



EASON PAINT PUBLIC COMPANY LIMITED

2011

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Annual Report 2011

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## Message from Chairman

Due to the disaster events in the previous year not only tsunami in Japan but also tragic flood in our country resulted in the tremendous lost and damages to the economy and mankind, furthermore those incident remind us of how critical an environmental impact could be and the safety of our inhabitant, additionally is how to cope up and adapt with any unanticipated circumstances.

I would like to convey my deepest condolence towards everyone who has been affected by the tragedy. Even though Eason itself did not have a direct effect significantly, the 4<sup>th</sup> quarter figure reflected unconvincingly as a result of the shortage of materials and parts of customers. However, I do have a strong believe that the normal situation shall be resumed shortly due to the well-organised management of our clients.

We are proud to participate as a small unit to help restoring our community by engaging in the contribution package for both our own staffs and society by donating funds and necessity through various organisations. Moreover, we are well-aware of any unexpected condition with good preparation and do hope that you all will remain your confidence with the management; I do have an optimistic perspectives regarding the sustainable growth of Eason which can be derived from the promising cooperation from every forces.

Lastly, may I wish you all the best of luck through 2012 and my sincere thankfulness to all shareholders, directors, managements, and every single staff for being a dynamic force of the company on the way to the committed objective.

*Sanan Eksangkul*

Chairman of Board of Director

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## Board of Directors





1. Mr. Sanan Eksangkul  
Chairman of the board of Directors
2. Ms. Petcharat Eksangkul  
Director
3. Mr. Sanit Eksangkul  
Director
4. Mr. Wichai Eksangkul  
Director
5. Ms. Sirinun Eksangkul  
Director
6. Mrs. Pismai Boonyakiat  
Independent Director/Chairman of Audit Committee
7. Mr. Vitiem Nildum  
Independent Director/Audit Committee
8. Mr. Jane Wong-isariyakul  
Independent Director/Audit Committee
9. Ms. Thipawan Uthaisang  
Independent Director/Audit Committee



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 Anoppong  
Deputy Managing Director

6. Ms. Sirinun Eksangkul  
Assistant Managing Director

7. Mr. Nathapol Eksangkul  
Assistant Managing Director,  
Acting Human Resources Manager

8. Mrs. Wilaivan Mitrapanon  
Purchasing Manager

9. Ms. Siriporn Choochird  
Product Manager

10. Ms. Phanphimon Boonyapinyo  
Financial Manager

11. Mr. Chayuth Sarerak  
Accounting Manager



# Best Team Performance @ EASON PAINT

**LEADERSHIP**

การสร้างผู้นำ



**TEAMWORK**

การบริหารจัดการทีม



**INNOVATION**

การสร้างสรรค์นวัตกรรมใหม่



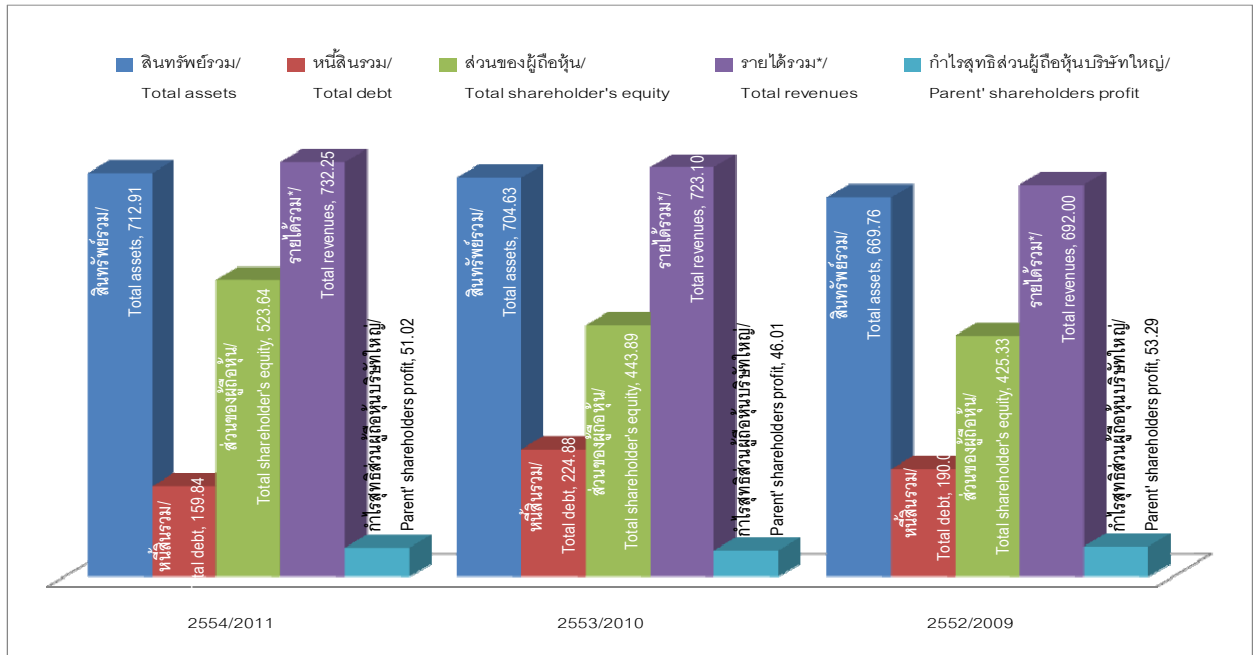
**WIN WIN AGREEMENT**

การสร้างคุณประโยชน์ต่อส่วนรวม

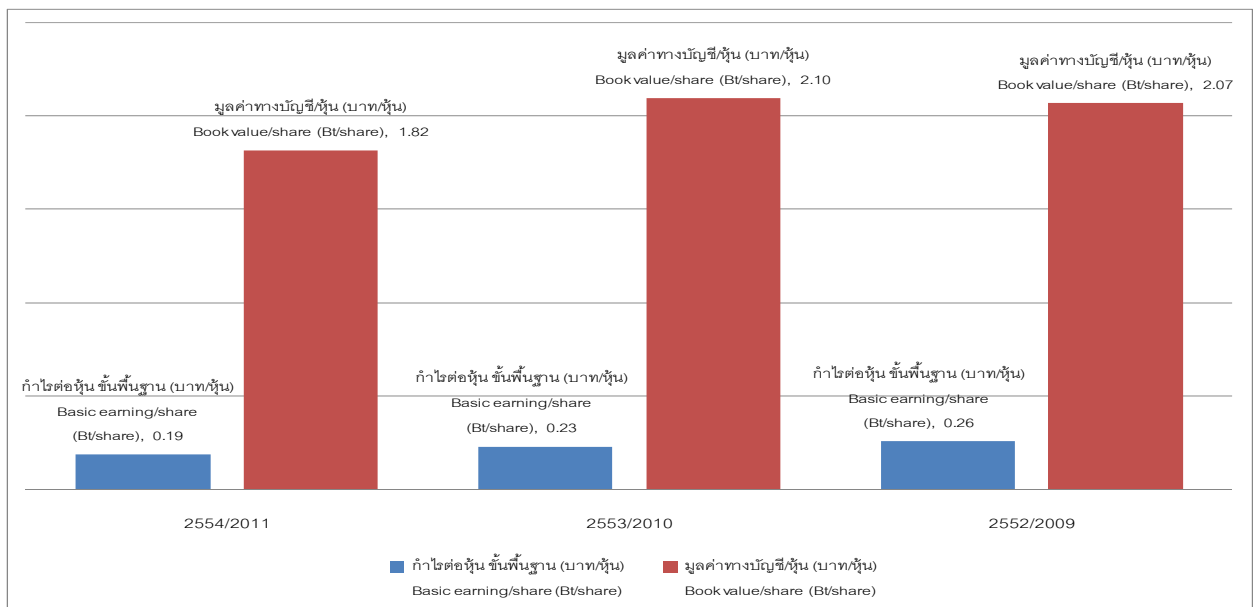
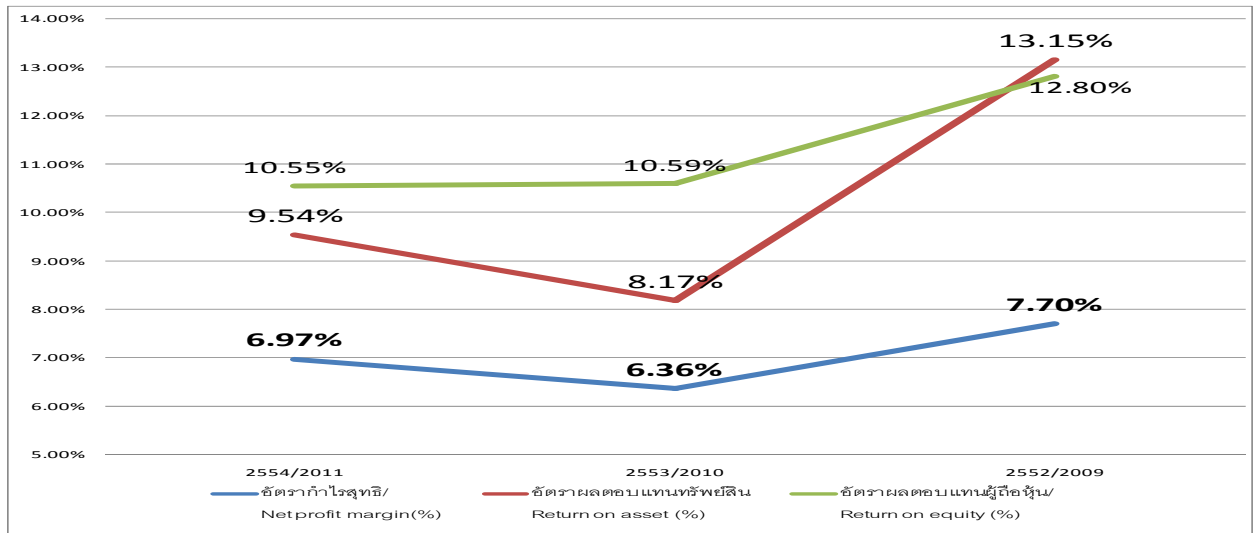


**TRAINING**





\* รายได้รวมส่วนแบ่งกำไรจากเงินลงทุนในบริษัทร่วม/ Total revenue include share of profit of associated company





## Summary of Company

The total income of 715.04 million baht in 2011 could be categorised into 4 groups as follows:

- 477.82 million baht from automotive paints segment; which is in equivalent to 66.83% of total income.
- 204.98 million baht from others paints industry; which is in equivalent to 29.09% of total income.
- 25.05 million baht from non-paints segment; of which represents 3.50% of total income.
- Another 7.19 million baht or 0.58% of total income from dividend and others income.

Despite the flood crisis during the 4<sup>th</sup> quarter of 2011 which affected the revenue of the company, the total net profit of the year was 46.83 million baht increased from 36.94 million baht of 2010 as a result of, a positive expansion of automotive and packaging industry and as a whole.

### Coatings related to Automotive

Eason itself functions as the toll manufacturer of motorcycle and other industrial coatings for BASF, last quarter of the year 2011 we successfully launched the new products which had been developing together with BASF for 6 months to facilitate with the usage of robot application which is more accuracy and dispersing minimisation beside, an introduction of “Hybrid UV clear coat” has been developed of which more environmental friendly while provide better reflectivity and strength is under progress.

Eason Urai Paints Company Limited “EUP”; the subsidiary in Vietnam has been being fully operating since last year in order to serve as the toll manufacturer of motorcycle paints for BASF Vietnam, it is expected that more production will be realised shortly as a result the company is under the process of increasing the production capacity to 1,000 tons per year.

Plastic coatings for Automobile, car accessories, and electronic appliances are under the business of Origin Eason Paint Company Limited “OEP” which is the joint venture entity. Despite the flood during the last quarter of 2011, the operating result represents the growth comparing to the prior year.

### Packaging Coatings

Eason has continuously developed in quality paints for packaging in the pursuit of serving customers efficiently, economically, environmentally. The 2011 growth rate has been a satisfactory one since the company was able to enhance the market share also been among the lead players in the field moreover, the expansion towards more export orientation based on Asian countries with the purpose of increase the export portfolio from 10% to 30%.

Additional, there have been new customers who would like to diversify their supplier risk due to an incident of shortage of supply which resulted from the flood, as a consequence more market for the company and it's expected that the growth rate of 2010 will be 15% totally year on year.

#### Printing Inks

As a sole UV inks for 3-piece can in Thailand and Southeast Asia under the technology from INX international ink Co, USA which has been well-recognised by the market throughout many countries around the globe. An operating result of 2011 was based on educating customers regarding the knowledge and application of UV ink technology therefore, many new UV line installations and adaptation have been carried out in order to support the utilisation of UV technology as a result.

Due to the flood in 2011, 2-piece can maker who is one of value clients to company has direct effect significantly. The situation brings them unable to operate their business in 2012. However, they expected to be on track in 2013

It is being expected that 10% increase will be realized from production line expansion of both customers in Thailand and up countries with the more localisation of ink for 2-piece can (INX's technology) as well as, the market expansion to Vietnam, Malaysia, Singapore, Indonesia, and the Philippines.

#### Other Business

Beside Industrial coatings, there is also the water purifier and ozone generator business under the company named "Bright Blue Water Corporation (BBW)" which has just been operating for 2 years with an intensive services providing through sales and rental system. The company is committed to offer the customer with a better way of consuming drinking water efficiently, although this norm of drinking water is not yet being familiarized in Thai society, it is very likely to get more popularity due to rise in quality of water concern.

#### Social activities and community citizenship

"Corporate Social Responsibility" (CSR) is being committed and treated as an integral part of the strategic sustainability business plan for as a result, both internal and external affairs cover on an environment awareness, safety concern from the starting of the operational system, logistic process throughout the chain of supply also communication with the community in order to enhance its confidence towards company.

It is being realised that the contribution for the society is one part of our commitment especially an education support for both students in the neighbourhood and distanced in addition ad-hoc situations occurred during the year, the supply to those who have suffered from the flood for instances; the philanthropy through army and government sector, donating the water purifier machines, as well as the supplementary package for our affected staffs moreover, the support for the Tsunami in Japan in an early of the year.

As of December 31, 2011, the company has paid-up capital as the amount of 306,076,626 baht divided into 306,076,626 ordinary shares at par value of 1 baht per share. The company also has remainder of reserved share in amount of 923,359 divided into 550,603 shares of ESOP and 372,756 shares of RO which has been exercised completely on February 26, 2010 and April 26, 2011 respectively. The company will register the change of capital with the Ministry of Commerce later.

Beside as above, the company also has 20,182,600 shares of treasury stock under repurchase program for financial management which are on resale period during August 30, 2011 to February 27, 2012

## Shareholding and Management Structure

As of December 31, 2011, the Company has registered capital at the value of 307 million baht; dividend into ordinary shares amount 307 million shares at par value of 1 baht; paid-up capital as the amount of 306,076,629 baht by ordinary shares and paid-up capital as amount of 306,076,629 shares. Besides, Warrant for directors, executives (who are not the directors of the company) employee and consultant, ESOP, amount 550,603 units and Right

Offering, RO, amount 372,756 units which have been expired on February 26, 2010 and April 26, 2011 respectively. Therefore, the reserved share remained amount 923,359 shares will be registered for changing of capital.

Moreover, the company also has 20,182,600 shares of treasury stock under repurchase program for financial management which is on resale period until February 27, 2012.

### Top Ten major shareholders as of closed date December 31, 2011

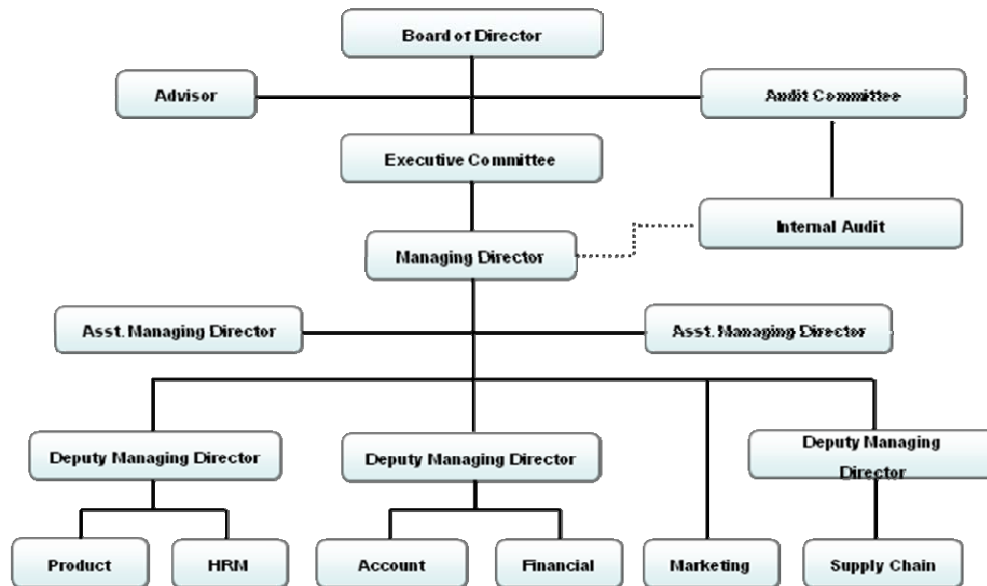
Item	Shareholder's name	The number of shares	Percentage
1	Eksang Holding Co., Ltd. and Eksangkul Group	159,039,479	51.96
2	Eason Paint Public Company Limited	20,182,600	6.59
3	Dej-amornthan Group	11,325,000	3.70
4	Thai NVDR Company Limited	6,182,200	2.02
5	Mr. Thongchai Methakijtrakoon	5,900,000	1.93
6	Anantawachkorn Group	5,630,000	1.84
7	Ms. Chanya Mangkhalakeeri	5,484,200	1.79
8	Ms. Benjawan Athikompoj	3,473,000	1.13
9	Luengwattanakij Group	3,037,400	0.99
10	Mr. Sophon Wiraseranee	3,000,000	0.98

### Dividend Policy

The dividend of the company will be paid 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.

However, the dividend rate might not follow as mentioned with regarding a decision concerning paying dividend, which the company would take the following factors into consideration, such as the company's 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 as of December 31, 2011



*Remark* The company hires Well Planning Solution Co., Ltd. as the Internal Audit

## 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:

- **Board of Directors** As of December 31, 2011, 9 directors in the Board of Directors are listed as follows.

