulations and requirement such as Act of Securities and Securities Exchange, announcements, requirements of SET, requirements of disclosing information of transactions occurred between related parties and information about acquisition or disposal of the Company's and subsidiaries' significant assets, and accounting standards as defined by Accountant and CPA Association of Thailand.

If there is a case where the person who is exposed to conflict of interest unavoidably involves with the related-party transaction, Audit Committee will consider and evaluate if that transaction is normal and its price has to be compared with others' in the market. If Audit Committee does not have adequate experience in the nature of that transaction, the Company may appoint the external specialized person or the Company's appointed external auditor to review and to evaluate the transaction. The evaluation and opinion will be presented to Board of Directors or shareholders, as the case may be. Related-party transactions will be illustrated in Annual Registration Statement ((Form 56-1), Annual Report (Form 56-2), and the remark of financial statements which are audited by the Company's external auditors.

Overview of the Company's performance

The Company and its 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. The principal earnings made since 2004 of both the Company and its subsidiaries were attributable to the sale of paint products to automotive group which accounted for not less than 75 percent of gross sales earnings and the sale turnover of the Company reached new height during the 4th quarter of every 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.

In the past years, the Company had been growing constantly in terms of company performance and financial status; namely: during 2004 through 2006, the Company's total revenue was 599.60 million Baht; 626.81 million Baht and 663.98 million Baht respectively. 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; which is a significant factor in the operation of the paint industry and the vision of the management to be well prepared for the industrial changes such as the increase in sale turnover in the expanding industries, for instance.

Revenue

The Company's revenues are generated from selling products and services, and from other activities. The revenue from selling products and services can be classified into the revenue from manufacturing and selling industrial paints (which is accounted for the average 95 percentage of gross revenue); secondly, its revenue was generated by the provision of services and other income from sales. The details from sale and services are as follows:

1) Automotive paint industry group. The paint products are used by the automotive industry groups, in particular, the motorcycle manufacturing groups. The total sales turnover for these paint groups was subject to variation according to total domestic production of the automotive vehicles and partially automotive exports; thus attributable to gradual annual increase since 2004 until the present despite the fluctuation of the selling price in line with the trends of the fluctuating price of raw materials.

2) Other paint industry groups: it is the paint being used in printing industries and packaging material coatings industries in general and food packaging industry. During the past 3 years, turnover from sale of automotive paint industries has experienced constant growth; in particular, for 2006, the growth increased from that of 2005 by

Analysis of Financial and Operating Performance

about 22.41 percent. Thanks to the vision of growth in the printing industry in relation to which the Company collaborated with INX Corporation Ink Limited, USA; and various packaging materials industry which have experienced constant growth.

Details of the Company's ratio of revenue to its production capacity are described in the Table below:

Unit: Thousand baht

Details of revenue	Year 2004	%	Year 2005	%	Year 2006	%
Revenue						
selling product and services	598,515.04	99.82%	625,743/94	99.83	653,199.10	99.38
Revenue from selling industrial paints	595,643.10	99.34%	622,131.27	99.25%	651,306.00	98.09%
Automotive Paint	487,011.94	81.22%	502,445.06	80.16%	504,795.00	76.03%
Others	108,631.16	18.12%	119,686.21	19.09%	146,511.00	22.07%
Revenue from services	2,352.99	0.39%	2,045.49	0.33%	1,893.10	0.29%
Revenue from selling other items	518.95	0.09%	1,567.18	0.25%	-	0.00%
Other revenues	1,086.19	0.18%	1,069.32	0.17%	10,780.13	0.28%
Profit from selling fixed assets	1,028.34	0.17%	775.89	0.12%	1,006.57	0.15%
Profit from currency exchange	57.85	0.01%	67.58.	0.01%	882.45	0.13%
Interest	-	0.00%	225.85	0.04%	3,929.15	0.59%
Other revenue	-	0.00%	-	0.00%	4,961.96	0.75%
Total revenue	599,601.23	100.00	626,813.26	100.00	663,979.23	100.00
		%		%		%
Production capacity	4,800 ton/yr		4,900 ton/yr		6,300 ton/yr	

Revenue from providing services attributable to transportation and leased warehouse rental fee paid by OMT, and Miki (Thailand), and etc

Other income from sale of property, profit from currency exchange and sharing of profit in the joint companies; and income from interest receivable attributable to short-term investment of the proceeds from the Initial Public Offering (IPO) of the rights issue of share to the public in general.

In the year 2006, the Company's total revenue was 663.98 million, accounted for 5.93 percent thanks to the increase in the revenue from sale and service to approximately 4.39 percent since 2005. Despite the slight increase in the sale of automotive paint industry group, but the Company had envisaged an opportunity for growth in other paint industries. The Company therefore made an investment in the expansion of production capacity to accommodate the increase in demand for increased used of paint by paint industry groups. The Company had developed the paint of special quality of high value in addition to the expansion of its customer base. This results in the Company being able to spread the ratio of its revenue to other products.

COSTS OF SALES AND SALES AND 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 2006, the Company's cost of domestic chemical raw materials accounted for 83.93% and imported for only 16.07% 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 7.01% of the total cost of goods sold.

The ratio of cost of goods sold to the total generated revenue was in the range of 65.80% – 67.30%, and it was 67.21% in the year 2006. However, 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 2005 and 2006, sales and administrative expenses were 105.24 and 129.24 million baht respectively, where as the ratio of selling and administrative expenses to total revenue in 20045 and in 2006 was 16.79%. and 16.79 % of gross revenue. Selling and administrative expenses was increasing every year largely from increases in cost of sales and administrative expenses, salary, bonus, license fee , copyright royalties and depreciation cost.

By in 2005 and 2006, the had the expenses in terms of remuneration of employees and of the executive level, in the form of salary, fringe benefits, and bonus totaled to 655.48 million baht i and 78.00 million Baht respectively. 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.

The Company had the royalties on production know-how and copyrights in 2006 and 2006 totaling 17.51 million Baht, and 15.36 million Baht; and for copyright royalties payable under the agreement with BASF Coating Japan, which has increased every year in keeping with the increase in the revenue from paint of the automotive group.

Besides the aforementioned expenses, depreciation cost also rises every year; in 2005 and 2006 in the amount of 17.86 million baht and 21.87 million baht respectively due to constant investment in machineries, equipment, and tools. In 2006, the Company purchased increased machinery, equipment and appliances. In 2006, the Company invested in a new building and purchased additional machineries and equipment totaling 88.91 million Baht.

During 2006, the Company had burden to pay interest incurred from short-term loan from one financial institution; however, as at 31 December 2006, the Company paid off the loan, and presently the Company has not any debt burden with any financial institution.

The Company paid for annual juristic person income tax at the rate of 3 – 5% of the gross revenue. In the year 2005 and 2006, Company paid juristic person income tax of 30.87 million baht and 23.09 million Baht respectively

PROFIT

The Company's net profit has experienced continual growth. In the year 2005 and 2006, the Company's gross profit accounted for 33.86 percent and 31.68 of total income from sales and services; the rate of gross profit was fluctuating at the spread range of 31.60 percent and 33.90 percent thanks to the fluctuation 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 be applied as the data in the manage of the production cost. 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; but the company would gradually adjust the price to maintain the marginal profitability.

In the year 2005 and 2006, the Company earned the operating profit of 17.00 and 11.89 percentage of the total revenue; and in 2006, the percentage of the Company's operating profit was down due to the increase in employee's compensation, in particular, the payment of bonus, and the increase in depreciation resulting in the increase in the cost of sales and administrative expenses in 2006.

In the year 2005 and 2006, the percentage of net profit in relation to gross revenue was 10.48 and 8.92 respectively. The rate of profitability for 2006 decreased from that of 2006 decreased to that of 2005 by 14.89 percent thanks to decreasing of gross profit margin in increasing of raw material's price; and decreasing of profit margin from operation in increasing of administrative cost as to accommodate the expansion of business in the future.

The Company realized its profit from currency exchange rate, which accounted for under 0.5% of the gross income; even though the Company used imported raw materials, particularly chemicals, which are produced overseas, the large part of that is ordered through OMT and purchased in Thai baht. Thus, any profitability realized from exchange rate thanks to the purchase price fluctuation was recorded in terms of import of raw materials direct from the overseas suppliers; which, in the year 2006, accounted for 16.07% of the total raw material purchases. However, to prepare for the possibility of drastic fluctuation of exchange rate, the Company had the credit line in terms a Forward Contract with a financial institution to make available the funds sufficient for each purchase of raw materials from overseas.

In the year 2005 and 2006, ratio of net profit to gross assets was 13.46 % and 10.48 %, respectively. The reasons for the decrease in **Ratio of Gross Assets to Net Profit** were thanks to decrease in the net profit in 2006 as opposed to the increase in gross assets in 2005, which was accounted for 556.17 million Baht and in 2006 an increase to 573.57 million Baht or accounted for an increase of 3.13%. In 2006, net value of land, buildings and equipment of the Company increased from that of 2005 was equal to 71.47 million Baht or accounted for an increase of 57.03 percent. The said increase was to accommodate the Company's further business expansion.

The Company's ratio of **net profit to fixed assets** in 2005 and 2006 accounted for 63.30% and 11.65 percent respectively. The trends were moving towards the decline thanks to the decrease in the Company's net profit. However, the reasons for the decrease in net profit per fixed assets in 2006 and decline in the **Net Profit per Gross Assets** were thanks to in 2006, the Company had an increase in land, buildings and equipment.