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



## The Board of Directors and Executives information as of December 31, 2011

Name/Position	Age (year)	Education	Shareholding Ordinary shares	Experience		
				Period	Position	Company
1. Mr. Sanan Eksangkul <i>Chairman of Board of Directors</i> <i>Chairman of Executive Committee</i> <i>Chief Executive Officer</i>	57	<ul style="list-style-type: none"> <li>• Mini MBA Thammasat University</li> <li>• Bachelor of Arts (Literature) Fujen University, Taiwan</li> <li>• Certificate of Director Accreditation Program 31<sup>st</sup></li> </ul>	10,000	2007-Current	Chairman	Eason Urai Paint Co., Ltd.
				2009-Current	Chairman	Bright Blue Water Corp.
				2004-Current	Director	Eksang Holding Co., Ltd.
				2002-2005	Advisor to Chairman	The House of Representatives
2. Ms. Petcharat Eksangkul <i>Director</i> <i>Executive Director</i> <i>Managing Director</i>	55	<ul style="list-style-type: none"> <li>• XMBA Thammasat University</li> <li>• Bachelor of Science Chulalongkorn University</li> <li>• Certificate of Director Accreditation Program 31<sup>st</sup></li> <li>• Certificate of Director Certificate Program 154<sup>th</sup></li> <li>• National Defense College (NDC) Program 49<sup>th</sup></li> </ul>	5,184,000	2007-Current	Director	Eason Urai Paint Co., Ltd.
				1996-Current	Director	N.O.F.(Thailand) Co., Ltd.
				2004-Current	Director	Eksang Holding Co., Ltd.
				2008-Current	Honorable Chairman	Chemical Industry Club The Federation of Thai Industries
				2008-Current	President	Thai Paint Manufacturer Association
				2006-Current	Academic Advisor	Faculty of Science, Chulalongkorn University
				Spouse's share holding		
3. Mr. Sanit Eksangkul <i>Director</i> <i>Executive Director</i> <i>Deputy Managing Director</i>	54	<ul style="list-style-type: none"> <li>• Mini MBA Kasetsart University</li> <li>• BA, Ramkhamhaeng University</li> <li>• Certificate of Director Accreditation Program 31<sup>st</sup></li> </ul>	1,670,000	2009-Current	Managing Director	Bright Blue Water Corp.
				2007-Current	Director	Eason Urai Paint Co., Ltd.
				2008-Current	Director	Origin Eason Paint Co., Ltd.
				2004-Current	Director	Eksang Holding Co., Ltd.

Name/Position	Age (year)	Education	Shareholding Ordinary shares	Experience		
				Period	Position	Company
4. Mr. Wichai Eksangkul <i>Director</i> <i>Executive Director</i> <i>Deputy Managing Director</i>	49	<ul style="list-style-type: none"> <li>• Master of Science Kasetsart University</li> </ul>	5,620,000	2009- Current	Director	Bright Blue Water Corp.
				1996- Current	Director	N.O.F.(Thailand) Co., Ltd.
		<ul style="list-style-type: none"> <li>• Bachelor of Science Kasetsart University</li> <li>• Certificate of Director Accreditation Program 31<sup>s</sup></li> </ul>		2004- Current	Director	Eksang Holding Co., Ltd.
				Spouse's share holding		
5. Ms. Sirinun Eksangkul <i>Director</i> <i>Executive Director</i> <i>Assistant Managing Director</i>	48	<ul style="list-style-type: none"> <li>• Mini MBA Kasetsart University</li> </ul>	5,395,000	1996- Current	Director	N.O.F.(Thailand) Co., Ltd.
				2004- Current	Director	Eksang Holding Co., Ltd.
		<ul style="list-style-type: none"> <li>• BA, Ramkhamhaeng University</li> <li>• Certificate of Director Accreditation Program 31<sup>st</sup></li> </ul>				
6. Mrs. Pismai Boonyakiat <i>Independent Director</i> <i>Chairman of Audit Committee</i>	67	<ul style="list-style-type: none"> <li>• Master of Commerce Thammasat University</li> </ul>	-	2005 - Current	Chairman of Audit Committee	D-Con Public Company Limited
				2000- Current	Associated Judiciary for Juvenile section in Nonthaburee Court	Nonthaburee Court
		<ul style="list-style-type: none"> <li>• Bachelor of Accountancy Chulalongkorn University</li> <li>• Certificate of Director Accreditation Program 34<sup>th</sup></li> <li>• Certificate of Director Certification Program 58<sup>th</sup></li> </ul>		2000- Current	Chairman	New Wave Institute and Consultant
				1999-2000	Director of Internal audit office	Bio File Co., Ltd.

Name/Position	Age (year)	Education	Shareholding Ordinary shares	Experience		
				Period	Position	Company
7. Mr.Vitien Nildum <i>Independent Director</i> <i>Audit Committee</i>	70	• Mini MBA Thammasat University	200,000	2009-Current	Director	The Council of Science and Technology professional
		• Bachelor of Science Chulalongkorn University		2004- Current	Vice-Chairman	The Council of Scientist and Technology of Thailand
		• Certificate of Chemical Practice • Certificate of Director Accreditation Program 32 <sup>th</sup>		2002- Current	Advisor	Printing industry club, The Federation of Thai Industries
8. Mr. Jane Wong-isariyakul <i>Independent Director</i> <i>Audit Committee</i>	59	• XMBA Thammasat University	-	1983- Current	Chairman of the Board of Director/ Managing Director	Winner Group Enterprise Co., Ltd
		• Bachelor of Science Chulalongkorn University		1983- Current	Director	Spa Ovation Co., Ltd.
		• Certificate of Director Accreditation Program 31 <sup>st</sup>		2008- Current	Director	Jamjuree Innovation Products Co., Ltd.
9. Ms. Thipawan Uthaisang <i>Independent Director</i> <i>Audit Committee</i>	54	• XMBA Thammasat University	70,000	2006-Current	Audit Committee	P.A.E. (Thailand) Public Company Limited
		• Bachelor of Accountancy Thammasat University		2009- Current	Audit Committee	Ladprao General Hospital
		• Certificate of Director Certification Program 29 <sup>th</sup>		2009- Current	Audit Committee	Pailin Booknet PCL.
		• The College of Politics and Governance, The King Prajadhipok's Institute 9 <sup>th</sup>		2001- Current	Managing Director	Papermate (Thailand) Co., Ltd.
		• Capital Market Academy 8 <sup>th</sup>		2005	CEO	International Engineering PCL.

### 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. The auditors have checked and approved 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, and amending requirement or any parts in memorandum of association.

In addition the Board of Directors has other duties as follows;

1. 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.
2. To consider the Company's management structure and to appoint an Executive Committee, a president of Executive Committee, and other committee as appropriate.
3. To follow up the operation to make sure that it complies with the work plan and a budget.
4. 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
5. The directors shall inform the Company without hesitation 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' 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.

- *Executive Director* As of December 31, 2011, the Executive Director of the Company consisted of 5 persons as follows:

No.	Name	Position
1	Mr. Sanan Eksangkul	Chairman of Executive Director
2	Miss Petcharat Eksangkul	Executive Director
3	Mr. Sanit Eksangkul	Executive Director
4	Mr. Wichai Eksangkul	Executive Director
5	Miss Sirinun Eksangkul	Executive Director



### Scope of duties and authorization of Executive Director

Executive Director has duties, authorization, and responsibility to manage the regular business operation of and to administrate the Company. Executive Director 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 Director 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 Director 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 Director, or to assign the person as mentioned to have a certain authorization for a period of time which Executive Director 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 Director may perform other actions or operations as assigned by Board of Directors.

The Executive Director's action concerning assigning duties, responsibility and authorization must not be in a way that allows the Executive 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 Securities and Exchange Commission, Thailand (SEC)) and the Executive 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 i.e. characteristic of transaction, ceiling of approvable fund.

- *Committee of Independent Directors/ Audit Committee* As of December 31, 2011, Audit Committee consisted of 4 persons as follows:

No.	Name	Position
1	Mrs. Pismai Boonyakiat	Chairman of Audit Committee/Independent Director
2	Mr. Vitien Nildum	Audit Director/ Independent Director
3	Mr. Jane Wongissariyakul	Audit Director/ Independent Director
4	Miss Thipawan Uthaisang	Audit Director/ Independent 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 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

3. To consider connected transaction or other transactions which may have conflict of interest and disclose information to comply with the law concerning securities and SET to ensure that transaction is reasonable and obtain most advantage to the company.
4. 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.
5. 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. Also attend the meeting with auditor without management at least once a year.
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:
  - Opinion toward the Company's procedure and practices of disclosing information of financial statement whether it is reliable and prepared properly.
  - Opinion as whether the Company's existing internal control serves its purpose sufficiently.
  - Opinion as whether the appointed audit company should be re-appointed to audit the Company next year.
  - 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.
  - Report of information, as within the scope of duties as assigned by Board of Directors, which shareholders and general investors should be informed.
8. To report work progress and findings to Board of Directors once a year minimally.
9. Have an authorization to examine and investigate into any suspicious transactions or activities, including to seek second opinion or consultancy of external parties, if necessary, by using the Company's fund for a purpose of fulfilling responsibility and duties of Audit Committee.

#### Qualification of Independent Directors/Audit Committee

1. Having a stake in the Company, subsidiaries, joint-venture companies, or other related companies not exceeding 5% of the paid-up shares, whereas including shares hold by other persons related to the Audit Directors.
2. Not participating in management of the Company, subsidiaries, joint-venture companies, or other related companies and not being one of the majority of the Company's shareholders.
3. 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
4. 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.
5. 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.
6. 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.
7. 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.
8. Be able to perform duties, to express opinion, or to report work progress or findings as assigned by the Board of Directors whereas not being under the influence of the Company's executives or the majority of shareholders, including any persons related to or being the next of kin to those aforementioned executives or shareholders.

#### Independence

1. Independent opinion means the ability to give opinion or report work progress or findings freely without consideration of personal benefits in terms of money and a position in the Company, and the ability to perform work without any influence from any person or a group of persons, whereas such freedom of opinion expression shall not be limited in any circumstances.
2. The example of performing work with a limited independence include such circumstances where Audit Committee is influenced by Board of Directors, executives, other personnel, and etc. due to friendship, respect, or other reasons, and resulting the following incidents:

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

### Management Team

As of December 31, 2011, Management Team consisted of 11 persons as follows:

No.	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
6	Ms. Sirinun Eksangkul	Assistant Managing Director
7	Mr. Nathapol Eksangkul	Assistant Managing Director
		Act. Human Resource Manager
8	Ms. Siriporn Choochird	Product Manager
9	Mrs. Wilaivan Mitrapanon	Supply Chain Manager
10	Mr. Chayuth Sereerak	Accounting Manager
11	Ms. Phanphimon Boonyapinyo	Financial Manager



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

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 involved 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.

#### Remuneration of directors and executives

##### Total remuneration of the Company's Directors

Unit : Baht

Directors	2011	2010	2009
Meeting allowance	335,000	365,000	460,000
Bonus	920,000	920,000	920,000
<b>Total</b>	<b>1,255,000</b>	<b>1,285,000</b>	<b>1,380,000</b>

## Amount of remunerations to Directors as of 2011

Unit : Baht

No.	Name	Position	Amount
1	Mr. Sanan Eksangkul	Chairman of Executive Directors	160,000
2	Ms. Petcharat Eksangkul	Executive Director	120,000
3	Mr. Sanit Eksangkul	Executive Director	120,000
4	Mr. Wichai Eksangkul	Executive Director	120,000
5	Ms. Sirinun Eksangkul	Executive Director	120,000
6	Mrs.Pismai Boonyakiat	Chairman of Audit Committee/ Independent Director	180,000
7	Mr.Vitien Nildum	Audit Director/ Independent Director	145,000
8	Mr.Jane Wong-issariyakul	Audit Director/ Independent Director	145,000
9	Ms.Thipawan Uthaisang	Audit Director/ Independent Director	145,000

**Remark** According to the Annual General Shareholders Meeting 2011 which was held on March 30, 2011, the resolution of the meeting on the issue of remuneration of directors of the Company in 2011 would total up no greater than baht 2.2 million

## Total remuneration for Company's Executives

Unit : Baht

Remuneration	2011	2010	2009
Salary, Bonus and Provident Fund	26,795,081	25,315,891	23,410,464

## 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 policies 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
  - *Shareholders:* The Company is committed to representing the best of shareholders in the business transparently. Taking into account of the growth of its value in the long term and good returns
  - *Employees:* Employees are an important factor for company to achieve goal thus 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.
  - *Creditors:* The Company will maintain compliance with the terms strictly creditors.
  - *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. 1/2006 on 29 March 2006, and Board of Directors meeting no. 2/2006 on 29 March 2006.
  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

#### 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.

### 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.

### Meeting of Board of Directors

Directors name	Board of Directors		Audit committee	
	2011	2010	2011	2010
Mr. Sanan Eksangkul	4/4	4/4	-	-
Ms. Petcharat Eksangkul	4/4	4/4	-	-
Mr. Sanit Eksangkul	4/4	4/4	-	-
Mr. Wichai Eksangkul	4/4	4/4	-	-
Ms. Sirinun Eksangkul	4/4	4/4	-	-
Mrs. Pismai Boonyakiat	4/4	4/4	4/4	4/4
Mr. Vitien Nildum	3/4	4/4	3/4	4/4
Mr. Jane Wongissariyakul	3/4	3/4	3/4	3/4
Ms. Thipawan Uthaisang	3/4	4/4	3/4	4/4

*Remark* X/X = No. of attending the meeting/ No. of meeting held

### Subcommittee

According to the resolution of the Board of Committee No. 2/2011 on May 13, 2011, Audit Committee was appointed to resume their positions as the audit committee. 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. The term of Audit Committee is 2 years which the current committee is scheduled to complete term in 2011 and the Board of Directors will consider appointing the Audit Committee afterward.

Moreover, the board of committee and the audit committee are on consideration to have other subcommittee such as Compensation subcommittee and Nomination subcommittee. This is to be consistent with good governance for listed company.

#### 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, the Company appoints Internal Audit Company which 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.

#### Board of Directors report

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.

#### 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 are able to contact Mr. Nathapol Eksangkul directly at Tel. 02-941-6931 or access to [www.easonpaint.co.th](http://www.easonpaint.co.th) to get Company's information.

Labor dispute      -None-

#### Personnel development and motivation

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 as following programs.

- Orientation program such Company's profile and executives, fundamental of products and production procedure, Company's rule and regulation, Company's policy and goal, primary of safety program, fundamental of standardization such ISO 9000, ISO/TS 16949, ISO 140001 and Safely Use Chemical, etc.
- Basic training needs such product and paint industrial knowledge, theory and color component, basic knowledge of raw material, production procedure for each paint or coating, quality control and analysis product, research development product, etc.
- Knowledge Management in Organization with variant activities, such as a library, a green magazine for knowledge sharing 3 issues per year, EASON Knowledge Sharing. Job enhancement such leadership skill, team building, teaching skill, problem solving and decision. Also Best Team Performance, the activity for continual improving in job, and 5s activity etc.

#### Safety, Occupational Health and Environment

The company has focused on environmental, safety and Power management. In 2011, the company has been certified in ISO 14001 by Thai Industrial Standard Institute, and the company has participated in programs of substance productivity by power management (ISO 50001) with The Office of Industrial Economics (OIE), Ministry of Industrial for the best practice preparation in certification, which the company plans to obtain ISO 50001 certification within 3rd Quarter of 2012

For safety task, the company has education program for safety, Energy conservation, Environmental management also fire prevention trial in collaboration with local government in order to restore the benefits and build positive relationships between communities.

#### Responsible Care management

Responsible Care is a commitment of the industrial chemical on the responsibility to improve the effectiveness of the health, safety and environmental protection of society from business. The Company has joined RC group since 1999 onward and it is an important part to support business growing with environmental friendly.

## Community and Environment Activities

“Corporate Social Responsibility” (CSR) is being committed and treated as an integral part of the strategic sustainability business plan for as a result, both internal and external affairs cover on an environment awareness, safety concern from the starting of the operational system, logistic process throughout the chain of supply also communication with the community in order to enhance its confidence towards company.

It is being realised that the contribution for the society is one part of our commitment especially an education support for both students in the neighbourhood and distanced in addition ad-hoc situations occurred during the year, the supply to those who have suffered from the flood for instances; the philanthropy through Royal Thai Army and government sector, donating the water purifier machines, as well as the supplementary package for our affected staffs moreover, the support for the Tsunami in Japan in an early of the year.

- An education support for both students in the neighbourhood and distance



- Dhamma lecture by Phra Paisarn Visaro, March 11, 2011





- Contribution with the supplementary package for flood affected in Ayuthaya, October 9, 2011



- The necessities of life and consumer goods philanthropy for flood affected through Royal Thai Army, October 26, 2011



- The company, in cooperation with Thai Red Cross, has arranged blood donation activity on Father's Day, December 2, 2011





## General Information

Company's name:	Eason Paint Public Company Limited
Business:	Manufacturing and distributing industrial paints such as Motorcycle coatings, Printing ink, Packaging coatings, and other industrial paints
HO and factory addresses:	7/1-2 Moo 1, Panthong, Panthong, Chonburi 20160 Telephone 0-3845-1833 Fax 0-3845-1825
Branch office address:	312, 402/3-6 Soi Phaholyothin 32, Phaholyothin Road Chankasem, Chatuchak, Bangkok 10900 Telephone 0-2941-6931 Fax 0-2941-2930
Company's registration number:	0107548000111
Website :	www.easonpaint.co.th

## Subsidiary Companies

### Eason Urai Paint Company Limited ("EUP")

Business:	Manufacturing and distributing motorcycle paint and other Industrial paints
Address:	Lot 76, 77 Noi Bai Industrial park, Hanoi City, Vietnam Telephone +84-12162-47501

### Bright Blue Water Corporation Limited ("BBW")

Business:	Distributor and service provider for water and air filtering system.
Address:	512 Ratchadaphisek Road Samsennok, Huaykwang Bangkok 10310 Telephone 0-2541-4999 Fax 0-2541-4999

### N.O.F. (Thailand) Limited ("NTL")

Business :	Distributing motorcycle coatings (NTL is now under discussion with other partners for new business opportunity)
Address:	312 Soi Phaholyothin 32, Chankasem, Chatuchak, Bangkok 10900 Telephone 0-2579-7118 Fax 0-2579-7108

## Joint Venture Company

### Origin Eason Paint Company Limited (“OEP”)

Business: Manufacturing and distributing plastic paint and raw material  
Address: 312 Soi Phaholyothin 32, Chankasem, Chatuchak Bangkok 10900  
Telephone 0-2941-7567 – 8 Fax 0-2579-8043

## References

### Thailand Securities Depository Company Limited - Registrar

No. 62 Ratchadaphisek Road, Klongtoey, Bangkok 10110  
Telephone 0-2229-2800, 0-2654-5599 Fax 0-2359-1262-3

### Thamniti Auditing Company Limited- Auditing Company

267/1 Pracharat No.1st, Bangsue, Bangkok 10800  
Telephone 0-2587-8080 Fax 0-2586-0301

## Nature of Business

Eason Paint Public Company Limited (“the Company”) has been established on 1965 in the name “Eason Paint Products Co., Ltd” by the founder of the Company, Mr. Ko Eksangkul whose experiences and vision in paint industry played an important part in the growth of the company many years to manufacture building paint.

- In the year 1982, the Company increased authorized capital to 7.5 million baht to expand business and became a manufacturer and distributor of industrial paints, and engaging in hire-production of other related products from current Know-How ie. packaging coatings, offset ink, and etc
- In the year 1989, the Company was renamed to Eason Paint Products Company Limited and renamed again in 2005 to Eason Paint Public Company Limited which was registered with 200 million baht as a public company, listed in SET on October in the same year.
- In 2006, the company has increased registered capital to 307,000,000 baht by issuing 7,000,000 new ordinary shares are reserved for the exercise of warrants by the directors, executives (who are not the directors of the company), employees and company’s consultant, and 107,000,000 new ordinary shares. Offering 100,000,000 warrants to the existing shareholders. Both warrants have been expired on February 26, 2010 and April 26, 2011 respectively. Therefore, the reserved share remained amount 923,359 shares will be registered for changing of capital later.
- In 2008, the company also has 20,182,600 shares of treasury stock under repurchase program for financial management which are on resale period during August 30, 2011 to February 27, 2012,

### Subsidiaries Companies and Related Companies

- Eason Urai Paint Co., Ltd. (“EUP”)

EUP, registered capital amount of USD 4 million, aim to be the manufacturer and distributor motorcycle paint and others industrial paints in Vietnam, which locate in Noi Bai Industrial park, Hanoi City. The Company is holding 62 % of total shares, and Urai Panich Co.,Ltd, holding 30%, who has long experience in manufacturer and distributor architecture paint in Thailand more than 30 years and under Urai Panich group in Vietnam, Lao, Cambodia and Myanmar, and other Thai shareholder is holding 8 % of total shareholders.

In 3<sup>rd</sup> quarter of 2010, EUP has been entered into business agreement with BASF (Vietnam) Ltd. (“BVL”) for having rights to manufacture motorcycle coating product. Then BVL distribute product to clients base in motorcycle industry in Vietnam, which would be expand the production base and increase opportunity for company’s revenue growth.

- **Bright Blue Water Cooperation Limited (“BBW”)**

Bright Blue Water Cooperation Limited (“BBW”) was established On June 2009 to distribute and provide service of water filter and air filtering machine since the company realized that at the moment consumer focus on drinking clean water and healthy, the company studied and set up work plan with a team that has experienced in drinking water business moreover 10 years. For the time being BBW has almost 2,000 customer accounts and aim at expand customer base for both government and private sector by product strength and strong distribution. BBW was established with registered capital 35 million baht and the company is holding 60% of total share and Thai and foreigner shareholders are holding 40% of total share.

- **N.O.F. (Thailand) Limited or (“NTL”)**

NTL was established, in March 1986, to distribute motorcycle coating to the industrial end users by the Company totally holds 99.98% of NTL’s paid up capital.

After entering into a cooperation agreement with BASF Thailand Limited (“BTL”), a subsidiary company of BASF, a world-class manufacturer and distributor of chemical and industrial paint also the Company sold NTL’s asset to BTL such customer database and marketing for the right to manufacture motorcycle coating (Toll manufacturing) and the opportunity to manufacture other industrial paint to BTL to distribute for ASEAN customers. NTL is now on the process of business policy arrangement.

- **Origin Eason Paint Co., Ltd. (“OEP”)**

The Company is holding only 40% of total shares, while Origin (Japan) Co., Ltd. (“Origin”), the leaders in research and development of plastic coatings for automobile parts, electrical appliances, and telecommunication devices is holding 45% of total shares and Miki (Thailand) Ltd. (“Miki”), a distributor of chemical products with large client base in Thailand and Japan for many years is holding 15%. OEP manufacture industrial paint under Origin’s Know-How from purchase order and raw material supplied from Miki. Then Miki distribute product all clients in Miki (Thailand)’s client base.

#### Summary of the Company’s products

Products	License	Details	Brand
Packaging coatings	Company	Company’s Know-how	Eason
Offset ink for metal	Company	Company’s Know-how	Nok Bin Khoo
Special offset ink for metal	INX	Manufacturer and distributor of UV ink of INX	INX
Boat paints	Company	Company’s Know-how	Eason
Train paints	Company	Company’s Know-how	Eason, Nok In-si

## Risk Factor

### Risk from the operation under Toll Manufacturing Agreement

The Company operates Motorcycle coating business under the Toll Manufacturing Agreement by manufacture according to purchase order from BASF (Thailand) Ltd. (“BTL”) and BTL will distribute to OEM manufacturing in motorcycle industry both local and other countries in ASEAN

Under the Toll Manufacturing Agreement, the company will earn in form of Toll fee that fluctuate based on production quantities for this reason the company may have risk from BTL whose marketing planner may be unable to expand customer base in this regional also company may have risk if BTL hire other manufacturers instead

The company realize that branding may get revenue better than toll manufacturing but motorcycle coating business has a relatively high competitive therefore manufacturing, distributing and branding as their own must have publicity and promotion which requires an investment as well as a risk of the sales opportunity to compete with other manufacturers. While toll manufacturing can help company to reduce purchasing and management of raw material which may have risk related in price of raw materials which are varied by economic. In addition, BASF is a famous brand and is recognized internationally and aims to Thailand as a manufacturing hub for the expansion of the coatings business (Coatings) in the motorcycle industry and other industries in the region. Making sure that BTL is committed to the marketing plan and expands its customer base to achieve this goal as well.

Moreover the company assumes that generally product has price and quality as importance key as well as the company has very long experience as an industrial paint manufacturer and has been trusted from customer over long, the company focus on quality of products along with appropriate toll fee therefore ensures that the company is trusted and been hired by the customers afterward

### Risks concurring from dependency toward know-how of the business partners

The Company produces motorcycle coatings by purchase order from BASF (Thailand) limited (“BTL”) with know-how of BASF. Furthermore, raw materials for production based on such know-how can only be obtained through particular chemicals suppliers accepted by know-how owner. Thus, BASF is interested to invest in paint industrial, the Company’s operation and business performance will be significantly affected.

However, even the company produces paint with know-how of world famous companies and deliver to distributors for local end users, but 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 such the Company is able to recommend for paint application under higher humidity than Japan besides, The Company expand its customer base in coatings and printing ink business which will make revenue proportion from selling other industrial paint increase.

#### 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 2010 and 2011, the Company's percentage of raw material purchases through importer or distributors are 91.08% and 90.80% of the total raw material purchases respectively and the percentage of raw materials imported by the Company are 8.92 and 9.20% 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. This means an increase of price of chemical raw materials will significantly affect the Company's cost of products and the overall performance.

However, financial institution has approved credit line for the Company to apply with Forward Contract which is sufficient to the value of raw material for each order. Besides the Company also has production plan which consistence with customer's production plan for ordering the major raw material from supplier to ensure that raw material will be efficient to manufacture for each purchase order by place raw material order in advance 1 – 3 months and reserved for 3 month. The Company has policy to adjust selling price upon the fluctuation of the cost even the Company is unable to adjust price immediately but most of products have life-cycle in short period therefore the Company is able to adjust or decide new price base on actual cost to maintain profit also monitoring global market price situation to manage overhead cost and reduce risk from the fluctuation of raw material cost, so that the Company can manage gross margin.

#### Risk related to the limited numbers of raw material supplier

To produce motorcycle coating, packaging coating and printing ink, the Company is supplied the related raw materials by 15 Thailand-based distributors. As mentioned earlier, these raw materials are specifically and strongly recommended by know-how owners which this license is important to industrial paint business. As a result, it makes the Company vulnerable to the suppliers' decision if they stop to delivery raw material or unable to deliver as schedule.

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 business partner or know-how owner to manufacture and punctually distribute to the customer which unfortunately, will drive up the cost of production.

#### Risk related to a growth of automotive industry

Majority of the Company's revenue is from selling automotive paint. In the year 2011 and 2012, the Company's revenue from selling these products accounted for 68.22% and 66.83% of the total revenue respectively, increasing along with expansion of automotive industry. Even the world economic crisis and oil price situation was gradually increased since during 2008-2009 and effected to the expansion of automotive industry that was reduced but motorcycle consumption was increased due to consumer reduce their cost of living by using motorcycle to be their vehicle rather than car which is high cost.

Despite the flood crisis which affected the automotive industry during the 4<sup>th</sup> quarter of 2011, parts makers did not have a direct effect significantly. The automotive industry has better sign in 2012. The customers are reluctant to change brand of paints they currently use 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. Therefore customers, who currently use paint from BASF Coating Japan, will continue using paint from BASF Coating Japan. Besides the Company has focus more on manufacture and distribute other industrial paint apart from automotive industry such packaging coating and printing ink also develop the Company's own brand and know-how which R&D department has studied and developed for many years to enlarge Company's customer base

#### 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 high 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.

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

At December 31, 2011, Eksangkul group who are presently in control of management of the Company is holding 51.96% 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



## Connected Transactions

Connected transactions which occurred between Eason Paint Public Company Limited and the related parties in accordance with notes to the financial statements as of 31 December 2011 and 2010 are listed in the table below:

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
Eksang Holdings Co., Ltd.	<ul style="list-style-type: none"> <li>▪ Related company (holding Eason Paint Public Company Limited shares 47.50% of total suffrage)</li> <li>▪ 100% of paid-up shares were hold by Eksangkul Group.</li> <li>▪ Having the same group of directors.</li> </ul>	Short-term property rental <ul style="list-style-type: none"> <li>▪ Rental expenses</li> </ul>	Rented office space for Bangkok branch office, R&D department. Lease contract commenced on March 1, 2008 and expired on February 28, 2011. Rental fee was Baht 321,100 per month. Contract has a period of 3 years. It will be renewed on March 1, 2011 and expired on February 28, 2014. The contract term is 3 years. Rental rate of Baht 298,760 per month which is due to space reduction. <ul style="list-style-type: none"> <li>▪ Rented office space additional rental for Bangkok branch office.</li> </ul>	5.27	5.50	<ul style="list-style-type: none"> <li>▪ The company rented office space for Bangkok branch office and R&amp;D department</li> <li>▪ <u>Audit Committee's Opinion:</u> The company has necessity to rent the space for operating activities which is for Bangkok branch office and R&amp;D department.</li> <li>▪ The first contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. Prefer Appraisal Co., Ltd. appraised on November 7, 2007 and G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
			<p>Lease contract commenced on May 1, 2007 and expired on April 30, 2010. Contract has a period a 3 years. Rental fee was Baht 107,000 per month. It will be renewed on May 1, 2010 and expired on April 30, 2013. The contract term is 3 years. Rental rate of Baht 107,000 per month.</p> <ul style="list-style-type: none"> <li>▪ Rent space and its improvement for warehouse and car park, the contact is one year which the period is from January 1, 2010 to December 31, 2010. Rental rate of Baht 30,000 per month. It will be renewed on January 1, 2011 and expired on December 31, 2011. Rental fee was Baht 30,000 per month. Contract has a period of one year.</li> </ul>			<ul style="list-style-type: none"> <li>▪ The second contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. Prefer Appraisal Co., Ltd. appraised on October 3, 2005 and G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010.</li> <li>▪ For renewal of both contracts for next 3 years, the company has to declare the intention in written with in one month before the contract ends. The rental fee is negotiable.</li> <li>▪ The third contract has a period of one year. The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010</li> <li>▪ The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business transactions.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
Origin Eason Paint Co., Ltd. ("OEP")	<ul style="list-style-type: none"> <li>▪ 40% of holding and co - shareholders / directors</li> <li>▪ Associated company</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue from selling raw material.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Some plastic coatings formulas are used same raw material as the Company. This is an aggregated order. The price is charged at market price plus agreed profit margin.</li> </ul>	0.20	0.54	<ul style="list-style-type: none"> <li>▪ OEP is the joint venture, acting as a manufacturer and distributor of plastic coatings. It has the same credit term of payment as the Company's other customers</li> </ul> <p><u>Audit Committee's Opinion:</u> The company joined with OEP for flexibility to expand plastic coating market.</p>
		<ul style="list-style-type: none"> <li>▪ Accounts receivable and notes receivable</li> <li>- Beginning balance</li> <li>- Ending balance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Normal business transactions associated with selling activities.</li> </ul>	0.159	0.006	<ul style="list-style-type: none"> <li>▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Purchase goods</li> </ul>	<ul style="list-style-type: none"> <li>▪ Currently the Company still purchases some raw material for manufacturing motorcycle coating at reasonable price in market. The Company purchased raw material for using in plastic coatings which was in normal business transactions. The reference prices were not available</li> </ul>	0.35	0.79	<ul style="list-style-type: none"> <li>▪ If the Company imports this raw material directly from suppliers, it has to purchase at the determined minimum quantity. Ordering through OEP who normally orders large quantity of raw material will help the Company to cut down an excess stock of raw material.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
			due to specialized raw material; therefore selling price is agreed by both parties.			
		<ul style="list-style-type: none"> <li>▪ Accounts payable</li> <li>- Beginning balance</li> <li>- Ending balance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Normal business transactions associated with purchase activities</li> </ul>	0.01	0.18	<ul style="list-style-type: none"> <li>▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Rental fee</li> <li>▪ Service fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company entered into factory building and warehouse on January 1, 2008 and expired on December 31, 2010. Contract has a period of 3 years. Rental fee is Baht 400,000 and service fee is Baht 100,000 per month. It will be renewed on January 1, 2011 and expired on December 31, 2014. Contract has a period of 3 years. Rental fee is Baht 432,640 and service fee is Baht 97,344 per month.</li> </ul>	6.56	6.10	<ul style="list-style-type: none"> <li>▪ This lease is for renting factory building and warehouse in order to produce and keep plastic coatings total area of 2,704 square meters and</li> <li>▪ The Company has leased the space of Bangkok branch in order to be office building and R&amp;D department total area of 675 square meters.</li> <li>▪ <u>Audit Committee's Opinion:</u></li> <li>▪ The first contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. Prefer Appraisal Co., Ltd. appraised on March 27, 2007. Rental rate is Baht 150 and service</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
			<ul style="list-style-type: none"> <li>From March 1, 2008, The Company has subleased the space of Bangkok branch in order to be office building and R&amp;D department of OEP. Rental fee is Baht 108,000 and service is Baht 27,000 per month. It will be renewed on March 1, 2011 and expired on February 28, 2014. Contract has a period of 3 years. Rental fee is Baht 114,750 and service fee is Baht 31,050 per month.</li> </ul>			<p>rate is Baht 37 per square meters and G.P.V. Global Property Valuation Co., Ltd. appraised on August 26, 2010. Rental rate is Baht 160 and service rate is Baht 36 per square meters.</p> <ul style="list-style-type: none"> <li>The second contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. Prefer Appraisal Co., Ltd. appraised on November 7, 2007. Rental rate is Baht 160 and service rate is Baht 40 per square meters and G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010. Rental rate is Baht 170 and service rate is Baht 46 per square meters.</li> <li>The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
		Service charges	<ul style="list-style-type: none"> <li>The Company provides other service such as electrical charge, tent rental and information service systems etc. in order to maximize asset utility. The price is charged at cost plus marginal charge.</li> </ul>	1.46	1.88	<ul style="list-style-type: none"> <li><u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>
Watson Standard Asia Inc.	<ul style="list-style-type: none"> <li>WSA holds 49% of paid-up shares of subsidiary company,</li> </ul>	<ul style="list-style-type: none"> <li>Selling goods</li> </ul>	<ul style="list-style-type: none"> <li>Selling raw material for producing coating product at market price which is the normal business transaction.</li> </ul>	-0-	2.49	<ul style="list-style-type: none"> <li><u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2011	2010	
Miki (Thailand) Co., Ltd.	<ul style="list-style-type: none"> <li>▪ 15% of holding in associated company</li> <li>▪ Related company</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rental fee</li> <li>▪ Service fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company entered into office building sublease contract on September 1, 2010 and expired on February 28, 2011. Contract a period of one year. Rental rate is Baht 11,520 and service rate is Baht 2,880 per month. It will be renewed on March 1, 2011 and expired February 28, 2012. Contract has a period of one year. Rental rate is Baht 11,520 and service rate is Baht 2,880 per month.</li> </ul>	.014	0.05	<ul style="list-style-type: none"> <li>▪ Rental building for office building.</li> <li>▪ <u>Audit Committee's Opinion:</u></li> <li>▪ The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010. Rental rate is Baht 160 and service rate is Baht 40 per square meters.</li> <li>▪ The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business.</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Service charges</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company provides other service such as electric charge and training and seminar, and etc. The price is charged at cost plus marginal charge.</li> </ul>	0.05	0.01	

### Measure or procedure used to approve connected 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 in the future both of the continuous transactions which is consisted of Normal business transaction such as selling raw materials and products, purchasing raw materials and products, service provider and rent and leasing property in short period. 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 the remark of financial statements which are audited by the Company's external auditors.



## Analysis of Financial

### Overview of the Company's performance

Eason Paint Public Company Limited (the Company) and its subsidiaries engage in 3 major operating sectors

1) Automotive Paints Sector 2) Other industrial Paints sector 3) Other operating sector

### Revenue

In year 2011 and year 2010, Total revenue was 715.04 million and 707.06 million Baht respectively. Major revenue is from automotive paints sale and other industrial paint sale. The company has accounted for automotive paint sale to total revenue equal to 66.82% and 68.22% respectively, other industrial paint sale to total revenue equal to 28.67% and 27.34% respectively.

Revenues (Unit : M. Bath , %)	Year 2011	Year 2010	%	%
			Year 2011	Year 2010
Sales and services	707.85	699.98	98.99%	99.00%
Automotive	477.82	482.36	66.82%	68.22%
Other industrial paints	204.98	193.28	28.67%	27.34%
Other	25.05	24.33	3.50%	3.44%
Other income	7.19	7.08	1.01%	1.00%
<b>Total revenues</b>	<b>715.04</b>	<b>707.06</b>	<b>100.00%</b>	<b>100.00%</b>

Total revenue contains:

- 1) Sale and service revenue can be categorized into 3 major sectors as below.
  - ✓ Automotive paint sale and service revenue for automotive industry, ie. Motorcycle paint use for spray on motorcycle's body and parts. This revenue would vary with domestic automotive industry.
  - ✓ Other industrial paints sale and service revenue which was came from sale to printing industry and packaging industry and industrial glue toll fee. This revenue would vary with printing industry and packaging industry performance.
  - ✓ Other sale and service revenue, for example rental and service revenue.
- 2) Other income from other services income, asset sale, profit (loss) from currency exchange, interest

### Expenses

Major 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 quality than the domestic's.

The cost of goods sold to Sale and service revenue (Sales of customer lists and marketing data excluded) was in the range of 72.00% – 73.00%, which was 72.18% in the year 2011. However, for the past few years, the price of raw materials has fluctuated with the change of oil price. The Company regularly keeps stock of raw

materials for 1-3 months. 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.

In the year 2011 and year 2010, selling expenses, administrative expenses and Management benefit expenses was 148.50 Million Baht and 149.32 Million Baht respectively, where as the ratio of selling expenses, administrative expenses and Management benefit expenses to total revenue in year 2010 and year 2011 was 20.72% and 21.08% respectively. In year 2011, Major expenses came from human resources expenses. The company remains human resource development policy to achieve more knowledge and ability which is important factors sustainable growth.

#### Financial cost and corporate tax

In year 2011 and year 2010, the Company had financial cost of 2.44 Million Baht and 3.48 Million Baht respectively. The ratio of interest payment to total revenue was 0.34% and 0.49% respectively. The interest payment was interest from leasing contracts and long-term bank loan.

The Company had income tax at the rate 30% for the year 2011 and at the rate of 25% for the year 2010. The corporate tax expense to total revenue about 2.20%-2.60%. In year 2011 and year 2010, corporate tax expense was 18.33 Million Baht and 15.69 Million Baht respectively.