The rate of **net profit to total shareholders' equity** in 2005 and 2006 was 23.33% and 14.31 percent respectively; although the Company in 2006 had the decreased ratio of net profit to the shareholders' equity, it was thanks to the Company's preparation for its future business expansion; this was accounted for the increase in the cost of human resources for the development of increased number of capable personnel as this would be significant factors in the operation of sustainable business of the company in the future.

Financial status

Total assets

The Company's ratio of **Current Assets to Gross Assets** in 2005 and 2006 was 0.65 times and 0.65 times respectively. In 2005, the remainder of the Current (Liquid) Assets was deposits with bank and short-term investments. The Company raised the capital by means of the rights issue of share to invest in its future project.

As at 31 December 2006, the Company's total assets totaled 573.57 million Baht; an increase to that of 2005 by 17.40 million baht in 2005: divided into liquid assets of 369.99 million Baht or 64.51 percent of gross assets; and non-liquid assets of 203.58 million Baht or 35.49 percent of gross assets.

The Company's principal non-current assets include land, buildings and equipment in 2006 accounted for net value of 196.77 million Baht or 34.31% of gross assets. Secondly, its non-current assets which were not used for its business operation situated in Rayong Province were valued at 5.67 million Baht or 0.99% of gross assets. Originally, this parcel of land was earmarked for the site of the plant; the plant was now relocated to Amphur Panthong, in Chonburi Province due to its more suitability to site a factory. Besides the above-said non-current assets, Company also possesses intangible assets including copyrights and patents of know-how; which were almost already written off.

Quality of Asset

Account receivable

In the year 2006, the Company's net accounts and bills receivables used to guarantee the allowance for doubtful debts totaled 137.20 million Baht or accounted for 23.92 % of gross assets: an increase by 1.6 million baht from that of 2005.

Separated by the term of the account receivables, most of the trade receivables were under 3-year term according to the credit terms and timeframe for average repayment during 2004 – 2006 of 54 – 74 days. The details of the account receivables are classified as follows:

Unit: Baht

Account/Notes Receivable	Year 2003	Year 2004	Year 2005
Term: from 0 – 3 months	90,718,839.66	121,852,994.84	133,515,980.64
Term: more than 3 months to 6 months	-	12,577,154.66	3,687,555.76
Term: more than 6 months	1,747,557.93	1,923,205.05	-
Total	92,466,397.59	136,353,354.55	137,203,536.40
<u>Less:</u> Allowance for doubtful debts	(748,748.04)	(748,748.04)	-
Total receivables and notes receivable-net	91,717,649.55	135,604,606.51	137,203,536.40

For this purpose, the Company has a policy to set up the allowance for doubtful debt from the account receivable anticipated to be unrecoverable with the term of the trade receivables exceeding 1 year; although in 2006, the time period for collection of debt was lengthened thanks to the Company's increased distribution of printing ink and spray plastic paint; being the products with longer credit term than the credit term for spray paint for motorcycle. But it was evident that the Company did not have the account receivables with the term of more than 6 months; therefore, it had not set up the allowance for doubtful debt for the Company considered that the whole debt could be recovered.

Inventory

The Company manufactures industrial paints according to the customer's purchase order for a different type, different color, properties and characteristics of paint according to the right to have a license to produce paint. Thus, prior to production, the Company would establish a production plan to correspond with each customer's annual production plan. The Company therefore produces paints products in quantity according to each purchase order from the customers; and there may be the manufacture of partial reserve paint products. The Company's industrial paints, which are already subject to production process, will expire not more than one year. Thus, the Company has made a provision for an allowance for the diminishing value after 1 year expiry. In 2005, as the Company yet sold the expired goods in inventory which were already written off; this resulted in the re-transfer of the allowance for the diminishing in value of the goods totaling approximately 1.43 million Baht; and in 2006, the Company made a provision for allowance of the diminishing value of the goods equal to 0.23 million Baht. However, if the Company had the goods remained in stock; the Company would comply with the policy in relation to the management of goods in stock.

Liquidity

In the year 2005 and 2006, the Company's net operating cash flow stood at 44.11 million Baht and 72.70 million Baht respectively. Net operating cash flow from in 2006 increased from that of the year 2005 due to an increase in depreciation and items of outstanding expenses of approximately 6.32 Million Baht; namely accrued expenses in construction.

The Company's investment activity cash inflow in 2005 totaled 125.23 million Baht; mostly the investment cash flow was made in liquid assets: short-term investment, which was the proceeds from the rights issue of share and remainder, was invested in machinery and equipment and vehicles. Meanwhile in 2006, the investment activity cash flow stood at 46.22 million Baht; mostly it was an investment in fixed assets, i.e., land, finished goods inventory worth 93.47 Million Baht as to accommodate the expansion of business in the future.

In 2005, the cash flow spent on fund-raising activities amounted to 123.44 million Baht in which 39.35 million Baht was the dividend payment made according to the **Consolidated Financial Statement**; and there was a cash-flow from short-term loan of 20.00 million Baht obtained from the financial institution; and the cash flow from increase in authorized capital of 182.79 million Baht. The increase in authorized capital by means of initial public offering of ordinary share in May 2005, which was registered with the Ministry of Commerce on 13 May 2005, increased the existing authorized capital of 7.50 million Baht, divided into 7,500 shares at par value of 1000 Baht to an increased authorized capital of 200 million Baht divided into 200 million shares at 1 Baht par value; which was currently 200 million Baht fully paid-up. Meanwhile in 2006, the Company spent a total of 49.80 million Baht on fund-raising activities, namely, the items of dividend payable from the Company's operating results of 2005.

The Company had lower Debt to Shareholders' Equity than the average value. If the suitability of the capital structure was taken in account during 2005 and 2006, the Company had **Debt to Equity Ratio** of 0.37 times and 0.36 times respectively. It was evident that the Company was able to maintain the ratio of **Total Liabilities to Total Shareholders' Equity** at the same level; and if compared to the same industrial of the industry thanks to the fact that the Company had not had long-term debt.

Shareholders' Equity

On 14 March 2005, the Company registered the conversion from Eason Paint Product Co., Ltd., to be Eason Paint PCL.; and there had been the change in the par value of the Company's ordinary share from the established par value of 1,000 Baht to the par value of 1 Baht. Later in May 2005, the Company increased its authorized capital from 7.5 million Baht to 200 million Baht by paying share dividend in combination with the increase in authorized capital totaling 132.5 million Baht divided into share dividend of 109.65 million shares and allotted 22.85 million rights issue ordinary shares to be offered to the existing shareholders at the ratio of 1 existing share to 3.05 new shares at par value of 1 Baht per share. As at 17 October 2005, the Company had the fully paid-up share capital of 200 million Baht. Later on 13 November 2006, the Company registered increased authorized capital of 107,000,000 million Baht. in total, the authorized capital of the Company stood at 307,000,000 million Baht according to the Resolution of the Ordinary Meeting of the Shareholders as to accommodate the exercise of the right under 100,000 units of warrant by the existing shareholders; and to accommodate the exercise of the right under 7,000,000 units of warrants by directors, executives (non-director executives), members of the staff and the Company's advisor.

In 2005 and 2006, the Company had retained (earnings) profit of 66.98 million Baht and 86.19 million Baht respectively. In 2006, the retained profit increased thanks to the increase in the company's net operating profit to 59.21 million Baht; its legal reserve increased 6.23 million Baht; and in 2006 the dividend of 49.80 million Baht

Liabilities

In 2006, the Company had 117 million Baht of liabilities in the form of working capital with one domestic commercial bank comprising 40 million Baht in promissory notes and 30 million Baht at the MLR interest per annum; overdraft facility credit line of 20 million Baht and 5 million Baht at the MOR interest per annum; the Guarantee Agreement amounting to 2 million Baht; L/C (Letter of Credit) and T/R (Trust Receipt) totaling 10 million Baht; and a Forward Contract of 10 million Baht. The above credit line stands surety for the registration of land mortgage together with the structure of 52 million Baht; and on 15 August 2006, the Board of Directors discharged the burden of guarantee in total in relation to the credit line of 62 million Baht. However, as at 31 December 2006, the Company applied the Guarantee Agreement of 1.5 million Baht in credit line for the Bank Letter of Guarantee against the consumption of electricity by the Company; but the Company did have any burden of debt financial institution whatever.

External Auditor fee

The Company and its subsidiaries paid external auditor fee in the Accounting Period of 2006 totaling 595,000 Baht.

Factors to have impacts on financial status or future operating results

In the future, the Company may offer the rights issue of 107 million ordinary shares to accommodate the conversion of the 107 million units of Share Warrant, which were issued and allotted 7 million units of Warrant to directors, executives (non-executive directors), members of the staff and the Company's advisors and **100 million** units. If all warrant holders are exercising the right of conversion, it shall have impact on shareholders as follows:

- ❖ In the case of directors, executives (non-director executive), members of the staff and the Company's advisors exercise the right of conversion for a total of 7 million units,

the number of the Company's ordinary shares issued and the calls to shareholders for payment of which are made would increase 7 million shares or 3.38 percent of authorized capital after the increase in the authorized capital. Therefore, the rate of returns to be compared to the shareholders' equity or the number of the Company's shares would be reduced by 3.38 percent according to the dilution effect. In addition, the impact on market price of the share upon the directors, executives (non-director executives), members of the staff, and the Company's advisors having exercised the right to buy ordinary share of the company, the market price (dilution effect) will reduce to not more than 2.36 percent (calculated on the basis of the weighted average 14 days before the date of meeting of Board of Directors, at the share price of 3.26 Baht per share).