#### Profit

In the year 2011 and 2010, the Company's gross profit to revenue from sale and service for 27.08%, and 26.01%. The operating profit to revenue from sale and service of 7.05% and 5.67% respectively. Also the Company earned net profit to total revenue of 6.55% and 5.23% respectively.

#### Total assets

As of December 31, 2011, the Company had total assets of 712.91 Million Baht, increased from former year 8.28 million Baht. Total assets contained current assets of 345.79 Million Baht (major current assets were cash on hand, cash in bank, account receivable, inventory) and fixed assets of 367.12 Million Baht (major fixed assets were land, buildings, machine, vehicles, water filter for rent.

The ratio of current assets to total assets in year 2011 and year 2010 was 0.49 times and 0.47 times respectively. The ratio of fixed assets to total assets in year 2011 and year 2010 was 0.51 times and 0.53 times respectively.

#### Account receivable

In year 2011, the Company had net accounts and bills receivables in amount of 110.53 Million Baht or accounted for 15.50% of total assets. The increase by 0.21 Million Baht from prior year was the result of

shorten collection period. Separated by the term of the account receivables, most of the trade receivables were under 90 days term according to the credit terms. The details of the account receivables are classified as follows:

<b>Trade account and note receivables</b> (Unit : M. Baht , %)	<b>Year 2011</b>	<b>Year 2010</b>	<b>%</b> <b>Year 2011</b>	<b>%</b> <b>Year 2010</b>
Current	78.81	88.52	71.30%	80.23%
Overdue 0 day to 90 days	31.09	20.17	28.13%	18.28%
Overdue from 91 days onwards	1.03	2.09	0.93%	1.90%
Total	110.93	110.78	100.36%	100.41%
<u>Less</u> allowance for doubtful accounts	(0.40)	(0.45)	-0.36%	-0.41%
<b>Trade account and note receivables, net</b>	<b>110.53</b>	<b>110.32</b>	<b>100.00%</b>	<b>100.00%</b>

The policy for allowance for doubtful debt from the account receivable which has aging more than 1 year although in 2011, allowance for doubtful debts was 0.40 Million Baht

### Inventory

The Company manufactures industrial paints by order, which each order would have different properties and characteristics of paint according each authorized paints. Thus, the Company would plan its production correspond with each customer's annual production plan. The Company therefore produces paint 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 year 2011 and year 2010, the Company had allowance for the diminishing value of 0.42 Million Baht and 0.45 Million Baht.

### Liquidity

At the end of year 2011, the Company had net cash flow of 61.04 Million Baht which was cash from operating activities of 75.40 Million Baht from normal operation, operating cash in year 2011 increase from period year because in year 2010, the Company had invested in inventory, finish goods and raw material.

The cash from investing activities of 7.78 Million Baht, investing cash increase in year 2011 because bill of exchange that company had invested expired and changed to cash.

The cash from financing activities of 28.89 Million Baht, received from shareholders who exercised right offering warrant and used in dividend payment and loan repayment.

After added net cash flow and begin cash the Company had cash on hand 161.70 Million Baht.

### Resource of capital

In year 2011 and year 2010, the Company had Debt to Equity ratio of 0.29 times and 0.47 times. The Company had decreased debt to equity ratio from period year since its paid loan repayment and shareholder exercise right offering warrant, resulted in higher equity.

### Shareholders' Equity

The Company has registered capital of 307 Million Baht. The 107 Million Baht increased registered capital would accommodate the exercise of the right under 100 Million units of right offering warrant by the existing shareholders; and to accommodate the exercise of the right under 7 Million units of warrants by directors, executives (who are not the directors of the company), members of the staff and the Company's advisor.

As of December 31, 2011 the Company had paid-up registered show of 306,076,629 Baht, increased from period year since it shareholder had exercised right offering warrant. The Company had remaining reserve share for warrant that had expired of 923,359 shares, which came from ESOP warrants 550,603 units and right offering warrants 372,756 units. The warrant had expired since February 26, 2010 and April 26, 2011 respectively. The Company shall decrease its registered share capital accordingly

As at December 31, 2010, the Company has treasury stock (repurchase period between August 28, 2008-February 28, 2009) in amount of 20,182,600 shares, or 8.97% of paid-up capital equivalent to 39.58 million Baht. The Company has already appropriated the full required amount of retained earnings to a reserve for the treasury stocks. According to the Board of Directors Meeting on August 15, 2011, it has the resolution to sell the treasury shares totaling 20,182,600 shares. The first date of the sale of the treasury shares is on August 30, 2011 and the ending dates of the sale is on February 27, 2012, totaling 6 months and reduce the capital in the case that the treasury shares cannot be sold.

### Liabilities

As at year end of 2011 and 2010, the Company had liability 159.84 million Baht and 224.89 million Baht respectively, separated into short term loan 145.69 million Baht and 167.15 million Baht, mostly account payable and long term loan due in 1 year for long term loan total of 14.15 million Baht and 57.73 million Baht respectively, monthly was liability from employee benefits.

Loan from institution of 7.54 million Baht and 76.58 million Baht respectively were long term loan from bank and would be due in 1 year 7.54 million Baht and 20.04 million Baht.

### External Auditor fee

The Company and its subsidiaries paid external auditor fee in the Accounting period of 2011 and 2010 totaling 0.93 Million Baht and 0.92 million Baht, respectively. In year 2011 and 2010, the Company has not been charged for non audit fee by auditor and auditing company.

### Factors that might have impacts on financial status or future operating results

Business expansion projects; Eason Urai Paint Company limited as subsidiary company, to manufacturing and distributing industrial paint in Vietnam, and Bright Blue Water Corporation Limited as subsidiary company, to distribute and provide service of water and air filtering machine. These projects are in investing period. The Company's assets would be increased and would cause of higher depreciation that might affect to net profit of the Company.

Table 1 : Summary consolidated balance sheets as at December 31, 2009 – 2011

Consolidated Balance Sheets (Unit : M. Baht , %)	Year 2011	Year 2010	Year 2009	% Year 2011	% Year 2010	% Year 2009
<b>current assets</b>						
Cash and cash equivalents	161.70	100.67	122.81	22.68%	14.29%	18.34%
Inventments in securities held-fot-trading	0.25	31.91	4.33	0.04%	4.53%	0.65%
Trade account and note receivables, net	110.53	110.32	111.50	15.50%	15.66%	16.65%
Inventories, net	65.84	69.70	46.35	9.24%	9.89%	6.92%
subscription receivable	-	-	12.27	0.00%	0.00%	1.83%
Other current assets	7.47	18.32	10.73	1.05%	2.60%	1.60%
<b>Total current assets</b>	<b>345.79</b>	<b>330.92</b>	<b>307.98</b>	<b>48.50%</b>	<b>46.96%</b>	<b>45.98%</b>
<b>Non-current assets</b>				0.00%	0.00%	0.00%
Investment in associated company	62.67	58.12	45.69	8.79%	8.25%	6.82%
Property, plant and equipment, net	272.27	282.62	276.55	38.19%	40.11%	41.29%
Intangibleassets, net	6.61	7.58	8.56	0.93%	1.08%	1.28%
Leasehold right, net	18.14	19.63	22.77	2.54%	2.79%	3.40%
Other non-current assets	7.43	5.76	8.21	1.04%	0.82%	1.23%
<b>Total non-current assets</b>	<b>367.12</b>	<b>373.72</b>	<b>361.78</b>	<b>51.50%</b>	<b>53.04%</b>	<b>54.02%</b>
<b>Total asrts</b>	<b>712.91</b>	<b>704.63</b>	<b>669.76</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Current liabilities</b>						
Trade account and note payables	110.46	109.19	118.41	15.49%	15.50%	17.68%
Current portion of long-term loans from financial institution	7.54	20.04	6.95	1.06%	2.84%	1.04%
Current portion of liabilities under hire-purchase agreements	1.49	2.78	1.12	0.21%	0.39%	0.17%
Accrued eapenses	6.16	14.67	13.29	0.86%	2.08%	1.98%
Accrued income tax	4.28	5.32	11.22	0.60%	0.75%	1.68%
Account payable for purchase assets	9.72	8.87	-	1.36%	1.26%	0.00%
Other current liabilities	6.05	6.29	5.09	0.85%	0.89%	0.76%
<b>Total current liabilities</b>	<b>145.69</b>	<b>167.15</b>	<b>156.09</b>	<b>20.44%</b>	<b>23.72%</b>	<b>23.30%</b>
<b>Non-current liabilities</b>				0.00%	0.00%	0.00%
Long-term loans from financial institution, net	-	56.54	33.21	0.00%	8.02%	4.96%
Liabilities under hire-purchase ageements, net	0.58	1.20	0.77	0.08%	0.17%	0.11%
Employee benefits	13.58	-	-	1.90%	0.00%	0.00%
<b>Total non-current liabilities</b>	<b>14.16</b>	<b>57.73</b>	<b>33.97</b>	<b>1.99%</b>	<b>8.19%</b>	<b>5.07%</b>
<b>Total liabilities</b>	<b>159.84</b>	<b>224.88</b>	<b>190.06</b>	<b>22.42%</b>	<b>31.92%</b>	<b>28.38%</b>
<b>Shareholders'equity</b>						
Issued and paid-up share capital						
Ordinary shares	306.08	225.00	219.93	42.93%	31.93%	32.84%
Share subscription received in advance	-	4.64	3.42	0.00%	0.66%	0.51%
Premium on share capital	111.42	111.42	111.42	15.63%	15.81%	16.64%
statements of foreign entity	-	(14.17)	(6.89)	0.00%	-2.01%	-1.03%
Appropriated	59.73	57.12	54.80	8.38%	8.11%	8.18%
legal reserve	20.15	17.54	15.22	2.83%	2.49%	2.27%
treasury shares resreve	39.58	39.58	39.58	5.55%	5.62%	5.91%
Unappropriated	103.68	99.45	82.23	14.54%	14.11%	12.28%
Other components of shareholders'equity	(17.68)	-	-	-2.48%	0.00%	0.00%
Less treasury shares	(39.58)	(39.58)	(39.58)	-5.55%	-5.62%	-5.91%
Shareholder's equity of the parent, net	523.64	443.89	425.33	73.45%	63.00%	63.50%
Minority interest in subsidiaries	29.42	35.86	54.37	4.13%	5.09%	8.12%
<b>Total shareholders equity</b>	<b>553.06</b>	<b>479.75</b>	<b>479.70</b>	<b>77.58%</b>	<b>68.08%</b>	<b>71.62%</b>
<b>Total liabilities and shareholders'equity</b>	<b>712.91</b>	<b>704.63</b>	<b>669.76</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Table 2 : Summary statements of income for the year ended December 31, 2009 - 2011

Consolidated statements of income (Unit : M. Baht. %)	Year 2011	Year 2010	Year 2009	%	%	%
				Year 2011	Year 2010	Year 2009
<b>Revenues</b>						
Sales and services	707.85	699.98	626.39	98.99%	99.00%	91.43%
Sales of customers lists and marketing datas	-	-	49.65	0.00%	0.00%	7.25%
Dividends income	0.01	-	-	0.00%	0.00%	0.00%
Other income	7.18	7.08	9.09	1.00%	1.00%	1.33%
<b>Total income</b>	<b>715.04</b>	<b>707.06</b>	<b>685.13</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of sales and services	516.15	517.92	462.42	72.18%	73.25%	67.49%
Selling and administrative expenses	148.50	149.06	139.03	20.77%	21.08%	20.29%
Selling expenses	7.74	5.74	3.64	1.08%	0.81%	0.53%
Administrative expenses	140.76	143.32	135.39	19.69%	20.27%	19.76%
Financial cost	2.44	3.48	3.62	0.34%	0.49%	0.53%
<b>Total expenses</b>	<b>667.08</b>	<b>670.46</b>	<b>605.06</b>	<b>93.29%</b>	<b>94.82%</b>	<b>88.31%</b>
Share of profit of associated company	17.21	16.04	6.87	2.41%	2.27%	1.00%
<b>Profit before financial cost and income tax</b>	<b>65.17</b>	<b>52.63</b>	<b>86.94</b>	<b>9.11%</b>	<b>7.44%</b>	<b>12.69%</b>
Income tax	18.33	15.69	21.57	2.56%	2.22%	3.15%
<b>Net profit</b>	<b>46.83</b>	<b>36.95</b>	<b>65.37</b>	<b>6.55%</b>	<b>5.23%</b>	<b>9.54%</b>
Profit (loss) attributable to :						
Shareholders of the parent	51.02	46.01	53.29	7.14%	6.51%	7.78%
Non-controlling interests	(4.19)	(9.07)	12.08	-0.59%	-1.28%	1.76%

\*In year 2009, revenue included extraordinary items from company group restructuring

Table 3 : Summary statements of cash flows for the year ended December 31, 2009 – 2011

Statements of cash flows (Unit : M. Baht, %)	Year 2011	Year 2010	Year 2009
Cash flows from operating activities			
Net profit	46.83	36.95	65.37
Inventories	3.89	(23.39)	112.74
Otheer current assets	10.78	(7.59)	(0.21)
Otheer non-current assets	(1.67)	0.44	(0.37)
Increase (decrease) in operating liabilities			
Trade account and note payables	1.27	(9.21)	6.00
Accrued expenses	(8.51)	1.37	(14.87)
Other current liabilities	(0.24)	1.20	(0.04)
Cash received from interest income	1.45	0.30	0.54
Employee benefits	(0.27)	-	-
Cash paid for income tax	(19.37)	(21.25)	(18.98)
<b>Net Cash providend by operating activities</b>	<b>75.40</b>	<b>20.40</b>	<b>204.28</b>
Cash flows from investing activities			
Short-term investment	26.97	(30.00)	-
Cash paid for capital pay back of subsidiary	-	(4.99)	(24.43)
Cash paid for investment in related company	-	-	(0.06)
Cash received from dividend	12.01	3.60	9.55
Cash paid for purchases of fixed assets	(32.08)	(26.77)	(62.60)
Cash received from sale of fixed assets	1.05	3.03	3.12
Cash paid for intangible asset	(0.16)	(0.09)	(1.90)
<b>Net cash used in investing activities</b>	<b>7.78</b>	<b>(55.21)</b>	<b>(76.31)</b>
Cash flows from financing activities			
Decrease in overdraft and short-term loans from financial institution	-	-	(85.00)
Cash received from long-term loans from financial institution	-	45.00	20.00
Cash paid for long-term loans from financial institution	(69.04)	(8.58)	-
Cash paid for hire-purchase agreements	(2.92)	(2.48)	(1.80)
Cash paid for treasury shares	-	-	(6.46)
Cash received from issued ordinary share	-	12.27	23.72
Cash received from exercise of warrants	76.43	6.29	7.43
Cash paid for dividend	(31.42)	(26.47)	(29.25)
Cash paid for interest expenses	(1.94)	(3.48)	(3.62)
<b>Net Cash providend by (used in) financing activities</b>	<b>(28.89)</b>	<b>22.55</b>	<b>(74.98)</b>
statement of foreign entity	6.75	(9.88)	(8.65)
<b>Net increase in cash and cash equivalents</b>	<b>61.04</b>	<b>(22.14)</b>	<b>44.34</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>100.67</b>	<b>122.81</b>	<b>78.47</b>
<b>Cash and cash equivalents, at end of year</b>	<b>161.70</b>	<b>100.67</b>	<b>122.81</b>



Table 4 : Financial ratio as at December 31, 2009 – 2011

Financial ratio	Unit	2011	2010	2009
<b>Liquidity ratio</b>				
Current ratio	(times)	2.37	1.98	1.97
Quick ratio	(times)	1.87	1.45	1.53
Cash ratio	(times)	0.52	0.12	1.31
Current assets/Total assets	(times)	48.50%	46.96%	45.98%
Fixed assets/Total assets	(times)	51.50%	53.04%	54.02%
Account receivable turnover	(times)	6	6	6
Collection period	(days)	56	56	63
Inventory turnover	(times)	8	7	10
Inventory period	(days)	46	48	36
Account payable turnover	(times)	5	5	4
Payment period	(days)	77	76	92
<b>Profitability ratio</b>				
Gross profit margin	(%)	27.08%	26.01%	26.18%
Cash to net profit	times	1.48	0.44	3.83
Net profit margin*	(%)	6.97%	6.36%	7.70%
Earning per share	(Bt/share)	0.19	0.23	0.26
ROE	(%)	10.55%	10.59%	12.80%
ROA	(%)	9.54%	8.17%	13.15%
Debt to Equity	(times)	0.29	0.47	0.40
Book value per share	(Bt/share)	1.82	2.10	2.07

\*Net profit margin = net profit (for parents' shareholders)/total revenue(including profit from related company)

## AUDITOR'S REPORT

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

I have audited the accompanying consolidated statement of financial position of EASON PAINT PUBLIC COMPANY LIMITED and its subsidiaries as at December 31, 2011, and the related consolidated statement of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the statement of financial position of EASON PAINT PUBLIC COMPANY LIMITED as at December 31, 2011, and the related statement of income, comprehensive 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 consolidated financial statements and separate financial statements of such company for the year ended December 31, 2010, presented herewith for comparative purposes only, were audited by another auditor, in my firm, whose report dated February 22, 2011 expressed an unqualified opinion on those statements. Included in the consolidated financial statements, there are the financial statements of an overseas subsidiary reflect assets as at December 31, 2011 of Baht 92.04 million and net loss for the year ended December 31, 2011 of Baht 3.51 million which such financial statements were audited by an overseas auditor of the subsidiary. In addition, the consolidated financial statements included share of profit of an associated company for the year ended December 31, 2011 of Baht 17.21 million. The financial statements of this associated company were audited by other auditor. As at December 31, 2011, the consolidated financial statements included investments in this associated company accounted for under the equity method of Baht 62.67 million. My report on the consolidated financial statements, insofar as it relates to the amounts included for those subsidiaries and associated company, are based solely on audit reports of the other auditors.

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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 based on my audit and the audit reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EASON PAINT PUBLIC COMPANY LIMITED and its subsidiaries as at December 31, 2011, 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, 2011, and the results of its operations, the changes in its shareholders' equity and its cash flows for the year then ended, in accordance with generally accepted accounting principles.

As discussed in Note 2.3 to the financial statements during the year 2011, the Company has adopted the financial reporting standards which issued and revised by the Federation of Accounting Professions. It requires compliance with the financial statements the period beginning on or after January 1, 2011 for the preparation and presentation of the financial statements. The financial statements for the year ended December 31, 2010, which used to compare, have been presented in accordance with the new format in order to comply with the financial statements for the year ended December 31, 2011.



(Miss Sulalit Ardsawang)

Certified Public Accountant

Registration No. 7517

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 27, 2012

2012/125/0233

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2011 AND 2010**

		Baht				
		Consolidated financial statements		Separate financial statements		
Note		2011	2010	2011	2010	
<b>Current assets</b>						
	Cash and cash equivalents	7	161,700,790.57	100,665,163.07	142,170,830.03	85,466,412.91
	Current investments	8	252,500.00	31,905,000.00	252,500.00	30,000,000.00
	Trade account and note receivables, net	6, 9	110,528,352.83	110,324,874.82	107,417,545.65	109,190,940.01
	Inventories, net	10	65,840,281.57	69,698,179.28	60,591,493.75	62,547,847.89
	Other current assets	6	7,466,858.22	18,322,392.12	6,334,876.60	6,730,969.85
	<b>Total current assets</b>		<b>345,788,783.19</b>	<b>330,915,609.29</b>	<b>316,767,246.03</b>	<b>293,936,170.66</b>
<b>Non-current assets</b>						
	Investment in associated company	11	62,666,088.67	58,123,682.49	35,784,300.00	35,784,300.00
	Investment in subsidiaries, net	12	-	-	111,248,190.13	112,902,882.20
	Long-term loans to subsidiary	6, 13	-	-	11,000,000.00	8,500,000.00
	Property, plant and equipment, net	14	272,271,120.62	282,623,403.96	205,101,412.41	207,074,333.48
	Intangible assets, net	15	6,613,231.86	7,576,194.86	6,315,971.59	7,383,694.86
	Leasehold right, net	16	18,137,500.89	19,631,318.44	-	-
	Other non-current assets		7,428,676.07	5,760,541.05	5,707,268.15	5,705,868.15
	<b>Total non-current assets</b>		<b>367,116,618.11</b>	<b>373,715,140.80</b>	<b>375,157,142.28</b>	<b>377,351,078.69</b>
	<b>TOTAL ASSETS</b>		<b>712,905,401.30</b>	<b>704,630,750.09</b>	<b>691,924,388.31</b>	<b>671,287,249.35</b>

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2011 AND 2010**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Current liabilities</b>					
Trade account and note payables	6	111,191,429.62	109,192,940.31	111,113,563.26	109,017,094.65
Current portion of long-term loans from financial institution	18	7,536,000.00	20,040,000.00	7,536,000.00	20,040,000.00
Current portion of liabilities under hire-purchase agreements	19	1,487,839.55	2,779,184.33	1,487,839.55	2,651,774.74
Accrued expenses		6,158,937.18	14,666,251.51	5,896,560.11	14,220,535.46
Accrued income tax		4,278,552.26	5,315,859.59	4,278,552.26	5,315,859.59
Account payable for purchase assets		9,716,178.34	8,868,579.91	-	-
Other current liabilities		5,320,627.11	6,290,151.40	3,263,276.74	2,758,724.16
<b>Total current liabilities</b>		<b>145,689,564.06</b>	<b>167,152,967.05</b>	<b>133,575,791.92</b>	<b>154,003,988.60</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institution, net	18	-	56,536,000.00	-	56,536,000.00
Liabilities under hire-purchase agreements, net	19	579,054.52	1,195,699.05	579,054.52	1,195,699.05
Employee benefit obligations	20	13,576,166.94	-	13,045,475.94	-
<b>Total non-current liabilities</b>		<b>14,155,221.46</b>	<b>57,731,699.05</b>	<b>13,624,530.46</b>	<b>57,731,699.05</b>
<b>Total liabilities</b>		<b>159,844,785.52</b>	<b>224,884,666.10</b>	<b>147,200,322.38</b>	<b>211,735,687.65</b>

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2011 AND 2010**

**LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Shareholders' equity					
Share capital	22				
Registered share capital					
307,000,000 ordinary shares of Baht 1.00 each		307,000,000.00	307,000,000.00	307,000,000.00	307,000,000.00
Issued and paid-up shares capital					
306,076,629 ordinary shares of Baht 1.00 each		306,076,629.00		306,076,629.00	
225,004,047 ordinary shares of Baht 1.00 each			225,004,047.00		225,004,047.00
Premium on share capital		111,416,500.00	111,416,500.00	111,416,500.00	111,416,500.00
Share subscription received in advance		-	4,640,400.00	-	4,640,400.00
Retained earnings					
Appropriated					
- legal reserve	23	20,147,030.51	17,542,000.00	20,147,030.51	17,542,000.00
- treasury shares reserve	24	39,578,659.43	39,578,659.43	39,578,659.43	39,578,659.43
Unappropriated		103,677,821.16	99,450,712.76	107,102,081.42	100,948,614.70
Other components of shareholders' equity		(17,677,904.88)	(14,168,051.86)	(18,175.00)	-
Total shareholders' equity of the parent		563,218,735.22	483,464,267.33	584,302,725.36	499,130,221.13
<u>Less treasury shares</u>	24	(39,578,659.43)	(39,578,659.43)	(39,578,659.43)	(39,578,659.43)
Total shareholders' equity of the parent, net		523,640,075.79	443,885,607.90	544,724,065.93	459,551,561.70
Non-controlling interests		29,420,539.99	35,860,476.09	-	-
Total shareholders equity		553,060,615.78	479,746,083.99	544,724,065.93	459,551,561.70
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>712,905,401.30</b>	<b>704,630,750.09</b>	<b>691,924,388.31</b>	<b>671,287,249.35</b>

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Note	Baht			
		Consolidated statements of income		Separate statements of income	
		2011	2010	2011	2010
<b>Revenues</b>					
Sales and services	6	707,847,316.22	699,979,669.37	682,687,629.39	685,623,807.59
Dividend income	6, 11	7,500.00	-	12,007,500.00	3,600,000.00
Other income	6	7,182,681.83	7,081,172.12	4,928,064.71	6,131,708.77
Total revenues		<u>715,037,498.05</u>	<u>707,060,841.49</u>	<u>699,623,194.10</u>	<u>695,355,516.36</u>
<b>Expenses</b>					
Cost of sales and services	6	516,142,325.61	517,923,047.18	499,235,271.02	508,130,082.87
Selling expenses		7,739,376.86	5,738,806.80	6,062,034.72	3,012,214.55
Administrative expenses	6	140,761,825.39	143,316,787.50	119,813,310.28	115,921,772.63
Loss on impairment of investment in subsidiary		-	-	1,654,692.07	2,692,097.60
Financial cost		2,440,706.73	3,484,256.25	2,426,156.54	3,472,721.02
Total expenses		<u>667,084,234.59</u>	<u>670,462,897.73</u>	<u>629,191,464.63</u>	<u>633,228,888.67</u>
Share of profit of associated company	11	17,214,057.78	16,036,906.18	-	-
Profit before income tax expense		65,167,321.24	52,634,849.94	70,431,729.47	62,126,627.69
Income tax expense	31	18,333,259.05	15,688,032.93	18,331,119.19	15,688,032.93
Profit for the year		<u>46,834,062.19</u>	<u>36,946,817.01</u>	<u>52,100,610.28</u>	<u>46,438,594.76</u>
<b>Profit (loss) attributable to :</b>					
Shareholders of the parent		51,020,050.70	46,013,282.55	52,100,610.28	46,438,594.76
Non-controlling interests		(4,185,988.51)	(9,066,465.54)	-	-
<b>Basic earnings per share</b>					
Profit for the year of parent	26	<u>0.1949</u>	<u>0.2254</u>	<u>0.1990</u>	<u>0.2275</u>
<b>Diluted earnings per share</b>					
Profit for the year of parent	26	<u>-</u>	<u>0.1914</u>	<u>-</u>	<u>0.1931</u>

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



**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		Baht			
		Consolidated statements of income		Separate statements of income	
Note		2011	2010	2011	2010
	Profit for the year	46,834,062.19	36,946,817.01	52,100,610.28	46,438,594.76
	Other comprehensive income :				
	- Currency translation changes of the financial statements of foreign entity	(5,631,738.75)	(11,942,561.12)	-	-
	- Unrealized loss on available for sale securities	(18,175.00)	-	(18,175.00)	-
	Total comprehensive income for the year	<u>41,184,148.44</u>	<u>25,004,255.89</u>	<u>52,082,435.28</u>	<u>46,438,594.76</u>
	Total comprehensive income (loss) attributable to :				
	Shareholders of the parent	47,510,197.68	38,738,144.92	-	-
	Non-controlling interests in subsidiaries	(6,326,049.24)	(13,733,889.03)	-	-

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		Baht												
		Consolidated financial statements												
		Shareholders' equity of the parent								Non-controlling	Total equity			
	Note	Share capital issued and paid-up	Premium on share capital	Share subscription received in advance	Retained earnings		Other components of shareholders' equity			Treasury shares	Total equity of the parent			
					- Legal reserve	- Treasury shares reserve	Other comprehensive income							
						- Currency translation changes of the financial statements of foreign entity	- Unrealized loss on change in value of investment	Total						
Beginning balance, 2010		219,931,904.00	111,416,500.00	3,422,100.00	15,220,000.00	39,578,659.43	82,232,805.32	(6,892,914.23)	-	(6,892,914.23)	(39,578,659.43)	425,330,395.09	54,373,676.92	479,704,072.01
Increase in share capital from														
exercise of warrants	22	5,072,143.00										5,072,143.00	-	5,072,143.00
Share subscription received in advance														
from exercise of warrants	22			1,218,300.00								1,218,300.00	-	1,218,300.00
Legal reserve	23				2,322,000.00		(2,322,000.00)					-	-	-
Dividend paid	25						(26,473,375.11)					(26,473,375.11)	-	(26,473,375.11)
Total comprehensive income for the year							46,013,282.55	(7,275,137.63)	-	(7,275,137.63)		38,738,144.92	(18,513,200.83)	20,224,944.09
Ending balance, 2011, as reported		225,004,047.00	111,416,500.00	4,640,400.00	17,542,000.00	39,578,659.43	99,450,712.76	(14,168,051.86)	-	(14,168,051.86)	(39,578,659.43)	443,885,607.90	35,860,476.09	479,746,083.99
Cumulative effect of changes in accounting policies														
due to adoption of new accounting standard	4	-	-	-	-	-	(12,768,634.74)	-	-	-	-	(12,768,634.74)	(113,886.86)	(12,882,521.60)
Ending balance, 2011, as restated		225,004,047.00	111,416,500.00	4,640,400.00	17,542,000.00	39,578,659.43	86,682,078.02	(14,168,051.86)	-	(14,168,051.86)	(39,578,659.43)	431,116,973.16	35,746,589.23	466,863,562.39
Increase in share capital from														
exercise of warrants	22	81,072,582.00										81,072,582.00	-	81,072,582.00
Share subscription received in advance														
from exercise of warrants	22			(4,640,400.00)								(4,640,400.00)	-	(4,640,400.00)
Legal reserve	23				2,605,030.51		(2,605,030.51)					-	-	-
Dividend paid	25						(31,419,277.05)					(31,419,277.05)	-	(31,419,277.05)
Total comprehensive income for the year							51,020,050.70	(3,491,678.02)	(18,175.00)	(3,509,853.02)		47,510,197.68	(6,326,049.24)	41,184,148.44
Ending balance, 2011		306,076,629.00	111,416,500.00	-	20,147,030.51	39,578,659.43	103,677,821.16	(17,659,729.88)	(18,175.00)	(17,677,904.88)	(39,578,659.43)	523,640,075.79	29,420,539.99	553,060,615.78

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		Baht								
		Separate financial statements								
	Note	Share capital	Premium on	Share subscription	Retained earnings		Other components of	Treasury shares	Total equity	
		issued and	share capital	received in advance	Appropriated		Unappropriated	Unrealized loss		
		paid-up			- legal reserve	-Treasury shares		on change in value		
						reserve		of investment		
Beginning balance, 2010		219,931,904.00	111,416,500.00	3,422,100.00	15,220,000.00	39,578,659.43	83,305,395.05	-	(39,578,659.43)	433,295,899.05
Increase in share capital from										
exercise of warrants	22	5,072,143.00								5,072,143.00
Share subscription in advance from										
exercise of warrants	22			1,218,300.00						1,218,300.00
Legal reserve	23				2,322,000.00		(2,322,000.00)			-
Dividend paid	25						(26,473,375.11)			(26,473,375.11)
Total comprehensive income for the year							46,438,594.76	-		46,438,594.76
Ending balance, 2011, as reported		225,004,047.00	111,416,500.00	4,640,400.00	17,542,000.00	39,578,659.43	100,948,614.70	-	(39,578,659.43)	459,551,561.70
Cumulative effect of changes in accounting policies due										
to adoption of new accounting standard	4	-	-	-	-	-	(11,922,836.00)	-	-	(11,922,836.00)
Ending balance, 2011, as restated		225,004,047.00	111,416,500.00	4,640,400.00	17,542,000.00	39,578,659.43	89,025,778.70	-	(39,578,659.43)	447,628,725.70
Increase in share capital from										
exercise of warrants	22	81,072,582.00								81,072,582.00
Share subscription in advance from										
exercise of warrants	22			(4,640,400.00)						(4,640,400.00)
Legal reserve	23				2,605,030.51		(2,605,030.51)			-
Dividend paid	25						(31,419,277.05)			(31,419,277.05)
Total comprehensive income for the year							52,100,610.28	(18,175.00)		52,082,435.28
Ending balance, 2011		306,076,629.00	111,416,500.00	-	20,147,030.51	39,578,659.43	107,102,081.42	(18,175.00)	(39,578,659.43)	544,724,065.93

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Cash flows from operating activities</u>				
Profit for the year	46,834,062.19	36,946,817.01	52,100,610.28	46,438,594.76
Items to reconcile profit for the year to net cash provided by (used in) operating activities :				
Loss on sale of investment in securities	3,418,907.72	-	2,763,697.38	-
Allowance for doubtful accounts (reversal)	(55,000.00)	(39,999.92)	(55,000.00)	(39,999.92)
Bad debt	435,110.00	-	-	-
Depreciation and amortization	33,845,267.69	35,926,416.66	24,694,207.85	29,109,903.05
Loss on declining value of inventories (reversal)	(30,101.10)	39,623.02	(30,101.10)	39,623.02
Loss on impairment of investment in subsidiary	-	-	1,654,692.07	2,692,097.60
Expenses for employee benefits	1,630,296.94	-	1,387,639.94	-
Gain on sale of fixed assets	(363,168.06)	(805,368.92)	(961,348.00)	(1,097,179.11)
Share of net profit in subsidiary	-	-	-	(85,986.55)
Share of net profit in associated company	(17,214,057.78)	(16,036,906.18)	-	-
Dividend income	(7,500.00)	-	(12,007,500.00)	(3,600,000.00)
Interest income	(1,378,842.65)	(302,664.96)	(1,556,074.22)	(491,390.43)
Interest expenses	1,940,240.06	3,484,256.25	1,937,787.87	3,472,721.02
Income tax expense	18,333,259.05	15,688,032.93	18,331,119.19	15,688,032.93
Profit from operations before changes in operating assets and liabilities	87,388,474.06	74,900,205.89	88,259,731.26	92,126,416.37
(Increase) decrease in operating assets				
Investment in securities held-for-trading	1,249,789.66	2,422,500.00	-	-
Trade account and note receivables	(583,588.01)	1,216,400.53	1,828,394.36	2,696,136.53
Inventories	3,887,998.81	(23,392,742.49)	1,986,455.24	(22,133,031.93)
Other current assets	10,782,021.57	(7,594,631.68)	376,406.25	(1,935,254.94)
Other non-current assets	(1,668,135.02)	437,736.10	(1,400.00)	58,000.00
Increase (decrease) in operating liabilities				
Trade account and note payables	1,998,489.31	(9,213,533.34)	2,096,468.61	(8,886,716.67)
Accrued expenses	(8,507,314.33)	1,372,147.31	(8,323,975.35)	1,685,462.36
Other current liabilities	(969,524.29)	1,200,596.65	504,552.58	(408,495.74)
Cash generated from operation	93,578,211.76	41,348,678.97	86,726,632.95	63,202,515.98
Cash received from interest income	1,452,354.98	302,664.96	1,575,761.22	417,878.10
Benefits paid by the plan	(265,000.00)	-	(265,000.00)	-
Cash paid for income tax expense	(19,370,566.38)	(21,252,059.13)	(19,368,426.52)	(14,749,941.22)
Net cash provided by operating activities	75,395,000.36	20,399,284.80	68,668,967.65	48,870,452.86

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Cash flows from investing activities</u>				
Decrease in current investments	26,965,627.62	(30,000,000.00)	26,965,627.62	-
Cash received from capital pay back of subsidiary	-	-	-	5,180,986.55
Cash paid for capital pay back of subsidiary	-	(4,987,779.98)	-	-
Cash paid for loans to subsidiary	-	-	(2,500,000.00)	(8,500,000.00)
Cash received from dividend	12,007,500.00	3,600,000.00	12,007,500.00	3,600,000.00
Cash paid for purchase of fixed assets	(32,084,155.77)	(26,765,464.83)	(20,692,466.17)	(10,659,483.54)
Cash received from sale of fixed assets	1,045,100.66	3,027,778.65	1,013,650.66	1,567,040.33
Cash paid for intangible assets	(157,500.00)	(87,500.00)	-	-
Net cash provided by (used in) investing activities	<u>7,776,572.51</u>	<u>(55,212,966.16)</u>	<u>16,794,312.11</u>	<u>(8,811,456.66)</u>
<u>Cash flows from financing activities</u>				
Cash received from long-term loans from financial institution	-	45,000,000.00	-	45,000,000.00
Cash paid for long-term loans from financial institution	(69,040,000.00)	(8,580,000.00)	(69,040,000.00)	(8,580,000.00)
Cash paid for hire-purchase agreements	(2,921,389.31)	(2,478,097.60)	(2,793,979.72)	(2,294,840.31)
Cash received from issued ordinary shares	-	12,271,644.00	-	-
Cash received from exercise of warrants	76,432,182.00	6,290,443.00	76,432,182.00	6,290,443.00
Cash paid for dividend	(31,419,277.05)	(26,473,375.11)	(31,419,277.05)	(26,473,375.11)
Cash paid for interest expenses	(1,940,240.06)	(3,484,256.25)	(1,937,787.87)	(3,472,721.02)
Net cash provided by (used in) financing activities	<u>(28,888,724.42)</u>	<u>22,546,358.04</u>	<u>(28,758,862.64)</u>	<u>10,469,506.56</u>
Increase (decrease) in currency translation change of financial statements of foreign entity	<u>6,752,779.05</u>	<u>(9,876,260.15)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	61,035,627.50	(22,143,583.47)	56,704,417.12	50,528,502.76
Cash and cash equivalents, at beginning of period	<u>100,665,163.07</u>	<u>122,808,746.54</u>	<u>85,466,412.91</u>	<u>64,937,910.15</u>
Cash and cash equivalents, at end of period	<u><u>161,700,790.57</u></u>	<u><u>100,665,163.07</u></u>	<u><u>142,170,830.03</u></u>	<u><u>115,466,412.91</u></u>
<u>Supplemental disclosures of cash flows information:</u>				
Non-monetary transactions				
The Company acquired vehicle by entering into hire-purchase contract	1,013,400.00	4,565,750.00	1,013,400.00	4,565,750.00

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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.

Branch : located at 312, 402/3-6 Soi Senanikom 1, Phaholyothin Road,  
Chankasem Jatujak, Bangkok, Thailand.

(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 and others.