- ❖ In the event of the existing shareholders exercising the right of conversion in total (100 million units)

The number of the Company's ordinary shares issued and the calls to shareholders for payment of which are made would increase to 100 million shares or 3.33 percent of authorized capital after the increase in the authorized capital. Therefore, the rate of returns to be compared to the shareholders' equity or the number of the Company's shares would be reduced by 3.33 percent according to the said dilution effect. In addition, the impact on market price of the share upon the directors, executives (non-director executives), members of the staff, and the Company's advisors having exercised the right to buy ordinary share of the company, the market price (dilution effect) will reduce to not more than 23.12 percent (calculated on the basis of weighted average market price 14 days before the meeting of the Board of Directors at the share price of 3.26 Baht per share)

- ❖ In the event of the existing shareholders, directors, executives (non-director executives), members of the staff, and the Company's advisors having exercised the right the right of conversion in total (107 million units)

The number of the Company's ordinary shares issued and the calls to shareholders for payment of which are made would increase to 107 million shares or 3.33 percent of authorized capital after the increase in the authorized capital. Therefore, the rate of returns to be compared to the shareholders' equity or the number of the Company's shares would be reduced by 34.85 percent according to the said dilution effect. In addition, the impact on market price of the share (price dilution) upon having exercised the right to buy ordinary share of the company according to the said number of share (whereas the share warrant allotted to existing shareholder is the exercise of the right to buy ordinary share by other persons which are not the existing shareholders), the market price of share will reduce to not more than 24.17 percent.

Statements

Table 1 Balance Sheet as at December 31, 2004 - 2006

Balance Sheet (Unit: Baht)	2004	Percentage	2005	Percentage	2006	Percentage
Current assets						
Cash and cash equivalents	26,263,794.86	6.25%	68,572,745.63	12.33%	45,252,582.41	7.89%
Current investments	-	0.00%	100,000,000.00	17.98%	53,824,295.68	9.38%
Trade account and note receivables, net	91,717,649.55	21.83%	135,604,606.51	24.38%	137,203,536.40	23.92%
Inventories, net	114,086,274.45	27.16%	114,913,953.77	20.66%	126,671,851.92	22.08%
Land for sales	51,421,500.00	12.24%	-	0.00%	-	0.00%
Other current assets	4,704,238.46	1.12%	4,925,757.71	0.89%	7,036,051.10	1.23%
Total current assets	288,193,457.32	68.61%	424,017,063.62	76.24%	369,988,317.51	64.51%
Non-current assets						
Long-term investments	980,000.00	0.23%	980,000.00	0.18%	980,000.00	0.17%
Property, plant and equipment, net	124,885,330.82	29.73%	125,305,811.72	22.53%	196,771,263.42	34.31%
Land not used in operation	5,671,668.15	1.35%	5,671,668.15	1.02%	5,671,668.15	0.99%
Intangible asset, net	7.00	0.00%	1.00	0.00%	1.00	0.00%
Other non-current assets	337,167.60	0.08%	199,180.00	0.04%	159,183.66	0.03%
Total non-current assets	131,874,173.57	31.39%	132,156,660.87	23.76%	203,582,116.23	35.49%
TOTAL ASSETS	420,067,630.89	100.00%	556,173,724.49	100.00%	573,570,433.74	100.00%
Current liabilities						
Short-term loans from financial institution	20,000,000.00	4.76%	-	0.00%	-	0.00%
Trade account payables	101,723,429.44	24.22%	110,198,572.21	19.81%	110,253,183.82	19.22%
Accrued expenses	31,504,776.68	7.50%	23,386,269.81	4.20%	29,708,742.13	5.18%
Accrued dividend	29,550,000.00	7.03%	-	0.00%	-	0.00%
Advance received for sale of land	59,149,000.00	14.08%	-	0.00%	-	0.00%
Other current liabilities	21,198,695.67	5.05%	16,360,979.61	2.94%	12,320,397.01	2.15%
Total current liabilities	263,125,901.79	62.64%	149,945,821.63	26.96%	152,282,322.96	26.55%
TOTAL LIABILITIES	263,125,901.79	62.64%	149,945,821.63	26.96%	152,282,322.96	26.55%
Shareholders' equity						
Registered share capital	7,500,000.00	1.79%	200,000,000.00	35.96%	307,000,000.00	53.52%
Issued and paid-up shares capital						
Share capital	7,500,000.00	1.79%	200,000,000.00	35.96%	200,000,000.00	34.87%
Premium on share capital	-	0.00%	111,416,500.00	20.03%	111,416,500.00	19.43%
Retained earnings						
Appropriated - legal reserve	750,000.00	0.18%	750,000.00	0.13%	6,995,500.00	1.22%
Unappropriated	121,652,325.43	28.96%	66,225,279.54	11.91%	79,191,855.10	13.81%
Minority interest in subsidiary	27,039,403.67	6.44%	27,836,123.32	5.00%	23,684,255.68	4.13%
TOTAL SHAREHOLDERS' EQUITY	156,941,729.10	37.36%	406,227,902.86	73.04%	421,288,110.78	73.45%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	420,067,630.89	100.00%	556,173,724.49	100.00%	573,570,433.74	100.00%

Table 2 Income Statement as at December 31, 2004 - 2006

Income Statement (Unit: Baht)	2004*	Percentage	2005	Percentage	2006**	Percentage
Revenues						
Sales	595,643,105.23	99.34%	622,131,263.97	99.25%	651,305,708.60	98.09%
Services	2,352,985.95	0.39%	2,045,485.05	0.33%	1,893,101.92	0.29%
Gain on sale of fixed assets	1,028,338.89	0.17%	775,887.78	0.12%	1,006,568.61	0.15%
Gain on exchange rate	57,847.03	0.01%	67,593.08	0.01%	882,451.55	0.13%
Other income	518,945.81	0.09%	1,793,029.41	0.29%	8,891,111.90	1.34%
TOTAL REVENUES	599,601,222.91	100.00%	626,813,259.29	100.00%	663,978,942.58	100.00%
Expenses						
Cost of sales and services	397,839,480.18	66.35%	412,844,529.00	65.86%	446,275,188.41	67.21%
Selling and administrative expenses	103,581,997.56	17.28%	105,244,699.31	16.79%	129,242,727.26	19.46%
TOTAL EXPENSES	501,421,477.74	83.63%	518,089,228.31	82.65%	575,517,915.67	86.68%
Profit before interest expenses and income tax	98,179,745.17	16.37%	108,724,030.98	17.35%	88,461,026.91	13.32%
Interest expenses	392,306.64	0.07%	1,560,072.95	0.25%	509,862.45	0.08%
Income tax	30,952,283.18	5.16%	30,865,284.27	4.92%	23,086,956.54	3.48%
Profit before minority interest in subsidiary	7,171,941.26	1.20%	10,600,719.65	1.69%	5,652,132.36	0.85%
NET PROFIT	59,663,214.09	9.95%	65,697,954.11	10.48%	59,212,075.56	8.92%

	<u>2004*</u>	<u>2005</u>	<u>2006**</u>
Earning per share (EPS) (Baht/share)	0.51	0.46	0.30
Fully diluted earning per share (Baht/share)	0.19	0.21	0.19
Book value per share (Baht/ share)	1.34	2.83	2.11

Table 3 Statements of cash flow as at December, 31 2004 – 2006

Statement of cash flow (Unit: Baht)	2004	2005	2006
Cash flows from operating activities			
Net Profit	59,663,214.09	65,697,954.11	59,212,075.56
Items to reconcile net profit to net cash provided by (used in) operating activities:			
Depreciation	14,016,395.47	17,861,797.88	21,873,463.76
Amortization of intangible asset	214,688.96	6.00	-
Amortization of goodwill	(238,744.03)	-	-
Written of withholding income tax	2,714,571.51	-	-
Net profit on minority interest in subsidiary	7,171,941.26	10,600,719.65	5,652,132.36
Doubtful accounts	748,748.04	-	-
Gain on sales of fixed assets	(1,028,321.89)	(775,887.78)	(1,006,568.61)
Loss on disposal of assets	-	-	64,498.42
Loss on declining value of inventories (reversal)	4,266,522.51	(1,432,381.15)	225,660.85
Net profit from operations before changes in operating assets and liabilities	87,529,015.92	91,952,208.71	86,021,262.34
(Increase) decrease in operating assets			
Trade account and note receivables	(6,264,836.76)	(43,886,956.96)	(1,598,929.89)
Inventories	(26,826,516.18)	604,701.83	(11,983,559.00)
Other current assets	(2,408,526.02)	(221,519.25)	(2,110,293.39)
Other non-current assets	(400.00)	137,987.60	39,996.34
Increase (decrease) in operating liabilities			
Trade account payables	8,331,344.97	8,475,142.77	54,611.61
Accrued expenses	9,067,458.45	(8,118,506.87)	6,322,472.32
Accrued income tax	(7,044,668.11)	1,483,122.99	(3,707,037.10)
Other current liabilities	8,006,515.81	(6,320,839.05)	(333,545.50)
Net cash provided by (used in) operating activities	70,389,388.08	44,105,341.77	72,704,977.73
Cash flows from investing activities			
(Increase) decrease current investment	(600,000.00)	(100,000,000.00)	46,175,704.32
Cash received from sale of fixed asset	1,041,018.71	168,224.30	1,072,043.93
Cash paid to purchase of fixed asset	(40,580,106.31)	(22,840,285.30)	(93,468,889.20)
Cash advance received from sale of land	59,149,000.00	-	-
Cash payment for duty and transferred fees from sale of fixed asset	-	(2,561,830.00)	-
Net cash provided by (used in) investing activities	19,009,912.40	(125,233,891.00)	(46,221,140.95)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institution	(1,700,000.00)	(20,000,000.00)	-
Cash payment for hire-purchase payable	(1,629,941.72)	-	-
Cash paid for dividend	(76,382,400.00)	(39,354,000.00)	(49,804,000.00)
Cash received from issued ordinary shares	-	182,791,500.00	-
Net cash provided by (used in) financing activities	(79,712,341.72)	123,437,500.00	(49,804,000.00)
Net increase (decrease) in cash and cash equivalents	9,686,958.76	42,308,950.77	(23,320,163.22)
Cash and cash equivalents, at beginning of year	16,576,836.10	26,263,794.86	68,572,745.63
Cash and cash equivalents, at end of year	26,263,794.86	68,572,745.63	45,252,582.41

Table 4 Financial ratios as at December 31, 2004 - 2006

Financial ratios	Unit	2004	2005	2006
Liquidity ratio				
Current ratio	(times)	1.10	2.83	2.43
Quick ratio	(times)	0.45	1.36	1.20
Current Cash Debt Coverage Ratio	(times)	0.33	0.21	0.48
Current asset/ Total asset	(times)	0.69	0.76	0.65
Non-current asset/ Total asset	(times)	0.31	0.24	0.35
Accounts receivable turnover	(times)	6.73	5.51	4.85
Average Collection Period	(days)	54	65	74
Inventory Turnover	(times)	3.87	3.61	3.69
Average Sale Period	(days)	93	100	97
Accounts payable turnover	(times)	4.08	3.90	4.05
Average Payment Period	(days)	88	92	89
Cash Cycle	(days)	58	73	83
Profitability ratio				
Gross profit margin	(%)	33.47%	33.86%	31.68%
Operating profit margin	(%)	16.15%	17.00%	11.89%
Other profit margin	(%)	0.27%	0.42%	1.62%
Cash Return on Sales	(%)	72.89%	41.57%	93.59%
Net profit margin	(%)	9.95%	10.48%	8.92%
Growth rate of net income	(%)	1.33%	10.11%	-9.87%
Return on Equity	(%)	33.81%	23.33%	14.31%
Efficiency ratio				
Return on asset	(%)	15.39%	13.46%	10.48%
Return on fixed asset	(%)	50.69%	63.30%	11.65%
Total asset turnover	(times)	1.55	1.28	1.18
Financial policy ratio				
Debt equity ratio	(times)	1.68	0.37	0.36
Interest coverage ratio	(times)	259.32	49.06	188.88
Cash basis	(times)	0.59	0.54	0.51
Dividend payout ratio	(%)	65.96%	75.81%	N/A

EASON PAINT PUBLIC COMPANY LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS AND
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006 AND 2005**

REPORT OF THE AUDITOR

To The Shareholders and Board of Directors of
EASON PAINT PUBLIC COMPANY LIMITED

I have audited the consolidated balance sheet of EASON PAINT PUBLIC COMPANY LIMITED and subsidiary as at December 31, 2006 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the balance sheet of EASON PAINT PUBLIC COMPANY LIMITED as at December 31, 2006 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of such company for the year ended December 31, 2005, presented herewith for comparative purposes only, were audited by another auditor, in my firm, whose report dated February 24, 2006 expressed an unqualified opinion on those statement.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement referred to above present fairly, in all material respects, the consolidated financial position of EASON PAINT PUBLIC COMPANY LIMITED and subsidiary as at December 31, 2006, and the consolidated results of their operations, the consolidated changes in their shareholders' equity and their consolidated cash flows for the year then ended and the financial position of EASON PAINT PUBLIC COMPANY LIMITED as at December 31, 2006, and the results of its operations, the changes in its shareholders' equity and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

(Mr. Pichai Dachanapirom)
Certified Public Accountant
Registration No. 2421

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 23, 2007
2007/110/7039

EASON PAINT PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2006 AND 2005

ASSETS

	Note	Baht			
		Consolidated balance sheets		The company's balance sheets only	
		2006	2005	2006	2005
Current assets					
Cash and cash equivalents	5	45,252,582.41	68,572,745.63	33,824,486.05	52,860,530.83
Current investments	6	53,824,295.68	100,000,000.00	48,824,295.68	100,000,000.00
Trade account and note receivables, net					
- Related companies	4	46,510,922.56	39,041,264.63	81,974,915.89	82,864,898.32
- Other companies		90,692,613.84	96,563,341.88	50,762,488.30	43,755,138.61
	7	137,203,536.40	135,604,606.51	132,737,404.19	126,620,036.93
Inventories, net	8	126,671,851.92	114,913,953.77	106,614,800.70	89,056,921.31
Other current assets	4	7,036,051.10	4,925,757.71	6,444,554.55	3,881,043.99
Total current assets		369,988,317.51	424,017,063.62	328,445,541.17	372,418,533.06
Non-current assets					
Long-term investments	9	980,000.00	980,000.00	16,664,508.64	18,124,942.84
Property, plant and equipment, net	10	196,771,263.42	125,305,811.72	195,606,302.19	123,038,478.50
Land not used in operation	11	5,671,668.15	5,671,668.15	5,671,668.15	5,671,668.15
Intangible asset, net		1.00	1.00	1.00	1.00
Other non-current assets		159,183.66	199,180.00	41,680.00	86,680.00
Total non-current assets		203,582,116.23	132,156,660.87	217,984,159.98	146,921,770.49
TOTAL ASSETS		573,570,433.74	556,173,724.49	546,429,701.15	519,340,303.55

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

EASON PAINT PUBLIC COMPANY LIMITED
BALANCE SHEETS (CONT.)
AS AT DECEMBER 31, 2006 AND 2005
LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated balance sheets		The company's balance sheets only	
		2006	2005	2006	2005
Current liabilities					
Trade account payables					
- Related companies	4	20,147,491.18	13,340,469.20	19,123,471.68	12,040,466.04
- Other companies		90,105,692.64	96,858,103.01	90,105,692.64	96,858,103.01
		110,253,183.82	110,198,572.21	109,229,164.32	108,898,569.05
Accrued expenses	4	29,708,742.13	23,386,269.81	29,554,027.95	20,845,447.41
Accrued income tax		9,426,965.27	13,134,002.37	7,347,356.95	8,180,634.25
Other current liabilities		2,893,431.74	3,226,977.24	2,695,296.83	3,023,873.30
Total current liabilities		152,282,322.96	149,945,821.63	148,825,846.05	140,948,524.01
Total liabilities		152,282,322.96	149,945,821.63	148,825,846.05	140,948,524.01
Shareholders' equity					
Share capital	13				
Registered share capital					
307,000,000 ordinary shares of Baht 1.00 each		307,000,000.00		307,000,000.00	
200,000,000 ordinary shares of Baht 1.00 each			200,000,000.00		200,000,000.00
Issued and paid-up shares capital					
200,000,000 ordinary shares of Baht 1.00 each		200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Premium on share capital	13.2	111,416,500.00	111,416,500.00	111,416,500.00	111,416,500.00
Retained earnings					
Appropriated - legal reserve	14	6,995,500.00	750,000.00	6,995,500.00	750,000.00
Unappropriated		79,191,855.10	66,225,279.54	79,191,855.10	66,225,279.54
Minority interest in subsidiary		23,684,255.68	27,836,123.32	-	-
Total shareholders's equity		421,288,110.78	406,227,902.86	397,603,855.10	378,391,779.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		573,570,433.74	556,173,724.49	546,429,701.15	519,340,303.55

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

EASON PAINT PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	Note	Baht			
		Consolidated		The Company's	
		Statements of income		Statement of income only	
		2006	2005	2006	2005
Revenues					
Sales	4	651,305,708.60	622,131,263.97	604,895,248.60	581,857,065.28
Services	4	1,893,101.92	2,045,485.05	3,803,101.92	4,085,485.05
Interest income		3,929,147.83	225,848.94	3,927,696.69	225,848.94
Dividend income		1,470,000.00	-	1,470,000.00	-
Gain on exchange rate		882,451.55	67,593.08	539,624.04	-
Gain on sale of fixed assets		1,006,568.61	775,887.78	1,006,568.61	776,907.66
Other income		3,491,964.07	1,567,180.47	2,387,793.69	1,567,180.47
Equity gain in net income of subsidiary company		-	-	8,735,565.80	7,411,560.98
Total revenues		663,978,942.58	626,813,259.29	626,765,599.35	595,924,048.38
Expenses					
Cost of sales and services	4	446,275,188.41	412,844,529.00	433,659,725.22	416,452,664.06
Selling and administrative expenses	4	129,242,727.26	105,244,699.31	114,826,602.42	90,392,601.58
Loss on exchange rate		-	-	-	8,839.53
Total expenses		575,517,915.67	518,089,228.31	548,486,327.64	506,854,105.17
Profit before interest expenses and income tax		88,461,026.91	108,724,030.98	78,279,271.71	89,069,943.21
Interest expenses		509,862.45	1,560,072.95	509,862.45	1,560,072.95
Income tax		23,086,956.54	30,865,284.27	18,557,333.70	21,811,916.15
Profit before minority interest in subsidiary		64,864,207.92	76,298,673.76	59,212,075.56	65,697,954.11
Net profit of minority interest in subsidiary		5,652,132.36	10,600,719.65	-	-
Net profit		59,212,075.56	65,697,954.11	59,212,075.56	65,697,954.11
Earnings per share					
Net profit	16	0.30	0.46	0.30	0.46