As at December 31, 2011 and 2010, the company's major shareholder is Eksang holdings Co., Ltd. who held 47.50% and 49.21%, respectively of the paid-up share capital (as Eksang holdings Co., Ltd. held 100% by Eksangkul family) and the rest 8.32% and 9.77%, respectively is held by the person from Eksangkul family, making up 55.82% and 59.98%, respectively in total shareholding.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards for Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

2.2 BASIS FOR CONSOLIDATION

2.2.1 The consolidated financial statements are prepared by including the Company's financial statements and subsidiaries financial statements as follows:-

Company	Located	Main business	Percentage of holding	
			2011	2010
N.O.F (Thailand) Ltd.	312 Soi Phaholyothin 32, Phaholyothin Road, Chankasem Jatujak, Bangkok, Thailand.	Under the process to establish policy and strategic plan	99.98	99.98
Eason Urai Paint Co., Ltd.	Noi Bai Industrial Zone, Hanoi City, the Socialist Republic of Vietnam	Manufacturing and selling of automotive, industrial paint and other	62.00	62.00
Bright Blue Water Corp. Ltd.	240/44-45 Ayothaya Tower Ratchadaphisek Road, Huai Khwang, Bangkok, Thailand.	Selling and services air purifiers and water filtration devices	60.00	60.00

The financial statements of an overseas subsidiary is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Currency translation changes of the financial statements of foreign entity" in shareholders' equity.

2.2.2 The acquisition of subsidiaries was recorded by purchase method.

2.2.3 Significant inter-company transactions between the Company and subsidiaries have been eliminated.

2.2.4 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.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

**2.3 NEW ACCOUNTING STANDARDS AND FINANCIAL REPORTING STANDARDS EFFECTIVE FOR USING IN THIS YEAR**

During the years 2010 and 2011, the Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the revised 2009, new issued of accounting standards financial reporting standards and the interpretations of which they are effective for using in the periods beginning on or after January 1, 2011, as follows.

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009) Presentation of Financial Statements

TAS 2 (revised 2009) Inventories

TAS 7 (revised 2009) Statement of Cash Flows

TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors

TAS 10 (revised 2009) Events after the Reporting Period

TAS 11 (revised 2009) Construction Contracts

TAS 16 (revised 2009) Property, Plant and Equipment

TAS 17 (revised 2009) Leases

TAS 18 (revised 2009) Revenue

TAS 19 Employee Benefits

TAS 23 (revised 2009) Borrowing Costs

TAS 24 (revised 2009) Related Party Disclosures

TAS 26 Accounting and Reporting by Retirement Benefit Plans

TAS 27 (revised 2009) Consolidated and Separate Financial Statements

TAS 28 (revised 2009) Investments in Associates

TAS 29 Financial Reporting in Hyperinflationary Economies

TAS 31 (revised 2009) Interests in Joint Ventures

TAS 33 (revised 2009) Earnings per Share

TAS 34 (revised 2009) Interim Financial Reporting

TAS 36 (revised 2009) Impairment of Assets

TAS 37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets

TAS 38 (revised 2009) Intangible Assets



**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

TAS 40 (revised 2009) Investment Property  
TFRS 2 Share-based Payment  
TFRS 3 (revised 2009) Business Combinations  
TFRS 5 (revised 2009) Non-current Assets Held for sale and Discontinued Operations  
TFRS 6 Exploration for and Evaluation of Mineral Resources  
TFRIC 15 Agreements for the Construction of Real Estate  
TSIC 31 Revenue - Barter Transactions Involving Advertising Services

The management of the Company has assessed the effect of these accounting standards and financial reporting standards and believes that they do not have any significant impact on the financial statements for this year. However, TAS 1 (revised 2009) Presentation of Financial Statements, TAS 16 (revised 2009) Property, Plant and Equipment and TAS 19 Employee Benefits of which the Company has adopted of using in this year, have the effects of changes in the Company's accounting policies as disclosed in Note 2.4. These changes of accountings policies mostly affect to the presentation of financial statements in new format and prospective adjustment, except for the accounting standards of Employee Benefits which the company has adopted by adjusting to the beginning retained earnings in full amount as disclosed in Note 4.

#### 2.4 CHANGES IN ACCOUNTING POLICIES

From January 1, 2011, consequent to the adoption of new and revised TFRS as set out in note 2.3, the Company has changed its accounting policies as follows :

##### TAS 1 (revised 2009) Presentation of Financial Statements

Under the revised TAS, a set of financial statements comprises :

Statement of financial position;  
Statement of comprehensive income;  
Statement of changes in shareholders' equity;  
Statement of cash flows; and  
Notes to the financial statements.

The Company has chosen to present the statement of income and statement of comprehensive income.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

TAS 16 (revised 2009) Property, Plant and Equipment

Under the revised TAS, there are the principal changes and affecting the Company as follows:

1. Costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation;
2. The depreciation charge has to be determined separately for each significant part of an asset;
3. In determining the depreciable amount, the residual value of an item of assets has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The Company and its subsidiaries have reviewed the residual value and useful life of an assets in the current year, which resulting in decrease depreciation for the year ended December 31, 2011 total amount of Baht 3.33 million (separate financial statement : Baht 3.26 million). The changes have been applied prospectively in accordance with the transitional provisions of the revised TAS, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits and other long-term employee benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognize the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change will have the effect of decreasing the profit of the Company and its subsidiaries for the year ended December 31, 2011 by Baht 1.63 million (separate financial statements : Baht 1.39 million).

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of revenues and expenses

The Company and its subsidiaries recognize the revenues on sales when the significant risks and rewards of ownership of goods to the customers.

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

The Company and its subsidiaries recognize rental and service income in accordance with a term in contract, at the rate stipulated in contract.

The Company and its subsidiaries recognize dividend income when the right to receive the dividends is established.

The Company and its subsidiaries recognize other income and expenses on the accrual basis.

3.2 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.

3.3 Allowance for doubtful accounts

The Company and its subsidiaries provide 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 stated at the lower of cost or net realizable value.

The Company determines the cost by the calculation from standard cost which is adjusted approximately to the actual cost based on moving average cost method.

The subsidiary determines the cost by the specific identification method.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in progress, cost includes and appropriate share of overheads based on normal production capacity.

The net realizable value of inventory is estimated from selling price in the ordinary course of business, less the estimated costs to complete the sale.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

3.5 Investments

Investments in marketable equity securities

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the statements of income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in other components of shareholder's equity, and will be recorded as gains or losses in the statement of income when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

Investments in associates

Associates are all entities over which the Company has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statement, investments in associates are initially recognized at cost and are accounted for using the equity method.

Investments in associates are stated at cost net from allowance on impairment in the separate financial statements (if any).

Investments in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment in the separate financial statements (if any).

3.6 Property, plant and equipment

Land are stated at cost and less allowance on impairment (if any).

Plant and equipment are stated at cost after deducted accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

Depreciation is calculated by cost less residual value on 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 and building for lease	5, 20 years
Machinery equipment	5 - 10 years
Lab equipment	5 - 10 years
Electric equipment	3 - 6 years
Water - purifier for leases	5 years
Office equipment	3 - 6 years
Office decoration	3 - 6 years
Vehicle	6 - 10 years

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of income.

### 3.7 Intangible assets

Technical license is stated at cost less accumulated amortization and allowance on impairment (if any). Amortization is calculated by the straight-line method over the period for which the assets are expected to generate economic benefit 5 - 10 years.

Computer software is stated at cost less accumulated amortization and allowance on impairment (if any). Amortization is calculated by the straight-line method over the period for which the assets are expected to generate benefit 10 years.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

3.8 Leasehold right

Leasehold right is stated at cost less accumulated amortization. Amortization is calculated by the straight-line method over the lease period.

3.9 Hire purchase

The Company and its subsidiaries record vehicles under hire purchase contracts at their fair value as at the inception of the lease, and records future rental payment obligations under the contracts (minus the interest portion) as liabilities.

The Company and its subsidiaries amortized deferred interest on hire purchase contracts by effective rate of interest over the period of contracts.

3.10 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

3.11 Foreign currency conversions

Foreign currency assets and liabilities are converted into Thai Baht at rates of exchange ruling at the end of reporting period. 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.

3.12 Use of accounting estimation

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.

3.13 Employee benefits

Short-term employment benefits

The Company and its subsidiaries recognize salary, overtime, bonus, social securities and provident fund as expenses when incurred.

The Company issued warrants to purchase the ordinary shares to the directors and employees of the Company. The transaction will be recorded in the financial statements when the warrants are exercised.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in profit or loss.

3.14 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.

3.15 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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3.16 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented in premium on treasury share and retained earnings, consecutively.

3.17 Income tax expense

The Company and its subsidiaries recorded corporate income tax expense is calculated from profit for the years adjusted by the items defined under the Revenue Code.

Overseas subsidiary calculated corporate income tax expense in accordance with tax rates mandated under the tax law of those country.

4. EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS

From January 1, 2011, consequent to the adoption of new and revised TFRS, the Company has affected to the financial statements as follows:

Adjustment of financial statements

Statement of financial position as at December 31, 2011

	Baht	
	Consolidated financial statements	Separate financial statements
Retained earnings at December 31, 2010 - as reported	99,450,712.76	100,948,614.70
Increase in employee benefit obligations	(12,210,870.00)	(11,922,836.00)
Decrease in share of profit of associated company	(671,651.60)	-
Decrease in non-controlling interests	113,886.86	-
Retained earnings at January 1, 2011 - as restated	<u>86,682,078.02</u>	<u>89,025,778.70</u>



**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

Statement of income for the year ended December 31, 2011

	Baht	
	Consolidated financial statements	Separate financial statements
Decrease in depreciation	3,333,767.16	3,262,331.51
Increase in employee expenses resulting in:		
Increase in cost of sales and services	(217,838.00)	(161,205.00)
Increase in administrative expenses	(911,992.27)	(738,066.27)
Increase in financial cost	(500,466.67)	(488,368.67)
Total	(1,630,296.94)	(1,387,639.94)
Increase in profit	1,703,470.22	1,874,691.57
Increase in profit attributable to owner of the parent	1,770,769.90	1,874,691.57
Decrease in profit attributable to non-controlling interests	(67,299.68)	-
Increase in earnings per share;		
- Basic earnings per share (Baht)	0.0068	0.0072

5. ISSUE OF NEW INTERPRETATION OF ACCOUNTING STANDARDS DURING THE YEAR

During the year 2011, the Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the new interpretations of accounting standards of which are effective for the fiscal year beginning on or after January 1, 2013, as follows.

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

TSIC 21 Income Taxes - Recovery of Revalued Non - Depreciable Assets

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The management of the Company has assessed the effect of these new interpretations of accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

6. TRANSACTIONS WITH RELATED COMPANIES

	Nature of business	Country of incorporation	Relationship
<u>Subsidiary companies</u>			
N.O.F (Thailand) Ltd.	Under the process to establish policy and strategic plan	Thailand	99.98% of holding, Co - Director/Shareholder
Eason Watson Coating Ltd.	During year 2010, the Company has already dissolved the company and paid capital back to the shareholders	Thailand	50.95% of holding, Co - Director/Shareholder
Eason Urai Paint Co., Ltd.	Manufacturing and selling of industrial paint	Vietnam	62% of holding, Co - Director/Shareholder
Bright Blue Water Corp. Ltd.	Selling and services air purifiers and water filtration devices	Thailand	60% of holding, Co - Director/Shareholder
<u>Associated company</u>			
Origin Eason Paint Co., Ltd.	Manufacturing and selling of plastic and chemical paints	Thailand	40% of holding, Co - Director/Shareholder
<u>Related companies</u>			
Eksang holdings Co., Ltd.	Rental of office and warehouse	Thailand	55.82% of holding in the Company
Watson Standard Asia Inc.	Manufacturing and selling of industrial paints	America	49% of holding in subsidiary company
Urai Panich Co., Ltd.	Manufacturing and selling of industrial paints	Thailand	30% of holding in subsidiary company
Miki (Thailand) Co., Ltd.	Trading of industrial paint	Thailand	15% of holding in associated 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 and office rental depending on actual space are approximately Baht 11,520 - 432,640 per month in accordance with agreements.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

Pricing policy

- |                             |   |
|-----------------------------|---|
| Service income              | - Logistics services including the related administrative work in lump-sum are approximately Baht 2,880 - 200,000 per month plus increase in transport from the agreed rate of fuel cost in accordance with agreements. |
|                             | - Administrative fee at Baht 15,000 Baht per month since October 2009 to March 2010.  |
| Interest income             | - At the rate of MLR - 1.25% and MLR - 1.5% per annum   |
| Purchasing                  | - Market value except licensed raw materials are agreed upon pricing method.  |
| Rental charge               | - Office and warehouse rental are charged at Baht 32,100 - 321,100 per month in accordance with agreements.   |
| Other expenses              | - Raw materials for research and development are charged at market value.   |
|                             | - Administrative fee is charged at agreed upon price.   |
| Purchase of asset for lease | - Book value and at agreed upon pricing method.   |

The Company has significant transactions with subsidiary companies, associated company and related companies are as following:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Transactions in the statement of income</u>				
<u>Subsidiary companies</u>				
Sales				
Eason Urai Paint Co., Ltd.	-	-	631,944.42	2,883,311.57
Rental and service income				
Eason Watson Coating Co., Ltd.	-	-	-	205,537.32
Bright Blue Water Corp. Ltd.	-	-	53,965.37	340,000.00
	-	-	53,965.37	545,537.32
Other income				
Eason Urai Paint Co., Ltd.	-	-	1,189,178.46	1,201,649.00
Bright Blue Water Corp. Ltd.	-	-	545,091.17	209,995.91
	-	-	1,734,269.63	1,411,644.91
Other expense				
Bright Blue Water Corp. Ltd.	-	-	290,237.45	314,858.89

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Associated company</u>				
Sale				
Origin Eason Paint Co., Ltd.	196,681.89	535,997.00	196,681.89	535,997.00
Rental and service income				
Origin Eason Paint Co., Ltd.	9,552,370.53	9,502,098.81	9,552,370.53	9,502,098.81
Dividend income				
Origin Eason Paint Co., Ltd.	-	-	12,000,000.00	3,600,000.00
Purchases				
Origin Eason Paint Co., Ltd.	350,760.00	785,682.00	350,760.00	785,682.00
<u>Related companies</u>				
Sales				
Watson Standard Asia Inc.	-	2,491,079.31	-	2,491,079.31
Miki (Thailand) Co., Ltd.	-	2,320.00	-	2,320.00
	-	2,493,399.31	-	2,493,399.31
Rental and service income				
Miki (Thailand) Co., Ltd.	221,888.00	72,145.00	221,888.00	72,145.00
Other expenses				
Eksang holdings Co., Ltd.	5,273,800.00	5,497,200.00	5,273,800.00	5,497,200.00
<u>Outstanding balances at the statements of financial position</u>				
<u>Subsidiary companies</u>				
Trade account and note receivables				
Eason Urai Paint Co., Ltd.	-	-	730,704.00	-
Long term - loans to				
Bright Blue Water Corp. Ltd.	-	-	11,000,000.00	8,500,000.00
Other current assets :				
Rental and service income receivable				
Bright Blue Water Corp. Ltd.	-	-	-	32,100.00
Advance payment				
Bright Blue Water Corp. Ltd.	-	-	20,546.94	-
Eason Urai Paint Co., Ltd.	-	-	479,628.74	490,558.25
	-	-	500,175.68	490,558.25

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Accrued interest				
Bright Blue Water Corp. Ltd.	-	-	53,825.33	30,061.65
Trade account and note payables				
Bright Blue Water Corp. Ltd.	-	-	80,550.00	130,690.00
 <u>Associated companies</u>				
Trade account and note receivables				
Origin Eason Paint Co., Ltd.	4,365.60	159,258.80	4,365.60	159,258.80
Rental and service income receivable				
Origin Eason Paint Co., Ltd.	2,350,335.12	2,407,393.56	2,350,335.12	2,407,393.56
Trade account and note payables				
Origin Eason Paint Co., Ltd.	178,561.60	11,074.50	178,561.60	11,074.50
 <u>Related companies</u>				
Trade account and note receivable				
Miki (Thailand) Co., Ltd.	17,552.28	29,318.00	17,552.28	29,318.00

Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

Management benefit expenses for the years ended December 31, 2011 and 2010 as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short - term employee benefits	28,428,463.28	29,773,656.60	26,795,081.00	25,315,890.71
Post - employment benefits	474,614.00	-	354,587.00	-
Other long - term benefits	8,025.00	-	5,392.00	-
Total	28,911,102.28	29,773,656.60	27,155,060.00	25,315,890.71

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash on hand	240,949.47	325,956.12	138,996.95	143,509.56
Cash at banks - current account	45,192,178.43	88,357,493.01	45,069,836.14	75,305,099.46
Cash at banks - savings account	116,267,662.67	11,981,713.94	96,961,996.94	10,017,803.89
<b>Total</b>	<b>161,700,790.57</b>	<b>100,665,163.07</b>	<b>142,170,830.03</b>	<b>85,466,412.91</b>

8. CURRENT INVESTMENTS

Current investments consist of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Investment in debt instrument				
- Bill of exchange	-	30,000,000.00	-	30,000,000.00
Investments in held-for-trading securities				
- Investment in marketable equity - fair value	-	1,905,000.00	-	-
Investments in available for sale securities				
- Investments in marketable equity - cost	270,675.00	-	270,675.00	-
<u>Less</u> unrealized loss on changes in value of investments	<u>(18,175.00)</u>	<u>-</u>	<u>(18,175.00)</u>	<u>-</u>
Investment in marketable equity - fair value	252,500.00	-	252,500.00	-
<b>Total</b>	<b>252,500.00</b>	<b>31,905,000.00</b>	<b>252,500.00</b>	<b>30,000,000.00</b>

As at December 31, 2010, bill of exchange has interest at the rate 1.72% per annum due on February 1, 2011.

The changes in the value of investments in securities held-for-trading was recorded as unrealized gains or losses, net in the statements of income in the period and changes in the value of investments in securities available for sale was recorded as unrealized gains or losses, net in the shareholders' equity.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

9. TRADE ACCOUNT AND NOTE RECEIVABLES

Trade account and note receivables consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade note receivables	1,225,995.39	2,570,383.16	1,225,995.39	2,570,383.16
Trade account receivables	109,701,307.47	108,208,441.69	106,590,500.29	107,074,506.88
Total	110,927,302.86	110,778,824.85	107,816,495.68	109,644,890.04
<u>Less allowance for doubtful accounts</u>	<u>(398,950.03)</u>	<u>(453,950.03)</u>	<u>(398,950.03)</u>	<u>(453,950.03)</u>
Net	<u>110,528,352.83</u>	<u>110,324,874.82</u>	<u>107,417,545.65</u>	<u>109,190,940.01</u>

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Current	78,807,860.36	88,515,056.63	76,257,200.10	88,240,779.47
Overdue 0 day to 90 days	31,089,204.70	20,172,591.31	30,580,916.11	19,944,551.66
Overdue 91 days to 180 days	613,157.77	1,169,636.88	579,429.44	1,005,608.88
Overdue 181 days to 360 days	1,940.00	328,400.00	-	-
Overdue from 361 days onwards	415,140.03	593,140.03	398,950.03	453,950.03
Total	110,927,302.86	110,778,824.85	107,816,495.68	109,644,890.04
<u>Less allowance for doubtful accounts</u>	<u>(398,950.03)</u>	<u>(453,950.03)</u>	<u>(398,950.03)</u>	<u>(453,950.03)</u>
Net	<u>110,528,352.83</u>	<u>110,324,874.82</u>	<u>107,417,545.65</u>	<u>109,190,940.01</u>

10. INVENTORIES

Inventories consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Finished goods	13,970,157.85	14,738,848.33	10,270,178.93	10,086,931.87
Work in process	482,516.75	25,398.46	482,516.75	25,398.46
Raw materials	48,756,866.90	52,696,020.82	48,502,764.33	51,002,610.14
Supplies	2,219,812.21	1,674,772.88	925,105.88	869,768.63
Package	836,509.70	1,018,821.73	836,509.70	1,018,821.73
Total	66,265,863.41	70,153,862.22	61,017,075.59	63,003,530.83
<u>Less provision for declining in value of inventories</u>	<u>(425,581.84)</u>	<u>(455,682.94)</u>	<u>(425,581.84)</u>	<u>(455,682.94)</u>
Net	<u>65,840,281.57</u>	<u>69,698,179.28</u>	<u>60,591,493.75</u>	<u>62,547,847.89</u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht	
	Consolidated / Separate financial statements	
	2011	2010
Decline in value of inventory recognized as cost of goods sold for the year	2,177,525.15	1,880,747.56

Due to the flood crisis during October to November 2011, the Company's inventories were damaged amount of Baht 1.22 million. As a result, the Company recognized loss on decline in the value of inventory of such amount in the statement of income for the current year.