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

EASON PAINT PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Baht							
Consolidated statements of changes in shareholders' equity							
	Note	Share capital issued and paid-up	Premium on share capital	Retained earnings		Minority interest in subsidiary	Total
				Appropriated - legal reserve	Unappropriated		
Beginning balance, 2005		7,500,000.00	-	750,000.00	121,652,325.43	27,039,403.67	156,941,729.10
Dividend paid	15				(11,475,000.00)	(9,804,000.00)	(21,279,000.00)
Stock dividend	15	109,650,000.00			(109,650,000.00)		-
Issued ordinary shares	13.2	82,850,000.00					82,850,000.00
Premium on share capital	13.2		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 in subsidiary						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
Legal reserve	14			6,245,500.00	(6,245,500.00)		-
Dividend paid	15				(40,000,000.00)	(9,804,000.00)	(49,804,000.00)
Net profit for the year 2006					59,212,075.56		59,212,075.56
Net profit on minority interest in subsidiary						5,652,132.36	5,652,132.36
Ending balance, 2006		200,000,000.00	111,416,500.00	6,995,500.00	79,191,855.10	23,684,255.68	421,288,110.78

Baht						
The Company's statements of changes in shareholders' equity only						
	Note	Share capital issued and paid-up	Premium on share capital	Retained earnings		Total
				Appropriated - legal reserve	Unappropriated	
Beginning balance, 2005		7,500,000.00	-	750,000.00	121,652,325.43	129,902,325.43
Dividend paid	15				(11,475,000.00)	(11,475,000.00)
Stock dividend	15	109,650,000.00			(109,650,000.00)	-
Issued ordinary shares	13.2	82,850,000.00				82,850,000.00
Premium on share capital	13.2		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
Legal reserve	14			6,245,500.00	(6,245,500.00)	-
Dividend paid	15				(40,000,000.00)	(40,000,000.00)
Net profit for the year 2006					59,212,075.56	59,212,075.56
Ending balance, 2006		200,000,000.00	111,416,500.00	6,995,500.00	79,191,855.10	397,603,855.10

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

EASON PAINT PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	Baht			
	Consolidated		The company's	
	statements of cash flows		statements of cash flows only	
	2006	2005	2006	2005
<u>Cash flows from operating activities</u>				
Net profit	59,212,075.56	65,697,954.11	59,212,075.56	65,697,954.11
Items to reconcile net profit to net cash provided by (used in) operating activities :				
Depreciation	21,873,463.76	17,861,797.88	20,631,975.19	16,478,768.47
Amortization of intangible asset	-	6.00	-	6.00
Loss on declining value of inventories (reversal)	225,660.85	(1,432,381.15)	757,256.35	(1,271,877.15)
Loss on disposal of assets	64,498.42	-	-	-
Gain on sales of assets	(1,006,568.61)	(775,887.78)	(1,006,568.61)	(776,907.66)
Equity gain in net income of subsidiary company	-	-	(8,735,565.80)	(7,411,560.98)
Net profit on minority interest in subsidiary	5,652,132.36	10,600,719.65	-	-
Net profit from operations before changes in operating assets and liabilities	86,021,262.34	91,952,208.71	70,859,172.69	72,716,382.79
(Increase) decrease in operating assets				
Trade account and note receivables	(1,598,929.89)	(43,886,956.96)	(6,117,367.26)	(56,831,159.98)
Inventories	(11,983,559.00)	604,701.83	(18,315,135.74)	13,249,801.64
Other current assets	(2,110,293.39)	(221,519.25)	(2,563,510.56)	(20,677.16)
Other non - current assets	39,996.34	137,987.60	45,000.00	(49,080.00)
Increase (decrease) in operating liabilities				
Trade account payables	54,611.61	8,475,142.77	330,595.27	8,784,230.75
Accrued expenses	6,322,472.32	(8,118,506.87)	8,708,580.54	(10,470,360.27)
Accrued income tax	(3,707,037.10)	1,483,122.99	(833,277.30)	(633,799.14)
Other current liabilities	(333,545.50)	(6,320,839.05)	(328,576.47)	(6,305,729.46)
Net cash provided by (used in) operating activities	72,704,977.73	44,105,341.77	51,785,481.17	20,439,609.17

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

EASON PAINT PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	Baht			
	Consolidated		The company's	
	statements of cash flows		statements of cash flows only	
	2006	2005	2006	2005
<u>Cash flows from investing activities</u>				
(Increase) decrease current investment	46,175,704.32	(100,000,000.00)	51,175,704.32	(100,000,000.00)
Cash received from cash dividend	-	-	10,196,000.00	10,196,000.00
Cash paid to purchase of fixed assets	(93,468,889.20)	(22,840,285.30)	(93,265,274.20)	(22,717,211.00)
Cash payment for duty and transferred fees from sale of fixed asset	-	(2,561,830.00)	-	(2,561,830.00)
Cash received from sale of fixed asset	1,072,043.93	168,224.30	1,072,043.93	168,224.30
Net cash provided by (used in) investing activities	(46,221,140.95)	(125,233,891.00)	(30,821,525.95)	(114,914,816.70)
<u>Cash flows from financing activities</u>				
Increase (decrease) in bank overdrafts and short - term loans from financial institution	-	(20,000,000.00)	-	(20,000,000.00)
Cash received from issued ordinary shares	-	182,791,500.00	-	182,791,500.00
Cash paid for dividend	(49,804,000.00)	(39,354,000.00)	(40,000,000.00)	(29,550,000.00)
Net cash provided by (used in) financing activities	(49,804,000.00)	123,437,500.00	(40,000,000.00)	133,241,500.00
Net increase (decrease) in cash and cash equivalents	(23,320,163.22)	42,308,950.77	(19,036,044.78)	38,766,292.47
Cash and cash equivalents, at beginning of year	68,572,745.63	26,263,794.86	52,860,530.83	14,094,238.36
Cash and cash equivalents, at end of year	45,252,582.41	68,572,745.63	33,824,486.05	52,860,530.83

Supplemental disclosures of cash flows information :

1. Cash paid during the year for :

Interest expenses	509,862.45	1,560,072.95	509,862.45	1,560,072.95
Income tax	26,793,993.64	29,382,161.28	19,390,611.00	22,445,715.29

2. On April 29, 2005 the Company had announced to pay dividend which divided to two types ; the first was cash dividend of Baht 11,475,000, and the second was stock dividend of Baht 109, 650,000 (divided in 109,650,000 shares Baht 1 per share) (See note 15).

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

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

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited Company on September 8, 1965. The Company was converted to a public company limited on March 14, 2005.

The address of its registered office is as follows:

Head office : located at 7/1-2 Moo 1 Tombol Panthong, Amphur Panthong,
Chonburi, Thailand . Telephone (66) 0-3845-1833

Branch : located at 312 Soi Senanikom 1, Phaholyotin Road, Chankasem
Jatujak, Bangkok, Thailand. Telephone (66) 0-2561-4728-9

The subsidiary company,

N.O.F (Thailand) Ltd. was registered to be a limited company on March 31, 1986.

The address of its registered office is as follows:

Located at 2034/52 11th floor, Ital-Thai Building, Petchaburi Road, Huay-Kwang,
Bangkok, Thailand. Telephone (66) 0-2716-0095-8

(b) Nature of the Company's business and major shareholder

Main business activities of the Company are manufacturing and selling of industrial paints. Products include off-set inks, motorcycle paints, packaging coatings, plastic paints and others.

The company's major shareholder is Eksang holdings Co., Ltd. who held 50.40% of the paid-up share capital and the rest 16.80% is held by the person from Eksangkul family, making up 67.20% in total shareholding.

Main business activities of the subsidiary company are selling of industrial paints products for motorcycle.

(c) Company's employee

As at December 31, 2006 and 2005, the number of employees of the company and subsidiary company are 241 persons and 218 persons, respectively. The number of employees of the Company only are 232 persons and 209 persons, respectively.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

(d) Supplemental disclosures of income and expense information

Supplemental disclosures of income and expense information are as following :-

	Baht			
	Consolidated		The company's	
	Statements of income		Statements of income only	
	2006	2005	2006	2005
Depreciation	21,873,463.76	17,861,797.88	20,631,975.19	16,478,768.47
Employee benefit cost	78,004,713.02	65,484,628.20	71,247,165.62	57,686,104.70
Gain on sales of assets	1,066,568.61	775,887.78	1,006,568.61	776,907.66
Director's remuneration	1,430,000.00	570,000.00	1,430,000.00	570,000.00

2. BASIS FOR CONSOLIDATION AND OPERATIONS

2.1 The accompanying consolidated financial statements include the accounts of Eason Paint Public Company Limited and the following subsidiary.

The subsidiary company	Main business	Percentage of holding
N.O.F (Thailand) Ltd.	Trading industrial paints products for motorcycle	50.98

2.2 The acquisition of subsidiary was recorded by purchase method.

2.3 Significant intercompany transactions between the Company and subsidiaries have been eliminated.

2.4 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis for preparation of financial statements

The financial statements of the Company and subsidiary company are prepared in accordance with generally accepted accounting principles and accounting standards prescribed in Accounting Act and presented accordingly to the Regulation of the Ministry of Commerce for Public Company Limited.