**11. INVESTMENT IN ASSOCIATED COMPANY**

Investment in associated company consisted of:-

			Baht					
			Consolidated financial statements		Separate financial statements			
			At equity		At cost		Dividend	
Number of share	Percentage of holding		2011	2010	2011	2010	2011	2010
<u>Associated Company</u>								
Origin Eason Paint Co., Ltd.	120,000	40	62,666,088.67	58,123,682.49	35,784,300.00	35,784,300.00	12,000,000.00	3,600,000.00

Share of profit of Origin Eason Paint Co., Ltd. was included in the consolidated financial statements for the years ended December 31, 2011 and 2010 of Baht 17.21 million and Baht 16.04 million, respectively based on the financial statements which were audited by auditor of associate.

**12. INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries as shown in separate financial statements are as follows: -

					Baht		
		Number of share		Percentage of holding		At cost	
		2011	2010	2011	2010	2011	2010
<u>Subsidiary companies</u>							
N.O.F (Thailand) Ltd.		19,996	19,996	99.98	99.98	9,152,120.00	9,152,120.00
<u>Less</u> allowance for impairment of investment						(4,346,789.67)	(2,692,097.60)
Net						4,805,330.33	6,460,022.40
Eason Urai Paint Co., Ltd.		2,480	2,480	62.00	62.00	85,442,859.80	85,442,859.80
Bright Blue Water Corp. Ltd.		21,000	21,000	60.00	60.00	21,000,000.00	21,000,000.00
Total						111,248,190.13	112,902,882.20



**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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Investments in subsidiary - N.O.F. (Thailand) Ltd.

The financial statement of N.O.F. (Thailand) Ltd. was included in the consolidated statements consisted total assets as at December 31, 2011 and 2010 of Baht 4.85 million and Baht 6.51 million, respectively and profit (loss) for the years ended December 31, 2011 and 2010 of Baht (1.66) million and Baht (1.39) million, respectively based on the financial statements which were audited by auditor of subsidiary.

As at December 31, 2011 N.O.F. (Thailand) Ltd. is under the process to establish policy and strategic plan. Therefore, the Company has recorded allowance for impairment of investment by considering from operating result at present.

Investments in subsidiary - Eason Urai Paint Co., Ltd.

The financial statements of Eason Urai Paint Co., Ltd. was included in the consolidated statements consisted total assets as at December 31, 2011 and 2010 of Baht 92.04 million and Baht 101.62 million, respectively and loss for the years ended December 31, 2011 and 2010 of Baht 3.51 million and Baht 10.62 million, respectively based on the financial statements which were audited by an overseas auditor of the subsidiary.

Investments in subsidiary - Bright Blue Water Corp. Ltd.

The financial statement of Bright Blue Water Corp. Ltd. was included in the consolidated statements consisted total assets as at December 31, 2011 and 2010 of Baht 20.96 million and Baht 25.33 million, respectively and loss for the years ended December 31, 2011 and 2010 of Baht (7.13) million and Baht 12.29 million, respectively based on the financial statements which were audited.

13. LONG-TERM LOANS TO SUBSIDIARY

Long-term loans to subsidiary consisted of:-

	Baht	
	2011	2010
Loans, beginning balance	8,500,000.00	-
<u>Add</u> Increase during the period	2,500,000.00	8,500,000.00
<u>Less</u> Decrease during the period	-	-
Loans, ending balance	11,000,000.00	8,500,000.00

As at December 31, 2011, the Company has long-term loans to subsidiary in the totalling of Baht 11.00 million, the term of loans are 6 years with the interest rate at year 1<sup>st</sup> - 2<sup>nd</sup> MLR - 1.5% per annum and 3<sup>rd</sup> - 6<sup>th</sup> MLR - 1.25% per annum, and the interest rate at year 1<sup>st</sup> - 6<sup>th</sup> MLR - 1.25% per annum and repayments at starting on the 31<sup>th</sup> months and pay interest every month until the repayment completed.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

As at December 31, 2010, the Company has long-term loans to subsidiary in the totalling of Baht 8.50 million, the term of loans are 5 years with the interest rate at year 1<sup>st</sup> - 2<sup>nd</sup> MLR - 1.5% per annum and year 3<sup>rd</sup> - 5<sup>th</sup> MLR - 1.25% per annum. The principal repayments at starting on the 19<sup>th</sup> months and pay interest every month until the repayment completed.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2010	Additions	Deductions	
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	199,037,621.07	2,934,563.16	(19,408.00)	201,952,776.23
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	81,959,958.22	16,035,882.69	(2,132,979.38)	95,862,861.53
Lab equipment	17,022,711.05	3,075,567.82	(29,600.00)	20,068,678.87
Electric equipment	3,881,892.30	181,331.73	-	4,063,224.03
Water-purifier for leases	17,992,676.39	1,568,848.22	(1,026,600.00)	18,534,924.61
Office equipment	24,418,078.17	2,536,115.83	(963,115.00)	25,991,079.00
Office decoration	16,132,446.11	161,800.70	(62,209.20)	16,232,037.61
Vehicle	46,495,302.27	4,120,979.21	(1,038,137.36)	49,578,144.12
Machinery and equipment installation	3,482,884.78	13,781,364.99	(10,451,300.15)	6,812,949.62
Total	<u>477,755,273.03</u>	<u>44,396,454.35</u>	<u>(15,723,349.09)</u>	<u>506,428,378.29</u>
<u>Less accumulated depreciation</u>				
Building and building improvement	38,821,956.16	10,172,200.15	(15,409.03)	48,978,747.28
Building for lease	7,031,457.96	1,038,730.03	-	8,070,187.99
Machinery and equipment	68,704,916.91	7,083,398.67	(2,130,466.46)	73,657,849.12
Lab equipment	14,148,360.69	1,595,395.67	(29,599.00)	15,714,157.36
Electric equipment	2,163,436.74	702,159.30	-	2,865,596.04
Water-purifier for leases	4,812,553.80	3,682,690.30	(424,794.24)	8,070,449.86
Office equipment	17,222,580.56	3,043,028.18	(918,480.54)	19,347,128.20
Office decoration	11,419,887.80	2,545,052.40	(61,048.89)	13,903,891.31
Vehicle	30,606,625.81	2,073,690.03	(1,010,318.18)	31,669,997.66
Total	<u>194,931,776.43</u>	<u>31,936,344.73</u>	<u>(4,590,116.34)</u>	<u>222,278,004.82</u>
Currency translation changes of financial statements of foreign entity	<u>(200,092.64)</u>			<u>(11,879,252.85)</u>
Property, plant and equipment, net	<u>282,623,403.96</u>			<u>272,271,120.62</u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht			
	Consolidated financial statement			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2009			Dec. 31, 2010
<u>At cost</u>				
Land	46,317,697.10	102,130.00	-	46,419,827.10
Building and building improvement	143,126,726.25	55,921,831.53	(10,936.71)	199,037,621.07
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	74,206,013.62	8,543,539.20	(789,594.60)	81,959,958.22
Lab equipment	16,213,250.71	1,118,894.85	(309,434.51)	17,022,711.05
Electric equipment	7,078,841.62	412,622.94	(3,609,572.26)	3,881,892.30
Water-purifier for leases	17,185,689.07	1,455,987.32	(649,000.00)	17,992,676.39
Office equipment	24,568,535.90	1,480,648.75	(1,631,106.48)	24,418,078.17
Office decoration	15,656,886.16	846,809.80	(371,249.85)	16,132,446.11
Vehicle	45,637,133.03	7,784,621.41	(6,926,452.17)	46,495,302.27
Machinery and equipment installation	4,888,051.98	2,480,074.98	(3,885,242.18)	3,482,884.78
Building in progress	30,456,154.24	24,777,203.29	(55,233,357.53)	-
Total	<u>446,246,855.25</u>	<u>104,924,364.07</u>	<u>(73,415,946.29)</u>	<u>477,755,273.03</u>
<u>Less accumulated depreciation</u>				
Building and building improvement	30,393,431.44	8,436,625.63	(8,100.91)	38,821,956.16
Building for lease	5,956,131.93	1,075,326.03	-	7,031,457.96
Machinery and equipment	58,653,661.72	10,808,600.15	(757,344.96)	68,704,916.91
Lab equipment	12,892,052.89	1,565,219.49	(308,911.69)	14,148,360.69
Electric equipment	5,108,219.72	664,784.28	(3,609,567.26)	2,163,436.74
Water-purifier for leases	1,402,741.36	3,535,679.11	(125,866.67)	4,812,553.80
Office equipment	15,366,021.16	3,341,330.00	(1,484,770.60)	17,222,580.56
Office decoration	9,184,113.36	2,596,875.22	(361,100.78)	11,419,887.80
Vehicle	30,611,538.01	5,424,398.41	(5,429,310.61)	30,606,625.81
Total	<u>169,567,911.59</u>	<u>37,448,838.32</u>	<u>(12,084,973.48)</u>	<u>194,931,776.43</u>
Currency translation changes of financial statements of foreign entity	<u>(124,129.38)</u>			<u>(200,092.64)</u>
Property, plant and equipment, net	<u><u>276,554,814.28</u></u>			<u><u>282,623,403.96</u></u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2010			Dec. 31, 2011
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	143,804,263.54	2,934,563.16	(19,408.00)	146,719,418.70
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	81,959,958.22	8,452,292.95	(2,132,979.38)	88,279,271.79
Lab equipment	16,729,026.84	654,380.20	(29,600.00)	17,353,807.04
Electric equipment	3,881,892.30	181,331.73	-	4,063,224.03
Office equipment	20,153,523.96	1,966,607.59	(963,115.00)	21,157,016.55
Office decoration	15,936,146.42	161,800.70	(40,689.20)	16,057,257.92
Vehicle	32,839,579.24	4,074,825.00	(1,000,754.18)	35,913,650.06
Machinery and equipment installation	3,482,884.78	13,731,364.99	(10,451,300.15)	6,762,949.62
Total	<u>386,118,977.97</u>	<u>32,157,166.32</u>	<u>(14,637,845.91)</u>	<u>403,638,298.38</u>
<u>Less accumulated depreciation</u>				
Building and building improvement	38,821,956.16	8,547,689.63	(15,409.03)	47,354,236.76
Building for lease	7,031,457.96	1,038,730.03	-	8,070,187.99
Machinery and equipment	68,704,916.91	6,404,648.72	(2,130,466.46)	72,979,099.17
Lab equipment	14,064,423.69	1,294,389.61	(29,599.00)	15,329,214.30
Electric equipment	2,163,436.74	702,159.30	-	2,865,596.04
Office equipment	15,950,691.28	2,174,707.31	(918,480.54)	17,206,918.05
Office decoration	11,241,140.76	2,536,218.90	(39,535.89)	13,737,823.77
Vehicle	21,066,620.99	927,941.08	(1,000,752.18)	20,993,809.89
Total	<u>179,044,644.49</u>	<u>23,626,484.58</u>	<u>(4,134,243.10)</u>	<u>198,536,885.97</u>
Property, plant and equipment, net	<u><u>207,074,333.48</u></u>			<u><u>205,101,412.41</u></u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2009	Additions	Deductions	Balance per book Dec. 31, 2010
<u>At cost</u>				
Land	46,317,697.10	102,130.00	-	46,419,827.10
Building and building improvement	143,126,726.25	688,474.00	(10,936.71)	143,804,263.54
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	74,206,013.62	8,543,539.20	(789,594.60)	81,959,958.22
Lab equipment	15,919,566.50	1,118,894.85	(309,434.51)	16,729,026.84
Electric equipment	7,078,841.62	412,622.94	(3,609,572.26)	3,881,892.30
Office equipment	20,315,274.59	802,478.48	(964,229.11)	20,153,523.96
Office decoration	15,448,286.47	846,809.80	(358,949.85)	15,936,146.42
Vehicle	28,739,914.68	7,706,116.73	(3,606,452.17)	32,839,579.24
Machinery and equipment installation	4,888,051.98	2,480,074.98	(3,885,242.18)	3,482,884.78
Total	<u>376,952,248.38</u>	<u>22,701,140.98</u>	<u>(13,534,411.39)</u>	<u>386,118,977.97</u>
<u>Less accumulated depreciation</u>				
Building and building improvement	30,393,431.44	8,436,625.63	(8,100.91)	38,821,956.16
Building for lease	5,956,131.93	1,075,326.03	-	7,031,457.96
Machinery and equipment	58,653,661.72	10,808,600.15	(757,344.96)	68,704,916.91
Lab equipment	12,866,852.89	1,506,482.49	(308,911.69)	14,064,423.69
Electric equipment	5,108,219.72	664,784.28	(3,609,567.26)	2,163,436.74
Office equipment	14,326,381.29	2,550,828.82	(926,518.83)	15,950,691.28
Office decoration	9,001,902.82	2,588,041.72	(348,803.78)	11,241,140.76
Vehicle	20,284,525.63	4,002,153.92	(3,220,058.56)	21,066,620.99
Total	<u>156,591,107.44</u>	<u>31,632,843.04</u>	<u>(9,179,305.99)</u>	<u>179,044,644.49</u>
Property, plant and equipment, net	<u><u>220,361,140.94</u></u>			<u><u>207,074,333.48</u></u>

The Company has leased out the building and warehouse space to an associate, which the building for lease has a book value as at December 31, 2011 and 2010 of Baht 12.84 million and Baht 13.88 million, respectively. The term of the lease agreement is 3 years commencing from January 1, 2008, and the Company received the rent monthly of Baht 0.40 million. The Company has renewed the lease agreement with an associate for another 3 years with effective from January 1, 2011 onwards, and shall be receive the rent monthly of Baht 0.43 million.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2011 AND 2010**

As at December 31, 2011 and 2010, the Company and its subsidiaries have vehicles purchased under hire-purchase agreements total book value of Baht 9.33 million and Baht 9.96 million, respectively. And the Company has vehicles purchased under hire-purchase agreements total book value of Baht 9.33 million and Baht 9.56 million, respectively.

As at December 31, 2011 and 2010, the fully depreciated plant and equipment that still in use were at cost of Baht 93.09 million and Baht 85.08 million, respectively for the consolidated financial statement and at cost of Baht 88.54 million and Baht 80.60 million, respectively for the separate financial statement.

As at December 31, 2011 and 2010, the Company have to comply with certain conditions of loan agreement under the credit line of Baht 100.00 million (see Note 18) that the Company shall not create negative pledge on its land and construction including the plant, head office and machinery.

15. INTANGIBLE ASSETS

Intangible assets consisted of :-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2010	Additions	Deductions	Balance per book Dec. 31, 2011
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,587,550.00	350,000.00	-	9,937,550.00
Computer software installation	192,500.00	157,500.00	(350,000.00)	-
Total	<u>18,590,212.83</u>	<u>507,500.00</u>	<u>(350,000.00)</u>	<u>18,747,712.83</u>
<u>Less accumulated amortization</u>				
Technical license	8,674,558.86	56,074.59	-	8,730,633.45
Computer software	2,339,459.11	1,064,388.41	-	3,403,847.52
Total	<u>11,014,017.97</u>	<u>1,120,463.00</u>	<u>-</u>	<u>12,134,480.97</u>
Intangible assets, net	<u>7,576,194.86</u>			<u>6,613,231.86</u>

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2009	Additions	Deductions	Balance per book Dec. 31, 2010
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,587,550.00	-	-	9,587,550.00
Computer software installation	105,000.00	87,500.00	-	192,500.00
Total	<u>18,502,712.83</u>	<u>87,500.00</u>	<u>-</u>	<u>18,590,212.83</u>
<u>Less accumulated amortization</u>				
Technical license	8,618,484.27	56,074.59	-	8,674,558.86
Computer software	1,327,810.43	1,011,648.68	-	2,339,459.11
Total	<u>9,946,294.70</u>	<u>1,067,723.27</u>	<u>-</u>	<u>11,014,017.97</u>
Intangible assets, net	<u>8,556,418.13</u>			<u>7,576,194.86</u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2010	Additions	Deductions	Balance per book Dec. 31, 2011
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,587,550.00	-	-	9,587,550.00
Total	<u>18,397,712.83</u>	<u>-</u>	<u>-</u>	<u>18,397,712.83</u>
<u>Less accumulated amortization</u>				
Technical license	8,674,558.86	56,074.59	-	8,730,633.45
Computer software	2,339,459.11	1,011,648.68	-	3,351,107.79
Total	<u>11,014,017.97</u>	<u>1,067,723.27</u>	<u>-</u>	<u>12,081,741.24</u>
Intangible assets, net	<u><u>7,383,694.86</u></u>			<u><u>6,315,971.59</u></u>

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2009	Additions	Deductions	Balance per book Dec. 31, 2010
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,587,550.00	-	-	9,587,550.00
Total	<u>18,397,712.83</u>	<u>-</u>	<u>-</u>	<u>18,397,712.83</u>
<u>Less accumulated amortization</u>				
Technical license	8,618,484.27	56,074.59	-	8,674,558.86
Computer software	1,327,810.43	1,011,648.68	-	2,339,459.11
Total	<u>9,946,294.70</u>	<u>1,067,723.27</u>	<u>-</u>	<u>11,014,017.97</u>
Intangible assets, net	<u><u>8,451,418.13</u></u>			<u><u>7,383,694.86</u></u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

16. LEASEHOLD RIGHT

Leasehold right consisted of :-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2010	Additions	Deductions	Balance per book Dec. 31, 2011
<u>At cost</u>				
Leasehold right - land	27,990,331.00	-	-	27,990,331.00
<u>Less accumulated amortization</u>	2,496,789.96	788,459.96	-	3,285,249.92
	<u>25,493,541.04</u>	<u>788,459.96</u>	<u>-</u>	<u>24,705,081.08</u>
Currency translation changes of financial statements of foreign entity	(5,862,222.60)			(6,567,580.19)
Leasehold right, net	<u>19,631,318.44</u>			<u>18,137,500.89</u>

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2009	Additions	Deductions	Balance per book Dec. 31, 2010
<u>At cost</u>				
Leasehold right - land	27,990,331.00	-	-	27,990,331.00
<u>Less accumulated amortization</u>	1,708,330.00	788,459.96	-	2,496,789.96
	<u>26,282,001.00</u>	<u>788,459.96</u>	<u>-</u>	<u>25,493,541.04</u>
Currency translation changes of financial statements of foreign entity	(3,513,719.32)			(5,862,222.60)
Leasehold right, net	<u>22,768,281.68</u>			<u>19,631,318.44</u>

An overseas subsidiary company has signed a land lease contract for a period of 35 years 6 months, expiring in April 2044. And the subsidiary paid advance rental totalling USD 840,500, the leasehold right is amortized as expense by the straight-line method for the period of contract.

17. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2011 and 2010, the Company has total credit facilities Baht 230.00 million with three local commercial banks, consisting of bank overdrafts of Baht 55.00 million with interest at MOR per annum, promissory notes for credit lines of Baht 100.00 million with interest at MLR per annum, Letter of Guarantee Baht 5.00 million, Letter of Credit and Trust Receipt of Baht 60.00 million and Forward Contract Baht 10.00 million and USD 1.50 million, which these loans are no guarantee. And not yet withdrawal the such loans.



**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

18. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long - term loans from financial institution consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Long-term loans from financial institution	7,536,000.00	76,576,000.00	7,536,000.00	76,576,000.00
<u>Less</u> current portion due within one year	(7,536,000.00)	(20,040,000.00)	(7,536,000.00)	(20,040,000.00)
Net	-	56,536,000.00	-	56,536,000.00

As at December 31, 2011 and 2010, the Company has a long-term loans amounted to Baht 7.54 million and Baht 76.58 million, respectively as part of investment in subsidiary, to finance the construction of factory building and purchase machinery in Vietnam with a local commercial bank under the credit line of Baht 100.00 million, at interest rate MLR-2.00% per annum for the first year, MLR-1.75% per annum for the second and third year and MLR-1.50% per annum from the fourth year onwards. The repayment of Baht 1.9 million per month of principal and interest, in 66 installments, shall be completed by the 84<sup>th</sup> month upon receipt of the first loan (grace period 18 months) and pay interest monthly.

The loan contains the covenants imposing that the Company shall not create negative pledge on its land and construction including the plant, head office and machinery and it has to maintain the financial ratio as required by the agreement.

And the Company had changed condition of agreement referred to above by reschedule to repay the principal on monthly installment of Baht 1.67 million, in 60 installments, starting from August 2010 and shall be completed on July 2015.

During the year 2011, the Company had repaid the principal of the above loan apart from the installment payments in the amount of Baht 69.04 million.

19. LIABILITIES UNDER HIRE-PURCHASE AGREEMENTS

Liabilities under hire-purchase agreements consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Liabilities under hire-purchase agreements	2,148,511.00	4,115,458.90	2,148,511.00	3,985,597.22
<u>Less</u> deferred interest	(81,616.93)	(140,575.52)	(81,616.93)	(138,123.43)
	2,066,894.07	3,974,883.38	2,066,894.07	3,847,473.79
<u>Less</u> current portion due within one year	(1,487,839.55)	(2,779,184.33)	(1,487,839.55)	(2,651,774.74)
Net	579,054.52	1,195,699.05	579,054.52	1,195,699.05

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

As at December 31, 2011 and 2010, the Company and its subsidiary have 6 and 7 hire - purchase agreements for vehicle with two local commercial banks in the amount of Baht 6.94 million and Baht 6.59 million (Included VAT), respectively with a term of 24 - 36 months, and repayable monthly at Baht 0.26 million (Included VAT).

And the Company has 6 hire-purchase agreements for vehicle with two local commercial banks in the amount of Baht 6.94 million and Baht 6.22 million (Included VAT), respectively with a term of 24 - 36 months, and repayable monthly at Baht 0.26 million and Baht 0.24 million (Included VAT), respectively.

As at December 31, 2011, the payment of these contracts are as follow :

	Baht		
	Consolidated financial statements /Separate financial statements		
	Principal	Deferred interest	Total
Payment due within 1 year	1,487,839.55	56,271.45	1,544,111.00
Payment due over 1 year to 5 years	579,054.52	25,345.48	604,400.00
Total	2,066,894.07	81,616.93	2,148,511.00

Under the terms of hire-purchase agreement referred to above, the Company and its subsidiary shall have to comply with certain conditions and restrictions as specified in the agreement.

**20. EMPLOYEE BENEFIT OBLIGATIONS**

The Company adopted TAS 19 Employee Benefits with effect from January 1, 2011 and the effect on the financial statements is disclosed in note 4.

The statements of financial position

As at December 31, 2011

	Baht	
	Consolidated financial statements	Separate financial statements
Defined benefit obligations at January 1, 2011	12,210,870.00	11,922,836.00
Benefits paid by the plan	(265,000.00)	(265,000.00)
Current service costs and interest	1,630,296.94	1,387,639.94
Defined benefit obligations at December 31, 2011	13,576,166.94	13,045,475.94

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2011 AND 2010**

Expense recognized in the statements of income

For the year ended December 31, 2011

	Baht	
	Consolidated financial statements	Separate financial statements
Current service costs		
Cost of sales and service	217,838.00	161,205.00
Administrative expenses	429,353.27	378,087.27
Management benefit expenses	482,639.00	359,979.00
	1,129,830.27	899,271.27
Interest on obligation	500,466.67	488,368.67
Total	1,630,296.94	1,387,639.94

Principal actuarial assumptions at the reporting date

For the year ended December 31, 2011

	Percentage
	Consolidated /Separate financial statements
Discount rate	4.20
Salary increase rate	3.00 - 10.00
Employee turnover rate	8.00 - 18.00
Mortality rate	0.10 - 1.48

**21. CAPITAL MANAGEMENT**

The primary objective of capital management of the Company and its subsidiaries is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statements of financial position as at December 31, 2011 and 2010 debt-to-equity ratio were follows :-

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Debt-to-equity ratio	0.29 : 1	0.47 : 1	0.27 : 1	0.46 : 1

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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22. SHARE CAPITAL

At the extraordinary shareholders' meeting No.1/2006 held on November 3, 2006, the shareholders approved the issuance of warrants and increase in share capital as follows :

The issuance of warrants to purchase ordinary share by :-

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
Exercise rate	:	1 Share-purchase warrant is exercisable into 1 ordinary share
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 price	:	Baht 1 per unit
Exercise condition	:	Follow the rules of The Office of the Securities and Exchange Commission and The Stock Exchange of Thailand
Secondary market of warrant	:	The Company will proceed with the share-purchase warrant to be registered into The Stock Exchange of Thailand

During the year 2010, 5,820,500 warrants were exercised to purchase 5,820,500 new ordinary shares at Baht 1 each, in the amount of Baht 5,820,500.00 which the Company registered as paid - up shares capital in the amount of Baht 1,180,100.00 with the Ministry of Commerce on July 6, 2010. And the rest of Baht 4,640,400.00 the Company has registered as paid - up shares capital with the Ministry of Commerce on January 10, 2011. The Company recorded the share subscription received from exercise of EASON-W1 warrants of Baht 4,640,400.00 as "Share subscription received in advance" in the statement of financial position as at December 31, 2010. In 2011 the Company has transferred "Share subscription received in advance" to the account issued and paid - up capital share in the full amount.

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On April 26, 2011, 76,432,182 warrants were the last exercised to purchase 76,432,182 new ordinary shares at Baht 1 each, in the amount of Baht 76,432,182.00 which the Company registered as paid - up shares capital in the amount of Baht 76,432,182.00 with the Ministry of Commerce on June 23, 2011. After the last exercised date, the total amount of unexercised warrants is 372,756 units which is no longer being registered security in the Stock Exchange of Thailand since April 27, 2011.

2. Share-purchase warrants to offer director and the Company's management (non-director), employee and consultant (ESOP Scheme)

Type of warrant	: Share-purchase warrant of Eason Paint Public Co., Ltd. No.1, (ESOP warrant) 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 period	: On the last working day of February and August of each year throughout the covered period of the warrant
Exercise price	: Baht 1 per unit
Secondary market of warrant	: The Company will not proceed with 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 will proceed to list common stock on The Stock Exchange of Thailand

During the year 2010, 469,943 warrants were the last exercised to purchase 469,943 new ordinary shares at Baht 1 each, in the amount of Baht 469,943.00 which the Company had registered as paid-up shares capital with the Ministry of Commerce and after the last conversion, there are remaining 550,603 units expired.

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23. 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.

24. TREASURY SHARES/APPROPRIATED RETAINED EARNINGS FOR TREASURY SHARES

On August 8, 2008, the Boards of Directors of the Company approved a program to repurchase up to 20,342,018 shares (par value of Baht 1 each), or 10 percent of the total number of shares in issue, with a budget of Baht 44.98 million, for liquidity surplus management purposes. The shares are to be repurchased on the Stock Exchange of Thailand since August 28, 2008 to February 28, 2009, and can be resold more than 6 months after completing the repurchase but within 3 years. As at December 31, 2011, the Company has purchased back 20,182,600 ordinary shares (par value of Baht 1 each), or 8.97 percent of total number of shares in issue, a total of Baht 39.58 million.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission dated February 14, 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and has to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell. As at December 31, 2011, the Company has already appropriated the full required amount of retained earnings to a reserve for the treasury shares.

According to the Board of Directors Meeting No 3/2011 on August 15, 2011, it has the resolution to sell the treasury shares totalling 20,182,600 shares. The first date of the sale of the treasury shares is on August 30, 2011 and the ending dates of the sale is on February 27, 2012, totalling 6 months and reduce the capital in the case that the treasury shares cannot be sold out. However, the Company has to register with the Ministry of Commerce within 14 days.

25. DIVIDEND PAYMENT

For the year 2011

At the ordinary shareholders' meeting of the company for the year 2011 held on March 30, 2011, the shareholders unanimously approved to pay dividend from operating results of 2010 for the shareholders in the registered book as at March 10, 2011 in the amount of Baht 31.42 million, appropriated by 209,461,847 shares of Baht 0.15 each.

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For the year 2010

At the ordinary shareholders' meeting of the company for the year 2010 held on March 30, 2010, the shareholders unanimously approved to pay dividend from operating results of 2009 for the shareholders in the registered book as at March 11, 2010 in the amount of Baht 26.47 million, appropriated by 203,641,347 shares of Baht 0.13 each.

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares held by outside shareholders which are issued during the year.

Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares held by outside shareholders which are issued during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the date of potential ordinary shares were issued.

Weighted average number of ordinary shares is calculated by net of ordinary shares from treasury shares held by the Company, as discussed in Note 24 to the financial statements.

For the years ended December 31, 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the year (Baht)				
Profit attributable to equity holders of the parent	51,020,050.70	46,013,282.55	52,100,610.28	46,438,594.76
Weighted average number of ordinary shares (shares)	261,812,657	204,162,858	261,812,657	204,162,858
Number of share under warrant (shares)	-	82,187,125	-	82,187,125
Number of share that would have been issue at fair value (shares)	-	(45,914,595)	-	(45,914,595)
Ordinary shares plus effect of assumed conversion (shares)	261,812,657	240,435,388	261,812,657	240,435,388
Basic earnings per share (Baht per share)				
Profit attributable to equity holders of the parent	0.1949	0.2254	0.1990	0.2275
Diluted earnings per share (Baht per share)				
Profit attributable to equity holders of the parent	-	0.1914	-	0.1931

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27. PROVIDENT FUND

The Company and its subsidiaries established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E. 2530 by joining into a pool of provident fund named K Master Pooled Registered Provident Fund. Since June 1, 2011 onwards, the Company had transferred to the TISCO Master Pooled Registered Provident Fund.

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

The Company and its subsidiaries' contributions for years ended December 31, 2011 and 2010 amounted to Baht 2.06 million and Baht 2.10 million, respectively.

The Company's contributions for the years ended December 31, 2011 and 2010 amounted to Baht 2.01 million and Baht 1.83 million, respectively.

Since March 1, 2011, a subsidiary had terminated provident fund, contributions and benefits project of the employer's had been repaid to the employees in the full amount.

28. EXPENSES BY NATURE

Expenses by nature has significant transactions as following :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Raw material and consumable used	458,862,029.46	471,922,011.51	458,373,079.67	469,902,476.71
Change in inventories of finished goods and work in process	311,572.19	(50,792.67)	(640,365.35)	(538,992.81)
Employee benefit cost	101,716,621.49	99,774,786.63	91,296,808.28	84,324,929.88
Depreciation and amortization	33,845,267.69	35,926,416.66	24,694,207.85	29,109,903.05



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29. COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Commitments of long-term rental and services agreements

As at December 31, 2011, the Company and its subsidiary have commitments to pay for rental and services under the rental and service agreements, for a term of 1 - 3 years.

The rental and service fee will be pay for the future are as follows:

	<u>Million Baht</u>
Payable within :	
1 year	9.54
2 - 3 years	6.30

29.2 Commitments under the technical assistance agreements

As at December 31, 2011, the Company has an agreement to buy 2 secret formulas with another company. The Company will have an unending right to manufacture and sell the products as from the contract date and it has to pay a royalty fee by the rate as stipulated in the agreement.

29.3 Guarantees

As at December 31, 2011, the Company has outstanding letters of guarantees in total of Baht 1.50 million, which were issued by bank for the usage of electricity by the Company.

30. FINANCIAL INSTRUMENTS

30.1 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.

30.2 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures, so the Company and its subsidiaries do not anticipate material losses from debt collection over than the amount that has been provided allowance for doubtful debt.

30.3 Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, current investments long-term loans to related company and long-term loans from financial institutions. However, since most of financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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As at December 31, 2011, the significant financial assets and financial liabilities classified by type of interest rates were as follows:

	Baht			
	Consolidated financial statement			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	116,267,662.67	-	45,433,127.90	161,700,790.57
Current investment	-	-	252,500.00	252,500.00
Trade account and note receivable			110,528,352.83	110,528,352.83
<u>Financial liabilities</u>				
Trade account and note payable	-	-	110,460,725.62	110,460,725.62
Liabilities under hire-purchase agreement	-	2,066,894.07	-	2,066,894.07
Long-term loans from financial institution	7,536,000.00	-	-	7,536,000.00
Employee benefit obligations	-	13,576,166.94	-	13,576,166.94

	Baht			
	Separate statements			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	96,961,996.94	-	45,208,833.09	142,170,830.03
Current investment	-	-	252,500.00	252,500.00
Trade account and note receivable	-	-	107,417,545.65	107,417,545.65
Long-term loan to subsidiary	11,000,000.00	-	-	11,000,000.00
<u>Financial liabilities</u>				
Trade account and note payable	-	-	111,113,563.26	111,113,563.26
Liabilities under hire-purchase agreement	-	2,066,894.07	-	2,066,894.07
Long-term loans from financial institution	7,536,000.00	-	-	7,536,000.00
Employee benefit obligations	-	13,045,475.94	-	13,045,475.94

#### 30.4 Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk on their investments in overseas subsidiary, the Company are currently not hedged by derivative financial instruments.

#### 30.5 Liquidity Risk

The Company and its subsidiaries manage its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

#### 30.6 Fair value

The fair values of significant financial assets and financial liabilities do not differ from their carrying values.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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31. INCOME TAX EXPENSES

Corporate income tax is calculated from profit for the periods adjusted by the items defined under the Revenue Code as taxable or non-taxable income and expense, income tax at the rate 30% for the year 2011 and at the rate of 25% for the year 2010 which included additionally taxable expense for investment of the listed company in the amount of 25% of the cash payment for investment or capital expenditure which directly related to the company business and the value of a qualifying project must be more than Baht 5 million, this tax incentive will last for 5 accounting periods for projects commencing on or after January 1, 2006.

The subsidiaries calculated the corporate income tax at 15 - 30% of the profit for the periods adjusted items in accordance with the Revenue Code.

Overseas subsidiary calculated corporate income tax in accordance with tax rates mandated under the tax law of that country.

32. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' business operations involve 3 principal segments : (1) automotive paints (2) other industrial paints and (3) the other segments. The business operations are mainly carried on in the same geographic area in Thailand.

Business activities are classified by product segments for the years ended December 31, 2011 and 2010 are as follows: -

	Consolidated financial statements (Thousand Baht)							
	Automotive		Other industrial paints		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Sales and services	477,817	482,363	204,983	193,283	25,047	24,333	707,847	699,979
Cost of sales and expenses	(428,332)	(418,832)	(205,520)	(211,810)	(30,791)	(36,336)	(664,643)	(666,978)
Profit (loss) from operating	49,485	63,531	(537)	(18,527)	(5,744)	(12,003)	43,204	33,001
Other income							7,190	7,081
Share of profit of an associated company							17,214	16,037
Financial cost							(2,441)	(3,484)
Income tax							(18,333)	(15,688)
Profit for the year							46,834	36,947
<u>As at December 31,</u>								
Property, plant and equipment, net	66,507	66,264	8,548	11,155	15,293	19,444	90,348	96,863
Common property, plant and equipment, net							181,923	185,760
Intangible asset, net							6,613	7,576
Leasehold right, net							18,138	19,631

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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33. RECLASSIFICATION

Certain accounts in 2010 the financial statements have been reclassified to conform to the presentation in the 2011 financial statements as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of financial position</u>				
As at December 31, 2010				
Cash and cash equivalents	100,665,163.07	130,665,163.07	85,466,412.91	115,466,412.91
Investment in securities held-for-trading	-	1,905,000.00	-	-
Current investments	31,905,000.00	-	30,000,000.00	-
<u>Statement of income</u>				
For the year ended December 31, 2010				
Cost of sales and services	517,923,047.18	516,042,299.62	508,130,082.87	506,249,335.31
Administrative expenses	143,316,787.50	115,423,878.46	115,921,772.63	92,486,629.48
Management benefit expenses	-	29,773,656.60	-	25,315,890.71
<u>Statement of cash flows</u>				
For the year ended December 31, 2010				
Cash flows from investing activities	(55,212,966.16)	(25,212,966.16)	(8,811,456.66)	(8,811,456.66)
Net increase (decrease) in cash and cash equivalents	(22,143,583.47)	7,856,416.53	50,528,502.76	50,528,502.76

34. EVENTS AFTER THE REPORTING PERIOD

On February 27, 2012, the meeting of the Board of Directors of the Company No. 1/2555 passed a resolution to decrease its paid-up share capital by writing off the 20,182,600 treasury shares at the par value of Baht 1 per share, that could not be sold within the resale period. Additionally, the Company does not have any necessary to use the fund from selling the repurchased shares. The result of this decreased its capital original 306,076,629 shares to new capital 285,894,029 shares, the Company will register this change of capital with the Ministry of Commerce and will subsequently inform the SET.

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's director on February 27, 2012.





EASON PAINT PUBLIC COMPANY LIMITED

7/1-2 MOO 1 TAMBOL PANTHONG,  
AMPHUR PANTHONG CHONBURI 20160

Tel. 0-3845-1833 Fax. 0-3845-1825

[www.easonpaint.co.th](http://www.easonpaint.co.th)