3.2 Recognition of revenues and expenses

The Company and subsidiary company recognize the revenues on sales upon delivery of goods to the customers.

The Company recognizes service income upon services rendered to the customers.

The Company recognizes rental service in accordance with a term in contract.

The Company and subsidiary company recognize expenses on the accrual basis.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

3.3 Allowance for Doubtful Accounts

The Company provides allowance for doubtful account equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

3.4 Inventories

Inventories are valued at the lower of cost or net realizable value.

The company is determined as following :-

- Raw materials and supplies - the first-in first-out method (FIFO)
- Work in process and finished goods - the specific identification method

The subsidiary company is determined as following :-

- Finished goods - the first-in first-out method (FIFO)

3.5 Long-term investment

Investments in subsidiary companies are stated at equity method. Under the equity method, the investments are initially recorded at cost and subsequently adjusted by equity gain (loss) in net income (loss) of subsidiary companies according to the ratio of investment. The company recognizes equity gain (loss) in net income (loss) of subsidiary companies in the statement of income.

Investment in capital of non-listed company is classified as general investment and stated at cost less provision on impairment.

3.6 Property, plant and equipment

Property are stated at cost. Plant and equipment are stated at cost after deducted accumulated depreciation.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, as following :-

<u>Type of assets</u>	<u>The estimated useful lives</u>
Building	20 years
Machinery equipment	5 years
Lab equipment	5 years
Electric equipment	5 years
Office equipment	5 years
Office decoration	5 years
Vehicle	5 years

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

3.7 Intangible assets

The Company amortizes the patent which is shown in other assets by the straight-line method from the contract for 10 years.

3.8 Foreign currency conversions

Foreign currency assets and liabilities are converted into Thai Baht at rates of exchange ruling on the balance sheet date. Transactions during the year are translated at rates prevailing on the transaction date.

Gains or losses on exchange are credited or charged to current operations.

3.9 Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

3.10 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.11 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions, excluded time deposit at bank and cash at banks which are used for guarantee.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

3.12 Income tax

Corporate income tax is calculated from net income for the periods adjusted by the items defined under the Revenue Code as taxable or non-taxable income and expense at the rate of 25% starting 2006 to 2010.

4. TRANSACTIONS WITH RELATED COMPANIES

	Nature of business	Relationship
<u>Subsidiary company</u>		
N.O.F (Thailand) Ltd.	Trading industrial paints products for motorcycle	Co - Director/Shareholder
<u>Related companies</u>		
Eksang holdings Co., Ltd.	Rental of office and warehouse	50.40% of holding in the Company
Eksang (1978) Co., Ltd.	Off-set inks trading company (Dissolution in May' 05)	Co - Director/Shareholder
Inkote (Thailand) Co., Ltd.	Packing coatings trading company (Dissolution in Apr.' 05)	Co - Director/Shareholder
Origin Miki (Thailand) Co., Ltd.	Plastic and chemical paints trading company	Co - Director/Shareholder
BASF Coating Japan Co., Ltd.	Manufacturing and selling of motorcycle paints products	40% of holding in subsidiary company

Pricing policy

Selling income	- Cost - plus pricing to comply with the trading agreement with the owner's chemical formula of production, the Company has to sell the product, which is produced from such formula, to a subsidiary. The subsidiary is the only one selling agent of the product in Thailand. As a result, the Company could not find the market price to compare with the Company's selling price. However, the Company has certain right to determine the mark up rate by themselves based on both of the pricing policy and the market situation at that moment.
Rental income	- Warehouse rental depending on actual space are approximately Baht 7,500 - 70,000 per month in accordance with agreements.
Service income	- Logistics services including the related administrative work in lum-sum are approximately Baht 5,000 - 150,000 per month in accordance with agreements.
Purchasing	- Market value except licensed raw materials are agreed upon pricing method.
Rental charge	- Office and warehouse rental are charged at Baht 82,000 per month in accordance with agreements.
Other expenses	- Technical and royalty fee are charged in the certain rate as indicated on the agreement. - Raw materials for research and development are charged at market value.

EASON PAINT PUBLIC COMPANY LIMITED
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The Company has significant transactions with its subsidiary company and related companies as following :

	Baht			
	Consolidated		The company's	
	Statements of income		Statements of income only	
	2006	2005	2006	2005
<u>Statement of income</u>				
Sales				
N.O.F (Thailand) Ltd.	-	-	317,413,808.00	359,227,002.01
Origin Miki (Thailand) Co., Ltd.	140,020,334.91	102,431,785.50	140,020,334.91	102,431,785.50
	<u>140,020,334.91</u>	<u>102,431,785.50</u>	<u>457,434,142.91</u>	<u>461,658,787.51</u>
Rent income				
N.O.F (Thailand) Ltd.	-	-	700,000.00	840,000.00
Origin Miki (Thailand) Co., Ltd.	90,000.00	102,500.00	90,000.00	102,500.00
	<u>90,000.00</u>	<u>102,500.00</u>	<u>790,000.00</u>	<u>942,500.00</u>
Service income				
N.O.F (Thailand) Ltd.	-	-	1,200,000.00	1,200,000.00
Origin Miki (Thailand) Co., Ltd.	63,800.00	35,000.00	63,800.00	35,000.00
	<u>63,800.00</u>	<u>35,000.00</u>	<u>1,263,800.00</u>	<u>1,235,000.00</u>
Purchase				
Origin Miki (Thailand) Co., Ltd.	58,461,531.73	38,549,749.23	58,461,531.73	38,549,749.23
BASF Coating Japan Co., Ltd.	8,702,583.48	9,744,215.88	3,172,536.78	2,287,889.08
	<u>67,164,115.21</u>	<u>48,293,965.11</u>	<u>61,634,068.51</u>	<u>40,837,638.31</u>
Rental expense				
Eksang holdings Co., Ltd.	984,000.00	820,000.00	984,000.00	820,000.00
Other expense				
N.O.F. (Thailand) Ltd.	-	-	-	16,080.00
Origin Miki (Thailand) Co., Ltd.	266,000.00	419,590.00	266,000.00	419,590.00
BASF Coating Japan Co., Ltd.	13,275,929.37	17,505,502.96	13,275,929.37	15,188,341.96
	<u>13,541,929.37</u>	<u>17,925,092.96</u>	<u>13,541,929.37</u>	<u>15,624,011.96</u>

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

	Baht			
	Consolidated balance sheets		The company's balance sheets only	
	2006	2005	2006	2005
<u>Outstanding balances at the balance sheet dates</u>				
Trade account and note receivables				
N.O.F (Thailand) Ltd.	-	-	35,463,993.33	43,823,633.69
Origin Miki (Thailand) Co., Ltd.	46,510,922.56	39,041,264.63	46,510,922.56	39,041,264.63
	<u>46,510,922.56</u>	<u>39,041,264.63</u>	<u>81,974,915.89</u>	<u>82,864,898.32</u>
Service income receivable				
Origin Miki (Thailand) Co., Ltd.	12,500.00	12,500.00	12,500.00	12,500.00
	<u>12,500.00</u>	<u>12,500.00</u>	<u>12,500.00</u>	<u>12,500.00</u>
Trade account payables				
Origin Miki (Thailand) Co., Ltd.	18,084,733.40	12,040,466.04	18,084,733.40	12,040,466.04
BASF Coating Japan Co., Ltd.	2,062,757.78	1,300,003.16	1,038,738.28	-
	<u>20,147,491.18</u>	<u>13,340,469.20</u>	<u>19,123,471.68</u>	<u>12,040,466.04</u>
Accrued expense				
N.O.F (Thailand) Ltd.	-	-	-	9,287.60
BASF Coating Japan Co., Ltd.	8,448,878.87	9,679,778.60	6,368,393.87	7,362,617.60
	<u>8,448,878.87</u>	<u>9,679,778.60</u>	<u>6,368,393.87</u>	<u>7,371,905.20</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht			
	Consolidated balance sheets		The company's balance sheets only	
	2006	2005	2006	2005
Cash on hand	107,351.25	123,554.25	102,581.25	75,028.50
Cheques in hand	7,471,949.10	-	7,471,949.10	-
Cash at banks - current account	20,622,917.93	38,375,108.83	13,593,424.38	22,711,419.78
Cash at banks - savings account	17,050,364.13	30,074,082.55	12,656,531.32	30,074,082.55
Total	<u>45,252,582.41</u>	<u>68,572,745.63</u>	<u>33,824,486.05</u>	<u>52,860,530.83</u>

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2005 AND 2004

6. CURRENT INVESTMENTS

Current investments consisted of :

	Consolidated balance sheets					
	2006			2005		
	Interest rate %	Maturity on	At cost (Baht)	Interest rate %	Maturity on	At cost (Baht)
Fixed deposits - 3 months	4.625	15/03/07	443,824,295.68	3.75	15/03/06	40,000,000.00
- 3 months	4.625	19/03/07	5,000,000.00	-	-	-
- 3 months	4.250	26/03/07	5,000,000.00	-	-	-
Fixed deposits - 6 months	-	-	-	4.00	15/06/06	60,000,000.00
Total			<u>53,824,295.68</u>			<u>100,000,000.00</u>

	The company's balance sheets only					
	2006			2005		
	Interest rate %	Maturity on	At cost (Baht)	Interest rate %	Maturity on	At cost (Baht)
Fixed deposits - 3 months	4.625	15/03/07	43,824,295.68	3.75	15/03/06	40,000,000.00
- 3 months	4.625	19/03/07	5,000,000.00	-	-	-
Fixed deposits - 6 months	-	-	-	4.00	15/06/06	60,000,000.00
Total			<u>48,824,295.68</u>			<u>100,000,000.00</u>

7. TRADE ACCOUNT RECEIVABLES AND NOTE RECEIVABLES

Trade account receivables and note receivables consisted of:-

	Baht			
	Consolidated balance sheets		The company's balance sheets only	
	2006	2005	2006	2005
Trade note receivables	9,402,600.94	19,689,589.55	9,402,600.94	19,689,589.55
Trade account receivables	127,800,935.46	116,663,765.00	123,334,803.25	107,679,195.42
Total	137,203,536.40	136,353,354.55	132,737,404.19	127,368,784.97
<u>Less</u> allowance for doubtful accounts	-	(748,748.04)	-	(748,748.04)
Net	<u>137,203,536.40</u>	<u>135,604,606.51</u>	<u>132,737,404.19</u>	<u>126,620,036.93</u>

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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Trade account and note receivables-related companies are classified by aging as follows :-

	Baht			
	Consolidated balance sheets		The company's balance sheets only	
	2006	2005	2006	2005
Within credit term	45,614,256.14	29,209,800.01	77,945,877.97	73,033,433.70
Overdue 0 day to 30 days	-	9,831,464.62	3,130,001.45	9,831,464.62
Overdue 31 days to 60 days	896,666.42	-	899,036.47	-
Overdue 61 days to 90 days	-	-	-	-
Overdue 91 days to 180 days	-	-	-	-
Overdue 180 days up	-	-	-	-
Total	<u>46,510,922.56</u>	<u>39,041,264.63</u>	<u>81,974,915.89</u>	<u>82,864,898.32</u>

Trade account and note receivables-other companies are classified by aging as follows :-

	Baht			
	Consolidated balance sheets		The company's balance sheets only	
	2006	2005	2006	2005
Within credit term	52,370,329.65	72,710,850.23	24,967,051.85	19,902,646.96
Overdue 0 day to 30 days	24,750,352.95	10,801,312.49	12,295,481.97	10,801,312.49
Overdue 31 days to 60 days	6,408,827.05	5,423,253.85	6,336,850.29	5,423,253.85
Overdue 61 days to 90 days	3,475,548.43	3,246,308.99	3,475,548.43	3,246,308.99
Overdue 91 days to 180 days	3,687,555.76	4,381,616.32	3,687,555.76	4,381,616.32
Overdue 180 days up	-	748,748.04	-	748,748.04
Total	<u>90,692,613.84</u>	<u>97,312,089.92</u>	<u>50,762,488.30</u>	<u>44,503,886.65</u>

The Company's management has taken into account of the provision for allowance for doubtful accounts and believed that it is adequate for covering collection losses.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:-

	Baht				
	Consolidated balance sheets				
	Balance per book	Transaction during the year			Balance per book
	Dec. 31, 2005	Additions	Deductions		Dec. 31, 2006
<u>At cost</u>					
Land	29,016,189.60	16,687,000.00	-	45,703,189.60	
Building	57,639,129.26	5,524,515.49	-	64,193,395.71	
Machinery and equipment	55,057,504.48	8,100,682.75	(61,981.00)	64,490,616.28	
Lab equipment	12,662,688.22	4,019,092.53	(4,380.00)	14,317,803.62	
Electric equipment	3,963,888.65	895,770.40	-	4,843,883.23	
Office equipment	13,384,420.07	4,339,160.93	(811,697.63)	16,233,649.56	
Office decoration	4,419,101.88	1,268,447.61	(116,140.10)	6,200,855.14	
Vehicle	31,144,064.77	10,835,735.58	(3,562,742.98)	38,417,057.37	
Machinery and equipment in process	43,854.56	3,450,753.43	(1,643,422.71)	1,851,185.28	
Building in progress	465,000.00	44,496,720.41	(4,505,567.23)	40,456,153.18	
Total	<u>207,795,841.49</u>	<u>99,617,879.13</u>	<u>(10,705,931.65)</u>	<u>296,707,788.97</u>	
<u>Less</u> Accumulated depreciation					
Building	7,858,889.43	3,168,968.69	-	11,835,181.56	
Machinery and equipment	37,633,646.52	6,585,463.18	(54,464.28)	45,365,267.12	
Lab equipment	9,057,779.20	1,685,175.03	(3,504.00)	8,860,138.00	
Electric equipment	1,274,304.07	807,960.87	-	2,041,264.47	
Office equipment	7,387,910.78	2,119,014.72	(694,016.89)	8,598,653.52	
Office decoration	2,535,421.12	833,946.43	(112,241.83)	3,383,748.37	
Vehicle	16,742,078.65	6,672,934.84	(3,562,740.98)	19,852,272.51	
Total	<u>82,490,029.77</u>	<u>21,873,463.76</u>	<u>(4,426,967.98)</u>	<u>99,936,525.55</u>	
Property, plant and equipment, net	<u><u>125,305,811.72</u></u>			<u><u>196,771,263.42</u></u>	

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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	Baht				
	The company's balance sheets only				
	Balance per book	Transaction during the year			Balance per book
	Dec. 31, 2005	Additions	Deductions		Dec. 31, 2006
<u>At cost</u>					
Land	29,016,189.60	16,687,000.00	-	45,703,189.60	
Building	58,668,880.22	5,524,515.49	-	64,193,395.71	
Machinery and equipment	56,451,914.53	8,100,682.75	(61,981.00)	64,490,616.28	
Lab equipment	10,303,091.09	4,019,092.53	(4,380.00)	14,317,803.62	
Electric equipment	3,948,112.83	895,770.40	-	4,843,883.23	
Office equipment	11,195,545.27	4,135,545.93	(288,732.76)	15,042,358.44	
Office decoration	4,682,138.18	1,268,447.61	(84,157.60)	5,866,428.19	
Vehicle	25,441,064.77	10,835,735.58	(3,562,742.98)	32,714,057.37	
Machinery and equipment in process	43,854.56	3,450,753.43	(1,643,422.71)	1,851,185.28	
Building in progress	465,000.00	44,496,720.41	(4,505,567.23)	40,456,153.18	
Total	<u>200,215,791.05</u>	<u>99,414,264.13</u>	<u>(10,150,984.28)</u>	<u>289,479,070.90</u>	
<u>Less Accumulated depreciation</u>					
Building	8,666,212.87	3,168,968.69	-	11,835,181.56	
Machinery and equipment	38,834,268.22	6,585,463.18	(54,464.28)	45,365,267.12	
Lab equipment	7,178,466.97	1,685,175.03	(3,504.00)	8,860,138.00	
Electric equipment	1,233,303.60	807,960.87	-	2,041,264.47	
Office equipment	6,141,125.44	1,911,161.33	(235,539.44)	7,816,747.33	
Office decoration	2,327,893.42	817,616.25	(80,270.33)	3,065,239.34	
Vehicle	12,796,042.03	5,655,629.84	(3,562,740.98)	14,888,930.89	
Total	<u>77,177,312.55</u>	<u>20,631,975.19</u>	<u>(3,936,519.03)</u>	<u>93,872,768.71</u>	
Property, plant and equipment, net	<u><u>123,038,478.50</u></u>			<u><u>195,606,302.19</u></u>	

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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As at December 31, 2006, the fully depreciated fixed assets that still in use were at cost as following:-

	Baht	
	Consolidated balance sheet	The company's balance sheet only
Building	649,824.95	649,824.95
Machinery and equipment	27,949,633.67	27,949,633.67
Lab equipment	3,835,134.39	3,835,134.39
Electric equipment	29,597.44	29,597.44
Office equipment	3,899,561.69	3,585,144.40
Office decoration	1,618,974.77	1,355,253.82
Vehicle	2,586,396.52	1,829,396.52
	40,569,123.43	39,233,985.19

As at December 31, 2006, the Company's land and building which book value of Baht 81.37 million have been mortgaged as security for total credit line Baht 52 million from a local commercial bank (See Note 12).

11. LAND NOT USED IN OPERATION

Land not used in operation is valued at cost.

On October 29, 1995, the Company acquired the land located at Tambol Laharn, Amphur Pluakdeang, Rayong, area of 11-3-54 Rai. Until now the Company has not yet utilised this piece of land, and thus presented it under caption "Land not used in operation".

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

12. SHORT-TERM LOANS FROM FINANCIAL INSTITUTION

The Company has total credit facilities Baht 117 million with two local commercial banks, which is comprised of Promissory Notes for two credit lines Baht 40 million and Baht 30 million, with interest at MLR per annum, Bank Overdrafts Baht 20 million and Baht 5 million, with interest at MOR per annum Letter of Guarantee Baht 2 million, Letter of Credit and Trust Receipt Baht 10 million and Forward Contract Baht 10 million.

These loans are guaranteed by mortgaging the Company's land and plant in credit line of Baht 52 million and Baht 62 million is guaranteed by the Company's director.

As at December 31, 2006, the Company has the Letter of Guarantee Baht 1.5 million used for guarantee against the company's electricity usage.

On August 15, 2006 the Company's director had fully withdrawn the guarantee obligation for the credit line of Baht 62 million.

13. SHARE CAPITAL

13.1 Change in par value

At the extraordinary shareholders' meeting No. 3/2005 held on March 1, 2005, the shareholders unanimously approved to change par value of Baht 1,000.00 each to par value of Baht 1.00 each and increase the Company's authorized capital from 7,500 shares to 7,500,000 shares, the matters were registered with the Ministry of Commerce on March 14, 2005.

13.2 Increase in share capital and appropriation of share
In 2006

At the extraordinary shareholders' meeting No.1/2006 held on November 3, 2006, the shareholders approved issuance of warrant as the follows.

1. Share-purchase warrants to offer to existing shareholders.

Type of warrant	: Share-purchase warrant of Eason Paint Public Co., Ltd. No.1, (EASON-W1) specification of shareholders and transferable
Period	: 4 years since the issuance of the Share-purchase warrants
Amount	: 100,000,000 Units (one hundred million units)
Offering	: Allocation to the shareholders whose names appear in the registration book on the day after having been approved from The Office of the Securities and Exchange Commission and The Stock Exchange of Thailand at the ratio of 2 ordinary shares per 1 unit of share-purchase warrant
Offering price	: Baht 0 per unit

EASON PAINT PUBLIC COMPANY LIMITED
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Exercise rate	:	1 Share-purchase warrant is exercisable into 1 ordinary share
Exercise price	:	Baht 1 per unit
Exercise period	:	On the last working day of June and December of each year throughout the covered period of the warrant; first exercisable on June 30, 2007
Exercise condition	:	Follow the rules of The Office of the Securities and Exchange Commission and The Stock Exchange of Thailand
Secondary market	:	The Company will proceed the share-purchase warrant to be registered into The Stock Exchange of Thailand

2. Share-purchase warrants to offer director and the Company's Management (who is not director of the Company), employee and the Company's consultant (ESOP Scheme)

Type of warrant	:	Share-purchase warrant of Eason Paint Public Co., Ltd. No.1, (EASON-W1) specification of shareholders and non-transferable.
Period	:	Not over 3 years since the issuance of the Share-purchase warrant
Amount	:	7,000,000 Units (Seven million units)
Offering	:	Allocation to ESOP scheme following the rules of the Allocation Subcommittee
Offering price	:	Baht 0 per unit
Exercise rate	:	1 Share-purchase warrant is exercisable into 1 ordinary share
Exercise price	:	Baht 1 per unit
Secondary market of warrant	:	The Company will not proceed the share-purchase warrant to be registered into The Stock Exchange of Thailand
Secondary market of ordinary share upon the exercise of warrant	:	The Company proceed to list common stock on The Stock Exchange of Thailand

The Company is processing to get the permission to issue such warrants from SEC. The allotment of warrants must be done after SEC approval.

And the shareholders approved to the increase in share capital from Baht 200,000,000.00 to Baht 307,000,000.00. The increase in amount of Baht 107,000,000.00 was issued by 107,000,000 ordinary shares with a par value of Baht 1 each and allocation of 100,000,000 shares for the exercise of warrant issued to existing shareholders and 7,000,000 shares for ESOP exercise, the matters were registered with the Ministry of Commerce on November 13, 2006.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2006 AND 2005

In 2005

At the ordinary shareholders meeting for the year 2005 held on April 29, 2005, the shareholders unanimously approved to the increase in share capital from Baht 7,500,000.00 to Baht 200,000,000.00. The increase in amount of Baht 192,500,000.00 was issued by 192,500,000 ordinary shares with a par value of Baht 1 each. The increase in share capital was registered with the Ministry of Commerce on May 13, 2005.

The Company has appropriated of the issuance to 192,500,000 ordinary shares as follows:-

Firstly, the amount of 109,650,000 shares were allocated for stock dividend paid to old shareholders.

Secondly, the amount of 22,850,000 shares were allocated for selling to old shareholders whose names appeared on the list of registered shareholders as at April 28, 2005. For the ratio of 1 old share per 3.046666 new shares (decimal point of share estimated to one share), in term of price 1 Baht per share.

Finally, the amount of 60,000,000 shares were allocated for selling to public.

On October 18, 2005, the Company offered to public of 60,000,000 shares with a par value of Baht 1 per share, at Baht 3 per share. The Company received amount of Baht 180,000,000.00, which included the premium on share capital amount of Baht 111,416,500.00 (net from trading expenses amount of Baht 8,583,500.00).

14. LEGAL RESERVE

Under the provision of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of the authorized capital. The reserve is not available for dividend distribution.

15. APPROPRIATION OF RETAINED EARNINGS

The Company's only

At the ordinary shareholders' meeting for the year 2006 held on April 20, 2006, the shareholders unanimously approved to pay cash dividend from operating results of 2005 for the shareholders in registered book as at May 2, 2006 in the amount of Baht 40,000,000.00 appropriated by 200,000,000 shares of Baht 0.20 each.

At the ordinary shareholders' meeting for the year 2005 held on April 29, 2005, the shareholders unanimously approved to pay dividend 2 category such as cash dividend in the amount of Baht 11,475,000.00 appropriated by 7,500,000 shares of Baht 1.53 each and stock dividend in the amount of 109,650,000 shares of Baht 1.00 each, the proportion of 1 old share per 14.62 new share. Total dividend in the amount of Baht 121,125,000.00 shares of Baht 16.15 each.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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Subsidiary company

At the ordinary shareholders' meeting for the year No. 1/2549 held on March 16, 2006, the shareholders unanimously approved to pay cash dividend in the amount of Baht 20,000,000.00 from the operating result of the year 2005 appropriated for 20,000 shares of Baht 1,000.00 each.

At the ordinary shareholders' meeting for the year No. 4/2548 held on May 18, 2005, the shareholders unanimously approved to pay cash dividend in the amount of Baht 20,000,000.00 from the operating result of the year 2004 appropriated for 20,000 shares of Baht 1,000.00 each.

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares which issued and paid-up during the year.

	Consolidated statement of income/the company's only	
	2006	2005
Net profit for common shareholders (Baht)	59,212,075.56	65,697,954.11
Weighted average number of ordinary share (Shares)	200,000,000	143,713,014
Earnings per share (Baht per shares)	0.30	0.46

17. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E. 2530 by joining into a pooled provident fund named The Registered Provident Fund For Welfare Development.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries based on the length of employment. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company.

The Company's contributions for the years ended December 31, 2006 and 2005 amounted to Baht 1,218,317.00 and Baht 1,084,375.60, respectively.

EASON PAINT PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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18. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has commitments and contingent liabilities as follows:-

	Baht			
	Consolidated		The company's	
	balance sheets		balance sheets only	
	2006	2005	2006	2005
18.1 Commitments				
Commitment under agreement to construct building	4,607,884.98	1,085,000.00	4,607,884.98	1,085,000.00
18.2 Contingent liabilities				
The letter of guarantee from bank guarantees against the company's electricity usage	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00

19. FINANCIAL INSTRUMENTS

19.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

19.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

19.3 Interest rate risk

Interest rate risk arises from the potential fluctuation in interest rate that will have an impact on the company's financial liabilities.

19.4 Estimated fair value of financial instruments

The following methods and assumptions were used by the Company in estimating fair value of financial instruments as disclosed herein :

Cash and deposits at financial institutions, current investments and accounts receivable; fair values approximate to their carrying values.

Bank overdrafts and short-term loans from financial institutions which carry floating interest rate; fair value is based on carrying values.

Accounts payable, fair value approximate to carrying values.

EASON PAINT PUBLIC COMPANY LIMITED
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DECEMBER 31, 2006 AND 2005

20. FINANCIAL INFORMATION BY SEGMENT

The Company and subsidiary company has engaged in the manufacture of industrial paints and the majority of the Company's operations are carried on in the same geographic area in Thailand. Business activities are classified by product segments as follows: -

	Consolidated (Thousand Baht)					
	Automotive		Other		Total	
	2006	2005	2006	2005	2006	2005
Sales	504,795	502,839	146,511	119,292	651,306	622,131
Cost of sales and expenses	439,508	410,872	136,010	107,217	575,518	518,089
Profit from operating	65,287	91,967	10,501	12,075	75,788	104,042
Interest income					3,929	226
Dividend income					1,470	-
Gain (loss) on exchange rate					882	67
Gain (loss) on sale of fixed assets					1,007	776
Other income					5,385	3,613
Interest expenses					(510)	(1,560)
Income tax					(23,087)	(30,865)
Net profit of minority interest in subsidiary					(5,652)	(10,601)
Net profit					59,212	65,698
Property, plant and equipment	40,610	41,371	12,178	4,838	52,788	46,209
Central property, plant and equipment					101,676	78,588
Building in progress					42,307	509
Total property, plant and equipment					196,771	125,306

	The Company's only (Thousand Baht)					
	Automotive		Other		Total	
	2006	2005	2006	2005	2006	2005
Sales	458,384	462,565	146,511	119,292	604,895	581,857
Cost of sales and expenses	412,476	399,628	136,010	107,217	548,486	506,845
Profit from operating	45,908	62,937	10,501	12,075	56,409	75,012
Interest income					3,928	226
Dividend income					1,470	-
Gain (loss) on exchange rate					540	(9)
Gain (loss) on sale of fixed assets					1,007	777
Other income					6,181	5,653
Equity gain in net income of subsidiary company					8,735	7,411
Interest expenses					(1,510)	(1,560)
Income tax					(18,557)	(21,812)
Net profit					59,212	65,698
Property, plant and equipment	39,445	39,103	12,178	4,838	51,623	43,941
Central property, plant and equipment					101,676	78,588
Building in progress					42,307	509
Total property, plant and equipment					195,606	123,038

EASON PAINT PUBLIC COMPANY LIMITED
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21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's director on February 23, 2007.



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